

Power & Water



ACWA Power Projects allowed the RGBB to kick off its 2007 season of Special Briefings with a truly groundbreaking presentation. The event was sponsored by Saudi Hollandi Bank and we were honoured by a large delegation from the bank's senior management team. Sir Sherard Cowper-Coles has championed our Special Briefing programme since its inception in 2005. It was, sadly for the RGBB, the last time that Sir Sherard, as HM Ambassador to the Kingdom, will introduce our speaker for us. In his true and inimitable style, he made light of his imminent departure for his new Ambassadorship in Afghanistan. Instead he regaled the audience with an entertaining anecdote of the friendship enjoyed between the early representatives of Saudi Hollandi Bank in the Kingdom and the British diplomatic mission in Jeddah in the first half of the last century.

The topics of power and water in the Kingdom are, of course, huge with massive ramifications. Our speaker for the evening, the British engineer, Paddy Padmanathan, structured his presentation with great clarity in "bite-sized chunks" for the benefit of the wide range of interests represented by our membership. He started by explaining the demand dynamics for water and power in the Kingdom. The Kingdom's youthful population is projected to grow from 24 million (2003 figure) to 40 million in 2024. In this 20 year breathing-space, the Kingdom needs to double power from 30,000 MW to 60,000 MW and to increase water supply from 6 million cubic metres a day to 10 million cubic metres a day. Essentially the Kingdom needs to replicate 100% of all existing installed capacity in operation today in order to achieve these targets.

The audience was then introduced to the concept of the Independent Power Projects (IPP), Independent Water Projects and the more complex combined Independent Water and Power Projects (IWPP). The key message in this part of the talk was the commitment of the Kingdom to privatise the development of these key resources. Where previously there had been state monopolies in place – SEC and SWCC – we can now see a new regulator, the Electricity Regulating Authority (ECRA) alongside new legislation in the shape of the Water Sector Reform

Bill. In order to address consequential environmental issues, the Presidency for Meteorology and the Environment is also being strengthened. The Supreme Economic Council has now passed legislation establishing a framework for participation by the private sector. An initial group of four projects have now been approved on a build, own and operate basis. For the time being SWCC and SEC will build and maintain the transmission infrastructure.

In the third part of his presentation Paddy Padmanathan introduced the audience to the sheer scale of these projects:

Shoibah – 110km south of Jeddah ...	\$2.5bn
Rabigh – Rabigh City	\$1.3bn
Shuqaiq – 105 km south of Abha	\$1.9bn
Marafiq - Jubail	\$3.3bn

A further ten projects are in hand for 2007 and beyond. Running in parallel with these projects, wide ranges of opportunities also exist in power transmission and distribution, water and wastewater network management and wastewater treatment.

The conclusion of the Special Briefing focused on the specific opportunities offered to British exporters consequent to the development of water and power resources in the Kingdom. The doubling of water and power demand over the next 15 years, along with replacement work, is likely to equate to capital expenditure of USD 70 billion. Projects come in all sizes, but USD 1 billion is typical of any one bulk project. There are specific opportunities for consulting engineers, contractors, developers, environmental scientists, equipment suppliers, financial institutions, lawyers, and, last but not least, owners and operators. So far British suppliers are only involved in one project. Going forward. And in terms of the supply of goods and services there is no reason why, say, 20% - some USD 20 billion – should not be captured as UK exports over the next 15 years.

The evening concluded with a very active question and answer session followed by members making the most of the opportunity for one-to-one discussions with the speaker. There seems little doubt that business from British exporters will result from this evening and the RGBB is most appreciative of the efforts made by Paddy Padmanathan and ACWA Power Projects to bring these opportunities to the attention of our members.



Special Briefing

by Nigel Astbury