

## Saudi needs \$80bn power spend by 2018 - study



POWER DEMANDS: Saudi Arabia is seen needing to invest \$80bn in its electricity infrastructure. (Getty Images)

**About \$80bn worth of investment is needed in Saudi Arabia by 2018 to meet rising power demands in the kingdom, a new report has said.**

According to Euromonitor International, government sources estimate that an additional 3,000MW of electricity generation is needed annually to meet consumer demand.

Its report added that Saudi officials aim to meet a fifth of its power generation from alternative energy sources such as nuclear and renewables.

The kingdom also has several natural gas fields which are expected to become operational by 2012, the study said.

Saudi Arabia's economy is forecast to pick up in 2010, with real GDP growth of 3.7 percent compared to 0.1 percent in 2009, while population growth is likely to remain high at an annual average of nearly two percent from 2010 to 2020, which will continue to place pressure on the electricity network.

"To meet growing demand, government intends to make large-scale investments in electricity infrastructure. Several new plants are under construction, often in partnership with the private sector, which is creating investment and business opportunities," Euromonitor said.

Saudi Arabia's electricity network suffered blackouts and power shortages this year due to insufficient capacity and rising demand, a situation that Euromonitor sees continuing.

It said an electricity tariff hike this month had raised costs for commercial and industrial users, but was "unlikely to have a major impact on the business environment as utilities costs in Saudi Arabia remain low in global terms".

The report added: "Power cuts are likely to continue, particularly in the peak summer periods, and this will continue to affect the industrial sector. Tariffs for residential consumers are unlikely to rise significantly, if at all, although there are campaigns to encourage greater energy efficiency."

Saudi Arabia's energy consumption was heavily dependent on oil and gas with 60.6 percent of primary energy consumption in 2009 derived from crude oil and the rest from natural gas.