

Saudi Arabia hopes for 'renewables' regulations in 2011

by [Reem Shamseddine](#) on Wednesday, 19 May 2010

REGULATORY FRAMEWORK: Saudi Arabia hopes to approve a regulatory framework for investment in renewable energy in 2011. Top oil exporter Saudi Arabia hopes to approve a regulatory framework for investment in renewable energy in 2011, a top government official said on Wednesday.

The framework should set out the conditions of government funding and incentives for the sector, said Adullah al Shehri, governor of the Saudi Electricity and Cogeneration Authority (ECRA). Without them, the renewables sector would not progress in the kingdom, he said.

Shehri said: "We developed the policy and we were ready as regulators to submit to our board for approval and then take it to the council of ministers."

Government body ECRA is regulator of the water and desalination sector. ECRA had previously set a June 2010 target for approval of regulation. He said: "If they (government) don't provide the funds nothing will move forward, this is our proposal...to get the government committed and (its) support."

The government also needed to clarify which body would be regulating renewables contracts going forward, he said. Speaking at an industry conference late on Tuesday, Shehri said: "Anybody who wants to invest (renewables) in Saudi Arabia will find it difficult to know who to talk to."

The kingdom announced in April it would set up a scientific centre called King Abdullah City for Atomic and Renewable Energy. The centre would be in charge of promoting research and sealing future deals.

The future role of ECRA will be to issue project licenses, he said.

ECRA has also suggested an auction to take place for power produced from renewable sources on a feed in tariff (FIT) model.

Shehri said: "We suggest that there will be an auction...and the result of that auction will determine the price. The lowest price will be the feed in tariff for the next three years."

Shehri said peak power demand in Saudi reached 41,000 megawatts in 2009 while power generation capacity is 46,000 MW.

The kingdom was improving links on the internal network so that existing capacity could be better used, he said. He said: "We are also encouraging Saudi Electricity Co to make some improvements in the generation assets by producing ice and use it during the day to cool generators, so to produce more during peak hours."

The kingdom a few days ago approved an increase in electricity tariffs in industrial zones, which would be implemented in July, or August, Shehri said.

Last year the kingdom suffered debilitating power cuts in Jeddah, its second largest city and the country's commercial hub.

Tariffs would rise to 0.15 riyals from 0.12 riyals will vary during peak and off peak times, Shehri added.