

# Wholesale electricity price projections for Egypt

Pöyry Management Consulting is pleased to release its latest report on Egypt wholesale electricity market, including insights on the approaching market liberalization, demand growth and investments required to support the expected capacity increase

This Pöyry Energy Report provides a **comprehensive overview of market historic and current trends**, and investigates key issues such as the outlook for the Egyptian electricity market, the approaching liberalization process, the future of the national gas market, potential changes in the generation mix, the outlook for renewables development and the related impact in terms of system cost.

**Wholesale electricity prices are projected until 2035** under three scenarios, which span a range of wholesale electricity price outcomes.

Our BID3 proprietary power market model and detailed database of power plants are combined to provide what we believe is an unparalleled analysis of the Egyptian electricity market.

## MARKET STRUCTURE

The Report offers a comprehensive review of the history of the electricity market in Egypt, and describes how it relates to the current market structure.

The Egyptian national electricity system is still dominated by an incumbent operator, the Egyptian Electricity Holding Company (EEHC), that manages generation, transmission and distribution through its subsidiaries.

**Market liberalisation is ongoing;** with the “New electricity law”, designed to strengthen sector’s commercial orientation and to boost the liberalization process, awaiting issuance.

## RESOURCES FOR GENERATION

The electricity demand in the country has grown rapidly in the last decade, driven by industrial development, population growth and

the expansion of urbanization. **Demand is mainly met by gas-fired generation**, other major sources of fuel being oil and hydro.

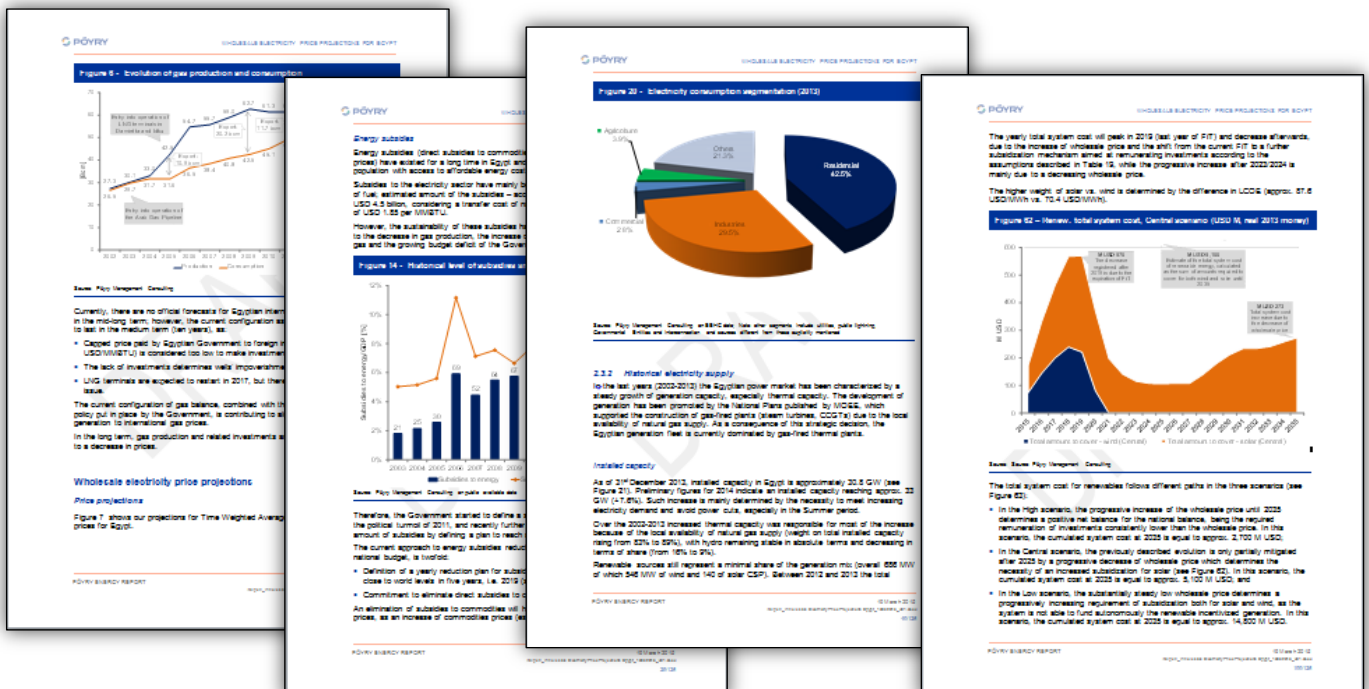
Egypt has a wide potential in terms of gas reserves, and has witnessed a fast development of the gas sector in recent years. **The country has been historically a net exporter of natural gas.**

The first revolution, which took place in 2011, determined a series of disruptive effects on the gas market, which brought Egypt to become a net gas importer, as internal consumption exceeded production.

However, recent discoveries of new offshore gas reserves are likely to have an impact on national gas balance and potentially also on the electricity market.

## RENEWABLES DEVELOPMENT

Renewables development is currently fairly limited in Egypt,



despite the high potential especially for wind and solar. Therefore, **renewable energy support has progressively become one of the energy policy priorities** of the Government.

As part of this strategic approach, the Government issued a Renewable Energy Development Program which set the targets to reach 20% of total energy generated from renewables in 2020.

A review of the main regulatory provisions is included in the Report, with a specific focus on the **recent renewables regulation**.

### MODELLING APPROACH

The Report describes how we simulate wholesale electricity prices in the market and how we project the fundamental drivers in order to develop our scenarios for future electricity prices, including electricity demand, assumptions on plant availabilities, capacity growth in thermal and renewable generation and fuel price projections.

Wholesale electricity price projections are provided out to 2035 in **three internally consistent scenarios – High, Central and Low**.

Modelling the wholesale markets with an hourly resolution allows us to produce merit order curves and price duration curves, helping clients to better understand the details underlying our price projections.

Our model produces detailed results for each plant in our database, including revenues and costs on an hourly basis. We use this to check that our assumptions about future investment decision are supported by adequate levels of expected return.

As a supplementary product, Pöyry can provide complete **arrays of projected hourly prices** on a monthly or sample business/non-business day format, out to 2030.

We also offer customisation options such as **plant specific load factors, price duration curves, further sensitivity analysis, and bespoke runs using client defined input assumptions**.

We would be pleased to discuss with you how our market insight can help your business.

### ABOUT US

Pöyry is an international consulting and engineering company, dedicated to serving clients across the world's energy and industrial sectors. Thanks to our 6,000 experts, working across 150 offices and 45 countries, we deliver more than 10,000 projects annually.

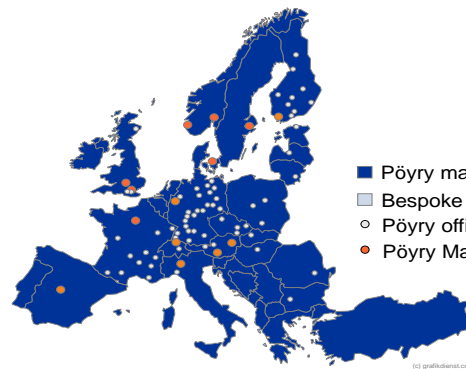
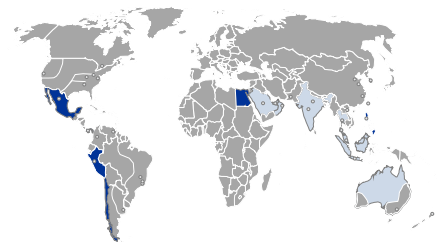
Pöyry Management Consulting is Europe's leading energy consultancy company, providing strategic, commercial, regulatory and policy advice to the energy market.

Our team of over 400 European energy experts, located across 15 offices and 12 countries, offers unparalleled expertise in the rapidly changing energy sector.

### PÖYRY ENERGY REPORTS

Pöyry Management Consulting produces Energy Reports for electricity, gas, carbon and green certificate markets across Europe and the rest of the World.

The Energy Reports are one of the leading sources of price projections in the market and are used extensively by project developers and financial institutions to assess potential new power projects and plant acquisition.



- Pöyry market reports available
- Bespoke market analysis
- Pöyry offices
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Pöyry is an international consulting and engineering company. We serve clients globally across the energy and industrial sectors and locally in our core markets. We deliver strategic advisory and engineering services, underpinned by strong project implementation capability and expertise. Our focus sectors are power generation, transmission and distribution, forest industry, chemicals and biorefining, mining & metals, transportation, water and real estate sectors. Pöyry has an extensive local office network employing about 6,000 experts.

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