RENEWABLE ENERGY MARKET STUDY

EGYPT

Policy Framework | Investment Incentives | Market Opportunity

Decision-Grade Intelligence for GCC Renewable Energy Professionals

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CONFIDENTIAL — EXECUTIVE REVIEW

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Executive Summary

Egypt stands at a pivotal inflection point in its energy transition. With approximately 8,600 MW of installed renewable energy capacity as of FY 2024/25 — comprising 2,800 MW solar PV, 3,000 MW wind, and 2,800 MW hydropower — renewables account for roughly 11.6% of total electricity generation, well short of the ambitious 42% target by 2030 set in the Second Updated NDC (June 2023).

The regulatory landscape has evolved significantly since the landmark Renewable Energy Law (Decree 203/2014) first established NREA as the central authority and introduced BOO/BOOT/BOT mechanisms for private sector participation. The Electricity Law 87/2015 restructured the sector, creating an independent regulator (EgyptERA), unbundling generation from transmission, and enabling third-party access and wheeling.

Egypt has pivoted from feed-in tariffs to competitive bidding through reverse auctions, achieving record-low solar prices of $0.030/kWh in 2018–19. The 2024–25 pipeline includes the landmark 1.1 GW Obelisk Solar+BESS project and the 400 MW P2P pilot approved in May 2025. However, the net metering scheme is being phased out in favor of direct wheeling and P2P frameworks, signaling a maturation of the market towards commercial structures.

The Green Hydrogen Incentives Law (Law 2/2024) introduced generous incentives including 33–55% cash rebates on income tax, full VAT exemptions, unified 2% customs, and special free zone status, positioning Egypt as the leading green hydrogen hub in Africa. Combined with sovereign guarantees on EETC PPAs, these measures create an investment environment rivaling the best in the MENA region.

Key risks include the widening gap between RE targets and actual deployment pace, the EGP devaluation impacting USD-denominated PPA economics, grid curtailment challenges, and the transition risk from net metering to wheeling. For GCC investors and EPC firms, Egypt offers the largest RE market in Africa by pipeline, with a projected 10 GW+ build-out requirement before 2035.

KEY METRICS AT A GLANCE

~8,600	11.6	42	~58,350
MW	%	%	MW
Total RE Capacity	RE Generation Share	2030 RE Target	National Capacity

Source: NREA Annual Report 2024; EEHC 2023/24; Egypt Second Updated NDC (June 2023)

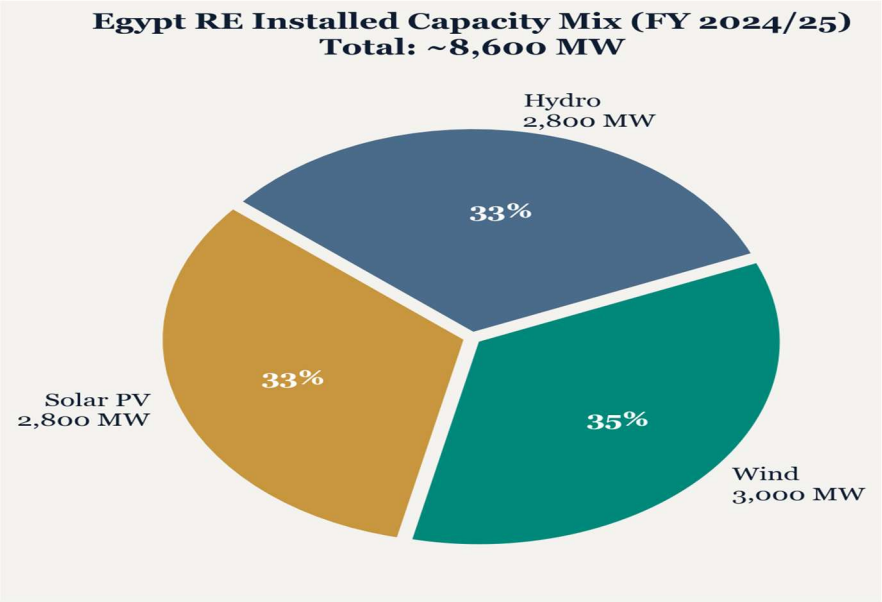
1 Renewable Energy Market Overview

Egypt is the most populous nation in the MENA region with over 106 million inhabitants and the second-largest electricity market in Africa. As of FY 2024/25, total national installed capacity stands at approximately 58,350 MW, of which roughly 80% is natural gas-fired. Renewable energy sources — solar PV, wind, and hydropower — collectively account for ~8,600 MW of installed capacity, representing approximately 14.7% of total capacity but only 11.6% of actual electricity generation, a gap driven by the intermittency of wind and solar resources.

Installed Capacity by Technology

Technology	Installed MW	Share of Total RE	Key Sites
Solar PV	~2,800	32.6%	Benban (1,880 MW), distributed rooftop
Wind	~3,000	34.9%	Zafarana, Gulf of El Zayt, Gabal El Zeit, West Bakr, Red Sea Wind
Hydropower	~2,800	32.6%	Aswan High Dam, Aswan Low Dam, Esna, Nag Hammadi
Total RE	~8,600	100%	

Source: NREA Annual Report 2024; EEHC Statistical Yearbook 2023/24



RE Generation Share

Despite significant capacity additions, renewables contributed only 11.6% of total electricity generated in FY 2023/24, a modest increase from approximately 10% in FY 2019/20. The Climate Action Tracker rates Egypt's energy transition as "Highly Insufficient," noting that the 2030 target of 42% RE generation remains significantly off-track at current deployment rates. Natural gas dominance, subsidized fossil fuel pricing, and grid integration challenges continue to impede faster RE penetration.

Key Market Players

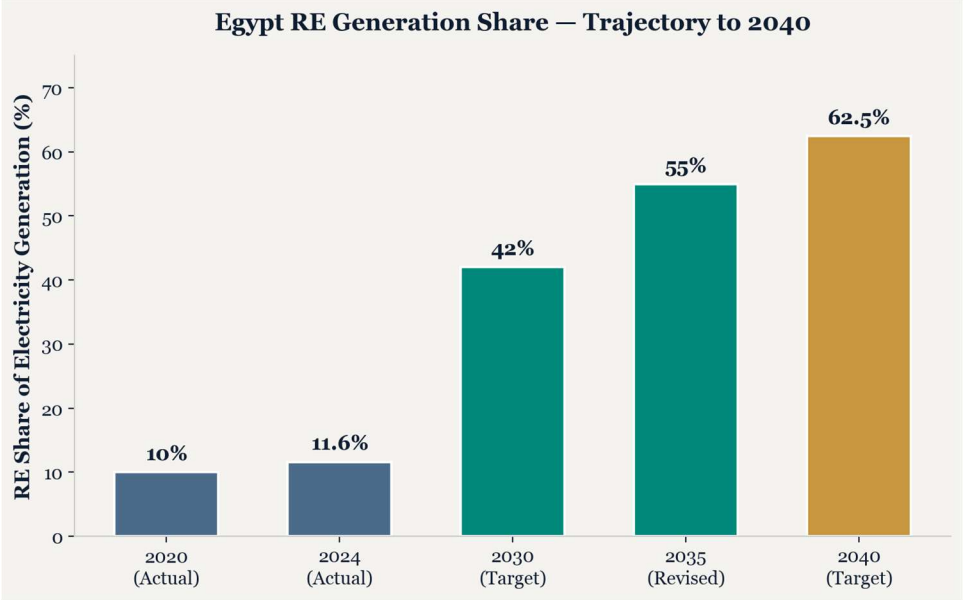
- Scatec ASA: Largest private RE developer in Egypt; Benban (390 MW), 900 MW wind under development
- ACWA Power: Major developer via joint ventures; active in BOO competitive bidding
- Infinity Power (Masdar/Africa50 JV): Pan-African RE platform; West Bakr Wind (252 MW)
- Lekela Power: Red Sea Wind (650 MW, commissioned H2 2025)
- Orascom Construction, Hassan Allam, ADVEC: Strong local EPC partnerships
- NREA: State-owned single buyer for utility-scale RE; land allocator (2% revenue fee)
- EETC: Transmission system operator; single off-taker for RE PPAs
- EgyptERA: Independent electricity regulator; tariff-setting authority
- International financiers: EBRD, IFC, World Bank, KfW, AfDB, DFC

2 Renewable Energy Targets

Egypt has established progressively ambitious RE targets, most recently accelerated in the Second Updated NDC (June 2023) and reaffirmed at COP27 (Sharm el-Sheikh, November 2022). The targets reflect a strategic shift from fossil fuel dependency towards energy diversification, driven by energy security concerns, international climate commitments, and economic rationale.

Year	RE Generation Target	Source
2020	~10% (actual)	Historical baseline
2022	20% (ISES 2035 original)	Not achieved (~11%)
2025	20% of electricity	ISES 2035 milestone
2030	42% of electricity	NDC update (June 2023)
2035	~55% of electricity	ISES 2035 revised
2040	60–65% of electricity	EEHC long-term projections

Source: Second Updated NDC (June 2023); ISES 2035; EEHC Annual Report 2023/24



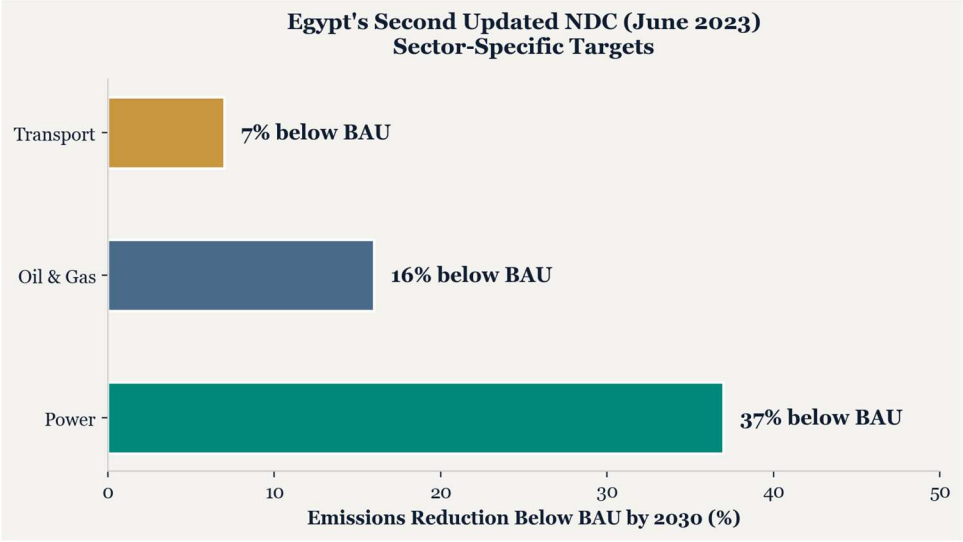
Technology-Specific Targets (ISES 2035 as updated)

- Solar PV: ~14 GW by 2027; technical potential of 54,800 MW (Wind & Solar Atlas)
- Wind: ~8 GW by 2025; technical potential of 32,500 MW (East/West Nile, Gulf of Suez)
- Hydropower: Maintained at ~2,800 MW (limited incremental potential)
- Concentrated Solar Power: ~2.8 GW planned (largely unrealized)
- Battery Storage: 3,500 MW targeted; 600 MW planned for commissioning in 2026
- Nuclear: El-Dabaa NPP 4.8 GW (first unit expected 2026; full operation by 2030)

Energy efficiency targets under ISES 2035 aim for an 18% reduction in final energy consumption by 2035, though progress has been limited by subsidized electricity tariffs that reduce the economic incentive for efficiency investment.

3 Nationally Determined Contribution

Egypt submitted its Second Updated NDC on June 26, 2023, strengthening the power-sector emissions reduction target while maintaining sector-specific conditional targets. The NDC is explicitly conditional on international climate finance, estimated at USD 246 billion for full implementation.



NDC Targets by Sector

Sector	Target	Conditionality
Power/Energy	37% emissions reduction below BAU by 2030	Conditional on international finance
Oil & Gas	16% reduction below BAU	Conditional
Transport	7% reduction below BAU	Conditional
Economy-wide	No absolute target — sector-specific only	N/A

Source: UNFCCC NDC Registry; Climate Action Tracker — Egypt (2025)

Key NDC Provisions

- Updated from 33% to 37% power-sector reduction (up from the 2022 NDC)
- Total climate finance need: USD 246 billion across all sectors
- RE share target of 42% of electricity generation by 2030
- Energy efficiency: 18% reduction in consumption by 2035
- Transport: 7% reduction; Oil & Gas: 16% reduction — both conditional
- Notably: no economy-wide absolute emissions target; sector approaches only

Climate Action Tracker rates Egypt's NDC as "Highly Insufficient," noting that even full implementation of conditional targets would not align with a 1.5°C pathway. Current policies and projected deployment rates suggest the 42% RE generation target by 2030 is unlikely to be met without significant acceleration in project approvals and grid investment.

4 Egypt Vision 2030

The Sustainable Development Strategy: Egypt Vision 2030, originally launched in 2016 and updated in 2023, constitutes Egypt's overarching national planning framework. The Energy Pillar within Vision 2030 articulates six strategic objectives that frame the transition to a diversified, efficient, and sustainable energy system.

Energy Pillar — Strategic Objectives

1. Energy Security: Diversify energy sources (natural gas + renewables + nuclear) to reduce dependence on single-fuel dependency
2. Energy Efficiency: Maximize efficient utilization of both traditional and renewable energy resources
3. RE Integration: Increase renewable energy share to 42% of electricity generation by 2030
4. Environmental Preservation: Reduce the carbon intensity of the energy sector and align with NDC commitments
5. Economic Competitiveness: Lower energy production costs through market restructuring; attract private investment
6. Social Justice: Ensure equitable energy access for all citizens, including rural and underserved communities

The 2023 revision of Vision 2030 placed heightened emphasis on privatization of state-owned generation assets, acceleration of RE deployment timelines, and continuation of electricity subsidy reform as prerequisite conditions for attracting the private capital needed to meet the 42% target. Vision 2030 is explicitly cross-referenced in the NDC as the domestic policy vehicle through which conditional targets will be implemented.

Source: Egypt Vision 2030 — Sustainable Development Strategy (Updated 2023); Ministry of Planning and Economic Development

5 Electricity Law No. 87 of 2015

Law No. 87 of 2015 is the foundational legislation restructuring Egypt's electricity sector. It created the institutional architecture enabling private sector participation in generation and established the regulatory framework that underpins all subsequent RE investment. The law's Executive Regulations were issued via Ministerial Decree No. 230/2016.

Provision	Description
Sector Restructuring	Unbundles electricity into generation, transmission, distribution, and market activities
EgyptERA	Independent regulator with corporate personality, separate from utilities; sets tariffs and approves RE prices
EETC	Single buyer/off-taker for RE PPAs; designated transmission system operator
Private Sector Access	Licensed private generators may connect to grid and sell electricity
Open Access/Wheeling	Guaranteed non-discriminatory grid access for private producers
Third-Party Sale	Direct electricity sales from generators to consumers enabled
Subsidy Reform	Mandates gradual reduction of electricity subsidies
Dispute Resolution	EgyptERA committee for inter-utility disputes

Source: Law 87/2015; Ministerial Decree 230/2016; res4africa Regulatory Review (2023); Lexology

The law's practical significance lies in creating the legal basis for IPPs to participate in electricity generation, enabling wheeling of privately generated power through the transmission grid, and establishing EgyptERA as an independent tariff-setter. These provisions form the backbone of all subsequent RE investment frameworks including the BOO/BOOT scheme, reverse auctions, and P2P wheeling arrangements.

6 Renewable Energy Law (Decree No. 203/2014)

Decree No. 203 of 2014 is the specific legislation governing renewable energy development in Egypt. It established NREA's central role, created the three-track participation mechanism that persists today, and introduced the foundational incentive framework for RE investment.

Article	Provision	Detail
1	NREA Authority	Build, own, operate RE plants and sell to EETC; may partner with private sector
2	Three Mechanisms	(a) NREA EPC tender; (b) BOO/BOT/BOOT via EETC PPA; (c) IPP direct sale/wheeling
3	Land Allocation	NREA allocates state land at 2% of annual production revenue as land use fee
4	Purchase Obligation	EETC obligated to purchase RE electricity at EgyptERA-set, Cabinet-approved prices
5	Priority Dispatch	RE producers get priority dispatch and guaranteed grid access
6–8	PPA Terms	Up to 25 years (wind) and 20 years (solar); periodic pricing review
9	Equipment Exemption	RE equipment, tools, and machinery exempted from customs duties and sales tax
10	VAT Exemption	RE electricity exempted from VAT
12	Wheeling Charges	EETC may charge wheeling/grid access fees for third-party RE transmission

Source: IEA Policy Database; climate-laws.org; CMS Expert Guide: Renewable Energy in Egypt (Feb 2024)

The three-mechanism framework (Article 2) remains the structuring foundation for all RE projects in Egypt. The BOO/BOT/BOOT track has produced the majority of utility-scale projects (Benban, Red Sea Wind, Obelisk). The 2024–25 shift toward P2P/wheeling (Article 2(c)) with the 400 MW pilot signals growing maturity in the market for direct bilateral structures between generators and industrial off-takers.

7 Integrated Sustainable Energy Strategy (ISES) 2035

The ISES 2035, originally published in 2016 and revised in 2022–24, is Egypt's comprehensive energy planning document. It sets capacity targets, technology mixes, and implementation mechanisms across the entire energy sector through 2035 and beyond.

Metric	Original (2016)	Revised (2022–24)
RE share by 2022	20%	~11% actual (missed)
RE share by 2030	N/A (was 2035 target)	42% (brought forward)
RE share by 2035	42%	~55% (revised upward)
RE share by 2040	N/A	60–65%
Energy efficiency	18% reduction by 2035	Ongoing (limited progress)

Source: ISES 2035 (2016, revised 2022); Ministry of Electricity and Renewable Energy

Key Strategic Shifts

- FIT phase-out: Moved from feed-in tariff to competitive bidding/auctions for utility-scale RE deployment
- Grid reinforcement: USD 2 billion investment program via EBRD NWFE (National Platform for NWFE) to upgrade transmission capacity
- Battery storage: 3,500 MW targeted, with 600 MW planned for commissioning in 2026
- Pipeline: 10 GW+ RE pipeline from 32 signed PPAs and 9 MoUs (as of 2025)
- Nuclear integration: 4.8 GW El-Dabaa NPP to provide baseload complement to intermittent RE

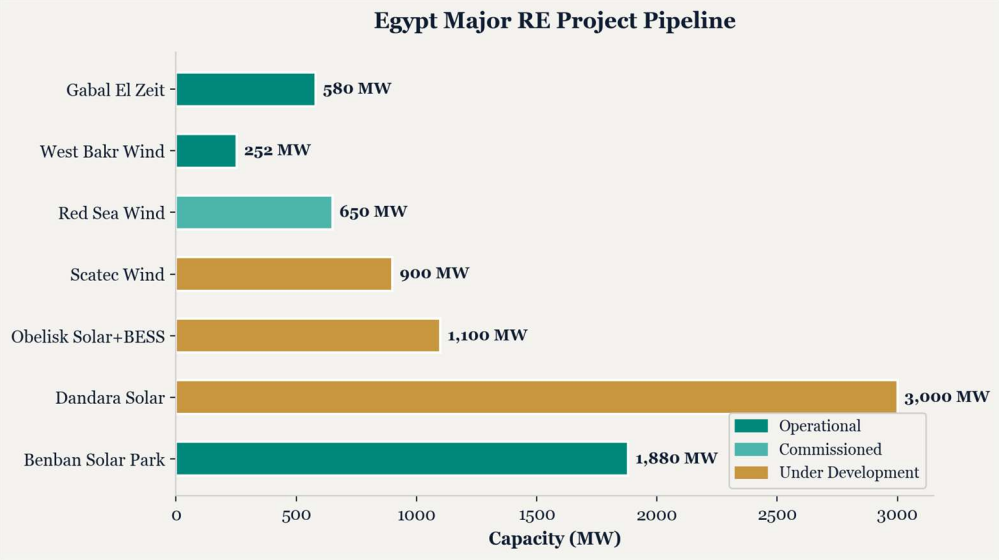
The ISES 2035 revision reflects the practical reality that the original 2022 milestone of 20% RE generation was missed by nearly half, and that accelerating the 2035 target to 2030 requires a fundamental scale-up in annual RE additions from ~400 MW/year to ~2,000 MW/year.

8 Build, Own, Operate, and Transfer (BOOT) Scheme

The BOOT/BOO mechanism is the primary procurement model for utility-scale RE in Egypt, accounting for the majority of deployed capacity including the landmark Benban Solar Park. The scheme operates under Article 2(b) of Law 203/2014 and is administered by EETC as the single off-taker.

BOOT Process Flow

1. EETC issues a competitive tender for specified capacity and technology
2. Private developers submit bids; EETC evaluates and selects preferred bidder(s)
3. Selected developer signs a USD-denominated PPA (20–25 years) with EETC
4. Sovereign guarantee from Ministry of Finance backs EETC's payment obligations
5. Developer Builds, Owns, Operates the RE plant on NREA-allocated land
6. NREA charges 2% of annual RE revenue as land use fee
7. At PPA expiry, ownership may Transfer to NREA/EETC (BOOT) or remain with developer (BOO)



Key BOOT Projects

Project	Developer	MW	Technology	Status
Benban Solar Park	32+ developers	1,880	Solar PV	Operational
Red Sea Wind	Consortium	650	Wind	Commissioned H2 2025
West Bakr Wind	Lekela/Infinity	252	Wind	Operational
Gabal El Zeit	NREA/Consortia	580	Wind	Operational

Scatec Wind	Scatec	900	Wind	Under development
Obelisk Solar+BESS	ADVEC/Scatec	1,100+200MWh	Solar+Storage	Construction
Dandara Solar	Scatec/Fertiglobe/Orascom	~3,000	Solar	Under development

Source: NREA; EgyptERA; CMS Expert Guide (Feb 2024); US ITA Egypt RE (Nov 2025)

The BOOT model's strength lies in the combination of competitive pricing (solar achieved $0.030/kWh in 2018–19), USD-denominated PPAs, sovereign guarantees, and NREA-provided land. Its limitations include the single-buyer dependency on EETC, PPA tenor risk in a devaluing EGP environment, and the bureaucratic complexity of multi-ministry approvals.

9 Reverse Auctions

Egypt transitioned from administratively set feed-in tariffs to competitive reverse auctions from 2017 onwards, achieving dramatic price reductions. The auction mechanism pits developers against each other in a lowest-cost-wins bidding process, with EETC as the procuring entity. This section traces the evolution from FIT to auction and summarizes key results.

Auction/Round	Year	Technology	Capacity	Price (USD/kWh)
FIT Phase 1	2014–15	Solar PV	2,300 MW	$0.073–$0.084
FIT Phase 2	2016–17	Wind + Solar	2,000 MW wind	~$0.048 (wind)
BOO COMED	2018–19	Solar PV	600 MW	$0.030–$0.031
BOO Wind (Gulf)	2020	Wind	250 MW	$0.025–$0.030
Obelisk Solar+BESS	2024	Solar + BESS	1,100 MW + 200 MWh	~$0.081 LCOE
500 MW Solar IPP	2025–26	Solar	500 MW	Competitive bid (undisclosed)

Source: IRENA; EgyptERA; pv-magazine; US ITA Egypt RE (Nov 2025)

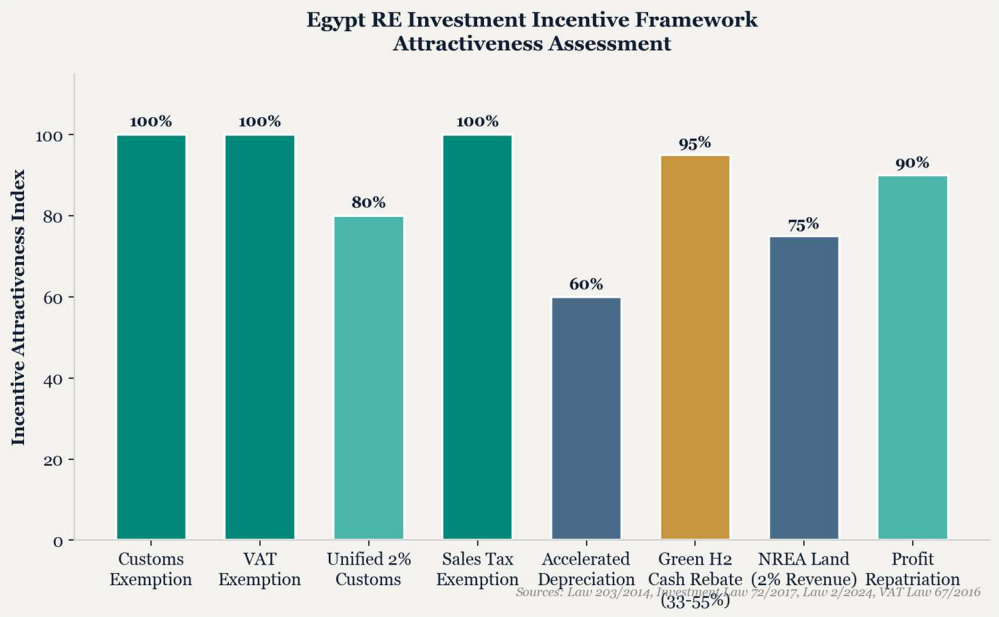
Key Observations

- FIT Phase 1 (2014–15): EGP 0.848/kWh for small solar; USD-denominated at ~$0.073–$0.084/kWh
- Peak efficiency: BOO COMED (2018–19) achieved $0.030–$0.031/kWh — among the lowest globally at the time
- Price recovery: Obelisk (2024) at ~$0.081/kWh LCOE reflects BESS cost inclusion, EGP devaluation, and global supply chain inflation
- 32 PPAs signed with private developers for 1,465 MW as of 2025

- 9 MoUs worth $600 million for solar and wind (MOEE, 2025)
- IMF Article IV (July 2025) references a $10 billion flagship RE project targeting 10 GW

10 Incentives for Renewable Energy Equipment

Egypt offers a comprehensive package of fiscal incentives for RE equipment and project development, anchored by Law 203/2014 and reinforced by the Investment Law 72/2017 and VAT Law 67/2016.



Incentive	Detail	Legal Basis
Customs Exemption	RE equipment, machinery, tools, and raw materials — fully exempt from customs duties	Law 203/2014, Art. 9
Unified 2% Customs	Flat 2% customs on all machinery/equipment for establishing electricity/RE projects	Investment Law 72/2017
VAT Exemption	Sale/purchase of electricity VAT-exempt; RE equipment imports also VAT-exempt	VAT Law 67/2016; Law 203/2014
Sales Tax Exemption	RE project equipment exempt from general sales tax	Law 203/2014, Art. 9
Accelerated Depreciation	RE assets benefit from accelerated depreciation schedules	General tax law
NREA Land Allocation	State land allocated at 2% of annual RE revenue	Law 203/2014, Art. 3

Source: Law 203/2014; Investment Law 72/2017; VAT Law 67/2016; CMS Expert Guide (Feb 2024)

The customs and VAT exemptions are particularly impactful for capital-intensive solar and wind projects where equipment typically represents 60–75% of total project cost. The 2% flat customs rate under the Investment Law provides a fallback for items not covered by the full exemption under Law 203/2014. Together, these reduce the effective equipment cost by 15–25% compared to a no-exemption scenario.

11 Net Metering Scheme

Egypt's net metering framework was established by EgyptERA and progressively expanded from the initial 500 kW cap in 2017 to 20 MW by 2022. However, the scheme is now being phased out in favor of wheeling and P2P direct sales arrangements.

Parameter	Detail
Governing Regulations	EgyptERA Circular No. 6/2022 (updated from 2017/2020 rules)
System Capacity	Up to 20 MW per connection (progressively increased from 500 kW)
Aggregate National Cap	300 MW total: 125 MW (≤500 kW) + 175 MW (>500 kW up to 20 MW)
Eligible Technologies	Primarily Solar PV
Mechanism	Net energy metering; surplus exported to grid credited against consumption; annual reconciliation

Source: EgyptERA Circular 6/2022; Shehata & Partners (Dec 2025)

Critical Update: Phase-Out

⚠ CRITICAL: EgyptERA has reportedly discontinued the net metering scheme as of 2025–26, replacing it with the wheeling/P2P model. Circular 1/2024 introduced replacement support measures. The phase-out is under debate and not yet finalized in legislation. Developers should confirm current status before structuring projects.

The transition from net metering to wheeling reflects Egypt's strategic decision to move retail RE pricing toward cost-reflective, commercially negotiated structures rather than administratively set credits. For industrial consumers, this means direct bilateral PPAs with developers via the EETC grid, subject to published wheeling charges. For small-scale consumers, the replacement framework under Circular 1/2024 has yet to be fully clarified.

12 Waste to Energy Tariff

Egypt established a dedicated feed-in tariff for waste-to-energy (WtE) projects under PM Decree No. 41 of 2019, later updated with revised pricing in 2025. The framework addresses the country's significant municipal solid waste challenge while providing a renewable energy revenue stream.

Parameter	Detail
Governing Decree	PM Decree No. 41/2019 (original); updated pricing decree 2025
FiT — MSW & Landfill Biogas	EGP 1.40/kWh (~USD $0.028)
FiT — Sewage Sludge	EGP 1.03/kWh
Payment Split	EGP 1.03 from EETC + EGP 0.37 from Governorate Hygiene Fund
Currency	EGP; formula tied to USD exchange rate
PPA Duration	25 years
Carbon Credits	Projects eligible to trade Certified Emission Reductions (CERs)
MSW Potential	~4.2 million tonnes/year; could generate ~100 MW

Source: PM Decree 41/2019; Baker McKenzie (May 2025); AmCham Egypt

The EGP 1.40/kWh rate, while appearing low in USD terms due to EGP devaluation, represents a meaningful revenue for local developers given the domestic cost structure. The dual-payment structure (EETC + Governorate Hygiene Fund) de-risks revenue collection by distributing the off-taker obligation. The 25-year PPA tenor and CER eligibility further enhance bankability. Egypt's 4.2 million tonnes/year MSW generation represents a substantial and largely untapped resource for distributed power generation and emissions reduction.

13 Sovereign Guarantee

The sovereign guarantee is the single most important credit enhancement mechanism for project finance in Egypt's RE sector. Issued by the Ministry of Finance, it backs EETC's payment obligations under BOO/BOOT PPAs, enabling international lenders (EBRD, IFC, World Bank) to commit project finance on favorable terms.

Project Type	Sovereign Guarantee?	Terms
BOO/BOOT (EETC PPA)	☑ Yes — standard	25-yr USD-denominated PPA; GoE backs EETC payment defaults
FIT Projects	Partial — initially EETC-only	Later supplemented; limited coverage
Private-to-Private / Wheeling	✗ No	Commercial risk between developer and off-taker
Green Hydrogen	Under evaluation	Law 2/2024 provides potential state backing

Source: CMS Expert Guide (Feb 2024); EBRD project documentation; Shehata & Partners

Key Features

- Issued by Ministry of Finance covering: payment defaults by EETC, curtailment compensation, political force majeure
- International arbitration (ICC/ICSID) available under most PPA structures
- Critical for project finance — required by EBRD, IFC, and other DFIs as lending condition precedent
- Duration: typically matches PPA tenor (20–25 years)
- For P2P/wheeling projects: no sovereign guarantee; risk allocation is purely commercial between developer and industrial consumer

The absence of sovereign guarantees in P2P/wheeling structures is a deliberate policy choice to shift RE procurement toward market-based risk allocation. However, this limits project bankability for all but the most creditworthy industrial off-takers, and may restrict the P2P model's scalability unless alternative credit enhancement mechanisms (parent guarantees, LCs, escrows) are developed.

14 Wheeling Schemes

Wheeling enables private RE developers to sell electricity directly to industrial/commercial consumers via the EETC transmission grid, bypassing EETC as the single off-taker. This mechanism, enabled by Article 2(c) of Law 203/2014 and operationalized through EgyptERA regulations, represents the fastest-growing segment of Egypt's RE market.

How Wheeling Works

1. Developer builds an RE plant (does not sell to EETC)
2. Developer and consumer sign a direct bilateral P2P PPA
3. Power is transmitted via the EETC grid
4. Developer pays a wheeling charge to EETC for grid usage
5. Consumer pays developer directly for electricity consumed

Parameter	Detail
EHV Wheeling Charge	7.25 piastres/kWh (EgyptERA, effective Sep 2024)
HV/MV Charges	Published by EgyptERA; tiered by voltage level
Applicable Laws	Law 203/2014 Art. 2(c); Law 87/2015; EgyptERA transmission fee schedules
PPA Structure	Bilateral P2P; no sovereign guarantee; commercial risk allocation

Source: EgyptERA Transmission Fee Schedule (Sep 2024); Shehata & Partners; Riad & Riad

P2P Pilot (May 2025)

BREAKTHROUGH: Four projects totaling 400 MW (100 MW each) were approved in May 2025 under the P2P framework, with total investment of USD 388 million. This is Egypt's first commercial implementation of the wheeling model, supported by an EBRD-backed legal framework. The pilot will set precedents for PPA structuring, wheeling charge application, and grid code compliance.

The wheeling model is particularly attractive for energy-intensive industrial consumers (cement, steel, chemicals) who pay among the highest industrial tariffs in the region. By contracting RE directly, these consumers can achieve 20–30% cost reductions versus EETC tariffs while securing long-term price certainty. The 7.25 piastres/kWh EHV wheeling charge represents roughly 5–8% of the end-consumer tariff, making wheeling economically viable for projects above ~5 MW.

15 Tax Incentives for Green Energy Investment

Egypt's tax incentive framework for RE and green energy investment has two tiers: the general RE incentives under Law 203/2014 and Investment Law 72/2017, and the enhanced Green Hydrogen Incentives under Law 2/2024. The latter represents a step-change in investment attractiveness for hydrogen and derivatives production.

A. General RE Tax Incentives

Incentive	Detail	Legal Basis
Customs Exemption	RE equipment, machinery, tools, raw materials — fully exempt	Law 203/2014, Art. 9
Unified 2% Customs	Flat 2% rate on RE project equipment	Investment Law 72/2017
VAT Exemption	Electricity sale/purchase; RE equipment imports	VAT Law 67/2016; Law 203/2014
Sales Tax Exemption	RE project equipment exempt	Law 203/2014
Up to 50% Tax Deduction	Deduction for qualifying RE investments	Policy statements
NREA Land at 2% Revenue	State land allocated at 2% of annual RE revenue	Law 203/2014, Art. 3

Source: Law 203/2014; Investment Law 72/2017; VAT Law 67/2016; CMS Expert Guide

B. Green Hydrogen Incentives (Law No. 2/2024)

Law 2/2024, enacted in January 2024, provides the most generous green hydrogen incentive package in Africa and one of the most competitive globally. It offers a combination of cash rebates, tax exemptions, and operational facilitation designed to attract large-scale hydrogen and derivatives production.

Incentive	Detail
Cash Investment Incentive	33–55% of income tax paid (cash rebate, not credit)
VAT Exemption	Green H2 production and derivatives — full VAT exempt
Unified 2% Customs	All imported inputs, equipment, raw materials for green H2
Income Tax Deduction	Special deductions for green H2 project expenditures
Special Free Zone Status	Expedited customs; one-stop shop for approvals
Profit Repatriation	No restrictions on foreign currency transfers
Priority Land Allocation	State land for green H2 production and adjacent RE generation

Source: Law No. 2/2024; Deloitte (Feb 2024); OECD Green Hydrogen Incentives Case Study (Jan 2024)

INVESTOR INSIGHT: The 33–55% cash rebate on income tax (not a credit — actual cash returned) is unprecedented in the MENA region and positions Egypt ahead of Saudi Arabia, UAE, and Oman for green hydrogen investment. Combined with free zone status, profit repatriation, and priority land access, the incentive stack significantly improves project IRR and reduces payback periods for hydrogen and derivatives production.

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