

meetMED Workshop on the *Investment Climate for Energy Efficiency and Renewable Energy in Selected Mediterranean Countries*

Workshop Report

4 December 2019 – ENEA Headquarters, Rome (Italy)

On 4 December 2019, the workshop on the Investment Climate for Energy Efficiency and Renewable Energy in Selected Mediterranean Countries was held at ENEA Headquarters in Rome, Italy, as part of the meetMED project activities. In the morning, ENEA hosted a closed-door meeting among several meetMED partners with the objective to outline the state of the art of the investment climate in several partner countries and prepare the discussion for the workshop roundtable.

A **brief opening welcome** was given by the Director of the Energy Efficiency Department of ENEA, **Ilaria Bertini**, the RCREEE Executive Director **Ahmed Badr**, and by MEDENER President, **Giorgio Graditi**, who announced to all partners the possibility of a new grant from the EU Commission for the continuation of the meetMED project. Subsequently, the representative of the Italian Ministry of Foreign Affairs and International Cooperation (MAECI), **Enrico Granara**, reminded the audience about Rome-Med Dialogues 2019, which took place on 5-8 December 2019. He also illustrated the strategic role of the Mediterranean Region, by explaining the impacts of climate change in Europe, and the urge to focus on land recovery and multilateralism. The session ended with some concluding remarks by the representative of the Italian Ministry of Economic Development, **Stefano Raimondi**, who focused on the role of regulatory frameworks and the importance of consumers as energy producers.

The **first workshop session** - led by ENEA in collaboration with APRUE and PEC representatives - presented the preliminary results obtained after investigating the investment climate for Energy Efficiency and Renewable Energy in Algeria and Palestine, based on the data analysis of the surveys conducted.

It resulted that the work is still ongoing, thus the results are very preliminary due to the limited number of answers - currently, only 5 Authorities and 3 companies for Algeria, and 7 Authorities and 2 companies for Palestine submitted their answers. However, the first results of the survey showed:

- governmental attention on climate issues, shown by the elaboration of national plans both for EE and RE and the ratification of the Paris Agreement;
- existing subsidy mechanisms;

- the lack of awareness-raising campaigns for citizens on energy costs (the full life cycle-cost is not reflected on energy prices).

The second session of the workshop was a **round table** moderated by **Maged Mahmoud**, Technical Director at RCREEE, and joined by the representatives of PEC, NREA, ALMEE and LCEC, whose detailed discussion on investment climate for renewable energy and energy efficiency is sum up below:

Market

- 15 billion investments in **RES** in the Southern and Eastern Mediterranean countries, with 7.000 MW of RES installed, and a rapid growth confirmed by the following figures about installed and future capacity: 22 GW Algeria – 300 MW Palestine - 50 GW Egypt - 180 GW Arab area - 140 GW new projects by 2025.
- hydroelectric power no longer exploitable.
- despite the impressive figures, the energy transition in the Arab area is not an easy process.

Barriers to investments in RES and EE

- Need for capacity building due to the difficulty to quantify EE savings and the lack of information on investment, namely about the access to finance and how to scale-up financing with small scale projects from small communities.
- Limits in the network/grid capacity and transmission.
- Geopolitical risks are acknowledged, but also the awareness about the significance and the opportunities EE and RES would bring to human rights development.

Legislation and targets

- In Egypt, the market will be liberalized in 2022 and subsidies will be removed. Target 2022: 20% of RES. Target 2035: 42% of RES.
- Palestine depends on Israel for over 80% of its energy supply. EE objective: 5% reduction of electricity consumption by 2020. In the long term, 50% target for self-produced electricity, of which 10% from RES (thanks to incentives as tax deduction on RES for projects bigger than 1MWp).
- In Lebanon, there are in place soft-loans for RES and EE. National EE and RES Action Plan foresees a 30% target for electricity from RES by 2030.
- In Algeria, energy price is the lowest in the world. Algerian national renewable energy program foresees the production of 22GW by 2030, mostly from PV (13575 MW) followed by Wind Energy (5010 MW).

Competition

- China is gaining a crucial role in FDI for RES in the Mediterranean area;
- Necessity for capacity building;
- Old technology sold to locals with future difficulties for maintenance;
- Need to increase network capacity.

De-risking

- Technology risk is very relevant especially for solar PV.
- Key to understand how to create market confidence and implement effective actions for the de-risking of investments in RES and, above all, in EE.

Conclusions and Recommendations

- In view also of a second round of the project, the questionnaires developed by ENEA may be revised to be suitable for different country situations, and they will be exploited in the future to build guidelines and indicative policy recommendations;
- Integration between heterogeneous countries, and within each of them, in terms of matching the Demand and Supply Side, thus exploiting the huge untapped potential.
- Awareness, in terms of more training, monitoring, improved knowledge at different levels (citizens, public administrations, private stakeholders etc.), sharing experiences and good practices need to be boosted;

Necessity to stimulate private investments, by facilitating integration of RES and EE, and above all between small and large-scale projects; thus, addressing a social issue, by making RES and EE initiatives able to create jobs and boost economic growth for the target countries.