

**Plenary Session I:
Opening Session
Tuesday, 1 June, 9.00 – 10.00 h
Venue: Plenary Hall IKBB**

Internationale Konferenz
für Erneuerbare Energien, Bonn
International Conference
for Renewable Energies, Bonn



KEYNOTE ADDRESS

Chakib Khelil

Minister of Energy and Mines, Algeria

**Mister Chairman,
Excellencies, Ministers,
Ladies and gentlemen,**

On behalf of the Algerian Delegation, I would like to express my thanks to H.E. Chancellor Gerhard Schroeder for his kind invitation to attend this important conference on renewable energies.

I would like also to congratulate the German authorities for their initiative to hold this international meeting and for their remarkable preparatory work and tireless efforts.

The conference will undoubtedly contribute to identify our common goals, streamline our respective strategies and promote an efficient global energy system in line with a sustainable development.

Ladies and gentlemen,

In keeping with the recommendations of the last World Summit for Sustainable Development held in Johannesburg, states must undertake deep reforms of their energy sector, as to enhance energy efficiency with an increased input of renewable energies.

The challenge is to reconcile economic development requirements with the preservation of our planet from nuisances, while ensuring an optimal use of fossil fuels.

Development of fossil energy has been a technological breakthrough and the basis of the industrial take off. Today, fossil energies are the primary source of global energy consumption. 5% of power generation is mainly fossil-based (oil, gas, coal). Natural gas input in power generation will increase since it is a clean and largely available source of energy, more than oil.

For instance, in Algeria, power generation is mainly gas-based.

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There is no doubt that these energies won't disappear soon, nevertheless the era of abundance and cheap energy will not last long. We will have to consider alternate sources of energy.

This is the reason why the quest for unlimited and clean renewable energies should become the priority.

Promoting renewable energies is now one of the major pillars of the Algerian energy and environment policy; we are aware of the beneficial effects of these energies on the economic development of our country.

Every single renewable energy chain has been closely studied, taking into account its development potential, the type of energy needs and our own resources (hydrocarbons, solar and eolian energies).

Since Algeria is mainly a semi-arid land, its limited water reserves have been exploited during the last decades. The installed hydroelectric capacity is around 300 MW.

However, its solar power capacity is one of the largest on earth. More than 2.000.000 km² receive yearly a sunshine exposure equivalent to 2500/KWH per square meter.

Thanks to solar energy, we are able to complete our program for rural electrification, and 95% of the country is covered by the domestic grid.

Remote places, far away from the power network can only benefit from electricity supplied by an adequate use of renewable energy.

There are several ongoing electrification projects in rural areas using solar energy as a supplement to classical power network.

Photovoltaic power is also successfully used for water pumping for the development of steppic areas.

Another project that will supply photovoltaic power is carried out for the benefit of remote southern populations.

We realize that a strong take-up of renewable energies can be achieved through progressive power generation programs, more important and connected to the domestic distribution network.

The underlying objectives are not only justice or social cohesion but to introduce renewable electricity in the national grid and eventually beyond our borders through international interconnection.

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Ladies and gentlemen,

Algeria has decidedly chosen sustainable development as its energy process; the legal and regulatory framework recently adopted underscores our strong commitment. Let me quote, inter alia:

- The Law on electricity and gas distribution, passed in February 2002, liberalizing and opening up power generation to competition.

A major objective of the Law on Electricity is to offer incentives to attract private, foreign or local investors to promote power generation.

This is a decisive reform of the electricity sector and, hopefully, Algeria will smoothly become part of the Euro-Maghreb market.

The law provides for environment conservation as well as for the integration of renewable energies in the country energy mix.

Once adopted, the law will offer regulatory basis for promoting renewable energies ecologically friendly.

- A decree, on diversification of power production costs was enacted the 25th of March 2004, establishes several incentives for renewable sources of power generation. According to criterias set out by the Regulatory Commission on Electricity and Gas, and the above-mentioned Law, premiums are granted to electricity producers.

To promote progressive mixed power production, a legal framework enables the regulatory body to impose production quotas to producers in case of unsuccessful tenders.

This system is the advanced formula for green certificates and negotiable securities that we intend to adopt, if market permits.

Our objective is precisely to adopt the current European Union Green certificates system and expand it to all Europe and later to Mediterranean countries in anticipation of the future electric loop.

- Another law dealing specifically with renewable energies is currently examined by the Parliament for adoption. The draft law provides for incentive economic measures to further ecologically sound power generation from renewable sources.

The Algerian energy policy major concerns and priorities have always been the important interconnection between energy management and environment and sustainable

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development. It will be meaningless to tap new sources of energy if the available ones are not efficiently used.

Since the 80's, public authorities have adopted an orientation framework for energy demand as a national energy consumer's pattern based on the following principles and objectives.

- Promotion and development of effective technologies to enhance energy yields
- Natural gas extended use as well as of LPG (as clean and available energy sources)
- Phasing out progressively liquid hydrocarbon (more polluting) from global energy balance

According to the law on energy management enacted in 1999, institutional measures and a strategy have been put in place so as to establish:

- A National Energy Management Agency (APRUE) responsible for initiating and implementing energy management programs.
- An Inter-Sectorial Energy Management Council (C.I.M.E) for consultations and coordination between the relevant stakeholders.
- A National Energy Management Fund, as a catalyst for actions and programs

All such measures, promoting energy efficiency, provide for large investment opportunities for direct and private investments and partnership.

As oil producer, Algeria has decided to reduce flared gases, and played a pioneer role in launching the international initiative on flared gas reduction. This action is carried out in coordination with the World Bank program: Global Gas Flaring (GGFR).

Following the first meeting held in Oslo in 2001, a second international conference on flared gas reduction was held in Algiers on the 10th and 11th May 2003, many countries and international organizations attended.

During the Algiers meeting, we presented a whole range of achievements as well as the significant investment in gas re-injection projects to enhance recuperation rates of fields. Flared gases are a major source of pollution.

I would like also to recall here that all our gas development projects are equipped with CO₂ extractors in order to impound CO₂ geologically. This is the case of In Salah project developed with BP as partner: the CO₂ geological sequestration, regarded as an original performance was presented at the last World Natural Gas Forum, held in Tokyo in 2003.

Ladies and gentlemen,

The major solar field in Algeria is located in hydrocarbon regions endowed with natural gas

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Algeria has an adequate electric system, an important energy potential allowing for a significant power generation from renewable sources that may supply the European market. As for investments, the electricity and public gas distribution Law of February 2002 encourages competition and equal access to the network for all operators. The law provides for equitable treatment of all.

Since then, two important power generation projects by private and public producers (IPP) are to be achieved:

- The first project is a 300 MW power station coupled with a seawater desalination unit of 90.000 m³/day capacity. 80% of the funding is Black & Weach and 20% is made by a joint Algerian company made up of Sonatrach-Sonelgaz and the Algerian Energy Company (AEC).
- The second project is a combined cycle station of 820 MW whose total cost is 460 millions dollars. 20% of the financing is made by SNC Lavallin and the remaining 80% is made by Algerian companies: Sonatrach, Sonelgaz and their subsidiary AEC.

Both ongoing projects are to be operational on the first 2005 quarter.

- A recent tender for building a 1200 MW power station has prompted the interest of two international groups: the Canadian firms SNC Lavallin and the German company SIEMENS that are already prequalified for the technical offer.

Funding of this project is divided between the foreign partner 51% minimum and the rest amongst Algerian state corporations (Sonelgaz, Sonatrach and AEC).

To meet transparency, fairness and diligence, the procurement agreement is carried in two phases.

The first phase is the technical adjustment of selected offers. The second one is a commercial phase and the selected bidder is immediately appointed on the basis of unique criteria during a public session.

Foreign investment in Algeria in the Energy and Mine sectors has reached recently a significant level, following the implementation of the new procedure and the prevailing global economic situation.

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Ladies and gentlemen,

As for renewable energies, interconnected to the national network, our strategic goal is to create a mixed solar-gas synergy, taking advantage of our abundant natural gas and solar resources.

To develop renewable energy, we have established the New Energy Algeria (NEAL). Two state corporations, Sonatrach and Sonelgaz, and a private Algerian corporation (SIM) are shareholders.

Such projects will meet the domestic energy needs and shall delay the depletion of our hydrocarbon reserves while providing large quantities of gas for our European clients. In promoting renewable energies, Algeria is enhancing the European energy security, since 95% of natural gas exports are sold to Europe.

An important gas/electricity mixed project is being planned and has already prompted some interested responses. The outcome will enhance the solar energy share in the global energy balance, and increased renewable electricity connected to the national distribution network. It is worth noting that natural gas, a fossil energy, will contribute to the promotion of renewable energy in Algeria.

We are confident that we have chosen the right sustainable development option in using flared gas, from neighboring oil fields to supply the mixed-resource project.

The NEAL company is developing this project. In implementing hybrid projects based on powerful solar concentrators (PSC), our ambitious goal is to export electricity to Europe. Under the global market initiative, we envisage to install 1000 MW. We are actively developing this approach and looking for the necessary means to achieve it.

Ladies and gentlemen,

Energy plays a central role in the Euro-Mediterranean partnership. The agreement signed in Rome, last December 2003, between Algeria, Morocco, Tunisia and the European commission, to establish electricity a Maghreb market and its progressive integration to the European market, will set an example for sub-regional cooperation.

The M.O.U'S objective is to create a domestic power market amongst participants early 2006, similar to the existing European interior market.

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The market will be achieved in adjusting the different legislations and national policies of Maghreb countries in the electricity sector.

Algeria has been instrumental in creating sub-regional markets both with Spain and Italy and in providing the necessary means and tools to develop a Euro-Mediterranean energy policy.

The European Union has strongly committed itself for reducing greenhouse gases and fostering the consumption of renewable energy sources.

Algeria's exports of renewable electricity may somehow help to achieve those objectives within certain viable economic conditions. To this end, Algeria's aim is to supply the European consumer in the wake of the deregulation of the electricity market.

Algeria would like to enhance a realistic cooperation with Europe, benefiting from the two power cables coupled with two gas pipes directly linking my country to Spain and Italy. The optimal use of the strategically located Hassi R'mel gas field, with gas pipes and cables connecting it to Europe will ensure reliable and lasting clean energy supply thanks to combined gas and power concentrator cycles.

Investments in this sector are fully liberalized according to the Algerian Law on Electricity and partnership operations are widely varied.

Ladies and gentlemen,

Being present here is a clear signal of the common determination and will of our respective public and private corporations of the energy sector, to concretely contribute to the North-South cooperation in general, and to Euro-Mediterranean partnership in particular.

Now, that I am in Bonn, I would like to express my appreciation for the increased bilateral cooperation with Germany in the energy sector. Wintershall has 15% of the capital of the consulting work, dealing with the gas pipe project Algeria-Italy via Sardinia ; the Linde company fully finances and builds a nitrogen and Helium plant in Skikda, and the BASF company has built, with Sonatrach, a propylene plant in Tarragona (Spain).

Precisely, for the solar power concentrators technology, the Algerian firm NEAL has been carrying out discussions with several partners, amongst them the German firm SOLAR Millennium-AG.

Well-known oil companies are operating in the Algerian mining sector since the prospects are high but also for the new provisions of government procurement markets. We would like to see German oil companies working with us in the upstream sector in Algeria.

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Let me recall that we are open to all type of partnership formula to extend and reinforce international cooperation in the energy sector from upstream to downstream.

It is clear that renewable energy is linked to environmental issues. Algeria has definitely decided to pursue an active role within the global mobilization for environmental protection and the promotion of sustainable development.

We are committed because we need resources and know-how for international cooperation but also because we are determined to effectively contribute to the global endeavor.

I thank you for your kind attention.