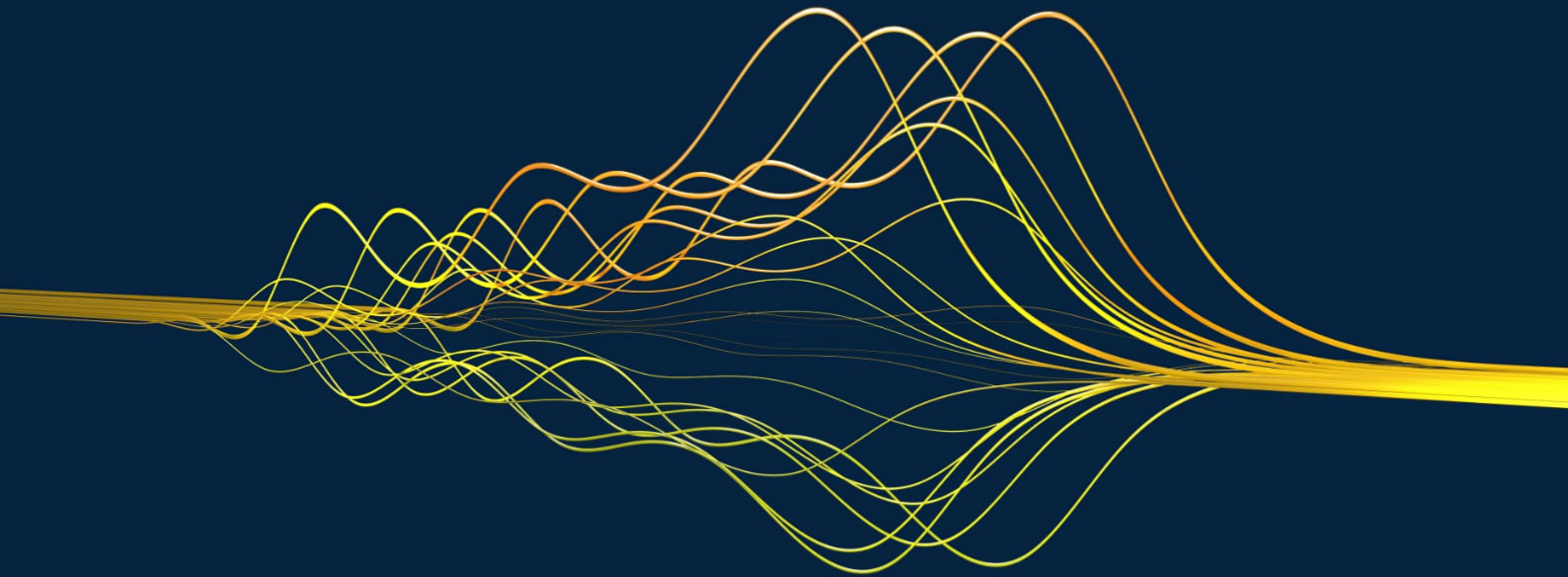


ALGERIA

# Global Renewable Energy Guide



## About

In a world where the demands for energy are growing exponentially, those operating in the energy sector are looking to their lawyers to provide more than legal skill; they are also seeking in-depth sector know-how and innovative solutions to the challenges they face. DLA Piper's energy lawyers deliver to our clients the focused, innovative sector advice they need, wherever in the world they need it.

In a sector of relentless change, demand and complexity, private and public corporations wisely rely on experienced, global legal counsel for any matter involving energy.

We are entering an era of unprecedented demand for power generation and transmission, especially within emerging economies. This dynamic, together with the challenges we all face from climate change, is creating new opportunities for alternative energies and new technologies.

Our energy clients receive coordinated, across-the-board coverage for their needs, including construction and projects, corporate, competition, regulatory, contractual, trading, litigation/arbitration, dispute resolution and tax issues. We understand the technical, geographical, commercial and geopolitical factors that shape the industry and have first-hand access to contacts, sponsors and decision makers worldwide.

## Global key contacts



### Alexandre Calmon

Partner, Global Co-Chair,  
Energy and Natural  
Resources Sector  
Campos Mello Advogados  
T +55 21 3262 3000  
[acalmon@cmalaw.com](mailto:acalmon@cmalaw.com)  
[View bio](#)



### Alex Jones

Partner, Global Co-Chair,  
Energy and Natural  
Resources Sector  
DLA Piper Australia  
T +61 8 6467 6204  
[Alex.Jones@dlapiper.com](mailto:Alex.Jones@dlapiper.com)  
[View bio](#)



### Natasha Luther-Jones

International Head of  
Sustainability and ESG, Global  
Co-Chair, Energy and Natural  
Resources Sector  
DLA Piper UK  
T +44 (0)333 207 7218  
[Natasha.Luther-Jones@dlapiper.com](mailto:Natasha.Luther-Jones@dlapiper.com)  
[View bio](#)



### Robert Gruendel

Partner, Global Co-Chair,  
Energy and Natural  
Resources Sector  
DLA Piper US  
T +1 212 335 4736  
[robert.gruendel@dlapiper.com](mailto:robert.gruendel@dlapiper.com)  
[View bio](#)



### Trevor Wong-Chor

Partner, Global Co-Chair,  
Energy and Natural  
Resources Sector  
DLA Piper Canada  
T +1 403 698 8711  
[trevor.wong-chor@dlapiper.com](mailto:trevor.wong-chor@dlapiper.com)  
[View bio](#)

# Algeria

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## Overview

Topic	Details
Key facts	<ul style="list-style-type: none"> <li>• <b>Jurisdiction:</b> Civil Law</li> <li>• <b>Languages:</b> Arabic, Tamazight, French</li> </ul>
Population	44 million
Gross national income (GNI) per capita	<b>GNI per capita:</b> USD3,310 (2020)
Business environment	<ul style="list-style-type: none"> <li>• <b>2021 Index of Economic Freedom:</b> 162 of 180</li> <li>• <b>2020 Corruption Perceptions Index:</b> 104 of 180</li> <li>• <b>2019 UN Development Programme Human Development index:</b> 91 of 189</li> </ul>
Profile	<p>Algeria is a country in North Africa, part of the Maghreb region. It is bordered to the east by Tunisia and Libya, to the south by Niger and Mali, and to the west by Mauritania, the Western Sahara and Morocco. It is bordered to the north by the Mediterranean Sea.</p> <p>The economy has developed strongly in recent years, mainly due to the rise in oil and gas prices and high demand in the sector.</p> <p>Algeria remains dependent on this oil windfall, which accounts for up to 85% of its exports. With the significant fluctuation in commodity prices, the risk of weakening the country's public finances remains high.</p> <p>Algeria is betting on infrastructure development to get the country back on track after more than a decade of serious</p>

political unrest in the 1990s. Construction of highways, dams, power plants and seawater desalination projects are some examples of the infrastructure built over the last few years.

## Electricity industry overview

### Electricity industry overview

In 2017, 71,470 GWh of electricity was generated in Algeria.

This was comprised of:

- 10,074 GWh from thermal steam (14,09%);
- 31,009 GWh from thermal gas (43,39%);
- 29,508 GWh from combined cycle (41,29%);
- 71 GWh from hydraulic (0,01%);
- 286 GWh from diesel (0,4%);
- 21 GWh from wind (0,029%); and
- 500 GWh from photovoltaic solar (0,70%).

### Electricity laws

In the early 2000s, institutional reforms brought about significant changes in the electricity and gas distribution sector in Algeria. They led to the promulgation of Law 02-01 of 5 February 2002 relating to electricity and gas distribution through pipelines, the main objectives of which were reorganize the national electricity and gas distribution market by recommending:

- A restructuring of the operator;
- The separation of electricity and gas activities;
- The opening up of electricity production and energy marketing activities to public and private investors in order to promote the emergence of benchmark competition;
- The modernization of the public service and the improvement of the performance of operators in the sector; and
- A consumer protection framework.

In order to ensure the effective implementation of these new reforms, Law 02-01 provided for the creation of a national regulatory authority whose main missions are:

- Monitoring and control of public services;
- Advising the public authorities on the organization and operation of the electricity and national gas markets;
- Determining the remuneration of operators;
- Determining the pricing of energy products (electricity and gas) for end consumers; and
- The supervision and control over the laws and regulations relating to it.

The establishment of the Electricity and Gas Regulatory Commission (CREG), whose Management Committee was set up on 24 January 2005, was intended to ensure the conformity of the implementation of the transformation process of the electricity and gas sector with the provisions of Law 02-01.

### Generation and distribution

## Generation

The national production fleet is made up of power plants owned by Société Algérienne de Production de l'Électricité (SPE), and Shariket Kahraba wa Taket Moutadjadida (SKTM), which are subsidiaries of Sonelgaz, as well as companies in partnership with Sonelgaz:

- Kahrama Arzew, which came into service in 2005;
- Shariket Kahraba Skikda "SKS" which came into service in 2006;
- Shariket Kahraba Berrouaghia "SKB" (Médéa) which came into service in 2007;
- Shariket Kahraba Hadjret Ennousse "SKH" which entered into service in 2009;
- SPP1 which entered into service in 2010;
- Shariket Kahraba Terga "SKT" commissioned in 2012; and
- Shariket Kahraba de Koudiet Edraouch "SKD" commissioned in 2013.

In 2017, generation was comprised of:

- SPE (67%);
- SKD (6%);
- SKT (6%);
- SKH (6%);
- SKTM (6%);
- SKS (4%);
- SKB (3%);
- Kahrama (2%);
- SPP1 (1%).

## Distribution

The development program for electricity generation and transmission is accompanied by the reinforcement of the distribution network to ensure the reliability of the supply and distribution of electrical energy and guarantee a better quality of service.

At the end of 2017, the total length of the national electricity distribution network was 328,996 km.

## Renewable energy overview

### Renewables law

Despite the enactment of Law No. 04-09 of August 14, 2004, on the promotion of renewable energies in the framework of sustainable development, no concrete governmental decision to promote renewable energies has been taken since.

### Renewable industry overview

In 2018, Algeria's energy mix was composed approximately of 1% liquid petroleum gas (LPG), 20% oil products and 79% gas.

Despite the establishment of a national programme dedicated to the development of renewable energy, the program's implementation schedule was never followed. Out of all the pilot projects totalling the 110 MW planned, only three projects were carried out, with a total capacity of 36.3 MW:

- The Hassi-Rmel hybrid plant (gas and solar thermal), with 25 MW of concentrated solar power (CSP) (commissioned in 2011);
- The 1.1 MW photovoltaic (PV) solar plant in Ghardaïa, including all four PV technologies, with and without solar tracking

(commissioned in 2014); and

- The 10.2 MW wind power plant in Kabertène (Adrar), comprising 12 wind turbines with a rated power of 850 KW each (commissioned in 2014).

Between 2015 and 2018, power plants were installed mainly in cities located in southern Algeria (Adrar, Illizi, Tamanrasset, Djelfa, Laghouat) for a production capacity of 343 MW.

In 2019, the *Commissariat aux Energies Renouvelables et à l'Efficacité Energétique* (CEFERE) was created by Executive Decree No. 19-280 of 20 October 2019 on the creation, organization and operation of the Commission for Renewable Energy and Energy Efficiency.

The CEFERE is responsible for contributing to national and sectoral development of renewable energy and energy efficiency.

## Current issues in the renewables industry

The energy transition in Algeria can be achieved if certain issues are tackled:

- The identification of the components to be manufactured locally inducing heavy investment;
- Technology transfers in the field, particularly with regard to the local manufacture of strategic equipment;
- The creation of schools and specialized institutes for engineers and technicians specialized in conventional or renewable energies;
- The establishment of strategic partnerships;
- Transparency in project implementation; and
- Enhancing the credibility of institutions.

## Government incentive schemes

### Incentive measures

The Ministry of Energy has adopted a series of support measures aimed at the development of grid-connected renewable energies, through the establishment of a favorable legal framework and a National Fund for Energy Management, Renewable Energies and Cogeneration, CAS n°302-131 (FNMEERC) which is fed annually by 1% of oil royalties and the proceeds of certain taxes (such as 55% of the tax on flaring activities).

The legal framework, put in place in 2013, during the first phase of the launch of the national renewable energy development program was based on a Feed-in Tariff mechanism, which is less and less used in developed countries.

This system guarantees renewable energy producers benefit from tariffs that give them a reasonable return on their investment over a 20-year eligibility period.

The additional costs generated by these tariffs will be borne by the FNMEERC as diversification costs.

In this context, the executive decree n°15-319, amended and completed, setting the modalities of operation of the CAS 302-131 was published in December 2015.

Also, other incentive measures are planned. These include:

- Acquisition and provision of eligible land for the establishment of renewable energy plants;
- Support in the entire permit acquisition process;
- Identification of the renewable energy potential of the country's eligible administrative regions;
- Construction of pilot projects in each sector;
- Creation of bodies and entities for the approval and control of the quality and performance of components, equipment and processes relating to the production of electricity from renewable sources and/or cogeneration systems; and

- Support, through a recruitment and training plan for technicians, by professional training institutes and the association of universities and national research bodies in the research and training of engineers.

## Major projects and companies

By 2019, renewable energy assets included 24 power plants with a total capacity of 354.3 MW.

This renewable energy park consists of 23 photovoltaic plants with a total capacity of 344.1 MW and one wind power plant with 10.2 MW.

Sonelgaz and its companies in partnership (see [Electric overview](#) above) are the major entities in charge of establishing new renewable energy projects.

## Foreign investment ownership

The Law No. 16-09 of 03 August 2016 on investment promotion is the main legislative instrument governing foreign investment in Algeria.

The National Agency of Development of Investment (ANDI), created by article 6 of the ordinance n°01-03 of August 20th, 2001, modified and supplemented, is a public administrative establishment, endowed with the moral personality and the financial autonomy, in charge, in coordination with the administrations and the concerned organizations, of:

- the registration of investments;
- the promotion of investments in Algeria and abroad;
- the promotion of territorial opportunities;
- facilitating business practices, monitoring the formation of companies and the implementation of projects;
- assistance, help and support for investors;
- information and awareness-raising for the business community; and
- the qualification of projects, their evaluation and the establishment of the investment agreement to be submitted for approval to the national investment council.

A new law on investment promotion in Algeria is currently in the works.

## UNFCCC – Paris Commitments and beyond

Algeria signed the Paris Agreement on 22 April 2016 and ratified the agreement on 20 October 2016.

## Relevant resources and references

### Ministry of Energy

- [Ministry of Energy - New and Renewable Energies and Energy Management](#)
- [Ministry of Energy - Electricity and Gas](#)

### CREG

- [Mecanisme d'encouragement](#)
- [Programme national ENR](#)

### SGG

- [JORADP](#)

### World Bank



- [World Bank - Business Enabling Environment](#)
- [World Bank - GDP Per Capita](#)

#### The Heritage Foundation

- [The Heritage Foundation - Country Rankings](#)

#### PNUD (HDI)

- [La prochaine frontière : le développement humain et l'Anthropocène](#)

#### CPI Transparency

- [Corruption Percentage Index](#)

#### Other sources

- [Le système énergétique de l'Algérie](#)
- [L'Algérie 100% énergies renouvelables](#)

## Key contacts



### Mounir Ait Belkacem

Partner

L&P Partners

T +213 21 48 29 84

[maitbelkacem@dz-lpp.com](mailto:maitbelkacem@dz-lpp.com)

[View bio](#)

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