RABAT ENERGY FORUM

21\textsuperscript{th}, September 2012

« \textit{CREATING A COMPETITIVE INTEGRATED REGIONAL MARKET IN THE MENA REGION} »
Conditions for a Regional Integrated Energy Market

"A complex but promising energy context"

- Energy sector → an important vector of development
- Population growth combined with economic growth boost the energy sector
- Natural resources are particularly abundant and available / case of Morocco and many other Countries

- Energy affects all of us:
  ✓ A real public utility
  ✓ Has to be accessible to all at the best conditions
  ✓ An ideal context for sustainable development
  ✓ Environment respect through green energies

- Many issues remains: «Renewable Energy (RnE) case»
  ✓ Feasibility of RnE technologies is demonstrated, at the same time many efforts have to be done «large scale deployment of industry» (applied research, pilots, …)
  ✓ Integration of new technologies in existing systems faces constraints and difficulties, many challenges remain
  ✓ Innovation support is mandatory to secure corresponding benefits for the future
"A proactive approach is required"

- Not easy to finance energy infrastructures (crisis). Despite of that, **it is necessary to invest massively** in production and also in energy transport and distribution to cover the demand.

- **Energy Efficiency** has to be a priority: **prices and energy consumption will not fall down.**

- Fossil fuels will remain important for a long time. **Renewables are an option** that can be an alternative choice in a balanced mixed.

- **Social acceptance** of strategic choices is not an option: It has to be integrated in project developments and financing.

- Energy is linked to several key elements: environment, water, **education**, …, our schools, universities and training institutes have an important role to play: No objective can be reached without a real **Human mobilization.**

- Distribution between state intervention in energy planning and the "Market" is a strategic element: it is fundamental to create the **conditions for Private Investment.**
Conditions for a Regional Integrated Energy Market

"Suggestions for a way to develop a Regional Integrated Market"

- Target a **Regional Green Market** which is a clear federative concept
- Adequate financial vehicles are required at Regional & National levels
  - National vehicles as declinations of Regional ones
  - Structural factor of homogeneity for Regional financial issues
- Large scale energy programs that take up all developments
- **Prioritize national infrastructure developments** but inline with Systems interoperability
- Development of a diversified projects portfolio allowing easy replication
- Creation of opened platforms for **experience sharing**
- Launch of **co-developments project** between Countries
- Create a prudential regulatory framework for **Private Investors**
"Some recurring obstacles"

- Limited Investors visibility on effective project viabilities (lack of experience in a new sector)

- Risks → often overstated (new domains)

- **Needs are not aligned** between North & South, and different maturities between Euro-Mediterranean countries

- **Stable and transparent regulatory environment** for RnE activities

- **Low** electricity prices in the South: subsidized costs

- Long term loans not enough available in non OCDE countries
"SIE, the State financial tool dedicated to Energy"
(Created in February 2010)

Positioning:
- Co-developer in Renewable Energy and Energy Efficiency
- State investor in Energy with a priority given to the RnE & EE
- Fund leverage

Current missions:
- National programs support (Initial SIE perimeter)
- Mid Tension sector coverage, mainly through photovoltaic
- Boost investment in Energy Efficiency in the Country
- Industry support in SIE Domain (scope of SIE action)
"Focus on the new SIE orientations initiated this summer → Small projects"

1. **Mid Tension sector coverage**
   - Launch of the PV sector
   - Distributed mini PV power plants targeting the cost reduction of the energy pic during the day, and private sector
   - Waste valorization through digester solutions

2. **Energy Efficiency**
   - Boost private investment
   - Two initial sectors:
     ✓ State buildings with the objective to develop ESCO’s market
     ✓ Street lighting with a local content

3. **Support of RnE industry**
   - Development investment (not venture capital)
   - Support industrial integration of National Programs
   - Mid tension & EE industry sectors
   - Competence sustainability in Morocco
"Development of dedicated financial vehicles"

1. **Renewable Energy Fund**
   - Launch of an investment fund dedicated to RnE to be capitalized by Moroccan and International private investors, alongside SIE
   - 2 billion dirhams (~$240 million), 50% of which to be contributed by Moroccan investors and 50% by international investors
   - Management Company: Based in Casablanca and held by La Compagnie Benjamin de Rothschild and Ascent Capital Partners
   - Targeted projects: Mainly wind-farm projects to be co-developed with a third-party

2. **Energy Efficiency vehicle**
   - Underway with EBRD
   - Targeted projects: State buildings & street lighting

3. **Industry Funding vehicle**
   - Next to come
THANK YOU!

Invest in a sustainable future...