

SAAD SOLAR PV 300 MW

INVESTMENT OPPORTUNITY SCORECARD

ENERGY AND WATER

SEPTEMBER 2020



ENERGY & WATER

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High Potential

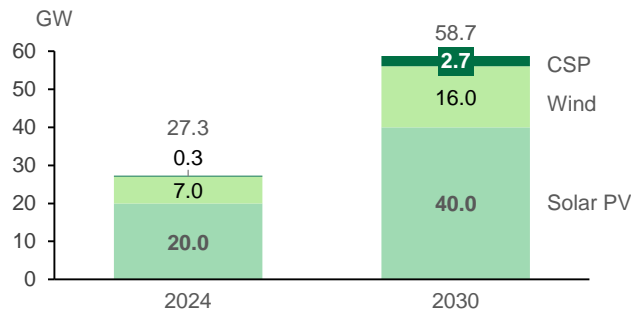
Moderate Potential

Low Potential

OPPORTUNITY DESCRIPTION: Development of a Solar PV 300MW project in Saad as part of the REPDO Round 3 as an Independent Power Producer (IPP).

DEMAND

MARKET SIZE, GW



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 300 Mn
- Investment model: Build, Own, Operate (BOO)
- Opportunity to be part of a greenfield project with a PPA of 25 years
- Location: Saad, Riyadh Region

VALUE PROPOSITION

- Located in the middle of the “sun belt”, KSA is ranked as the 6th country with the highest potential for production of solar energy
- Leverage government support to boost sector opportunities by predevelopment and land site selection and studies
- All projects tendered are 100% IPPs backed by 25-year Power Purchase Agreements (PPA) with the Saudi Power Procurement Company (SPPC) as an off-taker

KEY DEMAND DRIVERS

- The National Renewable Energy Program (NREP) is a strategic initiative under Vision 2030 which seeks to maximize the potential and use of renewable energy with a set target of moving from less than 1% currently to more than 30% of total capacity by 2030
- Need to diversify Saudi Arabia’s energy mix by reducing the country’s dependence on oil and its greenhouse gas emissions and transform towards a more sustainable future
- Growth in residential, commercial and industrial sectors in KSA will increase the demand for power

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- The current market in KSA is ready for increasing its capacity of renewable energy and is working towards its target through a structured and phased approach characterized by three rounds:
 - Round 1: One wind and one solar project (~700 MW) – tendered in 2017
 - Round 2: Six projects in total (~1,470 MW) – tendered in 2019
 - Round 3: Four solar projects (~1,200 MW) – tendered in 2020
- This opportunity is under round 3 and there are 35+ parks to be tendered in next rounds

COMPETITOR ANALYSIS

- Total of 83 applications received in round 3, of which a total of 49 companies have been pre-qualified for lead roles, including 28 local Saudi companies

GLOBAL TRENDS

- Governments and companies around the world have committed to adding ~826GW of new non-hydro renewable power capacity by 2030
- Solar added more new capacity worldwide 625GW, during the decade than any other power generation source
- Better technology and increasing manufacturing volumes have driven down the price of solar electricity even cheaper than gas and coal in many cases



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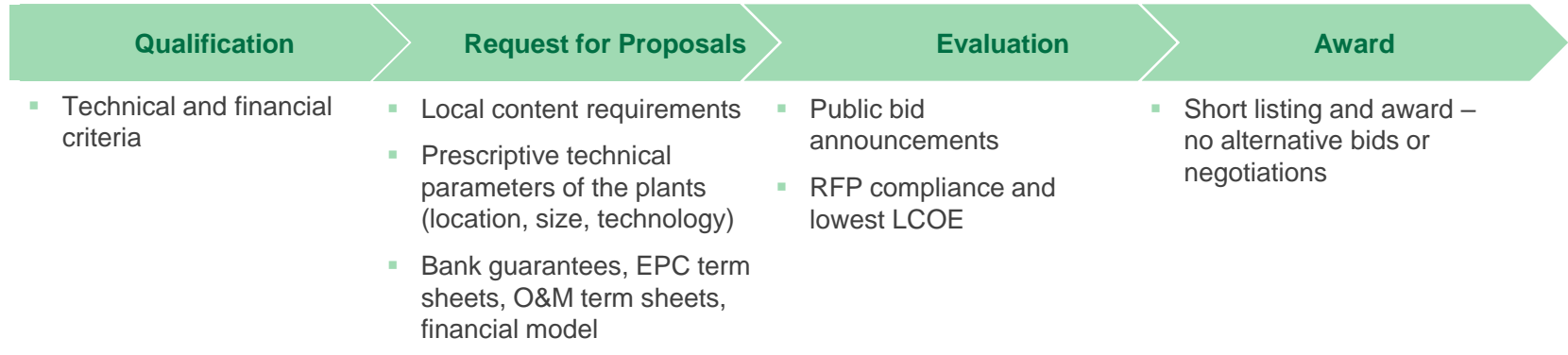
SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- In line with Vision 2030 and NREP, key stakeholders are focused on localizing a significant portion of the renewable energy value chain in Saudi Arabia, including R&D, manufacturing, among other stages
- Land availability and deployment of renewable energy projects through three rounds and clear selection process
- Tendering processing is seamless
- Current local procurement requirement – 16-18% and to increase in future rounds
- Predevelopment of sites and land selection with stakeholders approval resulting in success stories
- Scalability – KSA’s geographical location and favorable trade agreements with other Arab countries – opportunities include serving the MENA region with estimated market size projected to reach ~80GW by 2030

TENDERING PROCESS



KEY STAKEHOLDERS

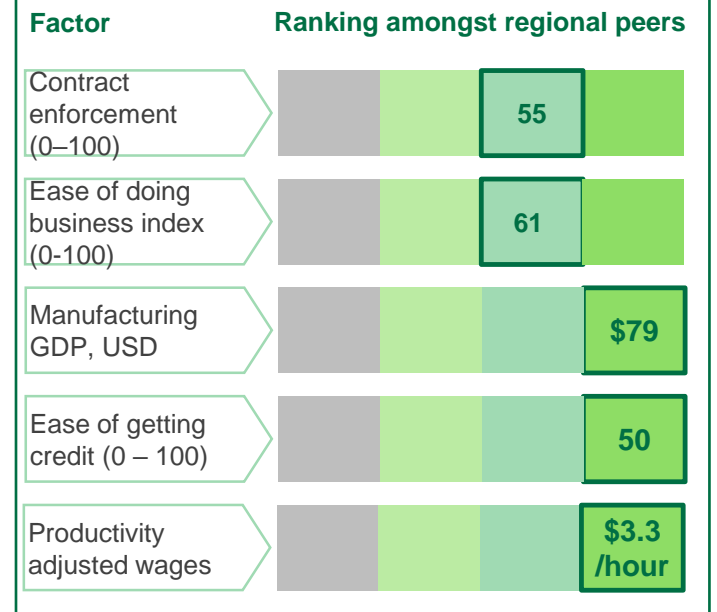


ENABLING FACTORS

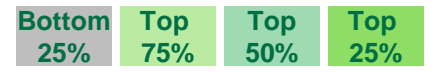
ENABLERS

- Custom duty drawback & exemption
- Up to 75% of project financing through soft loan by Saudi Investment Development Fund
- Land for lease starting from \$ 0.26 per sqm
- Human Resources Development Fund covers (15% for males, 20% for females) monthly salaries of Saudi employees
- 100% foreign direct ownership allowed

COST OF DOING BUSINESS IN KSA



*RFP: Request for Proposal, EPC: Engineering Procurement Construction, LCOE: Levelized Cost of Energy, O&M: Operation and Maintenance



DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Demand drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region

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