SHEHATA & PARTNERS

LEGAL GUIDE ON

RENEWABLE ENERGY

IN EGYPT

COMPREHENSIVE LEGAL AND REGULATORY FRAMEWORK

About us

Overview

Shehata & Partners, established 1996, has since been driven by a vision to provide unique legal services that cater to the business needs of corporate entities doing business in Egypt. Our core mission is to provide the most trusted and effective legal advice on dispute resolution and corporate law both in Egypt and across the MENA Region.

About us

Our Partners

Having practiced law under different schools of thought at various firms, our partners comprise a wealth of diverse academic experience, covering both civil law and common law jurisdictions. Their collective experience as judges, arbitrators, and lawyers allows us to provide thorough support to our clients.

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Ibrahim Shehata has accumulated more than a decade of experience in the Egyptian market. Shehata started his career with Ibrachy & Dermarkar law firm followed by Sharkawy & Sarhan law firm. He then moved to the US to earn his Master of Laws degree in International Arbitration and Venture Capital from New York University (NYU). Shehata started off his career focusing on corporate law where he successfully advised several multinational companies on doing business in Egypt. Being involved in the Egyptian renewable energy market since 2014, he developed a niche experience which makes him one of the leading lawyers in the field.

Capitalizing on his immense arbitration knowledge, Shehata has assisted clients in navigating success in various high profile arbitral disputes, in particular with cases of construction arbitration. Shehata has also contributed immensely to international literature, and has written the first ever English language treatise on Egyptian arbitration with the prestigious publisher, Kluwer Law International. Further, Shehata has been chosen in 2020 as one of the 50 Most Promising Young Arbitration Practitioners in the African Continent.

Moreover, Shehata has been recognized in the last few years as one of the key players in the entrepreneurial ecosystem through working with more than 60 startups and several Venture Capital Firms. In this regard, Shehata has helped both VC Firms and startups navigate the legal issues that always arise in this specific realm and guide them to be more investment-ready.

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Executive Summary

Egypt is accelerating its transition to clean energy through a comprehensive legal and regulatory framework that supports renewable power and aligns with global climate goals. **Photovoltaic (PV) self-consumption** is now encouraged by law, allowing businesses and households to install solar panels – often paired with battery energy storage system (**BESS**) – to generate and use their own electricity. This framework, rooted in Egypt's Electricity Law and recent regulatory circulars, reflects a broad commitment to sustainable energy nationwide. In Egypt's view, renewable projects are not just about power generation; they are treated as "catalysts for economic growth, job creation, and community empowerment". For solar producers who do remain connected to the grid, a **Net Metering** program enables feeding surplus power back into the national grid in exchange for credits, effectively offsetting their electricity bills. Together, the self-consumption and net metering models empower Egyptians to invest in solar energy, lower their energy costs, and reduce strain on the grid, all while expanding the country's renewable capacity.

At the same time, Egypt is opening up its electricity market to greater private sector participation. A landmark **Private-to-Private (P2P) Scheme** now allows independent renewable energy producers to sell electricity directly to private consumers using the national transmission grid. This scheme includes settlement rules, enabling purely commercial power purchase agreements between eligible producers and eligible consumers. This P2P framework is aligned with Egypt's broader energy strategy to increase the share of renewables, cut carbon emissions, and fosters a competitive electricity market. Early pilot projects have been approved under regulator EgyptERA's oversight, marking a controlled opening of the market to direct clean power transactions. Although still in its early phases, the P2P scheme is viewed as a transformative step that will spur innovation and investment in solar and wind projects, ultimately reshaping the market with more competition and sustainability.

In parallel, regulators have introduced rules for smart mini-grids to promote decentralized renewable generation in areas beyond the reach of the main grid. EgyptERA's new circular provides a framework for licensing small-scale, local grids that integrate renewable energy with digital technologies. These **smart mini-grids** can operate independently (or alongside the national grid) to bring electricity to remote communities or industrial zones, using real-time smart controls to balance supply and demand. By encouraging these localized systems, the policy extends clean power access to where traditional grid expansion is difficult, reduces reliance on costly diesel generators, and supports Egypt's energy diversification goals. Egypt is also boosting **Energy Service Companies (ESCOs)** – firms that implement energy efficiency projects. In 2025, the government (with UN support) concluded a program to improve industrial motor efficiency, a milestone that helped establish a sustainable market for ESCO services. This focus on energy efficiency complements the renewable energy push, as Egypt aims to reduce overall energy consumption by 18% while increasing clean energy to 42% of the national mix by 2030 – targets that underscore its commitment to sustainable development and global climate commitments.

Egypt's legal guide also highlights market-based instruments designed to incentivize green investment. **A Renewable Energy Certificates (REC)** system has been formalized via a 2025 decree, officially recognizing "Energy Source Certificates" – issued for each megawatt-hour of electricity generated from renewables – as tradable financial instruments. These certificates, valid for 12 months, can be bought and sold independently of the power itself on the Egyptian Stock Exchange. This innovation provides renewable power producers with a new revenue stream and offers investors a novel green financial product, while giving consumers transparency about the clean origin of their electricity.

In a similar vein, Egypt has become the first country in Africa to establish a **voluntary carbon credits market**. Recent regulations by the Financial Regulatory Authority (2022–2024) now **legally recognize carbon emission reduction credits** as tradable assets, allowing companies to register, verify, and trade carbon credits through the stock market. This carbon market framework adheres to international standards (such as UN and ICROA guidelines) and aligns with Egypt's Vision 2030 and National Climate Change Strategy 2050. By putting the infrastructure in place for carbon trading, Egypt is positioning itself to attract climate finance, encourage low-carbon projects, and lead the region in carbon market development. Together, the REC and carbon credit schemes integrate Egypt's renewable sector with global sustainable finance trends, rewarding clean energy generation and emission reductions in the marketplace.

Looking ahead, Egypt is actively supporting emerging clean technologies through dedicated policies. **Green Hydrogen energy** – touted globally as a promising zero-carbon fuel – is a major focus. Thanks to abundant solar and wind resources, Egypt envisions itself as a future green hydrogen hub and has taken significant steps to realize this vision. In early 2024, the government enacted a **Green Hydrogen Law** (Law No. 2 of 2024) that offers powerful incentives for hydrogen projects. Developers of green hydrogen (and related products like green ammonia) benefit from hefty tax credits – a cashback of 33% to 55% of the income tax on project revenues – as well as exemptions from value-added tax on equipment and a 0% VAT rate on exports. The law also provides customs and land fee discounts and fast-tracked approvals for hydrogen ventures.

By removing obstacles and sweetening investment returns, these measures signal Egypt's commitment to becoming a leading producer and exporter of green hydrogen, giving confidence to both domestic and foreign investors. Likewise, to spur electric mobility, authorities have established a clear **regulatory framework for Electric Vehicle (EV) charging infrastructure.**

Underpinning all these specific initiatives is a suite of **general incentives** designed to attract investment and lower the cost of renewable energy projects. The government has introduced tax benefits (including reduced corporate tax rates and customs duty exemptions for renewable equipment) and offers renewable project developers access to public land on favorable terms – typically through long-term usufruct leases that avoid expensive land purchases. In a pivotal move, Egypt's regulator recently eliminated grid connection fees for renewable installations, especially solar self-consumption projects, removing a significant financial burden for developers. This waiver of fees "reflects strong regulatory support for clean energy and aligns with Egypt's broader commitment to encouraging investment in sustainable power and improving grid efficiency". Furthermore, the Egyptian government has streamlined approval processes and simplified licensing requirements to minimize bureaucratic delays for renewable ventures. These cross-cutting incentives and facilitative policies greatly enhance the economic viability of clean energy investments in Egypt.

In conclusion, Egypt is increasingly seen as an attractive destination for renewable energy development, backed by political will and a clear alignment with international climate objectives. In summary, the country's legal and regulatory landscape for renewables – spanning small-scale solar to utility-scale projects, innovative trading schemes, and next-generation technologies – underscores a strategic national drive to build a sustainable, diversified energy future. It not only advances Egypt's goal of securing 42% of its electricity from renewables by 2030, but also positions Egypt as a regional leader in the global fight against climate change.

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SECTION I

Self-Consumption and Battery Energy Storage Systems in Egypt

I | Self-Consumption and Battery Energy Storage Systems in Egypt

1. Introduction:

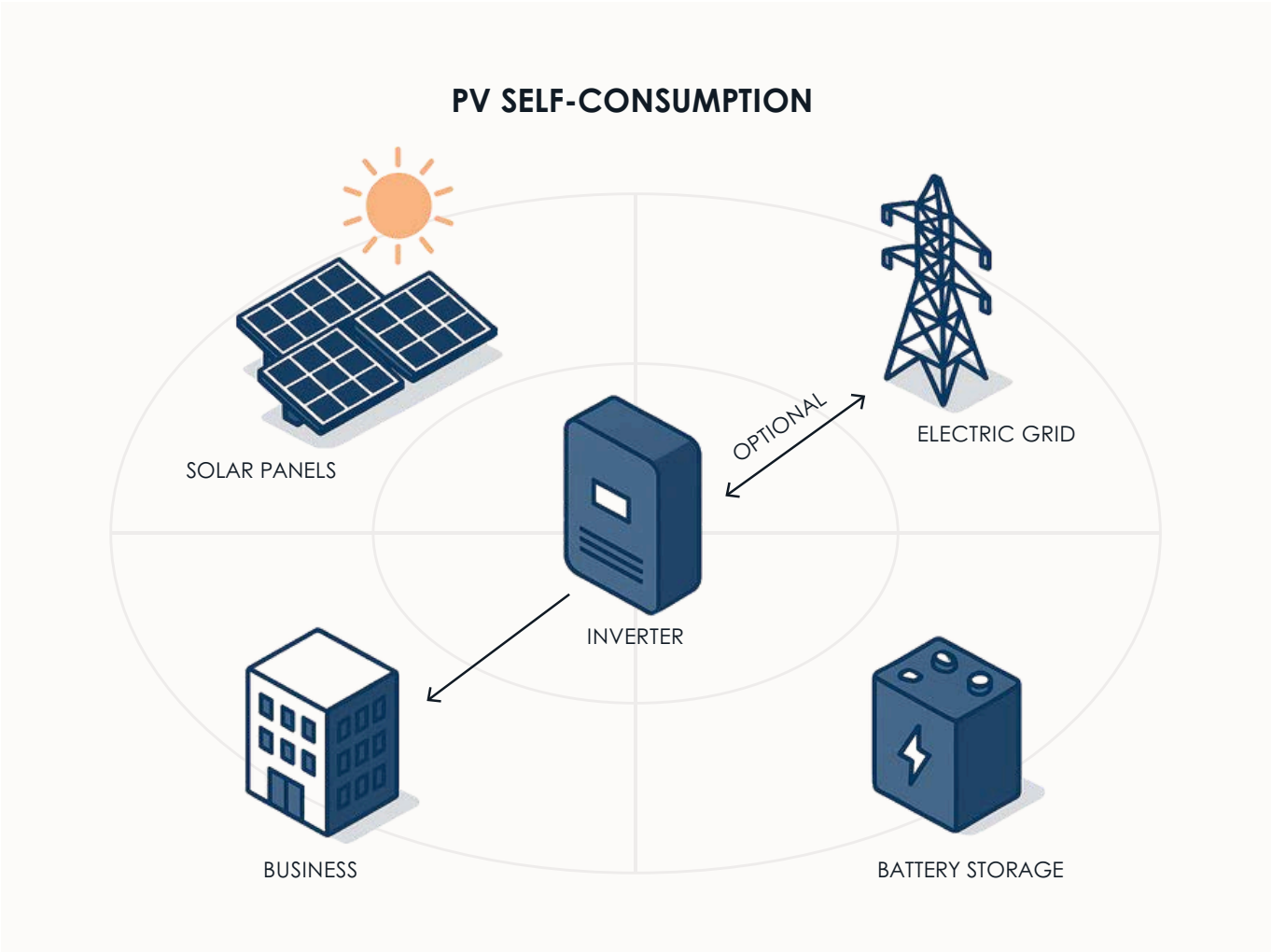
The regulatory framework governing Photovoltaic ("**PV**") Self-Consumption and Battery Energy Storage Systems (the "**BESS**") in Egypt is primarily established under Electricity Law No. 87 of 2015 (the "**Electricity Law**") along with its Executive Regulations and Renewable Energy Law No. 203 of 2014 (the "**Renewable Energy Law**"). Further guidance is provided through Circulars No. 3 and No. 6 of 2023, which were issued by the Egyptian Electric Utility and Consumer Protection Regulatory Agency ("**EgyptERA**"). Additionally, Circular No. 1 of 2024, which was also issued by EgyptERA, outlines specific incentives aimed at supporting renewable energy projects in Egypt. These measures and frameworks reflect Egypt's broader commitment to advancing the renewable energy sector and promoting sustainable energy solutions nationwide. It is worth noting that these projects are not just about generating power; they are catalysts for economic growth, job creation, and community empowerment.

Furthermore, it is important to clarify that the use of the BESS does not necessarily imply that the project will operate under a self-consumption scheme.

2. Understanding the PV Self-Consumption Scheme:

The Photovoltaic System ("**PV**"), also called a PV System or a Solar Power System, is an electric power system designed to supply usable solar power by means of photovoltaics. It consists of an arrangement of several components, including solar panels to absorb and convert sunlight into electricity, a solar inverter to convert the direct current output to alternating current, as well as mounting, cabling, and other electrical accessories to set up a functioning system. Accordingly, many utility-scale PV systems use tracking systems that follow the sun's daily path across the sky to generate more electricity than fixed-mounted systems.

On another note, the PV Self-Consumption is the economic model in which the project uses PV electricity for its own electrical needs, thus acting as both producer and consumer, or prosumer. For further illustration, please see the figure below:



3. Legal Framework for the PV Self-Consumption and BESS Projects in Egypt:

The legal framework for the PV Self-Consumption and the BESS projects includes the Electricity Law, the Renewable Energy Law, and the EgyptERA's Circulars. Accordingly, we will outline in this section the different types of installations (**On-Grid and Off-Grid**), BESS requirements under the Self-Consumption scheme, licensing procedures for the Self-Consumption projects, and the incentives for renewable energy projects in Egypt.

It is worth noting that the Self-Consumption scheme is mainly regulated under Circular No. 3 for 2023. In this regard, Circular No. 3 for 2023 applies to the following plants intended for Self-Consumption, and which may be connected to the medium voltage electricity network of the Egyptian Electricity Transmission Company (the "**EETC**") or to the medium or low voltage electricity networks of any licensed distribution company:

i. Grid-connected PV plants (irrespective of their capacity); and

ii. Off-grid PV plants with a capacity exceeding 500 kW.

Further, the previously mentioned Circular, defines Self-Consumption as follows:

"A scheme according to which a solar PV plant is connected to the internal loads of the customer/developer in whose name the final power generation license is issued, subject to there being no exchange of power between the PV plant and the national electricity grid".

3.1. The Differentiations between the Connected Installations and the Isolated Installations:

Pursuant to Article 4(11) of the Electricity Law, EgyptERA is granted the authority to regulate all matters related to electricity and renewable energy. In this regard, EgyptERA Circular No. 3 for 2023 differentiates between connected and isolated installations with regard to the required licenses, procedures, and capacity. On this note, the PV Systems projects in Egypt are categorized into two primary configurations:

i. Connected Installations (**On-Grid**); and

ii. Isolated Installations (**Off-Grid**).

These two models define how energy is produced, used, stored, and—where applicable—exported to the national grid.

The On-Grid installation enables consumers to both utilize generated electricity for their own needs and transfer excess energy to the grid under a net metering arrangement (if this is operating under the Net Metering scheme and not the Self-Consumption scheme). In contrast, Off-Grid installation operates independently, with electricity coming directly from the solar plant to the consumer's facilities, often supplemented by the BESS to optimize energy availability.

3.2. Self-Consumption BESS Requirements under the Egyptian Legal Framework:

Section 8 of Circular No. 3 for 2023 outlines specific regulations for the use of batteries in the Self-Consumption scheme. It is worth noting that the batteries may only be integrated into the plant to help the consumer/developer manage fluctuations in generation and usage. In this regard, the batteries that are going to be used in the Self-Consumption projects must meet the following requirements:

i. The batteries must be integrated with the plant and should also be in compliance with the Solar Energy Plants Grid Connection Code or the Technical Requirement for Connecting Small Scale PV Systems to the Low Voltage Distribution Network; and this is based on the generation capacity of the plant.

ii. The batteries should be utilized for the needs of the consumer/developer to reduce any imbalances between the generation and the electricity system capacity of the consumer/developer.

iii. The capacity of the batteries must not exceed 20% of the generation capacity of the plant.

iv. In case of network disconnection, the entire electricity system must be isolated through appropriate circuit breakers equipped with voltage sensors.

v. The consumer/developer should install smoke detectors at the battery's location.

vi. Compliance with the firefighting code IEC 62619 (without the need to open the room).

vii. For batteries with capacity exceeding 100 kW/hour, the following safety systems must be installed:

   a. Over Current Protection.
   b. Ground Fault Protection.
   c. Overheat Protection.
   d. Automatic AC and DC Open Circuit when Fault Detection.
   e. Insulating Monitoring.

3.3. Licensing Procedures under the Egyptian Legal Framework:

The licensing procedures for projects connected to the grid will include the following main steps:

i. **Determination of the Allowed Capacity:** The consumer/developer must submit a request to the network operator to establish the allowable capacity of the PV plant that can be connected to the consumer's electrical system. The network operator is obligated to provide a decision within one (1) week of receiving the request.

ii. **Selection of the Developer:** The consumer should choose the company that will develop the solar plant from among the companies qualified by EgyptERA.

iii. **Applying for the Preliminary Approval:** The consumer/developer should apply to the EETC for a preliminary permit to establish the PV plant and pay the associated fees. The application should include the following information:

a. Qualification certificate of the developing company.

b. Copy of the ownership deed, lease, or usufruct agreement of the land upon which the plant will be established. The lease or the usufruct agreement must be for a minimum duration of 25 years.

c. Copy of the agreement signed between the consumer and the developing company.

d. Copy of the identification card of the plant owner.

e. Copy of the tax card and the commercial register of the developing company.

f. Copy of the last electricity bill of the consumer.

g. Installation drawings of the PV panels approved by a licensed engineer.

h. The technical specification of the plant with catalogues of its components.

i. Testing certificates of the project components.

j. The project's electrical drawings and the connection point.

k. Copy of the approval of the environmental assessment study.

l. Compliance acknowledgment letter.

m. EgyptERA license for projects with generation capacity exceeding 500 kW.

iv **Developing the Plant:** Upon obtaining the preliminary approval of EETC, the developing company is required to complete the establishment of the plant within six (6) months for plants with generation capacity up to 500 kW, or one (1) year for plants with generation capacity exceeding 500 kW. Otherwise, the application will be cancelled.

v **Inspection of the Plant:** The consumer/developer should notify the EETC of the completion of the plant and pay the associated inspection fees. The EETC will inspect the project to ensure that it complies with the regulatory rules and applicable codes and will notify the consumer/developer with any correction actions that need to be taken (if any).

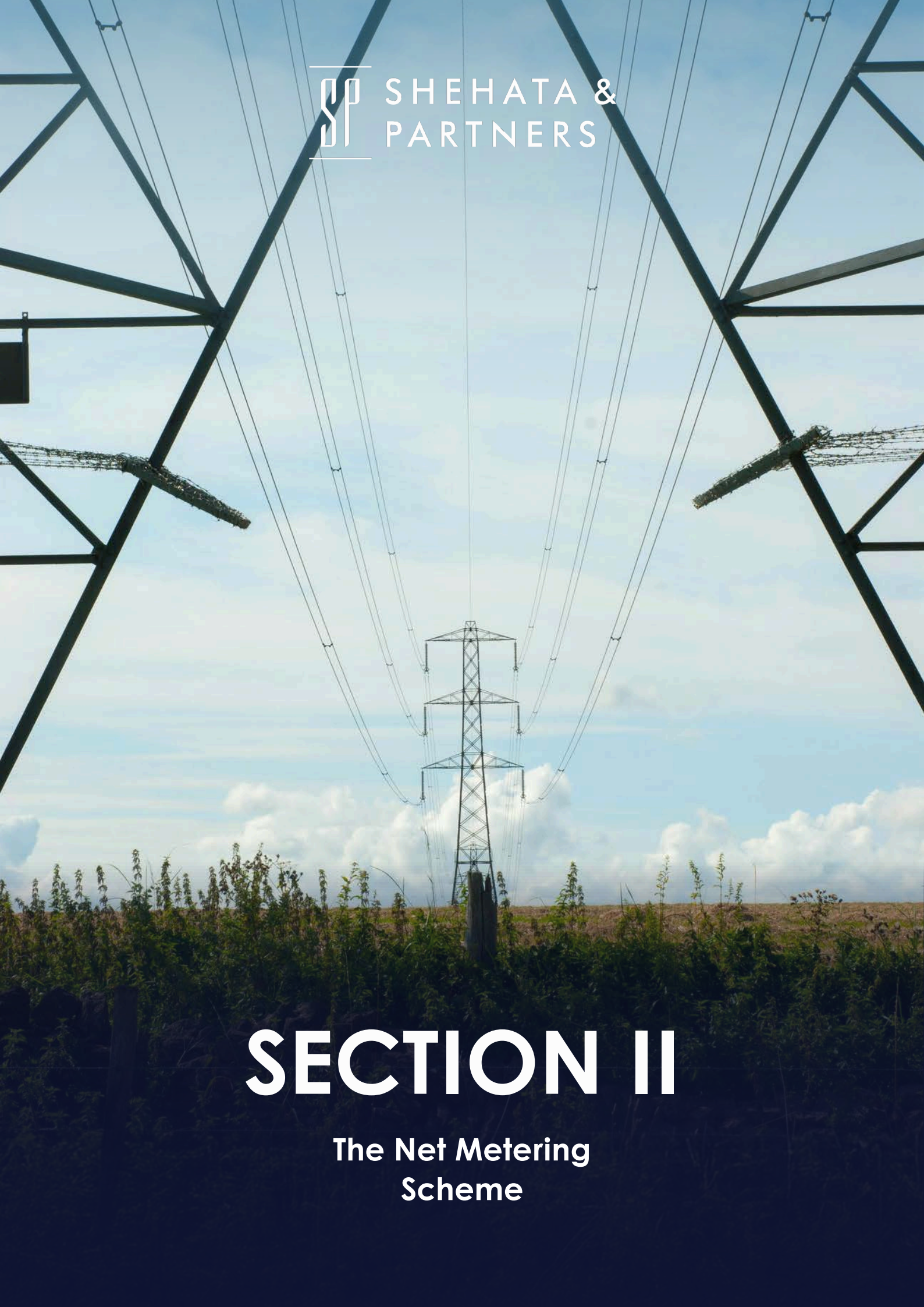
vi **Commercial Operation:** Upon successful testing, the meters will be installed, and the commercial operation will start.

Further, section 5 of Circular No. 3 for 2023 further outlines the licensing requirements for the following plant's capacities:

vii **Licensing Requirements for Projects under 500 kW:** In line with the Electricity Law and its Executive Regulations, projects with generation capacity under 500 kW shall be exempted from licensing requirements upon submitting a request to the EgyptERA. To the contrary, the photovoltaic plant that is developed and owned by a qualified developer and entered into a power purchase agreement with the
consumer must be licensed.

viii **Licensing Requirements for On-Grid Projects over 500 kW and under 30 MW:** Such projects require the EETC to conduct a preliminary study in relation to the effect of connecting the PV plants to the grid in accordance with Article (48) of the Electricity Law Executive Regulations, as well as obtaining the generation license from the EgyptERA prior to the connection.

ix **Licensing Requirements for Isolated Projects over 500 kW:** Such projects are also required to obtain the generation license from the EgyptERA in accordance with Article 4 (12) of the Electricity Law.



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SECTION II

The Net Metering Scheme

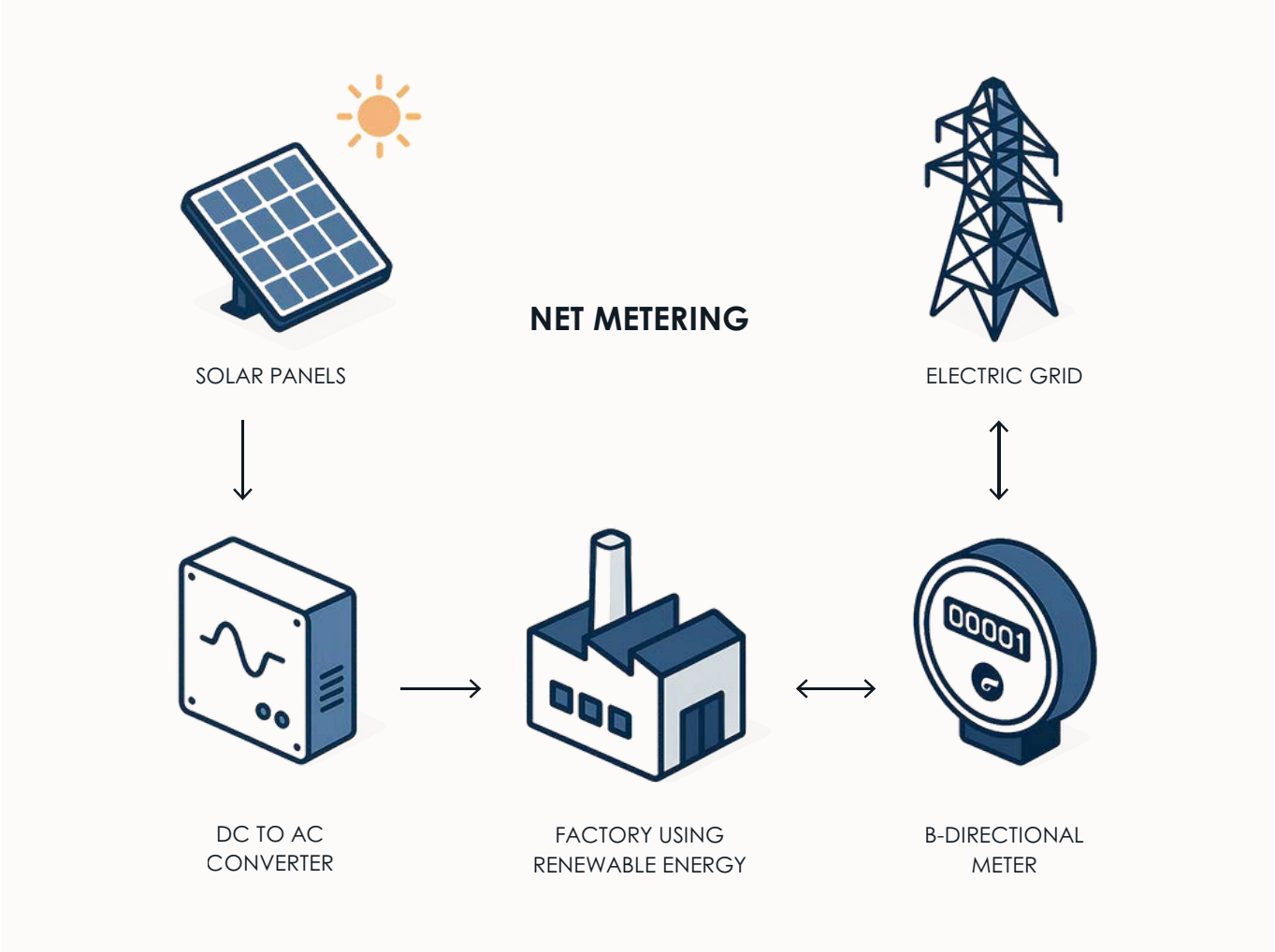
II | The Net Metering Scheme

1. Introduction:

The Net Metering scheme has been introduced in Egypt as a core component of the country's renewable energy transition to encourage solar energy generation. Governed by Circulars issued by EgyptERA. This scheme enables electricity off-takers to generate their own electricity from solar photovoltaic ("**PV**") systems. It aims to incentivize off-takers to build solar plants to self-satisfy their electricity needs. The current regulations only conceived that such an agreement would be entered into with the EETC or a Distribution Company (a "**DisCo**"). **It is worth noting that the current net metering Circulars issued by EgyptERA shall be followed and will remain in effect until December 31st 2025. Whereas, applications for connecting solar plants may be accepted in accordance with these Net Metering Circulars until December 31st 2025. After that date, the Net Metering scheme might get discontinued for new Net Metering projects.**

2. Understanding the Net Metering Scheme:

EgyptERA introduced net metering under Circular No. 1/2013. The Circular was issued to incentivize off-takers to build solar plants to self-satisfy their electricity needs. The net metering scheme, allows consumers who have installed a solar plant on their premises (whether on rooftops or ground-mounted) to contract with the EETC or the competent DisCo, depending on their connection voltage, for the installation of a bidirectional meter in order to set-off their electricity consumption with the excess electricity they feedback to the grid. The installed solar panels convert sunlight into electricity, which is converted from DC to AV via a converter. The off-taker consumes energy, and any excess is pushed to a bidirectional meter. The bidirectional meter measures the excess electricity of off-taker sent to the grid, and off-sets energy fed to the grid from the off-taker's system against the off-taker's energy consumption bill. Below is a demonstration of the net metering scheme:



3. Legal Framework for the Net Metering Scheme:

EgyptERA has published a template Net Metering Agreement which governs the relationship between the off-taker and the DisCo or the EETC. For a brief period of time, the template agreement issued by EgyptERA under Circular No. 3/2018 provided that the off-taker may engage a third party who builds, owns, and operates the PV plant, selling the generated electricity to the off-taker by virtue of a power purchase agreement (**PPA**). However, an amended Net Metering agreement was issued by virtue of Circular No. 10/2022 has removed the option of operating this scheme via a PPA model.

Furthermore, the Net Metering scheme (as per the recent amends made by Circular No. 6/2022) requires for PV plants owned by one customer to have either a cap of:

i. 30 MW cumulative owned by the same licensed entity with respect to several solar net metering projects connected to the same distribution network; or

ii. 25 MW per project.

As an initiative by EgyptERA to further encourage and incentivize clean energy production, it issued Circular No. 1/2024. This Circular provides that the grid integration fees shall no longer be applicable to renewable energy projects which include the net metering scheme.

4. Important Parameters of the Net Metering Scheme:

Circular No. 2/2020 (as amended by virtue of Circular No. 6/2022) highlights the parameters of the Net Metering scheme. Further, the Net Metering scheme is further subject to the following parameters:

i. The plant must be connected to a network, either the Transmission Grid (for hyper and high voltages) or a Distribution Network (for medium and low voltages);

ii. The power plants' aggregate capacity must not exceed 30 MW cumulatively or 25 MW per project.

iii. The off-taker may not hold a distribution license for the same net metering project;

iv. The total capacity generated from solar net metering projects (past and future) may not exceed 1,000MW, which is to be split into the two following chips:

i.125MW for capacities up to 500kW;
ii.100MW for capacities greater than 500kW up to 20MW.

v. To prevent the consumer from backing up the extra capacity on the grid as well as oversizing the station, EgyptERA has regulated the installed power of the net metering station to not exceed the maximum load of the consumer during the fiscal year prior to the commercial operating date of that power plant.

vi. In the event of connecting to the medium voltage network, an additional study must be conducted by the DisCo or through an external party to assess the impact on the network, at the client's expense. It must be ensured under all circumstances that no reverse current is fed into the transmission networks owned by the EETC or any of its affiliates.

vii. The settlement of the surplus energy generated from the solar power plant contracted under the net metering system shall be conducted annually, after offsetting the client's electricity consumption at the end of June of each calendar year, at the energy purchase price (piasters/kWh) in accordance with the most recent purchase price contracted between the EETC and a solar energy producer.

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SECTION III

The Private-to-Private (P2P) Scheme in Egypt

III The Private-to-Private (P2P) Scheme in Egypt

1. Introduction:

One of the most significant developments in the direction of reforming Egypt's electricity market to enable greater participation by the private sector, is the introduction of the Private-to-Private (the "**P2P**") electricity scheme. This scheme allows private renewable energy producers to sell electricity directly to private consumers through the transmission grid of the EETC. EgyptERA published on its website as the P2P Rules (the **"P2P Rules**") which outline and regulate the legal and technical framework of the P2P scheme including rules delineating the procedures for implementing a P2P project and also outlining the process for trade and settlement of electricity associated with such a P2P project.

The P2P framework is aligned with Egypt's broader energy strategy, which aims to increase the share of renewables in the energy mix. It supports national goals of reducing carbon emissions, encouraging investment, and fostering a competitive electricity market. Through this mechanism, Egypt seeks to attract local and international investors to finance, develop, and operate clean energy projects under purely commercial arrangements.

EgyptERA has chosen several projects under a pilot implementation phase of the P2P scheme (the "**P2P Projects**"), marking the beginning of a controlled market opening. Whereas participation in the P2P market requires an application to be submitted by the Eligible Producer responsible for the P2P Project to EgyptERA as determined on EgyptERA's website during its call out for application.

2. Understanding the P2P Scheme:

The Egyptian P2P scheme is designed as a market-based framework in which renewable energy producers who are deemed "Eligible" as per the P2P Rules (the "**Eligible Producers**") and electricity consumers who are deemed "Eligible" as per the P2P Rules (the "**Eligible Consumers**") can engage in direct agreements for energy supply (PPAs). These agreements define the commercial terms, including price, quantity, delivery schedule, and risk allocation. The electricity is transmitted via the transmission grid of the EETC. However, it is important to note that the transmission grid is used to wheel the power and EETC is paid to deliver such a service for the P2P projects. Further, the settlement mechanism is defined through the P2P Rules and will be implemented by EETC. Accordingly, the P2P scheme offers multiple benefits: it promotes clean and renewable energy, and encourages innovation in solar energy, wind energy, or hybrid systems combining solar and wind energy. Moreover, each Eligible Producer is responsible and applies for a P2P Project. Each P2P Project must include one (1) Eligible Producer and may include up to three (3) Eligible Consumers to purchase the electricity generated by the production facility of the Eligible Producer.

3. Legal Framework of the P2P Scheme:

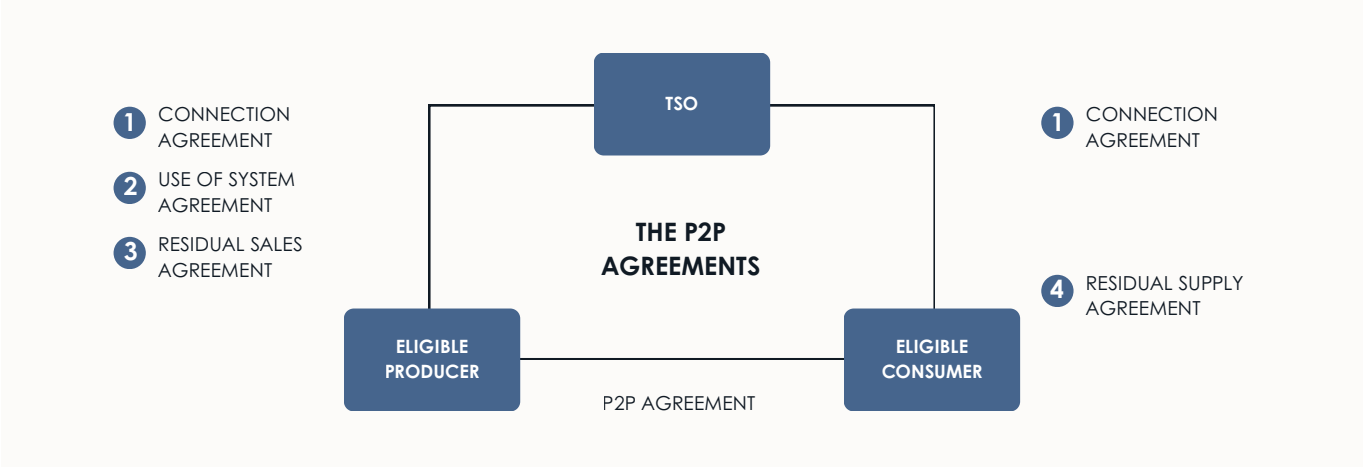
The legal foundation for the P2P scheme has been established by EgyptERA. Moreover, EgyptERA issued the official P2P Rules which entailed network usage regulations, and technical requirements for participation. They set out the obligations of both the Eligible Producers and the Eligible Consumers.

3.1. The Regulations of the P2P Scheme:

As mentioned above, the regulations of Circular No. 2/2024 as well as the P2P Rules along with multiple Grid Codes which include technical specifications, constitute the regulations of the P2P scheme.

3.2. The P2P Agreements:

While contractual freedom is a hallmark of the P2P scheme, agreements must comply with EgyptERA's P2P Rules and template P2P agreements (the "**P2P Agreements**"). There are six (6) P2P Agreements that shall be concluded as follows (it is to be noted that TSO in this demonstration refers to the EETC):



For further clarification of the above demonstration, the P2P Agreements are as follows:

i. A PPA between the Eligible Producer and the Eligible Consumer(s) to regulate the selling of electricity by the Eligible Producer to the Eligible Consumer(s).

ii. A Producer Connection Agreement to be concluded between the Eligible Producer and the EETC for the Eligible Producer to be connected to the transmission grid of the EETC.

iii. A Consumer Connection Agreement to be concluded between the Eligible Producer and the EETC for the Eligible Producer to be connected to the transmission grid of the EETC.

iv. A Use of System Agreement to be concluded between the Eligible Producer and the EETC to enable the Eligible Producer to access the transmission grid of the EETC to transmit the electricity generated by the production facility of the Eligible Producer to the consumption site(s) of the Eligible Consumer(s).

v. A Residual Sale Agreement for delivery and sale by the Eligible Producer of day-ahead and/or residual excess energy to the EETC.

vi. A Residual Supply Agreement for the receipt and purchase by the Eligible Consumer of day-ahead shortfall energy and/or residual shortfall energy from the EETC.

4. Important Parameters of the P2P Scheme:

It is important to note that in the current pilot phase of implementing the P2P scheme into the Egyptian market requires for the production facilities of the Eligible Producers as well as the Consumption Sites of the Eligible Consumers to be new and not already existing. Additionally, the current maximum capacity allowed for the pilot phase of the P2P scheme is 500 MW with a maximum capacity of 100 MW per each P2P Project.

In conclusion, the P2P electricity scheme is a transformative step for Egypt's energy sector. By allowing direct transactions between private renewable energy producers and consumers, it fosters competition, supports sustainable growth, and aligns with the nation's climate goals. While still in its early phases, the scheme has significant potential to reshape the market.

SHEHATA & PARTNERS

SECTION IV

Smart Mini-Grids

IV | Smart Mini-Grids

1. Introduction:

The Smart Mini-Grids regulatory circular rules for discussion, issued on the website of developed by EgyptERA, lays out a foundational legal framework for promoting the deployment of smart mini-grids in Egypt. These systems are designed to complement the national electricity grid by enhancing access to renewable energy, particularly in areas where grid expansion is not feasible. By enabling decentralized energy production and encouraging innovation, the circular aligns with Egypt's broader energy diversification goals. Further, they serve as an alternative energy source to maintain uninterrupted electricity supply. They also help reduce the high costs associated with fuel transportation by integrating distributed renewable energy sources - such as solar energy - and reducing reliance on diesel generators. The regulations further encourage the smart mini-grids system by prohibiting the distribution networks and/or transmission systems from expanding in areas where the smart mini-grids are licensed without obtaining EgyptERA's approval.

It is important to emphasize that, as of November 2025, the smart mini-grids regulatory rules, have been published for public consultation, and have not yet been formally approved or enacted by the Egyptian authorities. Accordingly, this Section reflects proposed rules only. Once the official Circular or Ministerial Decree are issued, adopting the smart mini-grid regulations, the definitive legal framework may differ from the draft version presently under consultation.

2. Understanding the Smart Mini-Grids:

To understand smart mini-grids, we need to understand mini-grids first, then what allows them to be classified as smart mini-grids. Mini-grids refer to a small/medium-scale localized energy distribution network with the ability to operate isolated from the Distribution Network or the Transmission System (islanding capability) and to match at all times the supply and the demand of electricity in its network (to avoid overloading the system or wasting energy), which has a generation source connected in its network, and is operated by its owner or by a third party. Smart mini-grid refers to mini-grids that integrate power with the use of digital technologies, sensors and software to better match the supply and demand of electricity in real time while minimizing costs and maintaining the stability and reliability of the grid, providing an ongoing evolution of end-use applications.

In other words, smart mini-grids are localized power systems that integrate renewable energy sources with advanced digital technologies. Unlike traditional mini-grids, which merely supply power to isolated locations, smart mini-grids utilize real-time monitoring, load forecasting, and AI-based controls to manage supply and demand efficiently. These systems are categorized to serve different community or commercial needs such as powering rural areas or powering different economic activities based on capacity. The capacities under the circular are as follows:

i. Small: <1 MW (Low/Medium Voltage).

ii. Medium: 1–50 MW (Medium/High Voltage).

iii. Large: >50 MW (High Voltage).

The off-takers to benefit from energy produced by smart mini-grids are deemed to include the following:

1. Households and residential areas connected to the mini-grid.

2. Commercial and industrial activities, including agricultural, mining, data centres, educational, tourism, and recreational facilities.

3. Green Hydrogen Producers, if connected to the mini-grid.

4. EV Charging Stations, to be treated as a load, not considering any additional fees to be paid by the EV for customer service purposes.

5. Battery Storage, to be treated as a load, If storage is provided as a service within the mini-grid, ensuring cost recovery.

3. Legal Framework for the Smart Mini-Grids:

The regulatory basis for smart mini-grids stems from the Electricity Law and its Executive Regulations. Furthermore, it is worth noting that contracts between mini-grid operators and off-takers must be submitted during the licensing process (as expanded below) and must address key areas such as service conditions, pricing, billing, and dispute resolution. In all events, any existing or a new mini-grid is obliged to register with EgyptERA, declaring information about the mini-grid such as its ownership, sizing, location, purpose, and any further information deemed relevant by EgyptERA.

3.1. Licensing and Permits:

A permit must first be issued by EgyptERA to begin the establishment or to carry out extensions of any of the electricity activities handled by the mini-grid (which shall be issued by EgyptERA prior to construction). Afterwards, a license is to be issued by EgyptERA to start practicing any of the electricity activities as ascribed in Electricity Law (which shall be issued prior to operation). Accordingly, the mini-grids may participate in the following activities, under the licenses to be issued by EgyptERA:

i. Generation;

ii. Distribution in the case of isolated mini-grids;

iii. Distribution activities (grid planning, building, operation and maintenance)

iv. Green Hydrogen production and utilization (either directly or through fuel cells);

v. Energy storage (thermal, electrical…etc.);

vi. EV Charging activities; and

vii. Sale and purchase of electricity, including energy metering and settlement.

In some cases however, particularly for mini-grids with less than 500 kW capacity, a simplified registration process may - depending on EgyptERA's decision - replace the full licensing route. In all events, existing mini-grids must register with EgyptERA within 6 months and obtain the required license(s) within 12 months (if not exempt).

3.2. Company Structure and Ownership of the Smart Mini-Grids:

Only Egyptian joint stock companies with investors officially settled in Egypt are permitted to participate in licensed smart mini-grid activities. The company's activities must be generation, distribution, storage, and sale of electric energy in a mini-grid. However, if separate companies will be utilized for obtaining the generation and the distribution license, the entity investing in the development, construction, operation, and/or maintenance of a mini-grid in Egypt, has to demonstrate the contractual or organizational arrangements between the companies. Further, mini-grid Investors have the right to structure the ownership of their mini-grid project company, as deemed fit. Such structures may include, but are not limited to: (i) private ownership; (ii) public ownership; (iii) community ownership; or (iv) hybrid models.

Additionally, Public Private Partnerships (PPP) may be introduced, to support the development of mini-grids, in the form of:

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i. A Build-Own-Operate (**BOO**) scheme.

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ii. Split asset investment model, where network and generation assets are separately owned by two or more Investors that may be private Investors or public companies.

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iii. Power Purchase Agreement (PPA) approach: the Mini-grid distribution assets and the generation assets are owned by different entities, and a PPA is signed by both parties for the supply of electricity to the users of the Mini-grid.

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iv. Usufruct land allocation: land to be utilized for the Mini-grid may be allocated to the Mini-grid Investor by the competent authority, by virtue of a Cabinet decision, for a pre-defined duration that may be renewed upon agreement.

Mini-grid investors shall also have the freedom to propose alternative and innovative ownership structures to the EgyptERA. EgyptERA shall review the proposed Public Private Partnership structure and the Special Purpose Vehicle (**SPV)** proposed, when granting the Mini-grid License and provide its approval. EgyptERA might propose standardized collaboration agreements to the Project Companies entering into PPP and SPV structures to ensure transparency, minimize risk of conflicts, and clarify responsibilities between the parties.

4. Important Parameters of the Smart Mini-Grids Scheme:

4.1. Technical and Safety Requirements:

Mini-grids must use smart technology to monitor and control electricity flow efficiently. The regulatory circular further emphasises that the mini-grids are to be operated as smart mini-grids by meeting high standards for safety, reliability, and interoperability with adopting technology that enables monitoring and controlling energy flow, ensuring efficiency and adaptability, as well as operating using control centres that utilize artificial intelligence in load and generation forecasting and management, in addition to using equipment that enhances energy efficiency. Furthermore, they must meet safety standards to protect users and equipment. Additionally, existing mini-grids are granted 12 months from the date of registration with EgyptERA to comply with the new rules.

4.2. Tariffs:

The tariff system must follow a clear, regulated methodology as approved by EgyptERA. Known as the "Postage Stamp" model, it is designed to ensure that pricing reflects actual costs while remaining affordable for the off-takers. Further, the tariffs may be structured as energy charges (EGP/kWh), capacity charges (EGP/kW), or a hybrid of both, and they must be published in a transparent and non discriminatory manner. In any event, the mini-grid investors shall have the flexibility to determine the tariff structure provided they obtain the approval of EgyptERA to such determined tariff structure. Additionally, further guidance on the tariff design and methodology will be released during later stages.

SHEHATA & PARTNERS

SECTION V

Boosting Energy Services Companies ("ESCOs") in the Egyptian Market

V | Boosting Energy Services Companies ("ESCOs") in the Egyptian Market

The Ministry of Electricity and Renewable Energy, in collaboration with the United Nations Industrial Development Organization (**UNIDO**) as well as with support from the Global Environment Facility (**GEF**), has officially concluded the national project titled "Enhancing the Efficiency of Electric Motors in Industrial Operations." This milestone event marks a major step toward promoting energy efficiency in Egypt's industrial sector and establishing a sustainable market for ESCOs.

A workshop, held on July 28, 2025, featured a range of technical and policy-oriented sessions. Whereas an overview of the project's achievements, objectives, and future prospects was introduced. The workshop highlighted the critical role of electric motor efficiency in reducing industrial energy consumption, lowering operating costs, and supporting Egypt's environmental goals.

The New and Renewable Energy Authority ("**NREA**") played a central role in the project's implementation. NREA presented its leadership in managing the qualification system for ESCOs. The structured selection process that led to NREA being chosen as the responsible authority, including the definition of qualification criteria, evaluation of candidates, and establishment of regulatory procedures was also elaborated on during the "Policies and Governmental Cooperation" session.

Additionally, during a presentation session called "The Energy Services Market in Egypt," a detailed overview of the upcoming qualification system for ESCOs and Measurement & Verification (**M&V**) service providers was delivered; whereby the application process, regulatory requirements, and the expected timeline for launching the system was discussed, with an emphasis on importance in ensuring high-quality energy services aligned with global standards.

As part of the same initiative, a consultative focus group was held on July 8, 2025, at NREA's headquarters. This session brought together key stakeholders from Egypt's energy services market to review the proposed qualification framework. Discussions focused on setting standardized criteria that enhance service quality, build trust in the ESCO market, and respond to both local and international market requirements.

This initiative forms part of Egypt's broader national energy strategy, which seeks to increase the share of clean energy to 42% of the national energy mix by 2030, while reducing overall energy consumption in the industrial, residential, and commercial sectors by 18% by 2030 relative to 2009/2010 levels. Achieving these goals will contribute to reducing reliance on fossil fuels and cutting carbon emissions, in alignment with Egypt's sustainable development agenda and global climate commitments.

The closure of this pioneering program signals not just the end of a project, but the beginning of a more efficient, cleaner, and more competitive industrial energy landscape in Egypt - powered by innovation, collaboration, and strong institutional frameworks.

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SECTION VI

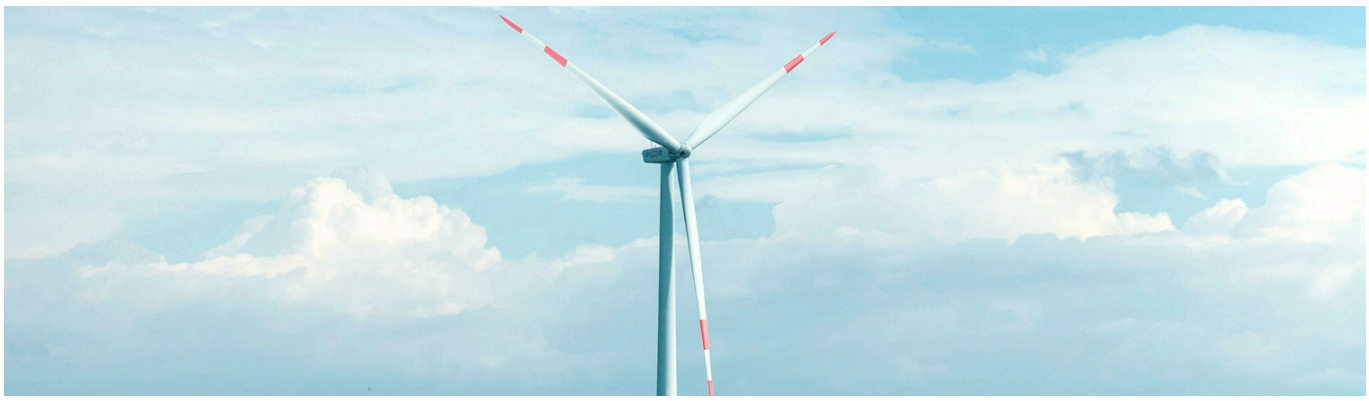
Legal Framework for Trading Renewable Energy Certificates in Egypt

VI | Legal Framework for Trading Renewable Energy Certificates in Egypt

The Prime Ministerial Decree No. 1539/2025 (the "**Decree**") amending certain provisions of the Executive Regulations of the Capital Market Law No. 95/1992 issued by the Minister of Economy and Foreign Trade's Decree No. 135 of 1993 (the "**Executive Regulations**") introduces a significant amendment to the Executive Regulations. This amendment adds a new Article to the Executive Regulations (Article 35 bis 9), which officially recognizes Energy Source Certificates (as defined below) as tradable financial instruments on the Egyptian Stock Exchanges (the "**EGX**"). This development marks a key step in aligning Egypt's financial markets with its national renewable energy strategy and promoting sustainable investment tools.

An Energy Source Certificate is a document issued by EgyptERA for every one megawatt-hour (**MWh**) of electricity generated from renewable sources such as solar or wind energy sources. The certificate verifies that the electricity produced is produced from a clean energy source and is intended to inform the end consumer about the origin of their electricity. It is worth noting that each certificate is valid for twelve (12) months from its issuance and may be traded independently from the actual electricity produced. This makes the certificate not only a proof of origin but also a marketable asset that can circulate in financial markets.

By allowing these certificates to be traded separately on the EGX, the Decree provides electricity producers with a new revenue stream and creates an incentive to generate more renewable energy. For investors, the certificates offer a new type of green financial product. For consumers, the measure increases transparency and supports the broader goal of environmental responsibility.



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SECTION VII

Overview of the Carbon Credits Regulatory Framework in Egypt

VII | Overview of the Carbon Credits Regulatory Framework in Egypt

As part of Egypt's growing commitment to climate action and sustainable finance, the government has established the regulatory foundation for a Voluntary Carbon Market (**VCM**), making it the first African country to legally recognize Carbon Emission Reduction Certificates (**CERCs**) as tradable financial instruments. Through a series of decrees issued by the Financial Regulatory Authority (**FRA**) between 2022 and 2024, Egypt now allows the registration, verification, and trading of carbon credits via the EGX. These measures are supported by robust governance, licensing for brokers, and alignment with international standards, such as those set by the International Carbon Reduction and Offset Alliance (**ICROA**) and the United Nations Framework Convention on Climate Change (**UNFCCC**).

Our comprehensive **Carbon Credits in Egypt July 2025 Report** (https://shehatalaw.com/law update/overview-of-the-carbon-credits-regulatory-framework-in-egypt/) outlines the technical and legal framework behind this transformation. It explains the full lifecycle of carbon credits - from project registration and validation by accredited bodies, to issuance and market trading. The report also highlights Egypt's alignment with its Vision 2030, the National Climate Change Strategy 2050, and international carbon finance programs. With this infrastructure in place, Egypt is well positioned to attract climate finance, encourage low-carbon industrial projects, and lead the regional carbon market landscape.

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SECTION VIII

Legal Framework of Green Hydrogen Energy in Egypt

VIII | Legal Framework of Green Hydrogen Energy in Egypt

1. Introduction:

Green hydrogen has emerged as one of the most promising clean energy sources in the global energy transition. Produced through water electrolysis powered by renewable energy sources, it offers a sustainable, low-carbon alternative to fossil fuels. With the capacity to serve multiple sectors - from heavy industry to long-distance transport - green hydrogen is seen as a critical enabler for achieving global decarbonization goals. Egypt, due to its abundant renewable resources, strategic geographic location, has positioned itself as a future hub for green hydrogen production and export. Over the past few years, the Egyptian government has taken significant steps to establish a robust legal and regulatory framework to support this emerging industry.

Accordingly, the Egyptian government is currently seeking to be a vital player in the zero-carbon hydrogen production market; aiming at mitigating global warming and the negative impacts of carbon emissions on living creatures to maintain Earth's nature equilibrium. Moreover, it is expected that hydrogen can replace conventional fuel such as coal, oil, and natural gas in all sectors of the economy including transport, industry, and electricity generation.

2. Understanding Green Hydrogen:

Hydrogen is a versatile energy carrier that can be produced through various methods, each with distinct environmental impacts. Green hydrogen refers specifically to hydrogen produced via the electrolysis of water using electricity generated from renewable sources such as solar and wind power. Unlike grey hydrogen (produced from natural gas without carbon capture) or blue hydrogen (produced from fossil fuels but coupled with carbon capture and storage), green hydrogen is virtually emissions-free during production.

Green hydrogen is a cleaner alternative to natural gas. Its byproduct is oxygen, while burning natural gas produces large amounts of carbon dioxide. It's also more cost-effective, with production costs that remain steady and predictable - unlike natural gas, which the prices thereof can fluctuate based on global supply control.

While green hydrogen can replace natural gas, doing so would require new appliances, boilers, and pipelines designed for green hydrogen. This is because green hydrogen interacts differently with metals and can cause steel pipelines - especially those used in high-pressure gas transmission systems, to weaken and crack – an issue known as "pipeline embrittlement".

The most common method to generate green hydrogen energy is via electrolysis: electricity from renewable sources (like solar, wind, or hydropower) is used which powers an "electrolyzer" (a device that splits water (H_2O) into hydrogen (H_2) and oxygen (O_2)). The hydrogen (H_2) is captured and stored for use, while the oxygen (O_2) is often released into the atmosphere.

3. Legal Framework of Green Hydrogen in Egypt:

Egypt's legal framework for green hydrogen has developed in phases, transitioning from indirect regulation under general energy and environmental laws to a dedicated legislative regime in 2024.

3.1. Pre-Green Hydrogen Law Regulatory Environment:

Before 2024, hydrogen projects were governed under a patchwork of existing legislations which included:

i. **Gas Market Law No. 196/2017:** Classified hydrogen as a gaseous fuel, subjecting it to general market regulations.

ii. **Renewable Energy Law No. 203/2014:** Regulated energy generation from renewable as well as sustainable sources which implicitly and indirectly included green hydrogen.

iii. **Environmental Protection Law No. 4/1994:** The Mandated Environmental Impact Assessments (**EIAs**) and compliance with emissions standards for industrial activities as hydrogen is a flammable element.

While these laws provided a foundation, the absence of specific legislations for green hydrogen created uncertainty for investors.

3.2. Green Hydrogen Projects Incentives Law No 2/2024 ("GH Law"):

To address these gaps, Egypt enacted Law No. 2/2024 on January 27, 2024, introducing a dedicated framework for green hydrogen and its derivatives such as green ammonia and methanol. The GH Law's key elements include:

3.2.1. Scope:

The provisions of the GH Law shall apply to projects for the production of green hydrogen and its derivatives that conclude their projects within five years from the GH Law's entering into force. It applies to:

i. Factories producing green hydrogen and its derivatives.

ii. Desalination plants that allocate at least 95% of their production for use in the production of green hydrogen and its derivatives.

iii. Power plants that produce electricity from renewable energy sources and allocate at least 95% of their production to supply the green hydrogen and derivatives production plants and desalination plants referred to in items i and ii above.

iv. Projects whose activities are limited to the transport, storage or distribution of green hydrogen and its derivatives produced within Egypt.

v. Projects whose activities are directly limited to the manufacture of production supplies or inputs necessary for the factories referred to in item i above, which shall be issued by a decision of the Council of Ministers based on a proposal from the Prime Minister and after consulting with the Minister of Electricity and Renewable Energy affairs as well as the Minister of Finance.

It is worth noting that green hydrogen project developers must establish a joint-stock company to implement green hydrogen projects.

3.2.2. Incentives:

Production of green hydrogen and/or its derivatives and their expansions (the "**Project(s)**") shall be granted the following incentives in accordance with the GH Law:

i. A monetary investment incentive called the 'green hydrogen incentive' which is not less than 33% and not exceeding 55% of the tax paid with the tax return on income earned from directly engaging in the Project. The Ministry of Finance is obliged to disburse this incentive within 45 days of the end of the deadline for filing the tax return.

ii. Equipment, tools, machinery, devices, raw materials, supplies, and means of transport necessary and essential for the licensed activity of the Projects shall be exempt from VAT (with the exception of passenger cars).

iii. Exports of the Projects shall be subject to VAT at a rate of 0%.

iv. The Prime Minister may also, with the approval of the Council of Ministers, exempt Projects from the tax on built properties levied on properties actually used in those Projects, and from stamp tax and documentation and registration fees due on contracts for the establishment of companies and facilities, credit facility and mortgage contracts associated therewith, and land registration contracts necessary for the establishment of Projects, and customs duties due on all imports necessary for the establishment of Projects (except for passenger cars).

v. The Project company shall obtain a single approval in accordance with the regulations contained in the Investment Law No 72/2017.

vi. The Project company shall be entitled to import, either itself or through a third party, the raw materials, production supplies, machinery, spare parts and means of transport appropriate to the nature of its activities that it needs for its establishment, expansion or operation, without the need to register in the importers' register. It shall also have the right to export its products itself or through an intermediary without a licence and without the need to register in the exporters' register.

vii The Project company shall have the right to employ foreign workers up to a limit of 30% of its total workforce during the first 10 years from the date of signing the Project agreements.

viii Special customs departments may be established for the Project's exports or imports, in agreement with the Minister of Finance.

ix The Project company shall be granted a 30% reduction in the value of fees and categories for the use of seaports and maritime transport, for services provided to ships in Egyptian seaports.

x The Project company shall grant a discount of 25% on the value of the usufruct to use industrial land allocated for the establishment of a factory for the Project, and a 20% discount on the usufruct to use storage warehouses in ports, without prejudice to the annual increases in the right to use usufruct contracts and licences, in compliance with any other regulatory rules established by the authority with jurisdiction over the land.

xi Granting a grace period for the payment of the usufruct to use industrial and storage land for the Project and its expansions allocated by the authorities with jurisdiction over the land, with payment to commence from the date of commercial operation of the Project, without calculating any interests or fines.

xii The periods of licences required for the implementation of Projects shall be the same as the period of the usufruct of the project land.

3.2.3. Conditions:

Incentives are contingent on meeting local content requirements, commencing operations within specified timelines, and maintaining compliance with environmental and technical standards as follows:

i. Commercial operation of the Project must commence within five years from the date of conclusion of the Project agreements.

ii. The Project or its expansions, as the case may be, shall rely on foreign currency financing from abroad for no less than 70% of its investment cost.

iii. The Project shall commit to using locally manufactured components necessary for its implementation, whenever they are available in the local market, at a minimum rate of 20% of the Project components.

iv. The Project shall contribute to the transfer and localisation of modern and advanced technology and techniques to Egypt, while committing to developing and implementing training programmes for Egyptian workers.

v. The Project company shall commit to developing a plan for the development of the local areas in which it operates by implementing the rules of social responsibility in accordance with the provisions the Investment Law No. 72/2017.

The Council of Ministers shall, based on a proposal from the Prime Minister and after consulting with the Minister of Electricity and Renewable Energy as well as the Minister of Finance, issue a decree on the necessary controls to verify that the conditions stipulated in the GH Law are met. Interest in green hydrogen has accelerated globally due to climate change commitments, declining renewable energy costs, and advancements in electrolyzer technology. For Egypt, adopting green hydrogen aligns with its renewable energy expansion targets, its Vision 2030 sustainable development goals, and its ambition to become a clean energy exporter. The GH Law signals Egypt's commitment to becoming a leading green hydrogen producer and exporter, providing clarity and confidence to both domestic and foreign investors.

SHEHATA & PARTNERS

SECTION IX

Regulatory Framework of Electric Vehicles Charging Stations in Egypt

IX | Regulatory Framework of Electric Vehicles Charging Stations in Egypt

EgyptERA has issued rules regulating the operation of electric vehicle ("**EV**") charging stations in its Circular No. Five (5) of 2022. These rules apply to EV charging stations connected to the electricity distribution grid. In this regard, EgyptERA will act as the competent authority overseeing and regulating the relationship between electricity distribution companies and investors operating EV charging stations.

1. Electric Vehicles Charging Stations Regulatory Framework in Egypt:

The below are the laws applicable on this front:

- The Electricity Law and its Executive Regulations;
- Presidential Decree no. 549 of 2020, amending presidential decree no. 419 of 2018;
- Circular no. 5 of 2022 issued by EgyptERA; and
- Ministerial Decree no. 101 of 2025.

Building on this regulatory framework, the rules also introduce a structured classification for EV charging. To ensure clarity and standardization across the market, EgyptERA has established three distinct levels of charging, determined by charging speed and power output, which range from Level 1, the slowest option, to faster, high-capacity solutions.

Level 1 – Alternating Current (AC) Slow Charging: capacity of up to 7.2 kW per charging point. (exempt from obtaining any permits or licenses from EgyptERA)

Level 2 – Alternating Current (AC) Fast Charging: capacity above 7.2 kW and up to 22 kW per charging point.

Level 3 – Direct Current (DC) Fast Charging: capacity exceeding 22 kW per charging point.

2. Obligations of Distribution Companies as Electricity Utility (EgyptERA) Party:

Distribution Companies licensed to supply electricity to companies licensed to engage in EV charging activities are required to:

- Abide by the tariff issued by virtue of the Ministerial Decree no. 14 of 2022.
- Install a dedicated smart metering system for electricity supplied to EV charging stations.
- Review applications submitted by the EV charging station operators for electricity supply and grid connection, and issue preliminary approval within 30 days.

3. Licensing of EV Charging Stations:

Below are the key issues relating to the licensing of EV charging stations in Egypt:

- The investor is required to establish an Egyptian joint stock company dedicated to the sale of electricity through EV charging stations, with a minimum issued capital of EGP 10 million. The capital must be fully paid within a maximum period of three (3) years.

- The licensing process begins with the investor preparing a five-year installation and expansion plan for the charging stations. This plan is first submitted to EgyptERA for approval, and subsequently to the distribution company to agree on the stations' geographical locations and assess the connection costs.

- Within 30 days of EgyptERA issuing the construction permit, the investor must pay the estimated connection cost to the distribution company and enter into the connection and electricity supply agreements. EgyptERA will grant the operation license upon completion of the first charging station, after which the station will be connected to the distribution grid.

- EgyptERA issues permits and licenses to companies establishing Level 2 and/or Level 3 EV charging stations, authorizing them to set up the stations and sell electricity through them, provided that the capacity of each station does not exceed 500 kVA.

- The operation license is granted for a five-year term, requiring the establishment of at least 250 stations equivalent to 50 stations per year, or 150 charging points annually. A minimum of 10% of these stations or charging points must be equipped with Level 3 chargers.

4. Import Tariffs on EV Charging Infrastructure:

Since 18 September 2020, Egypt has been applying its amended harmonised customs tariffs as part of efforts to promote the adoption of electric vehicles, in parallel with existing incentives for natural gas vehicles. Under presidential decree no. 549/2020, amending presidential decree no. 419/2018 and published on 17 September 2020, a customs tariff of 2% of the value (or the applicable input tax, whichever is lower) applies to all imported equipment used for establishing EV charging stations, as well as parts used for EV conversions. The same tariff also applies to NGVs, retrofitting components, and renewable energy (solar and wind) equipment and spare parts. No changes were introduced to the customs exemption for EVs themselves, which remain subject to value-added tax.

In this manner, the decree also revised the local component threshold for customs reductions. Instead of the previous 30%, the threshold is now set at 10%. Once the local component reaches 10% or more, imported parts will be subject to the input tax applicable to the final fully finished product, reduced according to the percentages set out in the annexed schedule, with a maximum reduction of 90%. If the local component reaches 60% or more, the applicable duty will be either the reduced duty under the schedule (capped at 90%) or the input tax applicable to each part individually, whichever is lower. The calculation of the local component takes into account both the contribution of the assembly line, as determined by the Ministry of Trade and Industry, and the share of locally manufactured parts in relation to the total components of the final, fully finished product, as follows:

Local Manufacturing Component	Input tax reduction on the finished product
From 10% up to 20%	105% of the percentage of local manufacturing
More than 20% up to 30%	110% of the percentage of local manufacturing
More than 30% up to 40%	115% of the percentage of local manufacturing
More than 40% up to 60%	120% of the percentage of local manufacturing
More than 60%	130% of the percentage of local manufacturing, with a maximum of 90% of the input tax applicable to the finished product

For illustration, the following example is provided to avoid any misunderstanding or ambiguity:

Assume the input tax applicable to the final fully finished product is 100 EGP

- If the local manufacturing component = 15% (falls between 10% and 20%):

  Input tax reduction = 15% × 105% = 15.75%
  Payable input tax = 100 – 15.75 = 84.25 EGP

- If the local manufacturing component = 50% (falls between 40% and 60%):

  Input tax reduction = 50% × 120% = 60%
  Payable input tax = 100 – 60 = 40 EGP

- If the local manufacturing component = 70% (more than 60%):

  Input tax reduction = 70% × 130% = 91% → but capped at 90%
  Payable input tax = 100 – 90 = 10 EGP

5. New Pricing Scheme for EV Charging in Egypt

Ministerial decision no. 101 of 2025, issued by the Minister of electricity and renewable Energy, sets out the following amendments to the electricity tariff for charging electric vehicles:

Under this decision, the price of electricity supplied to EV charging stations by licensed distribution companies will be aligned with the general electricity selling price for other subscribers, calculated based on the supply voltage of each station.

As for the tariffs applied to end users charging their vehicles, the decision sets two distinct pricing schemes depending on the type of charging station:

AC Charging Stations (up to 22 kW):

The selling price to consumers is calculated as the base supply price of electricity from distribution companies plus an additional 45%. In practice, this means the final tariff is equal to the supply price × 1.45.

DC Charging Stations:

The selling price to consumers is calculated as the base supply price of electricity from distribution companies plus an additional180%, i.e., the supply price × 2.8.

With these regulations now in place, the path for investing in Egypt's EV charging sector is more defined than ever. Clear rules, a growing market, and government-backed incentives make the timing ideal for establishing and expanding in this field.

SHEHATA & PARTNERS

SECTION X

Summary of the General Incentives for Renewable Energy Projects in Egypt

X | Summary of the General Incentives for Renewable Energy Projects in Egypt

The Egyptian government has introduced a range of measures to stimulate the growth of renewable energy projects across the country. These initiatives are designed to reduce financial barriers for developers, encourage investment, and enhance the economic viability of large-scale renewable energy ventures. Accordingly, the key incentives for renewable energy projects in Egypt are:

1. Tax Incentives:

The renewable energy projects can access various tax incentives, including lower corporate income tax rates, which is currently is set at a rate of 22.5% in Egypt. In addition, Law No. 72 for 2017, Article (10), outlines certain customs duties incentives on renewable energy equipment imports, as well as Article (11) of the said law provides additional tax-related benefits dedicated to supporting renewable energy development in Egypt.

2. Land Allocation:

Land for renewable energy projects in Egypt may be offered at preferential rates or under favourable conditions. To facilitate access, land allocation is granted through a usufruct right, allowing developers to use public land without full ownership. This legal mechanism is outlined in both the Renewable Energy Law and the Cabinet Decree No. 54 of 2023, reflecting the government's commitment to supporting clean energy expansion through practical policy tools.

3. Grid Integration Fees Exemption:

In Egypt, the integration fees are charges levied on renewable energy projects—including solar photovoltaic (**PV**) systems—that connect to the national electricity grid. These fees help cover the cost of necessary grid upgrades and maintain the grid stability as solar power is introduced. However, Circular No. 1 for 2024, issued by EgyptERA, marked a pivotal regulatory shift by exempting renewable energy projects—particularly self-consumption solar PV systems—from these fees. This exemption reflects strong regulatory support for clean energy and aligns with Egypt's broader commitment to encouraging investment in sustainable power and improving grid efficiency.

4. Green Hydrogen Projects Incentives:

The Egyptian Green Hydrogen Incentives Law No. 2 for 2024, provides a range of financial and non financial incentives for green hydrogen production projects. Key incentives include a "Green Hydrogen Incentive" offering a tax cashback of 33-55% of the income tax paid, VAT exemptions on equipment and exports, and exemptions from certain other taxes and fees (excluding the vehicles). Additionally, the Green Hydrogen Incentives Law gives a 30% deduction from the value and categories fees, for the use of seaports and sea transport and fee services provided to ships in the Egyptian seaports. Moreover, a 25% deduction on the value of the usufruct right of industrial lands, which are allocated to establish a green hydrogen production plant and its derivatives. In addition to that, there is a 20% deduction on the right to use the storage warehouse land at the ports.

5. Regulatory Support:

Streamlined approval processes and simplified licensing requirements are in place to minimize delays and accelerate the renewable energy projects implementation.

These incentives and market conditions collectively make Egypt an increasingly appealing location for investment and growth in renewable energy.

Our Experience in Renewable Energy Sector

Shehata & Partners is one of the pioneers in providing legal support in the renewables sector in Egypt, we encompass a deep understanding of the regulations and complex financial structure of the sector. We advise on all contractual & regulatory aspects and drafting PPAs.

We have provided advisory and legal solutions to renewable energy organizations with diverse challenges.

Advising ACWA Power on some confidential issues pertaining to its projects in Egypt.

Advising GiZ on the land allocation process for NREA lands that will be designated to renewable energy projects in Egypt.

Advising Hassan Allam Utilities on one of its solar energy agreements in Egypt.

Advising Phelan Energy Group on all issues concerning its entry to the green hydrogen market in Egypt.

Advising CrossBoundary on the legal framework of Solar Energy in Egypt and entering the Egyptian Solar Market.

Advising UNIDO on drafting a set of templates for Energy Efficiency Agreements under the ESCO Model with respect to the Egyptian market.

Advising Giza Systems on one of its renewable energy projects in Egypt.

Advising ICM for Solar Energy on their solar energy PPAs in Egypt and Africa.

Advising Enara Energy Group on its corporate restructuring within Egypt and the MENA region.

Advising Ted Solar on their solar energy PPAs and their ESCO agreements in Egypt and Africa.

Advising Solar Installer on their contractual relationships within the Renewable Energy Sector in Egypt.

Assisting KarmSolar with drafting O&M and EPC Agreement for one of its solar power plants in Egypt.

Advising European Bank for Reconstruction and Development (EBRD) on the P2P Legal Framework for Renewable Energy (Wheeling Scheme) in Egypt.

Advising Rosatom Group of Companies on their corporate and labour legal needs with respect to the Nuclear Power Plant to be implemented in Egypt.

SHEHATA & PARTNERS

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