

GCC not to cut spending on power infrastructure

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The GCC is not expected to decrease its spending on power infrastructure due to the continuous increase in electricity demand.

Data from ProLeads show there are 284 power projects in the GCC with a total value of \$333bn (Dh1.2trn)

"The financial crisis has very little impact on electricity demand," Khalid Al Awadi, a Dubai-based energy expert told Emirates Business. "Yes there has been a little reduction but demand is still growing. The region needs to continue investing in energy infrastructure." But to further address the growing demand, the region should start preparing for energy market unbundling and restructuring as well as on maximizing return on assets.

According to Dr Maher Chebbo, Vice-President for Energy and Head of Utilities and Services Industries, SAP EMEA, the GCC countries' current demand for electrical power is about 70GW and this is expected to triple over the next 25 years.

"GCC countries are reforming their power sector to allow competition at the generation level through the introduction of independent power providers. The stages in each country is different and each has its own stage of unbundling," Chebbo said.

In Saudi Arabia, for instance, the government has permitted the private sector to invest in power generation. It has also developed a reform plan for a three-stage electricity market evolution over 2008-2016

In the case of the UAE which is recording 10 percent increase in demand per year, more than four-fifths of the production of electricity and water has been sold to independent water and power providers (IWPPs)

However, with the privatization of some of the six IWPPs the government still retains full ownership of the monopoly businesses of procurement, transmission and distribution.