

Industrial Energy Audit Company

INVESTMENT OPPORTUNITY SCORECARD

ENERGY & WATER

November 2020

ENERGY & WATER Industrial Energy Audit Company

Public / متاح

High Potential

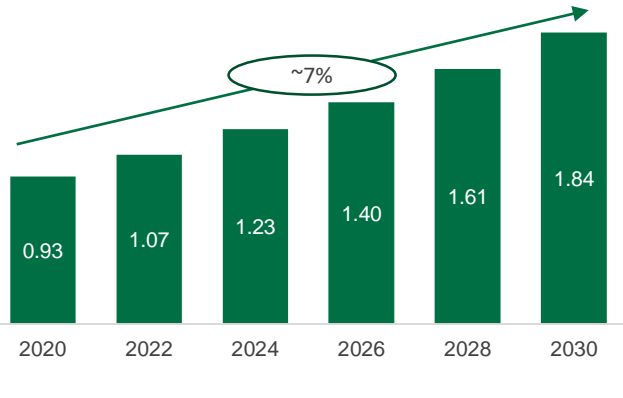
Moderate Potential

Low Potential

OPPORTUNITY'S DESCRIPTION: Establishing an Industrial Energy Audit Company to help reducing energy consumption for the industrial facilities

DEMAND

KSA MARKET SIZE, USD MN



INVESTMENT HIGHLIGHTS

- Expected investment size of USD 550 K
- Opportunity to consider different operating models – pure private sector model or joint venture with local player
- Expected IRR 6% - 10%

INVESTMENT OVERVIEW

VALUE PROPOSITION

- KSA ranks 11th worldwide for annual electricity production and has third rank for production per capita among the top 20 energy producers
- Industrial sector energy consumption is 15% of the total consumption; Petrochemicals, steel, and cement represent 85% of total industrial energy consumption
- Government has established dedicated entities aimed at developing the Saudi Energy Efficiency sector: Saudi Energy Efficiency Center, ESCO Committee
- SEEC has developed an energy efficiency framework for industrial plants and has been implementing it over three phases

KEY DEMAND DRIVERS

- Electricity consumption for MENA and GCC countries is expected to grow rapidly owing to growing industrialization and rising populations
- The increasing cost of electricity across commercial and industrial buildings in KSA will lead to higher demand for Energy Efficiency solutions
- The creation of SIDF Energy Efficiency Program will require industrial manufacturers to increase their energy efficiency and reduce their energy cost in order to utilize SIDF financing

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- There has been a significant increase in Energy Efficiency market in the last three years

COMPETITOR ANALYSIS



GLOBAL TRENDS

- Global industrial energy efficiency services market is estimated to reach USD 10 Bn by the end of 2020
- Auditing/consulting services for industrial energy efficiency is expected to reach USD 4.51 Bn by end of 2020 at a CAGR of 7.04%
- Global market for energy efficiency investments reached USD 250 Bn in 2019 across the buildings, transport and industry sectors
- Overall, China remains the largest market for Energy Efficiency investment and a major determinant of global trends

ENABLING FACTORS

Saudi Energy Efficiency Center (SEEC)

- A Unique Entity Responsible For The Energy Efficiency created by the KSA government to:
 - Raise awareness across public and private sector to adopt Energy Efficiency solutions
 - Design and provide mechanisms to address the public buildings energy efficiency (e.g. TARSHID initiative)
 - Provide regulatory framework and licensing; evaluation criteria for certification
 - Develop human capital (e.g. certifications and trainings)
 - Set measurement and verification plans to assess Energy Efficiency results

ENABLERS

- Regulations and standards are being developed by Saudi Government to provide clear guidelines on Energy Efficiency programs
- SIDF to offer longer tenure loans with an extended grace period of upto 24 months



COST OF DOING BUSINESS IN KSA

Factor	Ranking Amongst Regional Peers
Electricity tariffs for industrial players	\$48 /MWh
Productivity adjusted wages	\$3.3 /hour
Logistics Performance Index (1 – 5)	3.2
Customs Clearance Index (1 – 5)	2.7
Ease of getting credit (0 – 100)	50

KEY STAKEHOLDERS



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

CONNECT WITH US FOR MORE DETAILS:
Energy&Water@misa.gov.sa

investsaudi.sa



@investsaudi

**INVEST
SAUDI** 

The logo icon consists of a stylized green tree with three horizontal branches, positioned above a green 'X' shape.