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**The Amended Rules and Procedures to Avail Land required for
the Implementation of Electricity Generation Projects from
Renewable Energy Resources**

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Contents

Definitions.....	3
Introduction	4
First: Implementation Schemes for electricity generation projects from Renewable Energy Resources ...	5
1. First Scheme: Implementation of electricity generation plants from renewable energy with the commitment of EETC to purchase the produced energy:	5
2. Second Scheme: Construction of electricity generation plants from renewable energy with the use of the produced electricity for sale to consumers in accordance with the regulations issued by EgyptEra in this regard, or for water desalination projects, production of green hydrogen and its derivatives or others. If this is done through the use of Transmission Grid or Distribution Grids, an integration charge determined by the EgyptERA shall be paid.	5
Second: Rules and Procedures for Land Availing Licensing	6
First: Preparation Phase for Land Usufruct Licensing:	7
Second: Usufruct Licensing phase for Construction Commencement	8
Third: Construction Stage	9
Fourth: Commercial Operation.....	9
Fifth: End of the Project's Lifetime	9
Sixth: General Provisions:	10
Third: Cases of Revoking the Land Usufruct license	10

Definitions

NREA	The New and Renewable Energy Authority
EgyptERA	The Egyptian Electric Utility and Consumer Protection Regulatory Agency
Project	A plant generating electricity from renewable resources (wind – solar....), including the associated substation, as the case may be.
Project Land	The land designated by NREA for the Project in accordance with these regulatory rules.
Developer / Investor	The legal entity applying for the Project Land availing.
Project Company	The Egyptian joint stock company established by the Developer / Investor for the purpose of implementing the Project in accordance with Egyptian laws.
Distribution Company	The electricity distribution company within which the jurisdiction the Project is located.
Transmission Company / EETC	The Egyptian Electricity Transmission Company (EETC)
Contracting User	The physical or legal person contracting with the Investor to receive electricity produced by the Project, and subscribing or contracting with EETC or the Distribution Company, as applicable.
Transmission Grid	Interconnected electricity grids on extra high and high voltages, including transmission lines, cables, equipment, buildings, substations and other facilities, owned and/or operated by EETC for the purpose of receiving, transmitting and delivering electricity.
Distribution Grid	Interconnected electricity grids on medium and low voltages.
Electricity Distribution Code	The rules regulating the distribution of electricity and its delivery to customers in a safe and stable manner, as well as the connection of distributed/dispersed electricity generation units to the electricity Distribution Grid.
Electricity Transmission Code	The rules regulating the operation of Transmission Grids, specifying the principles, standards, and procedures governing the planning, operation, maintenance, and development of electricity transmission networks.
Financial Closure	The date on which all financial documents are concluded, including financing agreements and agreements regulating the shareholders' rights in the Project, within the period specified in the [Project's] usufruct agreement.
Average Annual Production	The average annual electrical energy produced starting from the commercial operation date.

Introduction

- Egypt's role has emerged in recent years as a leading country in the utilization of renewable energy resources for electricity production in the Middle East and Africa region. In this respect and according to the general framework of Egypt's energy policies, the Supreme Council for Energy adopted an energy strategy in October 2016 that aims to achieve a contribution of 42% of the total electricity production from renewable energy by the year 2035. It is worth noting that the strategy is currently being updated to accelerate achieving this percentage by 2030 instead of 2035.
- Furthermore, Egypt's role as a central hub for green hydrogen production projects and its derivatives using renewable energy is currently prominent. The final vision for the national green hydrogen strategy is being prepared for announcement.
- In order to promote investment in the field of renewable energy, several decisions and legislations have been issued to incentivize investors to establish electricity production plants using wind and solar energy that are connected to the electrical grid, including:
 - Law No. (203) of 2014 regarding the promotion of electricity production from renewable energy resources.
 - Circular No. (3) of 2017 issued by EgyptERA regarding the amendment of Circular No. (1) of 2017, which pertains to the regulatory rules for promoting and exchanging the use of electricity produced from solar energy with a net metering system. This includes the approval for the competent Distribution Company or EETC to install the necessary bidirectional meter for the User, allowing the User to install and connect a net-metering solar power plant with a capacity not exceeding 20 MW per plant.
 - Law No. (11) of 2022 amending certain provisions of Laws No. (102) of 1986 for establishing the New and Renewable Energy Authority and No. (203) of 2014 regarding the promotion of electricity production from renewable energy resources.
 - Circular No. (2) of 2023 issued by EgyptERA regarding the regulatory rules for purchasing electricity from renewable energy resources produced by NREA.
- The bill on incentives for green hydrogen production projects has been completed, approved by the Cabinet of Ministers, and referred to the Parliament.
- Below are the rules and procedures for licensing the availing of land allocated to NREA for the implementation of electricity generation projects from renewable energy resources (wind and solar), which are being availed to investors starting from the contracting phase for land licensing and extending throughout the Project's lifetime. The below also lists the cases of revocation of land usufruct licensing, in accordance with the following project implementation schemes.

First: Implementation Schemes for electricity generation projects from Renewable Energy Resources

The land for renewable energy projects for these schemes is availed according to the State's established plan in this regard.

Law No. (203) of 2014 specifies the implementation schemes for electricity generation projects through private sector participation from renewable energy resources as follows:

1. First Scheme: Implementation of electricity generation plants from renewable energy with the commitment of EETC to purchase the produced renewable energy:

A. Competitive Bidding Projects (Article 2B of Law No. 203 of 2014):

These are projects on specified land that EETC puts up for tender or auction to Investors to establish a renewable energy project under the Build, Own, and Operate (BOO) scheme and purchase the electricity produced from the plant.

B. Partnership Projects with NREA or Projects under the Feed-in Tariff scheme (Article 2C of Law No. (203) of 2014):

These are projects implemented by Investors, and from which EETC or the electricity Distribution Company (depending on the connection voltage to the grid) purchases the energy produced at a predetermined tariff.

2. Second Scheme: Construction of electricity generation plants from renewable energy with the use of the produced electricity for sale to consumers in accordance with the regulations issued by EgyptERA in this regard, or for water desalination projects, the production of green hydrogen and its derivatives, or others. If this is done through the use of Transmission or Distribution Grids, a wheeling charge determined by EgyptERA shall be paid.

According to Article (3) of Law No. (203) of 2014, the allocation of the necessary land for either of the two schemes to establish electricity generation projects from renewable energy resources under the usufruct system shall be in accordance with the regulatory rules issued by the Cabinet of Ministers and according to the proposal of the competent Minister.

Second: Rules and Procedures for Land Availing

- Land for these two schemes is availed for an annual charge of at a minimum of (2%) of the value of the generated energy (in accordance with Article 3 of Law No. 203 of 2014, as amended by Law No. 11 of 2022), according to one of the following cases:

First Case:

- Announcement of a competitive bid for the implementation of a renewable energy project and determination of the land plot on which the Project will be constructed, or approval from the Cabinet of Ministers to execute the Project while specifying the necessary land plot for the Project and the tariff for purchasing the energy produced therefrom.

Second Case:

- NREA may announce the availability of a land plot for the implementation of a renewable energy project with a specified capacity through the auction system. Investors are then selected based on the percentage of the usufruct charge, taking into account the Investors' experience, and their financial, technical and administrative capabilities, in accordance with the rules governing tenders and auctions applied by NREA.

Third Case:

- The Investor can apply to NREA to request the availing of a land plot for the implementation of a renewable energy project. This request should include a general location of the plant, the technology for electricity production from renewable energy resources, and the installed capacity whether for selling the produced electricity to consumers directly affiliated to the Investor, or to use the land plot in green hydrogen production, water desalination, or other purposes. It can also be used for implementing electricity generation projects from solar energy under the net metering scheme. The application should be accompanied by a preliminary approval from EETC and permit from EgyptERA to establish the Project. Based on this, NREA will examine the request and respond to it within a maximum period of two months.
- During the examination period, NREA, in coordination with the Investor, will determine the appropriate land area for the plant to ensure full utilization of the land in accordance with the proposed technology.
- If NREA approves the request, the latter will be presented to the Cabinet of Ministers to consider the approval of the Project.

Phases of Land Availing under the Usufruct System:

First: Preparation Phase for Land Usufruct Licensing:

- The Developer / Investor who won the bid or obtained the approval of the Cabinet of Ministers on the land plot allocation under the usufruct system in accordance with these rules must submit a security for the land usufruct charge, either in cash through one of the electronic payment methods, or by providing an unconditional bank guarantee in favor of NREA. The bank guarantee should be issued by one of the first-tier banks approved by the Central Bank of Egypt, and should be equal to (10%) of the value of the land usufruct agreement for the first three years. This bank guarantee shall be renewed before the start of the subsequent three years or the remaining period of the agreement, whichever is shorter, taking into account the annual increase in the contract value as stipulated in the agreement. This bank guarantee serves as a guarantee for the fulfilment by the Developer/Investor of its obligations under the usufruct agreement.
- The land plot will be availed to the Investor solely for conducting measurements (such as wind speeds and directions, temperature, solar radiation, etc...), environmental impact assessments, and any technical studies necessary for the Project. Land availing shall be done through the signing of a memorandum of understanding with NREA to authorize entry to the land for a period of 24 months from the date of signing the memorandum of understanding. It is possible to extend the duration of this memorandum upon a written request (including the required extension period) submitted by the Investor to NREA and subject to the NREA's approval.
- This authorisation shall not grant the Investor any legal rights on the mentioned land of any kind, nor does it prevent NREA from exercising all its rights and powers over this land plot.
- Upon the expiry of the above-mentioned authorisation term, the Investor must vacate the land plot and deliver it back in the condition it was in, free from any obstacles or hindrances. NREA has the right to terminate the authorisation and take immediate possession of the land if the authorisation holder commits any violation of the laws, regulations, or legal rules in the Arab Republic of Egypt or any violation to the memorandum of understanding that authorises entry to the land, without any financial or legal liability on NREA towards the authorisation holder. The Developer/Investor cannot claim any responsibilities from NREA in this regard.
- In the event that the Investor does not complete the project implementation procedures:
 - The land shall be delivered to NREA.
 - The data and studies conducted on the Project Land shall be delivered to NREA, and shall become the ownership of NREA.
 - The financial settlement for the actual costs of land availing and any other dues must be completed before returning the above-mentioned bank guarantee.

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- The Investor is obliged to provide NREA with a copy of the consolidated data from the met masts to the email included in the memorandum of understanding and agreements concluded, or as may be agreed upon, periodically (quarterly), within 30 working days from the end of the specified period.
- Prior to the expiry of the memorandum of understanding allowing land access, the Investor shall incorporate the Project Company and obtain the necessary [preliminary] permit from EgyptERA to establish the plant (in accordance with the provisions of the Electricity Law, its executive regulations, and the regulatory rules issued by EgyptERA), and submit the permit to NREA. The Investor shall also contract with NREA for land use by signing the land usufruct agreement, which shall be valid for a maximum of 25 years from the commercial operation date against a usufruct charge as provided in the usufruct agreement, in accordance with the applicable legal provisions in this regard.
- The Investor shall sign a cost sharing agreement (if any) within two weeks from the date of notification of the signing. In the event the Investor does not sign said agreement for any reason, the memorandum of understanding shall be considered cancelled with the consequences thereof, including the Investor's vacation of the land and the removal of any devices or facilities on it, regardless of their type, failing which, NREA shall undertake such action at the expense of the Investor, along with the necessary financial settlement in this regard to be deducted from the bank guarantee value mentioned in the memorandum of understanding for land access.

Second: Usufruct Licensing Phase for Construction Commencement

- The Project Company shall complete the financial closure no later than 30 months from the effective date of the memorandum of understanding, or as otherwise agreed upon.
- Commence the payment of the costs incurred by NREA on the Project Land, including the costs of preparing the land plot, technical studies, and compensations, ... if any. The payment shall be made either as one lump sum or over annual installments for a maximum of three years, as agreed upon in the usufruct agreement. Payment shall be due within 15 days from the financial closure date.
- In the event of failure to achieve financial closure within the above-mentioned period, the memorandum of understanding for land access to the relevant land shall be considered terminated, and the following consequences shall ensue:
 - Delivery of the land to the NREA.
 - Delivery of the data and studies conducted on the Project Land to NREA, and they shall become the ownership of NREA.

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- Completion of the financial settlement for the actual costs of land availing and any other dues before returning the bank guarantee.
- The Investor is not entitled to register the land in its name even after obtaining the usufruct license to start construction. However, the Investor is entitled to register the usufruct agreement in accordance with the applicable rules in this regard.

Third: Construction Phase

- This stage includes the following:
 - A. Installation of the plant.
 - B. Signing the network connection contract with the EETC (network operator) for a duration equivalent to the usufruct agreement term.
 - C. Connecting the renewable power plant to the grid.
 - D. Obtaining the final license from EgyptERA.
 - E. Starting the commercial operation of the renewable power plant.

Fourth: Commercial Operation

- 1) The duration of this phase shall be 25 years, starting from the commercial operation date.
- 2) The Project Company commits to providing an additional guarantee before the start of the last year of the usufruct agreement term, amounting to 5% of the average annual energy production value, to guarantee the removal of all Project's equipment and facilities from the land and the restoration of the land to its original condition when delivered to the Investor. The guarantee could be provided in cash through one of the electronic payment methods or through an unconditional bank guarantee issued by one of the first-tier banks approved by the Central Bank of Egypt.

Fifth: End of the Project's Lifetime

- Upon the expiry of the usufruct agreement's term, the Project Company shall deliver the land to NREA, and remove all equipment and facilities, whether above or below the ground, in accordance with the terms specified in the usufruct agreement concluded with NREA and the environmental requirements in this regard. The above shall be completed within a period not exceeding three months, unless otherwise stated in the usufruct agreement.
- The Investor will recover the two letters of guarantee at the end of the Project's lifetime and upon handing over the land to NREA, in accordance with the terms stipulated in the usufruct agreement.
- It is permissible to include in the usufruct agreement the possibility of renewing the agreement for a new period under new terms to be agreed upon six months prior to the agreement's expiry date and obtaining the necessary approvals from the relevant authorities.

Sixth: General Provisions:

- The land availing is limited to the Project to be implemented, and the Investor may submit a new request to obtain an additional land area to increase the installed capacity of the plant, after obtaining the necessary approvals, permits, and licenses, in accordance with the applicable rules in this regard.
- The availing of the Project Land does not include the land required for interconnection networks, but special arrangements shall be made for the right of passage and land use to connect the plant to the Transmission Grid or the Distribution Grid, as needed.
- NREA, in coordination with the Investor, may use the land for additional activities related to renewable energy that do not conflict with the operation of the renewable energy power plant.
- The payment currency of the usufruct charge shall be as follows:
 1. In the case of electricity generation projects from renewable energies to be sold according to a power purchase agreement, the payment of the usufruct charge shall be in the same currency as the purchased energy produced by the Project.
 2. In the case of using the energy produced from renewable energies directly in green hydrogen production projects and its derivatives or any other products for export purposes, the payment of the usufruct charges shall be in US Dollars.

Third: Cases of Revoking the Land Usufruct license

The license of the land usufruct shall be revoked and the letter of guarantee (security for land access) shall be confiscated in the following cases:

- 1) Failure to obtain or renew the license from the EgyptERA for a period or periods equal to the term of the usufruct agreement, or its revocation.
- 2) Cancellation of the power purchase agreement signed with EETC, the Distribution Company, or with the consumer, as applicable.
- 3) Cancellation of the network connection agreement with EETC or the Distribution Company, as applicable.
- 4) Revocation of the license issued by EgyptERA for the Project Company.
- 5) Using the land for purposes other than the designated purpose.
- 6) Failure to commence construction of the plant within a maximum period of one year from Financial Closure date.
- 7) Failure to complete the implementation of the plant within the agreed-upon period between the Investor and NREA.
- 8) Failure to submit the met masts measurement data to NREA within the specified deadlines.