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Saudi Arabia, for example, will be investing more than USD 35 billion in power generation and transmission in the region over the next ten years in an effort to make up the shortfall."

The Middle East continues to be a uniquely interesting region in terms of energy supply. With the need for electricity varying widely on a seasonal basis, with enormous demand for air conditioning in the summer and major variations over the daily 24-hour cycle, new generation power projects need to be both highly efficient and flexible to cater for the large fluctuations in load. Advanced technology is the key.

"Traditionally, rich oil-producing countries in the Middle East have been less concerned about the cost of power generation," says Ahmad. "Natural gas is preferred but we live in an environment where there is uncertainty about supply. In the past, many electricity utilities have been subsidized, but there are increasing pressures to remove subsidies and move to tariffs which are more market-based. Consequently, many countries are now beginning to focus on energy efficiency in connection with electricity production, and aiming to reduce the costs of power generation."

OPENING UP NEW MARKETS

As markets become more aware of generation costs and carbon footprints, and concerned about their ability to fulfil demand, Wärtsilä is shifting towards a more proactive focus on utility companies. The company's range of highly efficient power plants with their built-in operational flexibility puts it in a strong position. One example is Pakistan. Having sold 760 MW of power plants in the country over the last two years, new markets are opening up as people become more receptive to Wärtsilä products and services.

"I'm bullish about prospects in the GCC states," says Ahmad. "I think that Wärtsilä's future in the power sector will be good and that this will also pull up the services side. We also see activity at high levels in the oil and gas sector. With our strong service footprint in the Middle East, we're well prepared to offer our new customers high-quality 24/7 service support – another strong differentiator for Wärtsilä."

FLEXIBILITY IS KEY IN THE MIDDLE EAST

As the global financial recession continues into 2010, investment in the utility sector in the Middle East market is on the rise despite the international economic slowdown. Add increased operational flexibility and efficient power generation into the equation and there is cause for more optimism about the future.

"LIKE MUCH OF THE WORLD during this recession, the market in the Gulf Cooperation Council (GCC) region has been through difficult times," says **Nomi Ahmad**, Wärtsilä Power Plants' Regional Director, Middle East.

With industrial expansion in the region in sharp decline throughout 2009, the situation looks similar for 2010. One aspect of the downturn is that sectors such as cement and steel production have been hit particularly hard by reduced demand because of a slowdown in construction activities. A decline in commodity

prices is one result of the oversupply of products. But there does seem to be reason for guarded optimism.

INVESTMENT IN POWER GENERATION

"As there is a general shortage of power generation facilities in the Middle East, investments in utilities and IPPs (independent power producers) are on the increase, and that seems to have caught many policy planners off guard," says Ahmad. "And investment in the power sector is showing signs of increasing.