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Tunur waits on legislative deal to trigger planned development

Tunur, the UK-based developer of a project to export power generated by concentrated solar technology from Tunisia to Europe, has acquired additional financial backers and is targeting first financial close within 18 months. The company has persisted in pushing forwards its plan despite the political uncertainties of Tunisia's post-Arab Spring transition and doubts over the concept of export-driven projects in North Africa following the implosion of the Desertec Industrial Initiative last October. It now hopes the establishment of a fully constitutional government will clear away the final hurdles.

From the project's point of view, the most important action on the agenda of both the incoming government and the energy committee of the new parliament, the Assemblée des Représentants du Peuple (ARP), is the modification of the new renewable energy law to ensure that it fully conforms with the constitution. The law was one of the last pieces of legislation passed by the Assemblée National Constituante, which the ARP replaced following elections in October. It states that final decisions on renewables projects can be taken by the government, but some opponents have argued that this contravenes article 13 of the constitution, which states that all natural resources belong to the Tunisian people – a condition which has also delayed decisions on hydrocarbons developments (*AE 291/13*). They have argued that solar and wind resources should be included under this definition. Kevin Sara, chief executive of Nur Energie, the major backer of Tunur, told *African Energy* that he was confident that the question would be resolved in what he described as a "tussle" over the separation of powers between new political institutions (*see African Energy View*).

Sara added that key elements of the project, which has not been part of Desertec for two years, are now falling into place (*AE 287/5, 225/9*). He said he was targeting first financial close within 18 months on the first 250MW phase of the project which will be able to export 1,000GWh/yr of baseload power to Europe by 2018. He said the financial close of the second 2,000MW phase would probably take place in 2017-18.

During 2014, important changes took place among the backers of the project. According to Sara, Top Oilfield Services, owned by Tunisian entrepreneur Mohamed Fethi Somrani, sold its 19.5% stake to the Maltese family-run business conglomerate Zammit Group, whose subsidiary Mediterranean Future Engineering was already a shareholder in the venture. According to UK Companies House filings, Joseph Zammit replaced Somrani as a director of Tunur in late December. Meanwhile, Nur Energie has acquired additional backing from UK-based renewables-focused private equity fund Low Carbon, which held a small stake in the company from the outset but has increased its holding to about 30%.

At the same time, Tunur is proceeding with regulatory approvals and has identified a site for the project at Rjim Maatoug in central Tunisia. The Italian authorities have approved a proposed interconnection with the electricity grid north of Rome – the closest point at which a sufficiently strong node within the pan-European power grid can be reached.

Tunur has also signed an indicative power purchase agreement with an unnamed UK offtaker, described by Sara as "one of the big six". It is in discussions with the UK Department of Energy and Climate Change to get concentrated solar power listed as a technology officially eligible for the Feed-in Tariff Contract for Difference mechanism which from 2017 will replace Renewables Obligations – the current mechanism for subsidising clean energy generation. The UK government has already said that, in principle, imported energy will be eligible. According to Sara, Tunur has already said that it is willing to accept the same contracts that govern nuclear or offshore wind generation, with the difference that it can sell power at a 20% discount to UK offshore wind.

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