Kingdom of Saudi Arabia (KSA)

EIC Country Report

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Executive summary

The energy sector in the Kingdom of Saudi Arabia (KSA) is a mix of conventional resources and transformation efforts, maintaining its status as a global leader in oil and gas. The oil and gas sector remains active and is expected to be crucial to the economy. KSA is among the top oil producers and exporters globally, holding the second-largest proven crude oil reserves after Venezuela. Its substantial oil reserves position the country as a key player in the international oil market. Consequently, the upstream sector is projected to have the highest estimated total investment value within the oil and gas sector. Some of the newly discovered fields include the Al-Katuf Gas Field, Al-Jahaq Gas Field, and the Al-Farouq Unconventional Oil & Gas Field. Saudi Aramco, which leads in daily oil production among oil-producing companies, aims to increase its gas production by 50% by 2030. Its largest gas field, the Jafurah Field, is projected to reach a production capacity of 2 billion cubic feet per day (Bcf/d) by 2030.

KSA continues to rely on conventional power as a key component of its energy mix. As part of Saudi Vision 2030, the King Salman Renewable Energy Initiative was launched in 2016, outlining several objectives aimed at diversifying the economy and energy sources, and reducing dependence on the oil and gas. A major goal is to achieve 120 GW of power generation capacity by 2030, drawing from a variety of sources, including thermal power plants using natural gas and oil, as well as onshore wind and solar energy. The renewable sector ranks third in terms of estimated investment value, after the

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Email: neil.golding@the-eic.com

upstream and downstream sectors, reflecting high confidence in investment towards Saudi Vision 2030. The country is increasingly focusing on the renewable energy sector through the National Renewable Energy Programme (NREP), in line with its goal of raising the renewable power share to 50% by 2030. The latest round of NREP, Round 6, is dedicated to developing solar and wind plants with a total capacity of 4.5 GW.

In addition to the renewable energy sector, investments are being directed towards nuclear projects, clean hydrogen initiatives and development of carbon capture projects. These efforts position KSA as a key player in the global energy transition. The establishment of King Abdullah City for Atomic and Renewable Energy (KA-CARE) in 2010 to promote the use of renewable energy as an alternative to oil and to serve as the authoritative organisation for nuclear energy treaties. The country also founded the Saudi Nuclear Energy Holding Company (SNEHC) to engage in nuclear projects at both domestic and international levels. Collaborating countries include the USA, Russia, South Korea, France, and China. KSA currently has two proposed nuclear power plants, the 2.8 GW KA-CARE Nuclear Plant, which will feature two reactors, and the SMART Project, which received standard design approval from South Korea's Nuclear Safety and Security Commission (NSSC) in September 2024.

On the clean hydrogen front, KSA aims to produce 2.9 million tonnes per annum (mtpa) of clean hydrogen by 2030, increasing this target to 4 mtpa by 2035. Saudi Aramco is set to produce 2 mtpa of blue hydrogen, which will be used to generate 11 mtpa of blue ammonia by 2030. Among these initiatives is the NEOM green hydrogen facility, which plans to produce 650 tonnes of green hydrogen per day and 1.2 mtpa of green ammonia. KSA has formed collaborations with several nations, including Germany, France, South Korea, Japan, and India, to further advance its clean hydrogen initiatives. In tandem with its hydrogen ambitions, KSA is also placing strong emphasis on carbon capture as a key element to future-proof its world-leading oil and gas sector. With one of the largest planned carbon capture and storage hubs in the world located in Jubail Industrial City, KSA is demonstrating its commitment to deploying CCS technology as a key component of its strategy. This initiative, along with the country's pledge to build no new power stations without CCS abatement and targeting the capture of 44 mtpa of carbon by 2035, underscores its focus on carbon capture as part of its 2060 net zero goal.

This report takes an in-depth look at each sector in KSA, offering a detailed analysis of market trends and opportunities within the country's energy sector. It highlights the potential growth areas and challenges faced by different sectors, enabling informed decision-making for businesses and investors involved in the region's energy initiatives.

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