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## SAUDI ARABIA TO BECOME BIGGEST REGIONAL WIND POWER MARKET

*Saudi developers will add 46% of the region's total wind capacity between 2019 and 2028, Wood Mackenzie says.*

*Deena Kamel*



*Saudi Arabia's wind and solar projects show the country's commitment to green energy. Lee Hoagland/ The National*

Saudi Arabia is set to become the Middle East's biggest wind power market in the next decade as the kingdom accounts for almost half of the region's wind capacity additions by 2028.

The kingdom's developers will build 6.2 giga-watts of wind capacity – or 46 per cent of the region's total wind capacity addition – between 2019 and 2028, according to Wood Mackenzie Power & Renewables.

"The integration of renewables in Vision 2030's objectives underlines strong political commitment within Saudi Arabia," said Sohaib Malik, senior analyst at Wood Mackenzie Power & Renewables.

Saudi Arabia, the world's largest oil exporter, has tapped its sovereign wealth fund, the Public Investment Fund (PIF), to develop 70 per cent of all renewable projects in the country while the remainder will be awarded through the Renewable Energy Project Development Office (Repdo). Around 9.5 gigawatts of solar and wind capacity has been earmarked for development by 2023, as the kingdom seeks to shift from fossil fuel based-sources of power generation.

Saudi Arabia is expected to "fall short" of its current 2030 renewables target, despite growth projections, according to the report.

"A central concern is the PIF's lack of track record in the renewables sector and its limited in-house sectoral expertise," Mr Malik said. "Repdo, on the other hand, completed two renewables request for proposals after pre-developing the sites."

PIF is estimated to have \$230bn of assets, which it plans to boost to \$2 trillion under Vision 2030, driven by investments in various sectors from electric vehicles to public infrastructure.

"There is little doubt about the Fund's financial muscle, however, its past investment strategy focused on established firms in traditional industries," Mr Malik said. "Aspirations to develop a value chain for wind and photovoltaic [PV] technologies locally is a different ball game and requires the PIF to acquire new capabilities for effective oversight of these ventures."

Growth in the wider Middle East's wind power market is expected to slow down in 2019 amid regional volatility but demand will return to steady growth post-2020, according to Wood Mackenzie.

"A maturing project pipeline within the region supports the 2020-2021 outlook. Saudi Arabian demand serves as the foundation for regional demand," Mr Malik said.

Regional demand is also diversifying, with Lebanon set to add 200-400MW to its existing permitted capacity pipeline of 202MW in 2019, he said. These developments will lead to the addition of 2GW of wind capacity between 2019 and 2021.

The outlook for solar power in the Middle East is sunnier compared to the wind-power market, the report shows.

Developers in the region will add 53GW of PV capacity through 2024 compared to only 6GW of wind power capacity, it said.

The increased focus on solar energy is demonstrated by ambitious PV targets across the region.

"As the countries with stable macroeconomic outlooks began auctioning larger projects (Kuwait, Saudi Arabia and UAE), developers offered some of the world's lowest solar PV tariffs," Mr Malik said.

"As such, it will become increasingly difficult for wind to compete with PV in low wind countries including Bahrain, Qatar and the United Arab Emirates."