

Executive Guidelines for Investment in W2E

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## EXECUTIVE GUIDELINES FOR INVESTMENT IN W2E POST

### THE FEED IN TARIFF (FIT) DECREE #41 – 2019

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#### 1. INTRODUCTION

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The FIT decree has been issued by the Prime Minister Decree #41 – 2019 stating the rate for purchasing the Government of Egypt the electrical energy generated through the thermal treatment of the Municipal Solid Waste (MSW), the biogas of the sanitary landfilling, and the sludge of the waste water treatment plants.

This FIT is divided into two rates as follows:

- 1.4 EGP/kWh sold on the utility national grid from the generation facilities utilizing the MSW and the extracted biogas from the sanitary landfills.
- 1.03 EGP/kWh sold on the utility national grid from the generation facilities utilizing the sludge of the waste water treatment plants.

The FIT will be paid in Egyptian Pounds in accordance to the pricing formula considering the exchange rate fluctuations if any as per the decree. The FIT is fixed over the contract duration time which is stated at 25 years by the Decree. Moreover, the decree has assigned a committee to advice and support the investment projects in the W2E and to finally approve the projects for implementation. This committee will be formulated upon the Decree 41-2019 as follows:

1. The Minister of Environment is the Head of this committee.
2. The committee members are the Governmental representatives of; the Ministry of Electricity, the Ministry of Investment and International Cooperation, the Ministry of Petroleum, the Ministry of Finance, the Ministry of Local Development, the Ministry of Housing, the Waste Management Regulatory Agency (WMRA) and the Governorate in which the project will be implemented.
3. The 3 experts in MSW and Energy to be selected by the Head of the Committee as additional members.

## 2. THE GUIDELINES TO INVESTORS IN W2E

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This guideline for the submission of the investment in the W2E projects will facilitate and support the investor to proceed forward knowing clearly the road map of investment in W2E. The operational steps for such projects, to enable the investment within the regulatory framework of the MSW Management Strategy, the approvals, and the associated decrees set by the Government of Egypt, are as follows:

### Step #1: Investor Obligations

1. On applying for W2E project by the investor to Waste Management Regulatory Agency (WMRA) under the Ministry of Environment, the investor has to submit his obligation towards the FiT rate as per the Decree #41-2019.
2. The total investment in W2E projects shall be beared by the investor covering the technology supply, the site preparation, the civil works, and the connection with the utility grid covering all equipment required in accordance to the technical regulation of the Ministry of Electricity.
3. The investor has to submit a comprehensive data file regarding the technology assumed for the implementation considering all technical aspects in details to enable the review for the technology and facilitate the approval by Ministry of Environment.
4. The technical File should consider all project technical equipment and the work required for the implementation. All of these should be in terms of Bill of Quantity and inhibited in time schedule to measure the project performance and to set budgetary plan by the investor for project implementation.
5. The emissions related to the technology have to be stated clearly in quantified level, rate, and the way to treat in compliance with Egyptian laws; emissions stated in Law #4/1994, European Standards, and international standards which comes more aggressive.

6. The investor assumed capacity for electrical energy production should not exceed capacity of 20 MW and not less than 500 kW to enable the parallel operation with the utility grid at the Medium Voltage Level (11 or 22 kV). This is in accordance to the technical recommendation and regulations of the Ministry of Electricity.
  7. The quantities of MSW in terms of tons per day that should be supplied by the Government of Egypt to the investor jobsite should be stated in order to secure the supply to the production facility and to assign the project location where such required quantities are available.
  8. The Investor shall decide his capacity of power generation reference to the extracted biogases through the sludge treatment or the landfilling gases.
  9. The investor shall consider the establishment of the Company under the Egyptian Law as special purpose company for the service of power generation and energy seller. This company could be established under the investment laws or to be a branch of a foreign company located in Egypt.
  10. The investor with his established company should consider getting the license of operation in such service through EgyptERA (the electricity regulatory Agency).
1. The Government of Egypt (GOE) will assign the required Area to the production facility in accordance to the actual demand of MSW, very close to the electrical utility grid to connect with, and very close to the utilities, i.e. water, sanitary landfills, etc.
  2. The area assigned shall be on concession term for the contract duration.
  3. The MSW supply to the assigned area is the responsibility of the GOE at no charges to the investor.

### Step #2: Role of Ministry of Environment and Stakeholders

In this regard, the next step will be conducted by the Ministry of Environment with the stakeholders involved in taking the actions to facilitate the progress in the W2E projects. This role will consider the followings:

1. The investor, with his full file considering all obligations stated above, should submit such documents to the Ministry of Environment to start conducting the followings:
    - Shall start immediately the evaluation technically to the technology submitted by the investor considering comprehensively all technical terms and the emissions related to the technology operations.
    - Shall study the potentiality and the most suitable location of the facility within the Egyptian Governorates to secure the MSW supply to the assumed power generation facility (W2E Project).
    - Shall communicate with the Governorate in which the facility will be located based on the potentiality of the MSW availability in terms of the supply in tons per day meeting the demand of the assumed power generation facility. The communication shall be in full coordination with the Governorate, the Ministry of Local Development, and the Ministry of Electricity (at least with EgyptERA) in order to facilitate to the investor the assigned location in terms of the most suitable area to locate the power generation plant.
    - Shall prepare the Power Purchase Agreement (PPA) in full coordination with EgyptERA to match with all technical terms as
1. In case the investor has formerly submitted his project to any of the concerned stakeholders, the investor should resubmit the project to the Ministry of Environment or to ask the recipient stakeholder to transfer the documents to the Ministry of Environment.
  2. All documents shall be complete in accordance to the investor obligations stated in this guideline.

well as financial terms required for the contractual issues. This PPA shall be signed by the two parties, the concerned Governorate and the Investor Power Generation Facility.

- Shall communicate with the concerned entities in order to make the availability of financing the FiT to the concerned Governorate to secure the payments by the Governorate to the W2E investor.
2. Upon the above conducted activities by the Ministry of Environment, it is anticipated that the whole process for the investment in W2E will be completed and then the project will be submitted to the Committee of Decree #41-2019 to get the final approval to the project.

### Step #3: Actions Forward

The Committee of Decree #41-2019 shall approve the following Documents:

1. The project technical documents submitted earlier as per Step #2 by the investor to the Ministry of Environment.
2. The Final PPA Contract.
3. The allocated land to the W2E project.
4. The Time Schedule for project phases starting from the planning phase till the project completion date.
5. The Commencement Date to enforce the allocated land commissioning to the investor.

Upon such approvals, the project implementation phase shall start immediately.