



Circular No. (2) of 2024
On

Rules Governing Private-to-Private (P2P) Projects in the Transition Phase of the Competitive
Electricity Market of Egypt

Board of Directors Meeting No.	The fourteenth
Fiscal year	2023/2024
Date	28/03/2024
Resolution No.	(1/1)
<u>The Board of Directors decided the following:</u> Approval of the Rules Governing Private-to-Private (P2P) Projects in the Transition Phase of the Competitive Electricity Market “P2P” in accordance with the provisions of the Electricity Law No. 87 of 2015, and issuing the circular to be published on EgyptEra’s website.	

Chief Executive

Dr. /MOHAMED MOUSSA OMRAN



First: Regulations governing

A-Electricity law promulgated by decree law No. 87 of 2015.

b- Executive regulation of the Electricity Law No. 87 of 2015 promulgated by virtue of the Minister of Electricity and Renewable Energy Decree No. 230 of 2016.

Second: Definitions:

Unless the context requires otherwise, The Terms and expressions, which are defined in the Electricity Law No. 87 of 2015 or its executive regulation, shall have the same meanings as are respectively assigned to them under these Rules.

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Law: The Electricity Law No 87 of 2015.

EgyptERA: the Egyptian Electric Utility and Consumer Protection Regulatory Agency.

Transmission System: the Transmission System owned by the Egyptian Electricity Transmission Company (EETC).

Electricity Market for P2P Projects: The electricity market established pursuant to the Electricity Law for P2P Projects.

Connection Agreement: An agreement entered into between the TSO and either an Eligible Producer or an Eligible Consumer setting out the terms on which a Production Facility or Consumption Site may be connected to the Transmission System.

Use of System Agreement: An agreement entered into between EETC and an Eligible Producer for the use of the Transmission System for the transmission of electricity from the Eligible Producer's Connection Point(s) to the Delivery Point(s) of one or more Eligible Consumers. "Rules" means the "Rules governing Private-to-Private (P2P) Projects in the Transition Phase of the Competitive Electricity Market of Egypt", approved by Egypt ERA as may be amended, modified or replaced from time to time (whether by way of Circulars, regulations or other instrument).

Eligible Producer: a licensed Producer who has the right to select its own Participant and meets the requirements for Eligible Producer under these Rules.

Eligible Participant: a Participant who has the right to select its own source of electricity.

Transmission System Operator: The Egyptian Electricity Transmission Company.



Active energy: The electric energy metered on meters and active energy metering devices (measured in kWh) and supplied to the Participant during the accounting month.

Residual Excess Energy: The volume of electric energy (measured in kWh) that is delivered and sold to the TSO by an Eligible Consumer or an Eligible Producer to compensate for an Hourly Imbalance with a positive sign.

Residual Shortfall Energy :The volume of electric energy (measured in kWh) that is made available to and purchased by an Eligible Consumer or an Eligible Producer from the TSO to compensate for an Hourly Imbalance with a negative sign.

Day-Ahead Excess Energy:The volume of electric energy (measured in kWh) by which the planned volume of electricity to be injected by a P2P Production Facility to the Transmission System, as defined in the Confirmed Physical Nomination for that P2P Production Facility, exceeds the planned supply of electricity from the P2P Production Facility to one or more P2P Consumption Sites, as defined in the Confirmed Contract Notifications for that P2P Production Facility.

Day-Ahead Shortfall Energy :The volume of electric energy (measured in kWh) by which the forecast consumption of a P2P Consumption Site to be supplied by the Transmission System, as defined in the Confirmed Physical Nomination for that P2P Consumption Site, exceeds the planned supply of electricity from one or more P2P Production Facilities to that P2P Consumption Site, as defined in the Confirmed Contract Notifications for that P2P Consumption Site.

Consumption Site: physical site with facilities consuming electricity that are connected to the Transmission System at the Delivery Point.

Electric meter: A legal method of measuring and calibrating loads and amounts of energy consumed that measures and calculates the amounts of electrical energy that are consumed during a specific period of time.

Delivery Point (S): The physical point or points that connect a Consumption Site with the Transmission System .such points represent the ownership boundaries between the Consumption Site and the Transmission System.

Third: General provisions

In the context of the state's tendency to encourage the private sector to invest in the electricity sector and in line with Egypt's Vision 2030, the Egyptian Electricity Utility and Consumer Protection Regulatory Authority (EgyptERA), in accordance with the Electricity Law, prepared development and operating rules for initial commercial projects to increase the participation of the private sector in the production of electricity from renewable energies under the name of “**P2P Projects**” in the Transition Phase of the Competitive Electricity Market, taking into account that the Country does not provide any guarantees for these projects.

Rules Governing Private-to-Private (P2P) Projects contains six documents to organize the framework, which are:

- Trade and settlement rules



- Standard Connection Agreement for the eligible Producer
- Standard Connection Agreement for the eligible consumer
- Standard Use of System Agreement
- Standard Residual Sales Agreement
- Standard Residual Supply Agreement

Eligibility Rules

•Requirements for Eligible Consumers

A- The consumption site, the subject of the application, must be new and will be connected to the Transmission System.

B-The Consumer Applicant must not be engaged in Electricity Distribution activities.

C- The Consumer Applicant and any of its Affiliated Companies must not owe any amounts to EETC or any other Electric Utility Parties that have been due and payable by more than [three (3) months]. For the avoidance of doubt, any payments that have not been paid by reason of a dispute in respect of all or a portion of an Invoice in accordance with the applicable provisions of the Retail Supply Agreement shall not be considered as outstanding payment for the purposes of this Rule.

•Requirements for Eligible Producers

A. The producer must hold a valid Production License for a Production Facility that is connected to the Transmission System.

B. The producer must provide sufficient proof of his financial standing and its ability to finance the new Production Facility.

C. The producer must provide information regarding the plant, the capacities to be installed, and the technology of the new energy production plant that the applicant producer wishes to establish to supply one or more eligible consumers.

As a basis for participation in these P2P agreements, the following rules shall apply:

1-Registration

• Electricity producers wishing to participate in the agreements must register with **EgyptERA** as qualified producers and consumers must register as qualified consumers by submitting the required papers, which include the following documents:

1- Application form for the producer/the consumer published on EgyptERA's website.

2- The producer must submit a copy of a valid production license for a Production Facility that is connected to the Transmission System.



3- The producer must provide information on the location, size (in terms of installed capacity and proposed Contracted Capacity) and technology of the new Production Facility, which the Producer Applicant wants to develop to supply one or more Eligible Consumers.

4- The producer must submit a feasibility study to prove the financial standing of the applicant producer and ability to finance the new production facility.

5- Declaration of the EETC's non-objection to connect the Production Facility /consumption site.

6- Declaration not to participate in electricity distribution activities.

7- A declaration that there are no financial dues to the Egyptian Electricity Transmission Company that have been due and payable by more than three months.

•Eligible producers may apply with the Egyptian Electric Utility and Consumer Protection Regulatory Agency for registration of P2P Projects concluded between the eligible Producer and one or more eligible consumers as agent for the consumer's Contractor after fulfilling all previous conditions and concluding all agreements with EETC in accordance with the rules.

•The Agency shall be responsible for registration, selection and approval of P2P Projects, subject to the following conditions:

A. The total capacity of P2P Projects shall be limited to 500 MW.

B. Registration of generation sites shall be limited to new power plants that:

i. Have a maximum installed capacity of 100 MW.

ii. Are based on the use wind or solar power.

iii. Have not signed any contracts for the supply of electricity with either the Egyptian Electricity Transmission Company, the New and Renewable Energy Development and Use Authority, or an electricity distribution company.

C. Registration of consumption Site shall be limited to new sites.

D. Subject to the approval of EgyptERA, the Egyptian Electricity Transmission Company may establish zonal restrictions and exclude generation sites (to be) connected to certain parts of the transmission grid from being eligible for participation in P2P projects after clarifying the technical reasons for this.

2- Contractual Relations

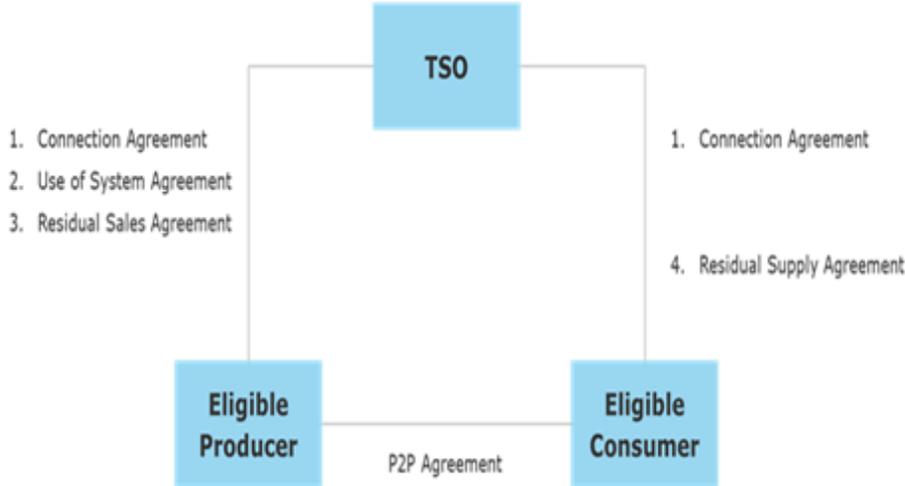
- Allowing eligible producers to contract with a maximum of three qualified consumers.
- Allowing eligible producers to sell electricity to eligible consumers, using the transmission system of the Egyptian Electricity Transmission Company and sell excess energy produced to the Egyptian Electricity Transmission Company, through the conclusion of the following contracts:

1. A private-to-private agreement between the eligible Producer and the consumer or eligible consumers to be supplied with the electricity.

2. A separate Connection Agreement for each New Production Facility that shall be registered as a P2P Project,



3. A separate Use of System Agreement for each existing or New Production Facility that shall be registered as a P2P Project,
 4. A Residual Sales Agreement for delivery and sale of Day-ahead Excess Energy and Residual Excess Energy to the Egyptian Electricity Transmission Company and the receipt and purchase of Residual Shortfall Energy from Egyptian Electricity Transmission Company.
- Allowing eligible consumers to purchase part/all of their consumption from an eligible producer, though the conclusion of the following contracts:
 1. A private-to-private agreement with the eligible producer from whom electricity shall be purchased.
 2. A separate Connection Agreement for the existing or new consumption site that shall be registered under the private-to-private (P2P) Agreement.



3. A Residual Supply Agreement for the receipt and purchase of Day-ahead Shortfall Energy and Residual Shortfall Energy from Egyptian Electricity Transmission Company and the delivery and sale of Residual Excess Energy to the Egyptian Electricity Transmission Company.

The following figure shows the nature of contractual relationships between project parties.

Fourth: As a basis for selection of P2P projects, the Initial following rules shall apply:

- i. Production Facilities shall be assigned a score of 10,
- ii. Consumption sites shall be assigned a score of 10,
- iii. Based on a proposal prepared by the Egyptian Electricity Transmission Company, EgyptERA may establish penalties (with a maximum value of 5) points for production facilities and consumption sites connected to certain parts of the transmission grid,



- iv. For new consumptions sites, the score shall be increased by 5,
- v. For consumption sites that serve for desalination or production of green hydrogen, the score shall be increased by 3, Green hydrogen projects can benefit from these contracts between the renewable energy producer of the hydrogen projects and the hydrogen production system.
- vi. Depending on the distance between the grid connection points of a production Facility and a consumption site to be supplied by this production Facility under a P2P agreement, the score of the consumption site shall be adjusted as follows:
 - (1) +3 if the distance is less than 100 km
 - (2) +1 if the distance is less than 250 km
 - (3) -1 if the distance is greater than 500 km
 - (4) -3 if the distance is greater than 750 km
 - (5) -5 if the distance is greater than 1,000 km
- vii. The aggregate score of a P2P project shall be calculated as follows:
 - (1) The score of the Production Facility
 - (2) + The average score of all consumption sites to be supplied by this Production Facility (rounded to 1 decimal after the digital).
 - (3) + 3 if the eligible producer provides a credible commitment of fulfilling all conditions for final approval of the P2P project within no more than two years after the P2P project has been approved and authorized.
 - (4) + 1 if the eligible producer provides a credible commitment of fulfilling all conditions for final approval of the P2P project within no more than three years after the P2P project has been approved and authorized.
- viii. The Agency shall select P2P projects in the order of descending aggregate scores, starting with the P2P project with the highest aggregate score. In case two or more P2P projects have the same score, priority shall be given to the P2P project with the lesser installed capacity; in case of equal capacities, the priority shall be given to P2P projects with the lesser average distance between the grid connection point of the generation site and all consumption sites to be supplied by the aforementioned Production Facility.
- ix. In case the total capacity of all P2P projects selected according to viii is less than the capacity specified in paragraph (a) above, the Agency shall additionally select P2P projects which the capacity is less than or equal to the remaining capacity, following the same principles as described in viii.

The Agency shall authorize all P2P projects that have been selected in accordance with (IV), subject to compliance with other preconditions specified in the rules until the maximum capacity of the P2P projects is reached in accordance with Paragraph (III).

Fifth: Obligations of participants in P2P projects



- **Eligible producers and eligible consumers shall be responsible for:**
 - Submitting physical nominations for all P2P production facilities and P2P consumption sites to the Egyptian Electricity Transmission Company.
 - Submitting contract notifications for all active P2P agreements.
 - Complying with the trade and settlement rules.
- **In accordance with the trade and settlement rules, the Egyptian Electricity Transmission Company shall be responsible for :**
 - Validation, where applicable correction and approval of physical nominations and contract notifications.
 - Determination of day-ahead and residual excess and shortfall energy.
 - Collection of metering data.
 - Conducting settlement calculations.
- The Egyptian Electricity Transmission Company and eligible producers shall be responsible for issuing invoices.
- Active P2P projects and active P2P agreements shall be terminated in accordance with section 4 of the eligibility rules.
- All connection, use of system, residual sale and residual supply agreements shall be in accordance with the contract forms approved by the Agency. If any of the parties desires to amend the contract templates, he shall obtain the approval of the agency before the amendment.