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Cairo Solar negotiates with 4 banks to issue EGP 30m letter of guarantee

By Mohamed Farag

Cairo Solar, specialised in solar energy, is in negotiations with four local banks to issue a letter of guarantee worth EGP 30m in order to cover 70% of the cost-sharing agreement it signed with the Ministry of Electricity and Renewable Energy.

CEO of Cairo Solar, Hisham Tawfik, said Banque Misr rejected issuing a letter of guarantee for the company until the International Finance Corporation (IFC) pays the fund for establishing a solar plant with a capacity of 50 MW.

He added that Cairo Solar paid EGP 9m to the Ministry of Electricity this week, 30% of which is the cost-sharing agreement the ministry received to establish the roads and transformer stations for solar energy projects in the Benban area in Aswan.

The Cairo Solar alliance, which includes the Engineering Consultants Group (ECG), and AMC, among 136 Egyptian and international companies, qualified to implement the new and renewable energy projects, in accordance with the feed-in tariff system approved by the cabinet, out of 187 offers presented.

He explained that Minister of Electricity and Renewable Energy Mohamed Shaker responded to the investors' demands regarding the restrictions imposed in the regulating rules and controls placed on renewable energy companies, which were introduced by the Egyptian Electric Utility and Consumer Protection Regulatory Agency. He said the minister stressed that investors have the right to make amendments with the authority.

Bilateral talks between the Ministries of Electricity and Finance are taking place in order to set a mechanism and vision to obtain foreign exchange to enable investors in the renewable energy sector to pay the instalments and interests of their loans.

Tawfik added that the investors have no problem with the market price. However, the real crisis is in providing foreign currency, especially since projects significantly and quickly developed through the cost-sharing agreement, and are approaching completion within days.

The Ministry of Electricity and Renewable Energy targets producing 4,300 MW from solar and wind plants, through 136 companies and alliances that were qualified to establish the projects, in accordance with the feed-in tariff system the cabinet announced in September 2014.