

# S&P sees Abu Dhabi solar deal as start of new energy era

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The signing of the Shams 1 solar power project financing in the UAE has opened the way for a burgeoning in renewable energy in the Gulf, Standard & Poor's has said..

"We believe the Shams 1 project marks the start of a potential new industry in renewable energy in the Gulf Cooperation Council region, where renewables currently only represent less than one percent of the total energy mix," said Standard & Poor's credit analyst Karim Nassif in a statement.

Three companies, France's Total, Spain's Abengoa, and Abu Dhabi-based Masdar gained a \$600m bank loan to build the solar plant, named Shams 1, which will have a 100-megawatt capacity and would qualify for carbon credits under the United Nation's Clean Development Mechanism (CDM).

International firms appear to be gearing up to tap opportunities in the Middle East and North Africa (MENA) solar power sector but concerns have been voiced about the lack of a regulatory framework.

Most countries in the region have relied on their rich oil and gas resources and conventional power to meet energy needs but in the last few years, countries like Morocco, Oman, UAE and Saudi Arabia have initiated renewable energy projects, including solar projects.

"The regional governments need to walk the talk and establish clear rules and regulations for solar power," said Browning Rockwell, president of the Emirates Solar Industry Association (ESIA), an industry body with 70 firms as members including BP Solar, Siemens and Masdar.

"You need incentives such as attractive tariffs, power purchase agreements and more coordination with industry organisations," he said in comments published by Reuters.

Solar projects with capacity of some 500 megawatts (MW) are underway in Morocco and about 100-200 MW in Oman. The UAE has some 12 MW projects completed and a further 250 MW being developed at the Shams 1 and Nour 1 projects.

The UAE plans to generate seven percent of its power needs from renewable energy sources by 2020.

ESIA is also working with the UAE government on producing a white paper on policy recommendations aimed at fuelling the growth of solar power in the country.