

LEGAL EASE: SUN AND WIND POWER

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Plans for renewable energy in the Middle East should provide considerable opportunities for private sector investment in the future, both in power generation facilities, and in manufacturing and services in the supply chain.

The Middle East and North Africa (Mena) region has an extraordinary potential for the development of renewable energy resources. The region's high solar irradiation levels and considerable wind potential could, theoretically, meet the territory's entire energy requirements. Morocco and Egypt have the largest installed renewable energy generating capacity, largely wind and hydro, but this represents a small proportion of the installed generation capacity in those countries, and a fraction of the installed generating capacity in the area. However, as demand for electricity in the region grows, and the relative cost of renewable energy technology decreases, more regional governments are seeking to diversify their energy supply to renewable sources.

In Saudi Arabia, the King Abdullah City for Atomic and Renewable Energy has published a white paper on renewable energy procurement, which has been met with great interest from the private sector. Saudi Arabia has a young and

rapidly growing population. Domestic power consumption per head is higher than in many other countries, and is projected to increase. Some commentators say that if Saudi oil consumption grows to match the growth in domestic power demand, Saudi Arabia could within 20 years become a net importer of oil. Given the importance of oil exports to its economy, Saudi Arabia is seeking new sources of energy, including new natural gas reserves, nuclear power and renewable energy.

Other institutions in Saudi Arabia have announced plans for projects or are already participating in the industry. This year, Saudi Electricity Company is planning to solicit bids for the Dibba 1 independent power project, the kingdom's first large-scale, integrated, concentrated solar power, combined-cycle project, with a capacity of 600 megawatts (MW). The municipal government of Mecca has announced a plan to construct 100MW, 50MW and 25MW solar power plants. Saudi Aramco has studied and implemented small-scale project, and is reported to be considering other projects.

Other Mena countries are pursuing renewable energy projects. Morocco has large potential with a considerable resource in solar

and wind energy, and is targeting a total renewable energy capacity, including hydro, of 6,000MW by 2020. In the United Arab Emirates, a key driver is the Masdar-procured initiative in Abu Dhabi. The Shams 1 solar power station was the first solar energy independent power producer in the region, with an expected generating capacity of 100MW.

In January 2012, the government of Dubai announced the Mohammed bin Rashid Al Maktoum Solar Park,

which will be built to accommodate projects with up to 1,000MW in total generating capacity. Future projects may involve direct private investment.

In Kuwait, the Partnerships Technical Bureau has approved the Al Abdaliyah Hybrid Power Plant, a 220MW gas-fired, combined cycle power plant with a 60MW concentrated solar power component that is tentatively scheduled to be tendered in 2013. Jordan's Energy and Mineral Resources Ministry is in

discussions with up to 34 companies in connection with the development of solar power projects in the country.

With Saudi Arabia's large natural solar energy resource, and large areas of desert, the prospect of wide-scale development of solar power there has gained much attention. With other countries in the region pursuing or considering their own initiatives, renewable energy in the Middle East is likely to be a key market in the future for private sector investment.