

Saudi Arabia Renewable Energy - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Saudi Arabia Renewable Energy Market size is estimated at 8.33 gigawatt in 2024, and is expected to reach 23.74 gigawatt by 2029, growing at a CAGR of 23.30% during the forecast period (2024-2029).

Over the medium term, factors such as favorable government policies for the renewable energy sector are expected to drive the market.

On the other hand, as electricity demand proliferates, Saudi Arabia is likely to upgrade its energy production capabilities. As the country phases out older and more polluting diesel-fired generators, natural gas provides the perfect alternative for power generation. Due to this, as a part of Vision 2030, natural gas is expected to account for nearly 50% of the primary energy mix. Hence, the rising consumption of natural gas is expected to be a major factor restraining the growth of the country's renewable energy market.

Nevertheless, Saudi Arabia does not have a domestic power generation company with expertise in the renewable energy sector, but it has 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.

Saudi Arabia Renewable Energy Market Trends

Solar Energy to Dominate the Market

Saudi Arabia is naturally endowed with renewable energy sources, particularly solar energy. The country lies in the middle of the "sun belt" and receives an average of 8.9 hr/day of sunshine and an average horizontal solar radiation of 5,600 Wh/m². The solar irradiation in the country is 250 w/m², which is above the average irradiation of high-potential solar areas globally of 100-200 w/m². The country's capital, Riyadh, has an average of 3,230 sunshine hours yearly, which is the condition of the entire landscape. This creates a massive potential for solar power generation.?

Under Vision 2030, more than 35 solar and wind energy farms are expected to be developed in the country by 2030. The Renewable Energy Project Development Office (REPDO) within the Ministry of Energy, established in 2017, is responsible for delivering on the goals of the National Renewable Energy Program (NREP) in line with Vision 2030.

The government of Saudi Arabia is actively working to scale renewable energy projects, where solar energy technology installation is expected to lead. The NREP plans to develop 40 GW of solar energy by 2030 out of 58.7 GW of renewable energy projects by 2030. Solar energy generation has witnessed an increasing trend in recent years. According to the International Renewable Energy Agency (IRENA), the country's solar energy installed capacity stood at 2,285 MW in 2023, about threefold higher than the previous year.

The country has been actively developing its renewable energy capacity with many large-scale solar projects. For instance, in February 2024, The Saudi Power Procurement Company (SPPC) disclosed the qualified bidders for the fifth round of 3.7 GW solar projects under the National Renewable Energy Programme (NREP) in Saudi Arabia, including various significant renewables developers. Further, the SPPC announced that EDF Renouvelables, Masdar, Itochu Corporation, Total Energies Renewables, and Saudi Electricity Company were among the companies that won the bid.

Hence, based on the factors mentioned above, the solar energy segment is expected to dominate the renewable energy market in Saudi Arabia during the forecast period.

Supportive Government Policies and Incentives Driving the Adoption of Renewable Energy

To revitalize and diversify the economy and reduce overreliance on fossil fuel exports, the country's government has decided to invest heavily in its Vision 2030, launched in 2016. Vision 2030 is a comprehensive strategic transformation roadmap consisting of financial, social, and environmental targets set by the Saudi government to invest and develop various nascent sectors, such as tourism and renewable energy, sustainably to improve the financial situation and the quality of life of the average Saudi citizen.

Following its Vision 2030, the country has created several government-led schemes and plans to achieve its ambitious targets. It aims to reduce centralized control over different industrial sectors by encouraging private investments and fostering open competition in the market.

To achieve this target, the country plans to install nearly 58.7 GW of renewable energy capacity by 2030. The sector is being developed as per the Kingdom's ambitious National Renewable Energy Programme (NREP), developed by the Renewable Energy Project Development Office (REPDO), the clean energy arm of the Saudi Ministry of Energy, Industry, and Mineral Resources. REPDO would be responsible for realizing this ambitious target and overseeing the development of 30% of this target through competitive tendering. In comparison, the remaining 70% will be developed by the Saudi Government's Public Investment Fund (PIF) through direct negotiation with developers.

According to the International Renewable Energy Agency (IRENA), Saudi Arabia had a total renewable energy installed capacity of 2689 MW in 2023, about a threefold increase from the previous year.

Such instances provide ample evidence that the Saudi government is working together at an institutional level to encourage the adoption of renewable sources and attract foreign investments in the domestic renewable energy market. The helpful government policies and economic incentives are expected to be one of the most significant factors driving the market during the forecast period.

Saudi Arabia Renewable Energy Industry Overview

The Saudi Arabian renewable energy market is moderately fragmented in nature. Some of the major players in the market (in no particular order) include ACWA Power, Alfanar

Group, Abu Dhabi Future Energy Company (Masdar), Electricite de France SA, and Engie SA, among others.

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Contents

1 INTRODUCTION

- 1.1 Scope of the Study
- 1.2 Market Definition
- 1.3 Study Assumptions

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET OVERVIEW

- 4.1 Introduction
- 4.2 Renewable Energy Mix, 2023
- 4.3 Renewable Energy Installed Capacity and Forecast in GW, till 2029
- 4.4 Recent Trends and Developments
- 4.5 Government Policies and Regulations
- 4.6 Market Dynamics
 - 4.6.1 Market Drivers
 - 4.6.1.1 Supportive Government Policies and Incentives
 - 4.6.1.2 Rising Demand for Water and Renewable-Powered Desalination
 - 4.6.2 Market Restraints
 - 4.6.2.1 Rising Natural Gas Consumption for Power Generation
- 4.7 Supply Chain Analysis
- 4.8 PESTLE Analysis

5 MARKET SEGMENTATION

- 5.1 By Type
 - 5.1.1 Solar
 - 5.1.2 Wind
 - 5.1.3 Other Types (Hydro, Biomass, etc.)

6 COMPETITIVE LANDSCAPE

- 6.1 Mergers and Acquisitions, Joint Ventures, Collaborations, and Agreements
- 6.2 Strategies Adopted by Leading Players

6.3 Company Profiles

6.3.1 ACWA Power

6.3.2 Alfanar Energy

6.3.3 Abu Dhabi Future Energy Company (Masdar)

6.3.4 Electricite de France SA

6.3.5 Engie SA

6.3.6 Enel SpA

6.3.7 Vestas Wind Systems A/S

6.3.8 EDF Renewables

6.3.9 ABU DHABI FUTURE ENERGY COMPANY PJSC

6.3.10 Nesma Holding Co. Ltd

6.4 Market Ranking/Share Analysis

7 MARKET OPPORTUNITIES AND FUTURE TRENDS

7.1 Development of Hybrid Renewable Energy Systems

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