



Negotiations continue for Egypt IPP

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- Consortium of Saudi Arabia's Acwa Power and the local Hassan Allam was the only developer to submit a proposal for the IPP in March 2015
- Project has an estimated value of \$2.5bn
- Dairut plant is the largest IPP to be publicly tendered in Egypt

Bids were received in March 2015

Negotiations are continuing between Egyptian Electricity Holding Company (EEHC) and the consortium of Saudi Arabia's Acwa Power and the local Hassan Allam Holding for the contract to develop the 2,250MW Dairut independent power project (IPP).

The client had been planning to award the contract and sign the power purchase agreement (PPA) with the developer consortium in April, but negotiations have taken longer than expected.

MEED reported in March 2015 that the Acwa Power/Hassan Allam Holding was the only bidder to submit a proposal for the IPP, which has an estimated value of \$2.5bn.

Speaking at the Egypt Energy Investment Summit in Cairo on 17 February, Fouad Mohamed Mansour, head of the private power plants department at EEHC, told MEED that negotiations with the Acwa Power/Hassan Allam were entering the final stages and that the developer would be appointed "very soon".

The combined-cycle Dairut scheme is regarded as a key project for Egypt's development, representing the largest IPP tendered to date and also the first one in the market since the late 1990s. At the [Egypt Economic Development Conference](#) in March 2015, the Ministry of Electricity & Energy revealed it was planning for \$25bn of the total \$70bn of total investment required in the power sector in the period up to 2022 to come from the private sector.

Three build-own-operate-transfer (BOOT) IPPs started up in the early 2000s, each comprising two steam turbine units of about 340MW. The first was undertaken by Intergen, a developer then affiliated with the US' [Bechtel](#), and Italy's Edison at Sidi Krier, east of Alexandria. Two more followed, in Suez and East Port Said, carried out by France's [EDF International](#).

Intergen sold its stake in Sidi Krier soon after start-up to US-based Globeleq, which acquired 100 per cent control in 2005, when it bought the stake held by Edison. Two years later, Sidi Krier changed hands again when a partnership of Malaysia's Tanjong and Saudi Arabia's Aljomaih Group bought the Middle East and North Africa assets of Globeleq. In 2010, Tanjong consolidated its position in Egypt by buying the Suez and East Port Said plants from [EDF](#) for \$307m, although it maintains its interests through Egyptian Operating Company.

In 2009, the government revived plans for private sector involvement in the power sector and EEHC issued a tender for a build-own-operate (BOO) combined-cycle plant at Dairut.

EEHC received 19 applications for the prequalification phase, one of which was approved. By the time of the revolution in January 2011, the government had yet to conclude agreements with legal and financial advisers, and there was no progress with the scheme until early 2013.