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Gulf energy sector in line for $250bn investment by 2018

The GCC energy industry is forecast to attract $250 billion of investment over the next five years, according to a study by research specialists Global Business Reports.

The report entitled 'Power UAE' evaluated the expected developments in the energy sector and the potential gains from investment over the next 20 years.

With both Abu Dhabi and Dubai experiencing rapid population and output growth, the need for improvements in energy sources has become increasingly important, the report found. Electricity usage in the UAE is forecast to grow annually at around 10 percent, it said.

Whilst the focus of the report is on UAE energy, it is anticipated that all GCC members will be influenced by the forecast investment.

"The GGCIA's (Gulf Co-operation Council Interconnection Authority) ambition is to bridge all of the different regulatory regimes and create a commercial basis for making and trading power. In addition, there could be the potential for exporting power outside the GCC," Kenneth McKellar, the Middle Eastern energy and resources leader at Deloitte, told GBR.

The report also discusses the need for diversification in the energy sector, with the adoption of more nuclear and solar power sources likely directions.

The first Abu Dhabi nuclear reactor is expected to be in operation by 2017 and could provide up to 25 percent of the electricity capacity in the UAE, according to the study. Solar power is targeted at supplying around 5 percent of power to Dubai and Abu Dhabi respectively by 2030.