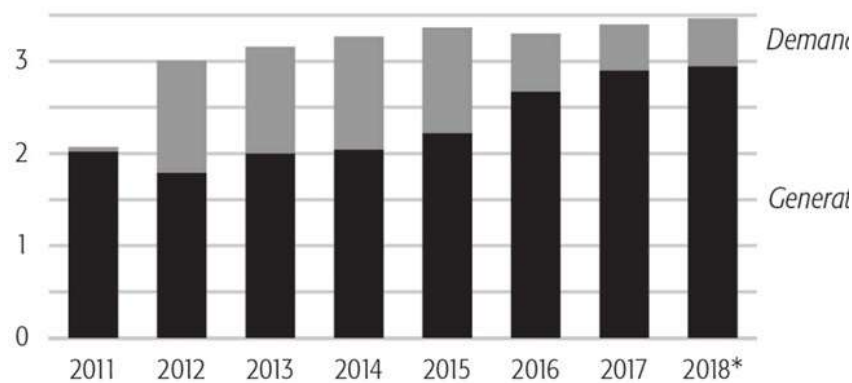


## Plan for 24/7 electricity sparks interest

## Falling short: Peak electricity generation and demand



\* Forecast

Source: Energy Policy and Security Program, Iccam Energy Institute

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BEIRUT: A new power plan that aims to solve Lebanon's electricity shortage for good has gained "immense interest" from three major international companies. A political source that has been briefed on the plan told The Daily Star General Electric, Siemens and Mitsubishi may all throw their hat in the ring when, and if, it is adopted.

"Two new power plants will be built by the companies [that win the contracts] ... in [Batroun's] Selaata and [Nabatieh's] Zahrani," the source said.

The Selaata and Zahrani plants would need 18 months to be completed, the source added.

Currently, there are power plants in Kesrouan's Zouk as well as south Lebanon's Jiyeh and Zahrani.

These plants will be shut down if the new plan materializes.

The source noted that a power plant in Deir Ammar is already complete and ready for use, adding that it "is expected to use natural gas imported from Egypt."

Late last month, Lebanon's Energy Minister Nada Boustani said Lebanon is considering importing natural gas from Egypt after meeting with Cairo's envoy to Beirut.

The new contracts would be based on a power purchasing agreement between the companies and the Lebanese government.

The Lebanese government will pay 8 cents per kilowatt-hour to the company that builds the plant.

The government will, in turn, sell electricity at 14 cents to consumers.

Currently, the state pays 16 to 18 cents per kilowatt-hour and sells at 9 cents. This drains the state's treasury and accounts for almost a third of the annual deficit.

The state-run Electricite du Liban's yearly deficit ranges between \$1.5 billion and \$2 billion, depending on the fluctuation of oil prices in the international market.

And while the 14 cents charged to users will be higher than the current 9 cents, this will be one bill as opposed to the two bills a majority of people in Lebanon pay now to the state and generator owners.

As a stopgap, while construction is ongoing, the companies will build substations within six months that will provide a large portion of the required 1 gigawatt.

After the plants are built, more work will be done to upgrade the grid and system.

The grid that distributes electricity from the plants to the end users will have smart meters installed so that the companies will be able to turn off an individual residence or building's power if a bill is not paid.

The meter will also allow the companies to monitor if electricity is being stolen.

A smart electricity grid can "intelligently integrate the actions of users that are connected, creating so-called 'prosumers' who are able to produce electricity as well as consume it" through solar panels for example, according to a European Union fact sheet.

The EU adds that the grid also provides "utilities with secure, two-way flow of data and may form part of a smart grid."

This will essentially make the responsibility of collecting revenues that of the companies rather than the government.

Around \$400 million in soft loans from the World Bank has been earmarked for the smart grid project.

Siemens CEO of Levant & Libya Syed Tahir Nazir told The Daily Star over the phone that his company and the Lebanese authorities are in "regular contact" over a potential project.

The CEO added that the German conglomerate has made several proposals to Lebanon and said that "we are all always interested in being in Lebanon."

"We are waiting for Lebanon now," Nazir said.

Although he did not reveal specifics, Nazir noted that his company is capable of carrying out the entire project, including the smart grid network.

“We would like to deliver the entire plan, but it is not for us to decide. We will do whatever the Lebanese government asks us to do in order to provide a sustainable, long-term solution using natural gas and other renewables,” Nazir said. He praised the Lebanese people, saying, they are “the smartest people on Earth” and that they know what’s best for Lebanon, adding that, “no one can do what we [Siemens] can do.”

Last September, Siemens CEO Joe Kaeser confirmed that the company had offered to help address Lebanon’s electricity crisis during German Chancellor Angela Merkel’s visit to Lebanon in June.

Kaeser tweeted at the time: “During the visit [with] our [chancellor], I did offer to help improve the whole electricity value chain and have our team to [sic] come in and assess what’s best for the people. No response yet from [the] Government. Our door is open! Offer still good. Call Anytime!”

In the proposal GE has offered Lebanon, according to a statement from the company, it will “add up to 1.5GW through fast power technology and new simple cycle power plants that are tri-fuel capable able to run on heavy fuel oil, light diesel oil and natural gas, as well as wind power plants that can help to generate clean energy, in the short-term.”

GE says it will increase power generation capacity by up to an additional 1.3GW in the medium-term and bring online up to another 2.7GW in the long-term.

GE says it would also install an Integrated Energy Management system to allow the Energy Ministry to identify losses in the network.

The American company has also been noticeably active on social media, sponsoring posts on Twitter and publishing what it can do to help Lebanon’s power sector.

However, and as stipulated by Lebanese law, a tender process must be carried out for interested companies to submit bids.

While details still need to be ironed out and the plan fine-tuned, “it is clear that [Boustani] is taking the lead on the plan,” a separate political source with knowledge of the plan said.

Lebanon enjoyed round-the-clock electricity prior to the 1975-90 Civil War. But political differences have prevented the country from recovering on that front ever since, with the energy sector becoming a central point of contention between parties and the subject of allegations of corruption.

However, there has been some new political will to tackle sector so as to cut Lebanon’s annual budget deficit. This is a key component of the country tapping into over \$11 billion in grants and soft loans that were pledged last year towards infrastructure projects in Lebanon at the CEDRE conference in Paris.