

## **Panel Summary: International co-operation for desert energy: The way forward – Time to create an EU-MENA Energy Market**

**Moderator:** Wolfgang von Geldern (former German Secretary of State)

### **Panelists:**

- Paul van Son (CEO; Dii)
- Paddy Padmanathan (CEO; ACWA Power International)
- Giuseppe de Beni (CEO; Italgas)
- Khaled AbuBakr (CEO; TAQA Arabia; also Coordinator, Middle East & Africa; International Gas Union).

### **Summary**

This Panel session discussed the opportunities for private businesses from EU- and MENA-countries to engage in co-operation for desert energy. The presentations of the participants showed that various joint EU-MENA projects have been launched already and that many more projects are in the pipeline.

Mr. Padmanathan emphasized the mutual benefits of a EU-MENA co-operation. EU investors in MENA, on the one hand, could contribute their technical know-how, their engineering and design capabilities, key components for solar and wind projects, experience in human resource and capacity building, as well as their experience of structuring finance in the partnership. MENA countries, on the other hand, could chip in their advantageous conditions for the production of solar and wind energy, their knowledge of their local legal frameworks, their experience with local supply chains, and their connections to financing institutions in the MENA region. Mr. Padmanathan explained the benefit of co-operation for the MENA countries as a “significant economic value creator in the MENA region, utilizing capital efficiently, creating employment and bringing into a wider segment of the young population of the region to become economic value creating citizens.”

Mr. de Beni reasoned that, in order to foster EU-MENA co-operation on desert energy, EU investors should seek a sound institutional and legal framework in their investment’s host country, define adequate incentives for their projects, and speed up necessary administrative procedures. The conclusion of a comprehensive power purchase agreement (PPA) with the host country was a critical challenge for investors.

Mr. de Beni argued that the focus of EU investors should to a certain extent shift from inner-European projects to opportunities for power production in MENA. Challenging this point, Mr. Fell, member of the German Parliament, stressed that the diffusion of renewable energy

production in the EU and in MENA were, in his view, complementary to each other and should both be promoted with all strength.

Mr. AbuBakr pointed to the benefits of hybrid renewable energy and natural gas plants in order to enable growth of solar and wind energy in MENA markets. He argued that gas, with its low production costs and CO<sub>2</sub>-emissions, could provide the base load to which intermittent wind and solar energy could be added and could help to make renewable energy technologies competitive to electricity from nuclear fission and coal.

The Panel session proved a large momentum for a project like Desertec to engage in EU-MENA co-operation for desert energy. Dii's CEO Paul van Son explained the three consecutive phases from the Initiative's project plan to allow for a self-sustained EU-MENA market. During the present Reference project phase (2011 – 2020), Dii is working on a first Reference project of 150 MW in Morocco in order to prove the practical feasibility of the Desertec Vision. The aim is to integrate solar and wind energy technologies into the local markets in the MENA region and to enable both local supply and electricity export. Further Reference projects are envisaged soon in Tunisia and Algeria. During a Scale-up phase (2020 – 2035), van Son imagined that the EU-MENA market will be further connected and will function with less financial support. In a final Self-sustained market phase (e.g. from 2035), financial support for renewable energy could then be entirely be phased out. Mr. van Son saw an increasing integration of energy markets and grid structures between EU-MENA states as a major success factor for achieving a self-sustained energy market across both regions.