

# Solar energy a hot topic

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A CSP plant is being built at Masdar City near Abu Dhabi.

**Currently there are more than 70 solar companies operating in the UAE,” said Enviromena Power Systems CEO Sami Khoreibi. “The UAE has all the elements for developing a successful solar power industry,” said Karel De Winter from Alsa Solar Systems.**

However, participants agreed that certain key steps need to be taken to kick-start this industry, namely: introducing regulation and frameworks, establishing the necessary government body to organise the industry and offering incentives for the private sector to partake in the development of the industry.

The successful breakfast meeting attracted close to a 100 attendees. It was held at the Yas Island Rotana in Abu Dhabi in early January and moderated by Jon Nash from Vinson & Elkins. The panel also comprised Masdar Power director Frank Wouters and Petroleum Institute of Abu Dhabi associate professor Dr Lisa Lamont.

The meeting noted that, while Abu Dhabi has set the objective of generating 7% of its energy needs from renewables by 2020, other emirates are yet to come up with similar objectives. The 7% target translates into 1,500MW of solar energy. Of this amount, 500MW is earmarked for Abu Dhabi’s vaunted roof-top programme, which aims at installing solar panels on rooftops to generate clean electricity. However, with no clear direction in this regard from the government, the only development that has taken place is a 2MW pilot project. “Without the governmental

strategy, it will be impossible to realise the full potential of solar energy in the UAE,” said Vahid Fotuhi from Solar BP.

In addition to plans on sourcing a sizeable chunk of its electricity needs from renewables in the form of solar power, Abu Dhabi plans to become a regional renewables hub. Steps taken in this regard include setting up the Masdar Initiative and hosting the International Renewable Energy Agency.

These were seen as important, bold steps in the right direction. Yet these steps have resulted in the development of just 12MW of solar power (Abu Dhabi’s total current capacity is 10,000MW), in addition to the 100MW Shams 1 project currently under development.

Even with such projects under way, the absence of an appropriate framework (such as the feed-in tariff system in Europe) would hamper the development of the solar power sector in the UAE. Although projects such as Shams 1 were developed without any framework, such framework would enable further development of the solar power sector in the emirate.

On the subject of subsidies, participants agreed that the current subsidy for conventional energy is one of the main factors impeding the growth of the renewable energy industry in the UAE. “When factoring in the cost of the subsidy, one would realise that PV solar power is already on par with conventional energy,” said Browning Rockwell from Sunedison. “The subsidy distorts the true cost of energy at the end of the day.”

Rockwell agreed that concentrated solar power (CSP), another type of solar power which uses the heat from the sun to generate electricity, is still more expensive than photovoltaic (PV) solar power, which uses sunlight to generate electricity. However, the solar power industry is undergoing constant development, and hence it is only a matter of time before the cost of electricity generated with CSP will be equal to that of conventional power.

The advantages for developing a solar power industry are compelling. The cost of solar power has been decreasing steadily owing to developments in technology and supply-demand factors, with solar cell production capacity projected to increase by 39% to 23.8GW in 2011. As a result, the average selling price of solar panels is expected to drop by 15%. With the price of oil increasing again in the wake of the financial crisis, each barrel of oil saved due to solar power, which would have been burnt at subsidised prices, can be sold on the market at non-subsidised prices.

“Given the UAE’s early start in the sector, it must retain its position in developing this industry,” said Soudki Atassi from ACWA Power.