

Call for Projects: Tunisia Launches its Renewable Energy Program

IN SHORT

The Situation: The first phase of a renewable energy program is being launched by the Tunisian Ministry of Energy, Mines and Renewable Energies.

The Action: A call for energy projects by the Ministry seeks development of 210 MW spread across wind and solar sources.

Looking Ahead: The process for parties interested in developing the projects is outlined in a 2015 law and 2016 decree.

The Tunisian Ministry of Energy, Mines and Renewable Energies has launched the first phase of its renewable energy program, which includes the development of 210 megawatts ("MW") as follows:

Energy	Total MW	Total MW by Project	Deadline
Wind	60	30	November 15, 2017
	10	5	
	60	30	August 15, 2018
	10	5	
Solar	60	10	November 15, 2017
	10	1	

This first program will be developed under the licensing regime (*régime des autorisations*) through a build-own-operate scheme. All the energy produced will be sold to the Tunisian Company of Electricity and Gas, or STEG, under a model power purchase agreement, also published on the Ministry's website.

This call for projects has been published together with the procedure (*manuel de procédures*), which describes the technical and financial information to be provided by the sponsors as well as the criteria and methodology for selecting the bidders ("Procedure").

“ The bidders will be selected based on their experience on similar projects and more especially on the project content and the tariff proposed. ”

Main Key Terms of the Procedure

The bidders will be selected based on their experience with similar projects and more specifically on the project content and the tariff proposed.

Content of the Project

One of the key requirements for the sponsors will be to secure the site where the project will be developed. Under this call for projects, the Tunisian government will not provide sites to the sponsors. Therefore, the technical offer must contain the localization and description of the site proposed by the sponsors. Since the ownership of the land can raise some issues in Tunisia, the sponsors' offers also must contain some information on the land status as well as any agreement showing the availability of the site, such as an agreement to sell or to rent, a lease agreement, or an ownership title.

Sponsors also must provide the following information and documents: (i) a technical study describing the source of energy, the capacity, the equipment specifications, and the planning for implementation of the project; (ii) the investment plan and financing scheme, including the terms sheets agreed upon with the lenders; (iii) the rate of the project's local integration compared to the project's global investment (excluding the land costs), with relevant supporting documents; (iv) the number of employment positions created during the construction and operational phases; and (vi) a preliminary environmental impact study.

Tariff Proposed by the Sponsors

The tariff must be composed of two elements—a fixed portion for the first 12 years of operation and a fixed portion for the next eight years, including, if any, the split between the local and foreign currency (U.S. dollars or euros) for each tariff. The foreign component of the tariff must be supported by relevant explanations and/or documentation. Also, in order to take into account the euro/dollar-Tunisian dinar exchange rate, the foreign part of the tariff proposed will be adjusted according to the following formula:

$$T_n = TD_n + TCn\text{€}/TCR\text{€} * TCn + TCn\$/TCR\$ * T\$n$$

T_n: tariff for the year in local currency

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TCn€: euro-Tunisian dinar parity for the year n

TCR€: euro exchange rate

TCn: tariff in euro for the year n converted into Tunisian dinar according to TCRC

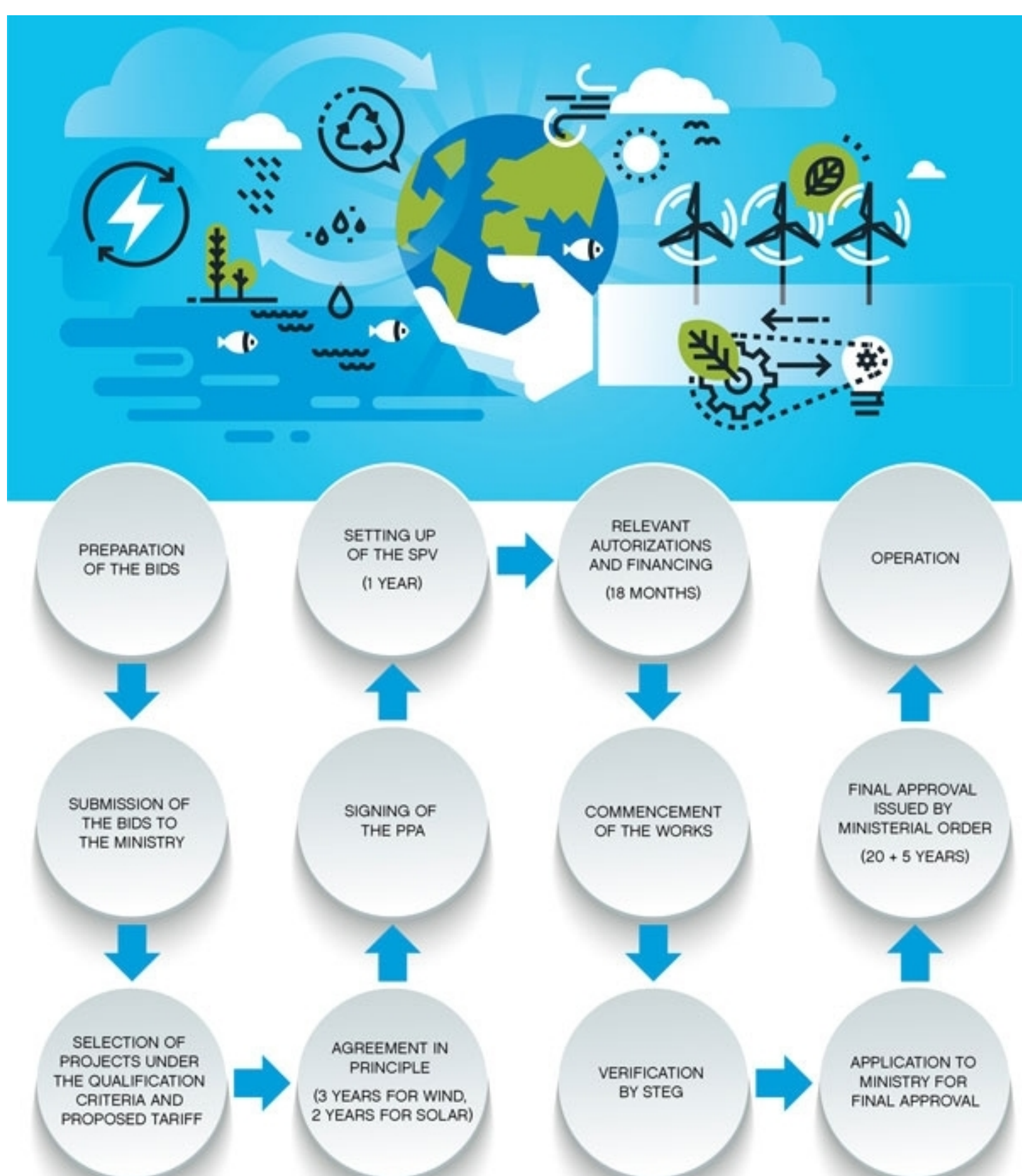
TCn\$: dollar-Tunisian dinar parity for the year n

TCR\$: dollar exchange rate

T\$_n: tariff in dollars for the year n converted into Tunisian dinar according to TCR\$

Summary of the Process for Securing the Ministry's Final Approval


According to renewable law 2015-12 and its implementing decree 2016-1123, the process for developing these projects can be summarized as follow:




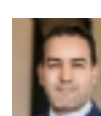
THREE KEY TAKEAWAYS

1. A call for the development of 210 MW, via wind and solar projects, was recently issued by the Tunisian Ministry of Energy.
2. All energy produced will be sold to The Tunisian Company of Electricity and Gas ("STEG") under the terms of a model purchase agreement.
3. Interested parties will be required to provide certain information with their proposals including technical studies, financing plans, employment projections, and an overview of probable environmental impact. A proposed tariff plan must also be submitted.

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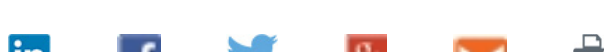
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