

# Uncertainty in Green Energy

## MIDDLE EAST

Laurent Longuet, CEO of SirajPower, shares his views about the impact of COVID-19 on the solar energy sector in the region and discusses how the UAE has been quick to respond to mitigate its effects

**C** COVID-19 and its far-reaching social and economic effects will prove to be an unprecedented challenge

on the region's renewable energy sector. Analysts from S&P Global Ratings predicted in March that they believe the impact of the COVID-19 pandemic has likely pushed the world economy into recession, dragging full-year GDP global growth down to just 1-1.5%.

The pandemic will cause different challenges in different sectors; however, it will have a limited effect on the solar energy sector under production, says a senior official at SirajPower, a turnkey solar energy solutions provider in the UAE.

Laurent Longuet, CEO of SirajPower, tells Big Project ME that there is already a regulatory framework encouraging the rapid development of solar energy in the UAE, especially in Dubai. "We are fortunate to live in a country governed by visionary leaders who have not waited for a crisis to erupt to encourage the development of solar energy," he says.

Solar energy systems mostly run on their own with limited need for human resources, at least for some time. However, the renewable energy sectors are as exposed to the ongoing disruptions caused by COVID-19 as any other sector in the market.

"To date, the government has taken mature decisions to mitigate the impact of COVID-19 and support





#### Mature decisions

Longuet has praised the UAE's mature decisions to mitigate the impact of COVID-19 and support the economy.

## 48% Projected declines of US solar photovoltaic installations



the economy, which is being achieved in a controlled manner. Meanwhile, market maturity and coordinated actions from the government and the business community have proved essential in keeping industries and residents optimistic," says Longuet.

This is a new time for resilience, and the UAE has demonstrated its capacity to overcome challenges like it has done in the past, he notes.

While the impact of COVID-19 on the Middle East solar market is still ambiguous in terms of exact figures, Morgan Stanley's clean technology analysts have projected declines of 48%, 28% and 17% in US solar photovoltaic installations in the second, third and fourth quarters of 2020, respectively.

"Although the solar energy sector will be challenged in the next few months, we believe that it is the most abundant and cost-effective source of energy, and will eventually get out of the crisis reinforced. Governments and private companies will be further encouraged to find the most competitive source of energy, and by far solar is the cheapest way to produce electricity in the region," notes Longuet.

He insists that globally, all economic actors will try to be more resilient towards similar situations and that they will be encouraged to find local or regional solutions to secure their main supplies wherever possible.

On procurements and supply chain, he comments that they have not observed any significant disruption in the supply of raw materials and components.

"The UAE Government has taken positive actions to keep the logistics sector active even during this challenging environment. Once the crisis is behind us, most private companies regardless of location, will face similar challenges and will aim at coping with the impact."

"Commercial and industrial businesses will look into reducing their operating costs and limiting their cash expenses. This will allow them to resume their business and brave the financial crisis ahead. In this scenario, given the global market conditions, solar energy enables them the opportunity to get cheap electricity."



## “Market maturity and coordinated actions from the government and the business community have proved essential in keeping industries and residents optimistic”

"Therefore, the anticipation is that private sector players will further look at innovative models such as the leasing scheme; something which we already offer in the market and has proved successful. In such a context, the leasing model will also be helpful when it comes to easing energy expenses. This will allow private companies to reduce their electricity bill in a significant manner without any upfront investment."

"This is a model we have been promoting for many years, and we strongly believe that it will contribute in mitigating the economic impact of the crisis on our clients

and other companies embracing renewable energy," Longuet adds.

Official reports said that the planned public opening of commercial tariffs for the 1.5 GW Al Dhafra photovoltaic solar IPP project was postponed from its expected date. Furthermore, analysts are suggesting that many projects will be held-up or shelved in the coming months as authorities look for ways to contain the pandemic.

Longuet continues: "With the start of a new decade, 2020 was supposed to be a big year for climate action and renewable energy. With the current global challenge, we are seeing serious growing calls to shift to a green economy. COVID-19 may have shaken the world and its priorities, but sustainability will continue to dominate debates."

"We are fortunate to live in a country like the UAE, where sustainability has always been at the forefront of the national agenda and its economic diversification objective. The country has set many ambitious goals and achieved many significant milestones. It has even started planning the next 50 years and has placed sustainability as the core of its new strategy. Hence, we are in good hands, and we are confident that we have good days ahead of us," he concludes.