

## NOW OR NEVER TO ENTER IN THE RENEWABLE ENERGY MARKET IN SAUDI ARABIA

### UNIQUE CHARACTERS / FERNANDO HERRERÍAS

Sunshine Middle East, founded by an alumni from IESE, works as an intermediary between European energy companies and the Saudi market, which is beginning to deploy a renewable plan. By **Andrea Pelayo**

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Seize a business opportunity passes by not being late. So Fernando Herrerías, founder of the consultancy firm Sunshine Middle East, encourages the European energy related companies not to delay their entry into the promising renewable market of Saudi Arabia. "We want to be the bridge between the companies with a lot of knowledge in the renewable field and a country that has decided to invest \$109 billion until 2032 in this sector" says Herrerías.

This electrical engineer trained in the United States and later in the IESE Business School is convinced that the work of decades from Spanish and European companies in panels, structures and construction of solar plants has ranked them as world leaders. "The Saudis are looking for the leading companies in building turnkey, engineering, technology or technical audit" advancing the possibility of creating joint ventures with local companies thirsts for know-how.



Although the Saudi commitment to renewable energies is recent; during the last years have developed several plants, the largest with 10 MW; Herrerías argues that the time is now, "You can't wait until everything is done or clear to get in the country because you will arrive late: my advice is to take your time but set foot in the market to be ready."

The opportunity seems clear in a country whose population grows at a rate of 3% per year and energy consumption at 6 or 7 %. "Today they burn three million barrels of oil for internal use of the nine extracted" Herrerías explains about a country with temperatures around 50°C during several months of the year where desalinate water is a need, with the consequent energy waste.

"Saudi Arabia currently has a power production capacity of 55 GW but they estimate that by 2020 they will need to almost double it" said Herrerías. In 2032, the Kingdom wants to produce 41 GW of renewable power, including PV and Concentrating Solar Power. In the words of the engineer "They have a great solar resource and so much land available to develop these technologies in a fast way."

Sunshine Middle East, established in 2013, wants to help with this important step. On one hand, they can make the access easier to a market with high entry barriers. "You need an invitation from a local company to go even as a tourist" says Herrerías, who has surrounded himself well with a recognized local partner, the Al-Hadyad Law Firm. "Renewables have a lot to do with the legal frame and the specifications of each country," justifies Herrerías about the choice of his partner. "Furthermore, it is the only firm that has a Spaniard as partner, which also helps for communication issues."

Herrerías is convinced of the importance of knowing the Saudi way of negotiation. "The Occidental World is moved by closures and quarterly results but this market does not have that pressure nor the rush: business are conducted in the medium to long term and the key is trust." Therefore Herrerías insists in going ahead of competitors and laying the foundation of relationships. "At the beginning we didn't thought about it but the Saudis are already asking for companies capable to provide resources and experience in engineering and construction of electrical substations and power lines so it can be a good way to get in now," he ensures.

The engineer who saw a market niche now wants to extend the opportunity to other companies. "Saudi Arabia is a country that offers the perfect conditions for legal and financial security, with a clear commitment from the government and are able to recognize the value and pay for it," he summarizes. What else can you ask for?