Morocco expands Masen renewables role

By expanding the remit of its solar development champion, Morocco is keen to show its ambitious renewables plans are on track, and losses at utility ONEE are controllable, ahead of hosting the COP22 climate talks in November, writes Jon Marks

State-owned developer Masen’s expanded role has been confirmed with its conversion into the Moroccan Agency for Sustainable Energy, from its former more restricted remit as Moroccan Agency for Solar Energy (AE 315/5). Legislation that passed through the government council on 24 June gives Masen the leading role in Morocco’s ambitious renewable energy programme, which seeks to generate 52% of the kingdom’s electricity from renewable sources by 2030 – a forecast that will be replaced again and again ahead of the COP22 climate talks, to be held in Marrakech on 7-18 November.

This came as Moroccans digested more bad news about Office National de l’Electricité et de l’Eau Potable (ONEE), whose debt of MD57bn ($5.83bn) as of end-2015 was equivalent to 331% of its equity. The Cour des Comptes (Public Accounts Court) in late June warned that the utility was now Morocco’s “most financially fragile public institution”. ONEE’s response is to argue that its indebtedness is mainly due to high levels of investment, which will pay future dividends, and that other indicators show its gearing to be more manageable. Officials said ONEE remained able to borrow from donors, a sign of confidence, and had improved its collections record, but agreed that tariffs remain too low to ensure financial health, even while investment programmes have been maintained.

Under the revised structures advocated by King Mohammed VI in December, Masen has a central role in piloting renewables projects, reflecting the perception that its slimmed down, highly qualified management is better qualified than ONEE to deliver a highly ambitious renewables project roster. Chief executive Mustapha Bakkoury has stood down from leading the Parti Authenticité et Modernité to focus on Masen, but he was elected president of the Casablanca-Settat regional government in local elections in September (AE 308/17), leading to speculation he will soon depart from the agency (he is not constitutionally allowed to keep both jobs).

Masen’s remit has widened to include wind, hydropower – still an important source of generation in Morocco, despite climatic constraints – and other renewables. According to Nadia Taobane, who heads Masen’s project development team, “our mandate is to implement a renewable energy ecosystem in Morocco – we want to see Moroccan players involved in the value chain, on a competitive basis”.

Speaking at the 22-24 June Africa Energy Forum (AEF) in London, Taobane said that, while Masen had benefitted from significant World Bank, KfW Bank and other multilateral and bilateral finance, it was working to encourage more funding from private sources. “We do financing on a case-by-case basis,” Taobane said. “We are aware that concessionary financing won’t last for ever.” She was encouraged that “more and more corporate entities are interested in renewable energy”. Looking ahead, “we’ll see more corporate financing and green bonds, carbon pricing and any other relevant options”, she said.

According to the law approved by government on 24 June, planning for the national grid remains in ONEE’s hands, but it is Masen that will carry out studies to choose sites, implement construction, and manage and maintain renewables projects. Units developed under ONEE’s remit will pass to Masen, including a programme to develop 1GW of wind via the 850MW Integrated Wind Energy Programme, and the 150MW Taza wind farm. Taza is being developed on a public/private partnership model by a consortium of local developer Nareva, Italy’s Enel and Germany’s Siemens.

Masen’s solar portfolio, based on the Noor I-III concentrated solar power and Noor IV photovoltaic (PV) projects at Ouarzazate, now also includes Noor Layyoune and Noor Boujdour (both 50MW) in the disputed Western Sahara, and the 75MW-100MW Noor Tafilalt scheme (AE 306/12), for which 49 companies sought prequalification in September 2015. ONEE had planned to develop Noor Tafilalt and the subsequent 200MW Noor Atlas and 100MW-125MW Noor Argana schemes via engineering, procurement and construction and operations and maintenance contracts. Masen will now review these schemes, which are intended to strengthen supply into weaker southern parts of ONEE’s grid.

As the holy month of Ramadan comes to a close, Masen is poised to issue tenders for the Noor Midelt scheme, a hybrid independent power project to eventually generate 400MW of solar using concentrated solar power and PVtechnology (AE 315/6).

Masen may become involved in other projects. “We are agnostic on technology,” Masen international co-operation and partnership manager Ali Zerouali told African Energy. Casablanca daily L’Economiste reported that the agency is working on a partnership agreement with national nuclear development agency the Commissariat à l’Energie Atomique et aux Energies Alternatives.
ONEE “is not completely happy” about the new arrangement, one source said, “but they have come to accept it – they have a lot on their plate”. The new arrangement means ONEE transferring all assets related to renewables generation to Masen. It will, however, keep control of its pumped storage schemes, generation plants that supply peak hours and are critical to the national grid’s stability, and renewables units developed by private sector operators under Law 13-09.

In a move that will be widely welcomed by business, ONEE director of generation and programmes Tarik Hamane told the AEF that amendments to Law 13/09 are being drawn up to open up the market to renewable developments by medium-tension clients.

ONEE is also working on a third interconnection with Spain and a transmission backbone running through the south and Mauritania, linking into West African developments, Hamane said. Morocco and Portugal signed an agreement on 8 June for an interconnection feasibility study, when energy, mines, water and environment minister Abdelkader Amara visited Lisbon. The planned line will have estimated 1GW capacity.

Centrally focused structures

Within Morocco’s centrally co-ordinated energy structures, the Ministry of Energy, Mines, Water and Environment will retain responsibility for thermal power plants that feed ONEE’s grid, including coal-fired plants and gas-to-power schemes. The ministry is leading on a very ambitious project to import 5bcm of natural gas by 2021 and 10bcm by 2030 to fuel several new combined-cycle gas turbine power plants and other infrastructure.

Agence Marocaine pour le Développement des Energies Renouvelables et de l’Efficacité Énergétique (Aderee), led by Saïd Mouline, becomes Agence Marocaine pour l’Efficacité Énergétique (Ameec), now focusing exclusively on energy efficiency, drawing up sectoral, regional and national plans.

The Institut de Recherche en Energie Solaire et en Energies Nouvelles (Iresen) has been kept out of the changes. Iresen head of funding agency Meriem Maacgi Haddou said the research institute was supported by Masen and Aderee, but was developing independently, making its Green Energy Park in Benguerir “the largest green energy platform in Africa”.

Iresen is emerging as a regional centre for research and development – as signalled in an initial study on priorities by Germany’s GIZ and the University of Dresden. The next research centre to be built at Benguerir will be an energy efficiency platform; other Iresen projects involve lithium battery projects and certification for Moroccan-made solar panels.

While institutions are evolving, some gaps remain. David Wadham, a partner at lawyers Ashurst, who advised Masen on the ground-breaking Noor I, said: “Morocco has a robust legal framework but it is a fast-changing environment. We’ve got a genuine private power sector evolving and we’ll need law and a regulator to resolve this.” The long-awaited independent electricity sector regulator is expected to be unveiled this year.

Nareva makes big gains for private generation

Morocco’s ambitious opening to renewables continues apace, with projects for wind and solar to supply private industry, as well as the Office National de l’Electricité et de l’Eau Potable (ONEE) grid. In a potentially important agreement, leading local developer Nareva Holding – part of the SNI group, which has a major royal shareholding – will supply power generated by a wind farm to Nador-based steelmaker Sonasid from 2018.

Since privatisation, Sonasid has been owned by ArcelorMittal. Like other steelmakers, the company has suffered from high energy prices and an excess of Chinese steel in the global market; it reported a 17% drop in turnover and MD62m ($6m) loss in 2015. Sonasid managing director Ali Kabbaj said the Nareva deal would reduce its electricity costs by 10%-15%, compared to prices currently paid to ONEE.

Nareva has developed a significant business installing wind power generation for leading Moroccan industrial companies, including cement company Lafarge.


Siemens agrees to build wind blade manufacturing facility

Siemens has signed an agreement with the Moroccan government to build a factory to produce rotor blades for onshore wind turbines in an investment worth more than €100m ($112m). Company spokesman Bernd Eilitz told African Energy that the facility would produce blades which would “be among the largest single-piece composites in the world”.

Blades with a length of 63 metres will be produced initially, but the plant has been designed to also produce larger blade types. Construction could begin on the plant as early as this spring, and operations are expected to begin in 2017. It will be located at Tanger Automotive City, around 35km from Tanger Med port, and will have a surface area of around 37,500m².

Eilitz said the plant would produce blades “primarily for the European, Middle East and African region” but declined to reveal its planned output capacity, saying the market was “highly competitive”. Morocco’s growing market will be one of the main targets, with the country looking to generate 42% of its power from renewable energy by 2020, roughly half of which will come from wind, and 52% by 2030, under plans announced by King Mohammed VI at COP21 in Paris.

The manufacturing plant is the second planned by Siemens for North Africa, with work under way to develop another rotor-blade facility in Egypt. Firm agreements were signed for the plant early last year, along with a commitment to install 4.4GW of gas power and 2GW of wind power. According to Eilitz, the Egyptian plans will not be affected by the plant in Morocco. “The blades which we are planning to manufacture in Egypt will be mainly delivered to the up to 2GW of projects in Egypt,” he said. He added that planning for the Egyptian plant was entering its final stage. No other African manufacturing facilities are currently planned by the company’s wind and renewables division.

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- Ahmed Badr, Executive Director, Regional Center for Renewable Energy and Energy Efficiency
- Ali Zerouali, Cooperation & Partnerships Director, MASEN
- Mohamed El Sisi, CFO, Egyptian Electricity Transmission Company
- Javier Huergo Cruzado, Chief Investment Officer, FRV
- Mohamed El Sobky, Executive Chairman of New and Renewable Energy Authority, Egypt*
- Harry Boyd-Carpenter, Senior Banker, Power and Energy Utilities, EBRD
- Kevin Sara, Chief Executive Officer, Nur Energie
- Marcus Williams, Sector Manager for Energy and Extractive Industries, MIGA
- Moncef Ben Abdullah, Energy Expert, Tunisia
- Ali Aissaoui, Research Fellow, Oxford Institute for Energy Studies (OIES)
- Glada Lahn, Senior Research Fellow, Energy, Environment & Resources, Chatham House
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