Energy storage investment trends tunisia

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Tunisia is following a new approach towards solving its long-standing energy deficit crisis and is seeking to sustain the power sector through investments in strengthening the transmission infrastructure to integrate more renewable energy sources. The country has witnessed growing deficits for over a decade owing to increased energy consumption coupled with the decline of hydrocarbon production. Approximately 97 per cent of Tunisia"s electricity is generated from fossil fuels, mainly natural gas. In 2021, nearly 45 per cent of Tunisia"s natural gas needs were met through imports (mainly from Algeria). This strong dependence on natural gas has serious implications for Tunisia"s energy security. All of this has resulted in a steady rise in electricity prices for consumers.

To meet the increasing demand for electricity, enhance energy security and promote the use of cleaner energy resources to reduce carbon emissions over the next decade, the Tunisian government, in June 2022, raised its 2030 renewable energy target to 35 per cent from 30 per cent ofpower generation. The previous target was included in the renewable energy law of 2015. The new target translates to a renewable capacity addition of 4 GW during the 2022-30 period, a tenfold jump from the installed capacity of 472 MW as of March 2022. This requires an annual capacity addition of at least 500 MW, involving an investment of TND900 million per year up to 2030.

Electricity demand in Tunisia is forecast to grow at a compound annual growth rate (CAGR) of 3.7 per cent between 2022 and 2030 with a peak demand of 6,000 MW in 2030. To meet this, the country aims to almost double its existing capacity by adding over 5 GW of new generation capacity by 2030, with a significant share from the private sector.

Aligned with these targets, Tunisia"s state-owned utility--Soci?t? Tunisienne de l"Electricit? et du Gaz (STEG)--is strengthening and reinforcing the Tunisian transmission network to integrate the upcoming capacity and at the same time improve energy efficiency. Some of the key projects include Energy Sector Improvement Project (ESIP), Projet d"Am?nagement et d"?quipement du R?seau de Transport d"?lectricit? (PAERTE) and a smart grid project. These projects are expected to cumulatively add around 730 km of transmission lines, up to 18 new substations and expand various existing substations between 90 kV to 400 kV over the next four to five years.

STEG is also executing various cross-border interconnection projects with neighbouring African and European countries for power trade as well as to enhance energy security. Particularly, the interconnector with Italy known as the ELMED project, which is being implemented by ELMED Etudes Sarl, a joint venture

between Italian transmission system operator (TSO) Terna and STEG, will facilitate better renewable energy integration and has been included in the European Union"s(EU)fifth list of projectsofcommoninterest(PCIs) in 2022. The country has been receiving financial support from various multilateral funding agencies to execute its power sector-related projects.

Existing power infrastructure

As of 2021, the electricity sector had an installed capacity of about 6 GW, of which thermal-based generation accounted for 95 per cent that is 5.6 GW, and renewable wind, solar and hydro accounted for the remaining 5 per cent.

As of 2021, Tunisia"s transmission network comprised about 5,657 km of transmission lines and 11,071 MVA of transformer capacity between the 150 kV to 400 kV voltage levels.

Future plans and investment

STEG has been able to raise funds to finance its transmission plans. Recently, the European Investment Bank (EIB) provided funding worth EUR65 million to help STEG strengthen its transmission network and rehabilitate the distribution networks to improve the reliability and efficiency of the power system and to better meet the growing demand for electricity in the country. The loan is part of EIB"s broader efforts to support the development of the energy sector in Tunisia, and to help the country achieve its goals of increasing the use of renewable energy sources, reducing dependence on fossil fuels, and improving access to reliable and affordable electricity.

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