Chambers AND PARTNERS

CHAMBERS GLOBAL PRACTICE GUIDES

Power Generation, Transmission & Distribution 2026

Definitive global law guides offering comparative analysis from top-ranked lawyers



Egypt: Law and Practice

Nadia Abdallah and Nouran Azab
Matouk Bassiouny & Hennawy

EGYPT



Law and Practice

Contributed by:
Nadia Abdallah and Nouran Azab
Matouk Bassiouny & Hennawy

Contents

1. Structure and Ownership of the Power Industry p.4
1.1 Law Governing the Structure and Ownership of the Power Industry p.4
1.2 Principal State-Owned or Investor-Owned Entities p.4
1.3 Foreign Investment Review Process p.5
1.4 Sale of Power Industry Assets p.6
1.5 Central Planning Authorities p.6
1.6 Recent Changes in Law or Regulation p.7
1.7 Announcements Regarding New Policies p.7
1.8 Unique Aspects of the Power Industry p.7

2. Market Structure, Supply and Pricing p.7
2.1 The Wholesale Electricity Market p.7
2.2 Electricity Imports and Exports p.8
2.3 Supply Mix of Electricity p.8
2.4 Market Concentration Limits p.8
2.5 Surveillance to Detect Anti-Competitive Behaviour p.8

3. Generation Facilities p.8
3.1 Constructing and Operating Generation Facilities p.8
3.2 Obtaining Approvals to Construct and Operate Generation Facilities p.8
3.3 Approvals to Construct and Operate Generation Facilities p.10
3.4 Eminent Domain, Condemnation and Expropriation Rights to Construct and Operate Generation Facilities p.10
3.5 Decommissioning a Generation Facility p.11

4. Transmission Lines and Associated Facilities p.11
4.1 Constructing and Operating Transmission Lines and Associated Facilities p.11
4.2 Obtaining Approvals to Construct and Operate Transmission Lines and Associated Facilities p.11
4.3 Terms and Conditions Imposed on Approvals to Construct and Operate a Transmission Line and Associated Facilities p.11
4.4 Eminent Domain, Condemnation and Expropriation Rights to Construct and Operate Transmission Lines and Associated Facilities p.11
4.5 Monopoly Rights to Provide Transmission Services p.12
4.6 Transmission Charges and Terms of Service p.12
4.7 Open-Access and Non-Discriminatory Transmission p.12

5. Distribution p.12
5.1 Constructing and Operating Electricity Distribution Facilities p.12
5.2 Regulatory Process for Obtaining Approvals to Construct and Operate Electricity Distribution Facilities p.12
5.3 Terms and Conditions Imposed in Approvals to Construct and Operate Electric Distribution Facilities p.12
5.4 Eminent Domain, Condemnation or Expropriation Rights to Construct and Operate Electricity Distribution Facilities p.13
5.5 Monopoly Rights for Electricity Distribution Entities p.13
5.6 Electricity Distribution System Charges and Terms of Service p.13

Matouk Bassiouny & Hennawy was established in 2005 and is a leading, independent, full-service business law firm in Egypt and the MENA region, with over 230 lawyers organised into four practice groups and 18 sector-focused areas. With its headquarters in Cairo, the firm also operates offices in the UAE, Algeria and New York, and in Sudan (in association with AIH Law Firm). Its Finance & Projects group advises on project and infrastructure finance, project structuring and development, asset finance and Islamic finance, supported by dedicated Energy & Water and Public Procurement sector groups, and works closely with the corporate, capital markets and dispute resolution teams. Recent power-sector work includes advising on the 650MW Red Sea and 250MW Lekela wind farms, the USD690 million financing of the Egyptian Electricity Transmission Company, the Al Dabaa nuclear power plant, and the TSFE/C2X green hydrogen and renewables framework.

Authors



Nadia Abdallah is a partner at Matouk Bassiouny & Hennawy and a member of the Finance & Projects practice group, with ten years' experience. She has advised on numerous financings spanning projects, assets, real estate, acquisitions and commercial matters, as well as corporate work – from establishing entities to drafting contracts. Her expertise covers energy, power, project financing, ports, transportation, aviation, and banking. Nadia has represented project sponsors, owners, and developers in a variety of projects throughout Egypt, Sudan, and the broader region, particularly in the energy sector, including oil & gas, power generation, and renewables (battery storage, solar, and wind).



Nouran Azab is an associate within Matouk Bassiouny & Hennawy's Finance & Projects team, working on transactions across Egypt and Sudan. Her practice focuses on the oil & gas and renewable energy sectors, where she reviews and negotiates EPC and O&M agreements, PPAs, usufruct agreements, pipeline construction agreements and Handling, Transportation and Processing Agreements. She has acted on major wind projects. Nouran also drafts facility, finance and security documents, and advises on project and real estate finance, including registering share pledges with MCDR.

Matouk Bassiouny & Hennawy

Matouk Bassiouny & Hennawy
12, Mohamed Ali Genah
Garden City
Cairo
Egypt

Tel: (+202) 2796 2042
Fax: (+202) 2795 4221
Email: Info@matoukbassiouny.com
Web: matoukbassiouny.com

1. Structure and Ownership of the Power Industry

1.1 Law Governing the Structure and Ownership of the Power Industry

The Egyptian electricity sector is governed primarily by Electricity Law No 87 of 2015 ("the Electricity Law") and its Executive Regulations, along with circulars and decrees issued by the Electricity Utility and Consumer Protection Regulatory Agency (EgyptERA).

The Electricity Law restructured the roles of the electricity sector authorities, allowed for private sector participation in the generation and distribution of electricity through a licensing and permitting scheme, and introduced the concept of competitive electricity markets for the first time in Egypt, setting out the framework for market liberalisation over a ten-year transition period.

Sector Structure

The Electricity Law establishes a licensing-based model under which electricity activities (being generation, transmission, distribution and sale) are each subject to separate licensing requirements and are carried out by distinct entities, achieving functional separation of the sector. Pursuant to Article 13 of the Electricity Law, no electricity production, distribution or sale activities may be exercised unless the related licences are obtained from the Egyptian Electricity Transmission Company (EETC).

The sector is structured as follows.

- Generation: Subject to a dedicated licensing regime, generation is open to both state-owned and private investors. Private participation is facilitated through Renewable Energy Law No 203 of 2014 (build-own-operate (BOO), feed-in tariff (FiT), and competitive bid schemes) and the Private-to-Private (P2P) framework under Circular No 2 of 2024.
- Transmission: This is exclusively owned and operated by EETC, a joint stock company fully owned by the State, solely assigned to transmit electricity and operate electricity networks as provided under Article 26 of the Electricity Law. EETC acts as both system operator and grid owner.
- Distribution: Subject to a separate licensing regime, distribution is carried out by regulated distribution companies operating on medium- and low-voltage networks within designated service areas.
- Supply: This is gradually being liberalised under the P2P licensing framework which enables limited competitive bilateral contracting between eligible producers and eligible consumers under regulated conditions.

Energy storage activity is not yet defined as an independent regulated segment under the Electricity Law. It is currently treated as part of system or generation operations and falls under the general licensing framework.

Bundling vs Unbundling

The sector is legally unbundled through separate licensing regimes for each activity, although, in practice, it is not fully liberalised. Transmission remains a State-owned monopoly and supply is only partially competitive. The P2P framework reinforces this partial liberalisation by allowing limited competitive bilateral contracting under regulated conditions.

Ownership Structure

The sector operates as a hybrid model. Transmission is a state-owned monopoly (EETC), generation is mixed (state and private investors), distribution is regulated and licensed (mainly state-controlled entities), and supply is partially liberalised under regulatory supervision.

1.2 Principal State-Owned or Investor-Owned Entities

Generation, Transmission, Distribution and Regulatory Entities

The main entities responsible for owning and operating electricity infrastructure are as follows.

- EETC: This is the sole transmission system operator, which owns and operates the national transmission grid as a state-controlled monopoly.
- The Egyptian Electricity Holding Company (EEHC). This company oversees most state-owned generation and distribution companies and remains

the main public sector entity controlling electricity production and distribution assets.
- The New and Renewable Energy Authority (NREA), an Egyptian public authority established by Law No 102 of 1986 (as amended). NREA is responsible for promoting and developing renewable energy in the country. It generally allocates land to developers to carry out renewable energy projects by granting a usufruct right over the land pursuant to the rules and procedures laid out by the Cabinet of Ministers, and runs competitive bid tenders for EPC-based renewable projects under Renewable Energy Law No 203 of 2014 ("the Renewable Energy Law").
- EgyptERA, an Egyptian public authority established by Presidential Decree No 326 of 1997 as a regulatory body subsidiary to the Ministry of Electricity and Renewable Energy. According to Law No 339 of 2000, the electricity utility in Egypt was restructured and the role of EgyptERA was redefined to be the supervising and regulatory authority. Under the Electricity Law, EgyptERA is a public authority acting independently from the Electricity Utility Stakeholders. EgyptERA's competencies include granting permissions and licences for the establishment, management, operation and maintenance of electric power production, distribution and sale projects; issuing Electricity Source Certificates to renewable source electricity producers; approving any changes in equity or in the controlling interest of the assets of licensees; and reviewing and adjudicating on any dispute that may arise between the Electricity Utility Stakeholders.
- Licenced distribution companies. These operate regional electricity distribution networks on medium and low voltage and deliver electricity to end-users.
- On the generation side, a combination of electricity producing state-owned generation companies under EEHC, independent power producers (IPPs) and renewable energy developers operating under licences issued by EgyptERA.

Electricity Sales to End-User Consumers

Electricity supply to end users is primarily carried out through state-owned distribution companies operating under EEHC, which remain the traditional retail suppliers in the market.

Under EgyptERA Circular No 2 of 2024, a pilot framework has been launched permitting up to 500 MW of private electricity generation capacity to be supplied directly to eligible consumers through approved P2P agreements, subject to regulatory approval and settlement through EETC. This creates a dual supply structure where state-owned entities dominate retail supply, while limited private supply is permitted under regulated P2P arrangements.

1.3 Foreign Investment Review Process

The legal framework provides a generally open regime for foreign investment in generation, subject to licensing and regulatory approval, while maintaining state control over transmission. Foreign investment in the electricity sector is not subject to a separate sector-specific foreign ownership cap under the Electricity Law. There is no restriction on the foreign ownership of shares in the project company, and all board members can be non-Egyptian nationals.

Foreign investors wishing to participate in generation (including renewable energy projects) must:

- obtain a generation licence from EgyptERA;
- comply with technical, financial and grid connection requirements provided under the Executive Regulations (Ministerial Decree No 230 of 2016) of the Electricity Law;
- register eligible projects under applicable regulatory frameworks such as the P2P system, BOO, or FiT schemes under the Renewable Energy Law.

Project Company Requirements

According to the Electricity Law and the Renewables Energy Law, a project company must take the form of a joint stock company (JSC), with a minimum of three shareholders and a minimum capital of EGP250,000. The object of the company must include "generation and sale of electricity and design, construction, management, operation and maintenance of electricity generation plants".

Once a project company obtains the power generation licence, it must notify EgyptERA of any decrease in the project company's equity rights by more than 25% or any introduction of a new shareholder in the project company owning more than 25% of its capital.

For FiT projects, EgyptERA has set a minimum issued capital requirement of EGP15 million for companies wishing to undertake projects under the FiT scheme.

Investor Protections

Foreign investors in the Egyptian electricity sector are protected under a combination of domestic law and international instruments. This means:

- protection against expropriation, unlawful seizure, or expropriation, except in accordance with due process and compensation;
- access to courts and dispute resolution; foreign investors have access to Egyptian domestic courts for administrative and contractual disputes, as well as contractual dispute resolution mechanisms including arbitration where agreed in investment contracts; and
- international investment treaties; foreign investors may benefit from bilateral investment treaties (Egypt has over 100 BITs in force) and investor-state arbitration mechanisms if included through treaty or contract-based consent.

Incentives

A project company may be incorporated under Investment Law No 72 of 2017, which offers two types of incentives:

- General incentives: All incorporation contracts, facilities, mortgage and final real estate sale and purchase agreements are exempt from stamp duty, authentication and notarisation fees for five years from incorporation; a reduced unified customs duty of 2% on all machinery and equipment necessary for establishing the investment project.
- Special incentives: Sector A projects (Suez Canal economic zone, Golden Triangle, New Administrative Capital) benefit from a 50% deduction from investment cost; Sector B projects (renewable energy projects in other areas) benefit from a 30% deduction from investment cost. The investment incentive must not, in any case, exceed 80% of the paid-up capital of the company until the operation date, and the deduction period should not exceed seven years from the operation date.

1.4 Sale of Power Industry Assets

Restrictions

The Electricity Law and Executive Regulations impose the following restrictions on the sale of power industry assets:

- power assets are subject to a licensing regime and may not be transferred independently of EgyptERA approval;
- transmission assets may not be sold or transferred, as they are exclusively owned by the state through EETC;
- any transfer of generation or distribution assets requires prior regulatory approval from EgyptERA; and
- a licensee may not assign its permit or licence to third parties without obtaining written approval from EgyptERA.

From a practical perspective, power purchase agreements (PPAs) typically include change-of-control restrictions and may also impose lock-up requirements on a specified portion of the project company's equity for a certain period.

Timelines

Article 14 of the Electricity Law requires EgyptERA to issue decisions on permit or licence applications within 60 days from the date the applicant fulfils all required data and documentary obligations. In practice, the final generation licence must be approved by EgyptERA's board, which convenes once a month, which may affect timing.

1.5 Central Planning Authorities

Main Authorities in Egypt

Ministry of Electricity and Renewable Energy

The Egyptian Ministry of Electricity and Renewable Energy is responsible for national power policy and long-term planning. Under Article 1 of the Electricity Law, the Electric Energy Strategy and Policy (approved by the Cabinet) define the long-term objectives for the sector.

EETC

EETC is the key operational body responsible for operation of the national transmission system, planning and development of transmission infrastructure,

ensuring grid stability and system reliability, and balancing power supply and demand at system level. EETC is also responsible for preparing an annual supply report on the power supply and additional capacities needed to accommodate forecast demand. This supply report is presented to EgyptERA's board, and the Minister of Electricity and Renewable Energy presents it to the Cabinet of Ministers. If the report points to a shortage in generation capacities, the Cabinet of Ministers is entitled to approve appropriate measures, including permitting EETC to contract with investors and issue government guarantees.

EgyptERA (Regulator)

EgyptERA was established by virtue of Presidential Decree No 326 of 1997 as a regulatory body. It is the independent regulatory authority responsible for licensing electricity market participants, setting and enforcing technical and regulatory rules, approving grid connection and system access arrangements, and overseeing compliance with market and reliability standards.

Supreme Energy Council

The Supreme Council for Energy approved the Egyptian Energy Strategy of 2035, which targets the expansion of the country's renewable energy generation capacities to up to 42% of the total electric energy produced in that year.

1.6 Recent Changes in Law or Regulation

The most material change in law and Egyptian regulation is the issuance of EgyptERA Circular No 2 of 2024, introducing the P2P electricity trading framework. This Circular was introduced under EgyptERA's rulemaking authority pursuant to Article 4 of the Electricity Law and represents a structural regulatory innovation within the existing legal structure.

Such key changes include:

- allowing direct electricity trading between eligible producers and eligible consumers;
- establishing a transitional competitive electricity market segment;
- introducing standardised contractual arrangements (connection, use of system, residual energy agreements);
- introducing standardised contractual arrangements (connection, use of system, residual energy agreements);
- a total P2P market cap of 500 MW and a maximum per generation facility of 100 MW; and
- restriction to new renewable energy projects (wind and solar only).

1.7 Announcements Regarding New Policies

The Egyptian Energy Strategy of 2035, approved by the Supreme Council for Energy in October 2016, sets the expansion goal for the country's renewable energy generation capacities to up to 42% of the total electric energy produced in 2035, with solar energy having the largest targeted share at about 22% and wind energy at 14%.

1.8 Unique Aspects of the Power Industry

Hybrid Regulatory Model

Egypt maintains a hybrid model with a strong independent regulator (EgyptERA) and gradual liberalisation. Transmission remains a statutory monopoly of EETC, while distribution and generation are opened via licensing.

Article 35 Exceptional Route

A unique feature is Article 35 of the Electricity Law allowing project-specific Cabinet of Ministers' approval for EETC to contract directly with investors and make available a Ministry of Finance guarantee in order to face a forecast shortage in supply based on the supply report.

2. Market Structure, Supply and Pricing

2.1 The Wholesale Electricity Market

The market has a dual structure: a competitive segment for qualified subscribers (bilateral contracts) and an organised market for unqualified subscribers (regulated tariffs). EETC acts as Network and Market Operator.

Regulated tariffs set by EgyptERA apply to the organised market for unqualified subscribers. The tariff is issued by ministerial decree following EgyptERA approval.

Under the P2P framework, wholesale prices in the competitive/P2P segment result from bilateral agreements negotiated between the parties. This is a contractual price, not a regulated tariff.

The tariff under BOO projects is commercially agreed between EETC and the project company, and is a fixed price calculated per kWh, payable by EETC throughout the term of the PPA.

2.2 Electricity Imports and Exports

Imports and exports of electricity are permitted under the Electricity Law. EETC, as the Network Operator and Transmission System Operator, is responsible for managing cross-border electricity exchange.

Major interconnections currently exist with Jordan, Libya, and Sudan. Additional interconnection projects are under development, notably with Saudi Arabia.

2.3 Supply Mix of Electricity

The Electricity Law does not establish a fixed supply mix. Instead, it promotes diversification of electricity sources. The Egyptian Energy Strategy of 2035 targets 42% renewable energy by 2035, with solar at 22% and wind at 14%.

2.4 Market Concentration Limits

The Electricity Law does not set specific numerical percentage limits on market share. Instead, it contains strict rules against market concentration that harms competition.

EgyptERA has the power to:

- approve any changes in the ownership or control of the assets of licensees;
- inflict penalties upon breach of free legal competition; and
- impose sanctions (warnings, suspension up to one year, cancellation, refund of unlawful gains plus interest).

In the P2P segment, specific capacity limits apply as a structural safeguard: total P2P projects are capped at 500 MW and individual facilities are limited to 100 MW.

2.5 Surveillance to Detect Anti-Competitive Behaviour

EgyptERA has broad responsibility for monitoring the electricity market to ensure free and fair competition. Pursuant to Article 4 of the Electricity Law, its powers include developing rules to guarantee freedom of competition, monitoring electric utility parties, deciding disputes between market participants, and inflicting penalties upon breach.

The Electricity Law does not explicitly grant EgyptERA search and seizure powers or compulsory interview powers. Its investigative powers are exercised through the licensing, monitoring, and dispute resolution framework.

Potential sanctions include warnings, suspension of permits/licences (up to one year), cancellation of permits/licences, and the obligation to refund unlawfully collected amounts plus interest.

3. Generation Facilities

3.1 Constructing and Operating Generation Facilities

The principal law governing the construction and operation of generation facilities is the Electricity Law and its Executive Regulations, supported mainly by the following:

- the Renewable Energy Law;
- Law No 102 of 1986 establishing the NREA;
- EgyptERA circulars;
- Environmental Law No 4 of 1994 (EIA requirements); and
- Investment Law No 72 of 2017.

3.2 Obtaining Approvals to Construct and Operate Generation Facilities

The applicant submits the required documents to EgyptERA, which must issue its decision within 60 days. Refusal or postponement must be by means of a substantiated decision notified to the applicant.

Licensing Steps

- Interim generation licence: prior to starting construction, a project company must apply for

permission covering the pre-generation/construction phase. Permission is valid for one year and can be renewed for a further year. It must include the object, term, type of service, its fee (EGP1,000 maximum per MW, and not less than EGP10,000), and geographical limits.
- Permanent generation licence: prior to the project company generating and selling electricity; the term of licence must be 25 years maximum, renewable for similar periods or part thereof.

In practice, EgyptERA usually grants the final licence for up to five years, renewable for similar periods. EgyptERA issues only one licence for the generating company even if it owns and/or operates more than one power plant.

Applications must be adjudicated within a maximum period of 60 days from the date of completion of all required data and documents. Rejection or adjournment must take effect by a reasoned decision notified to the applicant.

In practice, the final generation licence must be approved by EgyptERA's board, which convenes once per month, and may affect timing.

EgyptERA must issue an annual certificate proving the validity of the licence after confirming. The project company must obtain an effectiveness certificate for the generation licence on an annual basis during the term of the licence.

Environmental Approval

The Egyptian Environmental Affairs Agency (EEAA) is the competent authority responsible for creating and enforcing regulatory environmental standards.

Under Environmental Law No 4 of 1994 ("the Environmental Law"), certain projects that may impact the environment will only be granted an operating licence once an Environmental Impact Assessment (EIA) report is issued. The licence must include the EEAA's approval of the EIA study.

Projects are classified by environmental impact as follows.

- Category (A): Solar projects without transmission lines or transformer stations (outside environmentally sensitive areas).
- Category (B): Solar projects with transmission lines/transformer stations or in sensitive areas; wind projects up to 5MW.
- Category (C): Wind projects above 5 MW.

As an exception, projects established in developing areas for which a full EIA study was already prepared will be put under the lower category.

Construction Licence

A project company must obtain a licence from the relevant municipal body for the construction works.

For renewable energy projects, a construction licence is typically required where the project involves the construction of fence or permanent buildings, subject to the approved project designs.

Project Site Permits

Although project site permits are obtained by the NREA, project companies must strictly comply with the terms and conditions of these licences, especially those pertaining to the Armed Forces and Civil Aviation permits, including compliance with height limits set by the Egyptian Military Operations Authority and obtaining prior approval of the Ministry of Civil Aviation for establishing buildings of certain heights, chimneys, masts, or wireless communication towers.

EFCBC Registration

The EPC and O&M contractors must be registered with the Egyptian Federation for Construction and Building Contractors (EFCBC), established by Law No 104 of 1992.

Exceptions apply where: (i) the exemption is provided in terms of contracts financed by loans/grants approved by Parliament; or (ii) laws regulating certain activities stipulate public interest to assign works to international contractors (subject to Cabinet approval).

3.3 Approvals to Construct and Operate Generation Facilities

Pursuant to Article 17 of the Electricity Law, the following terms and conditions must be provided under the licence granted by EgyptERA:

- licence term;
- type of service (production, distribution, purchase or sale);
- licence fee (maximum of EGP1/1000 of the price of each power unit produced or purchased);
- geographical limits of the licensee's activities;
- licensee's obligation to abide by quality standards;
- tariff structure approved by EgyptERA;
- EgyptERA-approved price structure of electricity exchange between Electricity Utility Stakeholders;
- EgyptERA-approved consideration structure for use of transmission and distribution networks;
- EAA's approval of the EIA study;
- licensee's obligation to keep separate accounts for each licenced activity;
- maximum limit of indebtedness;
- licensee's obligation to prepare periodic reports;
- licensee's obligation to make services available without favouritism and to apply a complaints system;
- licensee's obligation to abide by safety, occupational health and environment protection laws;
- licensee's obligation to comply with legitimate, free competition rules and transparency and equal opportunity principles; and
- licensee's obligation not to make amendments to, or be encumbered with a controlling interest in, its property right to the assets under licence.

Project companies must also abide by the ongoing compliance requirements of the power generation licence imposed by EgyptERA, mainly aimed at ensuring the proper performance and supervision of licensed companies and plants.

For P2P renewable projects, additional conditions apply under Circular No 2 of 2024, capacity limits (maximum 100 MW per plant), use of wind or solar technology, and contractual obligations with eligible consumers.

It is worth noting that any amendment or relaxation must be approved by EgyptERA. The licensee must submit a new application following the same procedures applicable to the original application.

3.4 Eminent Domain, Condemnation and Expropriation Rights to Construct and Operate Generation Facilities

Generation facilities are considered Electricity Utility Foundations under the Electricity Law (including power plants, transmission lines, cables, transformers, etc) and therefore benefit from statutory land access rights, subject to the payment of fair compensation.

For renewable energy projects on public land, the primary mechanism is land allocation by the NREA through a usufruct agreement pursuant to the NREA land availing guidelines issued by the Cabinet of Ministers. The advantage of public land is that it is usually already zoned and duly permitted for conducting renewable energy projects; typically, the relevant permits and non-objections from other governmental entities for the site are obtained for the NREA as a prerequisite for the allocation of the land by virtue of a Presidential Decree.

An investor must submit: (i) the project company's corporate documents; (ii) proof of purchase of the guidelines of land availing; (iii) a project pre-feasibility study; and (iv) an initial bank guarantee of 1% of the project estimated cost. If suitable land is available, a usufruct agreement is signed for 20 years for wind projects, or 25 years for solar projects, in exchange for 2% of the cost of energy sold annually. At the end of the contractual period, the NREA releases the bank guarantee after the developer returns the project land in a comparable state.

For projects on private land, real estate owners or possessors must give access for installation, operation or maintenance of duly permitted aerial networks or land cables, without prejudice to their right to fair compensation and to keep possession and/or dispose of their owned real estate. Real estate owners are entitled to file written objections within 15 days from notification and the EgyptERA must decide upon such objection within 15 days.

The compensation must be assessed by a committee to be formed in each Governorate in accordance with a decree issued by the Governor. The disputing parties may file a challenge against the compensation assessment before the competent court.

3.5 Decommissioning a Generation Facility

Egyptian law does not provide a detailed statutory regime for the decommissioning of conventional electricity generation facilities. There is no general legal requirement under the Electricity Law for generation companies to establish a decommissioning fund or otherwise finance decommissioning costs during the facility's operational life or upon the end of its physical or economic life.

In practice, the environmental approval issued by EEAA may contain decommissioning requirements with which the project company must comply. In addition, to the extent that a PPA is entered into with EETC, the decommissioning obligations would typically be regulated thereunder.

4. Transmission Lines and Associated Facilities

4.1 Constructing and Operating Transmission Lines and Associated Facilities

Under the Electricity Law, EETC is designated as the Transmission System Operator and owns the Transmission Network (ultra-high and high-voltage networks). EETC must operate the Electricity Transmission System conforming to economic and environmental standards ensuring equal opportunities and maintaining the interest of electricity producers and consumers.

EETC must permit third parties to use its networks without favouritism, in accordance with the transmission rules which include prices based on economic principles approved by EgyptERA. EETC may conduct its projects either solely or in cooperation with third parties, and may assign parts of these projects to third parties.

It is worth noting that environmental reviews are required under Environmental Law.

4.2 Obtaining Approvals to Construct and Operate Transmission Lines and Associated Facilities

EETC is primarily responsible for the construction and operation of the Transmission Network.

In this regard, new transmission projects are typically undertaken by EETC itself. The process requires obtaining permission and a licence from EgyptERA (see **3.2 Obtaining Approvals to Construct and Operate Generation Facilities**).

The Electricity Law does not detail public participation requirements for transmission projects. These are primarily handled through the separate EIA process under Environmental Law.

4.3 Terms and Conditions Imposed on Approvals to Construct and Operate a Transmission Line and Associated Facilities

The Electricity Law provides for certain requirements applicable to the construction and operation of transmission lines, including:

- compliance with technical specifications and safety standards;
- requirements for measurement and protection devices;
- adherence to the Transmission Rules issued by EETC and approved by the EgyptERA;
- non-discriminatory access to the network for eligible third parties;
- maintenance of the stability and security of the Transmission System;
- preparation by EETC of an annual report on procedures undertaken to ensure anti-favouritism and confidentiality of third-party information; and
- dissemination by EETC without favouritism of information on its activities for commercial use by the Electricity Utility Stakeholders.

4.4 Eminent Domain, Condemnation and Expropriation Rights to Construct and Operate Transmission Lines and Associated Facilities

Private proponents do not have direct eminent domain, condemnation, or expropriation rights for

transmission lines. These powers are exercised by competent governmental authorities.

Rights are obtained primarily through voluntary negotiation. Where voluntary acquisition is not possible, compulsory expropriation is carried out under Expropriation Law No 10 of 1990.

For the compensation regime, please see **3.4 Eminent Domain, Condemnation and Expropriation Rights to Construct and Operate Generation Facilities**.

4.5 Monopoly Rights to Provide Transmission Services

EETC will alone be assigned to transmit electricity and operate electricity networks. Competitors are prohibited from independently building transmission lines and offering transmission services.

While EETC holds this exclusivity, it is obliged to permit third parties to use its networks, without favouritism, to fulfil the needs of electricity distributors and consumers in accordance with transmission rules which include prices based on economic principles approved by EgytERA.

4.6 Transmission Charges and Terms of Service

EETC transmits electricity through its networks against consideration based on economic fundamentals approved by EgyptERA.

For P2P projects, charges are governed by the Standard Use of System Agreement concluded between EETC and eligible producers/consumers.

4.7 Open-Access and Non-Discriminatory Transmission

EETC must allow third parties to use its networks without differentiation. Users acquire contractual rights through the executed Use of System Agreement with EETC.

If EETC refuses access, the affected party may raise the matter with EgyptERA under its dispute resolution powers.

5. Distribution

5.1 Constructing and Operating Electricity Distribution Facilities

The electricity distribution licensee must: (i) establish and implement electricity distribution projects on medium and low voltages; (ii) manage, operate and maintain the electricity distribution networks in the areas where the licensee is licensed to undertake activities; (iii) establish, manage, operate and maintain production units in coordination with the Network Operator, and sell the produced electricity after obtaining licence from EgyptERA; (iv) sell electricity on medium and low voltages to the Unqualified Subscribers against a sale tariff to be proposed by the licensee and approved by EgyptERA; (v) propose consideration for the connection with the electricity distribution network, subject to EgyptERA approval; (vi) prepare and apply EgyptERA-approved expansion plans for the distribution networks to meet the needs of consumers; and (vii) conduct studies and research and development in the field.

5.2 Regulatory Process for Obtaining Approvals to Construct and Operate Electricity Distribution Facilities

Electricity distribution companies must obtain permission and a licence from EgyptERA applying the two-stage process described in **3.2 Obtaining Approvals to Construct and Operate Generation Facilities**.

EgyptERA has the authority to grant the required permissions and licences directly.

The Electricity Law does not detail specific requirements regarding public participation, public hearings, or environmental review processes for distribution projects.

5.3 Terms and Conditions Imposed in Approvals to Construct and Operate Electric Distribution Facilities

The general licence conditions set out under Article 17 of the Electricity Law (see **3.3 Approvals to Construct and Operate Generation Facilities**) apply to distribution licences, in addition to the distribution-specific obligations (see **5.1 Constructing and Operating Electricity Distribution Facilities**).

The distribution licensee must, without favouritism, permit third parties to use its networks within the limits of technical capacities, against consideration approved by EgyptERA in accordance with EygtERA-adopted distribution rules.

The Network Operator or Electricity Distribution licensee shall apply a proposed annual plan approved by EgyptERA for implementing projects and programmes in the fields of management of electric power demand; improvement of electric power usage efficiency; promotion for renewable energy uses; and raising awareness of power usage efficiency.

5.4 Eminent Domain, Condemnation or Expropriation Rights to Construct and Operate Electricity Distribution Facilities

Private proponents or licensed distribution companies do not hold direct eminent domain, condemnation, or expropriation rights. These powers are exercised by competent governmental authorities.

For the compensation regime, please see **3.4 Eminent Domain, Condemnation and Expropriation Rights to Construct and Operate Generation Facilities**. Additionally, owners of buildings, factories or plots of land must establish rooms to be allocated to the electricity distribution transformers, distributors, and distribution boards required for the medium-voltage networks, in accordance with the rules set by the licensee and approved by EGyptERA; owners will be entitled to fair compensation if third parties benefit from these rooms.

5.5 Monopoly Rights for Electricity Distribution Entities

Licensed electricity distribution companies hold exclusive rights to construct, operate, and provide distribution services on medium- and low-voltage networks within their designated service areas.

Granting a licence will not result in the creation of any monopolistic status in the geographic zone of the licensee. However, EgyptERA may issue licences to third parties to perform the same distribution activities in the same geographical zones of the authorised distributors.

5.6 Electricity Distribution System Charges and Terms of Service

The licensees must distribute electricity, and the Network Operator feeds the Unqualified Subscribers with electricity on the various voltages in the geographical zone described in the licences and according to the contracts and tariff adopted by EgyptERA.

If the Cabinet determines a tariff less in value than the EgyptERA-adopted tariff, the State shall pay the difference to the licensees.

Regulatory Principles

EgyptERA sets proper economic rules and principles to calculate the electricity sale tariff for Unqualified Subscribers within a framework of justice and transparency, and has these rules approved by the Cabinet. EgyptERA's Board of Directors approves a tariff on sale of electricity to Unqualified Subscribers on the various voltages and all uses, and approves consideration for use of transmission and distribution networks.

Right of Appeal

The Electricity Law does not specify a detailed right of appeal for challenging the regulator's decisions on rates.

Disputes are handled through EgyptERA's role in reviewing and adjudicating on any dispute that may arise between the Electricity Utility Stakeholders. The dispute shall be adjudicated within sixty days from the date of submitting the application.

CHAMBERS GLOBAL PRACTICE GUIDES

Chambers Global Practice Guides bring you up-to-date, expert legal commentary on the main practice areas from around the globe. Focusing on the practical legal issues affecting businesses, the guides enable readers to compare legislation and procedure and read trend forecasts from legal experts from across key jurisdictions.

To find out more information about how we select contributors, email Luke.Wilson@Chambers.com