

## **Saudi Arabia Renewable Energy Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 95 pages | Mordor Intelligence

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### **Report description:**

The Saudi Arabian renewable energy market is expected to register a CAGR of more than 13% during the forecast period, 2022-2027. The COVID-19 pandemic caused a limited impact on renewable energy sources compared to fossil fuels such as oil and gas. The nation witnessed significant growth in the renewable energy sector in the H2 of 2020, owing to the decisive measures taken by the government, including National Vision 2030, which aims to expand renewable energy projects by achieving 58.7 GW by 2030. Factors such as favourable government policies for the renewable energy sector are expected to drive the market. Saudi Arabia has been heavily dependent on fossil fuels for its energy needs leading to a vulnerability in terms of energy security, and is now diversifying into the renewable energy sector. However, sizable subsidies that the government offers to its citizens take away the profit margin for renewables developers, making it essentially economically unviable to develop alternative energy sources for consumer use in the nation, thus hindering the growth of the renewable energy market in Saudi Arabia.

### **Key Highlights**

Solar energy is expected to dominate the market during the forecast period, owing to revised targets of the Saudi Arabian government for increasing the renewable share in its energy mix.

Saudi Arabia does not have a domestic power generation company with expertise in the renewable energy sector while having a very large potential for solar power generation. The privatization of the power industry has allowed foreign companies, particularly from China and Europe, who have substantial experience with solar energy to develop solar power plants, hence creating ample opportunities for the market players in Saudi Arabia soon.

Saudi Arabia restructuring the economy away from its reliance on oil is expected to drive the market during the forecast period.

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### Solar Energy to Dominate the Market

The Saudi Arabian government plans to decrease the heavy reliance on oil in power generation and produce one-third of the nation's electricity from solar. This is expected to drive the demand for solar energy and, in turn, for renewable energy sector in the country, hence amounting to the largest share in 2020 among other renewable energy types.

The 2030 target of the Saudi Arabian Government is expected to involve the development of 40 GW of solar photovoltaic (PV) capacity and 2.7 GW of concentrated solar power (CSP) capacity.

In November 2021, the 30 MW Haradh solar farm went online and started delivering electricity to National Agricultural Development Co. under a power purchase agreement at a price of SAR 0.094 per kWh for a duration of 25 years.

In August 2021, ACWA Power reached a financial close on the 1.5 GW Sudair solar photovoltaic power plant in Saudi Arabia. The project is located in Sudair Industrial City and is the first project under the public investment fund's renewable energy program. As of early 2020, Saudi Arabia launched the third round of its renewable energy program, to add a total of 1.2 gigawatts of solar photovoltaic power capacity to the grid, and open bidding for six solar energy projects with a combined capacity of 1.2 GW. Hence, based on the above-mentioned factors, the solar energy segment is expected to dominate the renewable energy market in Saudi Arabia during the forecast period.

### Plans to Diminish the Reliance on Oil for Power Generation, and to Diversify the Revenue Streams Driving the Market Demand

? Electricity generation in Saudi Arabia is dominated by fossil fuels, oil accounting for around 39%, and natural gas for 60.7%, as of 2020. The country is planning to diversify fuels used for power generation to free up oil for export, increasing the renewable energy in the generation mix.?

? The power industry is witnessing a transformation with the inclusion of solar, wind, and nuclear power in the power sector and increasing natural gas share in the energy mix.

? Saudi Electricity Company (SEC), a government-owned entity, accounts for a significant share in the country's electricity generation. It is planning to reduce the direct crude burn for electricity generation, switch to natural gas, and develop renewable energy.

? The 'Saudi Vision 2030', which was unveiled in 2016, envisions to raise the share of non-oil exports from 16% to 50% of export value by 2030, as well as to expand the role of renewable energy in the Saudi energy system, and to localize the renewable energy and industrial equipment sectors.?

? The Saudi government plans to develop 30 solar and wind power plants over the next 10 years. The plans will be part of a significant USD 50 billion expansion plan for renewable energy to reduce dependence on oil by 2030. ?

? For instance, in April 2021, Masdar, EDF Renewables, and Nesma started the construction of the 300-MW solar park in Saudi Arabia after reaching a financial close. The consortium won the bid for the project at SAR 60.9042 per MWh in a national procurement round. The project is about 50 km away from Jeddah city and scheduled to go online in 2022.

? Therefore, Saudi Arabia restructuring the economy away from its reliance on oil is expected to drive the market during the forecast period.?

## Saudi Arabia Renewable Energy Market Competitor Analysis

The Saudi Arabian renewable energy market is moderately fragmented. Some of the key players in the market include ACWA Power, Alfanar Group, Abu Dhabi Future Energy Company (Masdar), Electricite de France SA, and Engie SA.

Additional Benefits:

The market estimate (ME) sheet in Excel format  
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