

Ladies and Gentlemen,

It is a great pleasure for me being with you today and to congratulate the organizers for their cutting-edge design and the outstanding realisation of the first geothermal system in Palestine. This success story is the result of a public-private partnership between the Palestinian Energy Authority (PEA) and the private company Union Construction and Investment. UCI designed, financed and realized the project in the framework of a larger building complex – which we will have the opportunity to visit this afternoon - whereas the PEA covers the political and administrative support and will have an important role in the dissemination of the project results.

The MED-ENEC project of the European Union aims at boosting energy efficiency and the use of renewable energies in buildings in 10 countries south and east of the Mediterranean, from Morocco in the west to Turkey in the east. In 2006, we selected 10 proposals for low-energy buildings in this region in an international competition. Since early 2007, we provide technical assistance and financial contributions to the 10 winning teams; in the case of Palestine 66,000 Euros were earmarked for covering partly the additional costs for the energy saving measures and the geothermal system of the building. Our experiences with the 10 MED-ENEC pilot projects can be summarized as follows:

- (1) Some of our Pilot Projects achieve energy savings of up to 90%, compared to conventional buildings. This demonstrates the state of the art of the available technologies and confirms the high technical potential for savings in buildings in this region.**

- (2) However, a smart technology mix of the most cost-efficient measures is necessary in order to keep additional costs in a reasonable range and thus allow broad dissemination for these technologies. Our experiences show that with a limited incremental investment of about 10-15%, energy savings of 40-50% can be achieved. The Palestinian case is even more attractive; we'll hear the exact figures in the forthcoming presentations.**
- (3) Depending on energy prices in the respective countries, these savings result in very attractive pay-back periods – low-energy houses are thus becoming an attractive and profitable product.**
- (4) However, in practice, all our project promoters faced considerable difficulties in designing and implementing their pilot buildings. There are important market barriers leading to significant learning costs for pioneers such as UCI:**
- Unawareness of clients about the technical potential and financial benefits of energy-saving measures,**
 - lack of national know-how for designing and implementing the appropriate technology mix, or**
 - limited availability of appropriate products and services on the local market, leading to high search and importing costs.**
- (5) Therefore, Government and donors support is crucial for overcoming these initial market barriers and for developing the market for energy-saving technologies such as insulation, efficient lighting, solar-water heaters or geothermal energy. From a macro-economic point of view this is even a profitable investment: the pay-back for the state for these investments is attractive through reduced need for power generation (it is just cheaper to invest in energy efficiency than to build new power**

plants), through creating new jobs and developing technological know-how in a business sector with a high growth potential, through higher security of energy supply and - for countries like Egypt, Lebanon or Syria - through reducing state subsidies on energy.

The interest of MED-ENEC and the European Union is not only the success of this individual pilot project. We are even more eager to see our partner document, disseminate and repeat this type of building on a larger scale in the whole region. Therefore, we strongly appreciate and welcome this event today and the creation of the new company MENA Geothermal. It is crucial that the private sector taps the enormous business potential of these technologies and invests in similar projects and in capacity building. But we also encourage the PEA to analyse the experience of the Pilot Project and to include the lessons learnt in forthcoming building and promotion programmes.

In the past, the waste of energy not only in buildings has been the standard and energy conservation measures and renewable energy seemed to be a luxury. But today, it is a luxury wasting energy and low-energy houses are becoming the standard. And tomorrow, the effects of climate change will boost the need for energy efficiency and renewable energies. So this event definitely comes at the right time to analyse what is technically possible, economically attractive and politically necessary. Thank you very much for your interest.

Klaus Wenzel, MED-ENEC Team Leader
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