

## 1. Electricity Market

The Electricity Market Project is a national project to provide electrical energy efficiently and effectively at more competitive prices in the country; It helps promote the export of electrical energy to Gulf, Arab and regional borders, which will contribute to the added value of the electricity sector in the country's gross product, as it works to diversify the sources of income in the national economy.

Electricity and water companies and authorities in the country are linked to each other through the Emirates National Electricity Network, which allows them to benefit from the spinning reserve among themselves and raise the level of reliability of electrical networks, as well as export electrical energy through bilateral contracts between them. The UAE is also linked with the Electricity Interconnection Authority Gulf Cooperation Council through the existing electrical connection with the Abu Dhabi Transmission and Control Company (TRANSCO).

The electricity market will allow these companies to support each other's requirements through a transparent market mechanism that will allow for the evolution of an optimum price for different electricity related products, like day ahead energy, balancing energy or ancillary services. The total electricity production capacity of the electricity and water authorities in the country for the year 2019 is about 33,042 megawatts. The proposed market will contribute to providing commercial opportunities for the sale and purchase of electric energy as a traded commodity and within a legislative competitive framework that achieves the desired economic benefits from the market.

This phase of the project is the cornerstone to start a simple but well-functioning electricity market in UAE that is expected to evolve into further market products allowing for the evolution of an efficient electricity sector in UAE capable of meeting national sustainability targets in a cost effective manner.

### **The main objectives of the electricity market**

1. Raising the efficiency of electricity production by using the best available resources for its production.
2. Creating a competitive environment between the electricity production and water desalination companies in the country and the transport companies and ensuring a fair financial return on investments.
3. Opening the field for private sector investments in electricity by allowing them to participate in the market.
4. Reducing the costs of establishing new stations or expanding the network because of the presence of the market.
5. Raising the capacity of producing electricity from renewable and clean energy resources.
6. Increasing the reliability of the electricity networks in the country.

**The market is one of the priority strategic projects that are in line with the visions of the sustainable state, including:**

The National Energy Strategy 2050, launched by the Ministry of Energy and Infrastructure in 2017, is the first unified energy strategy in the country, which aims to reach clean energy by 50% of the future energy mix and raise consumption efficiency by 40% in various consumption sectors. Therefore, the market is one of the important economic paths emanating from the strategy, which contributes to raising the economies of the sector and creating new job opportunities.

The state's announcement of the UAE's strategic initiative for climate neutrality in 2021 by - 2050, and the state's announcement of a "road map for hydrogen production to support carbon neutrality" at the COP26 Climate Change Summit in Glasgow, where the energy market aligns with the new global trend towards energy transformation and reducing the carbon footprint. As it is expected that the efficiency of production in the market will contribute to reducing costs and carbon emissions until 2030 and benefit from clean technology to achieve sustainable development.

Preparing for the fifties within the fiftieth plan for the energy sector, as the market project is one of the important economic tracks for the energy sector's contribution to economic diversification and the consolidation of the UAE's global position in the energy sector within the fiftieth plan.

## **2- Inter-utility agreements for the joint development of the energy and water sector in the United Arab Emirates:**

The Ministry of Energy and Infrastructure has signed an agreement of the parties for the joint development of the energy and water sector in the United Arab Emirates and the start of developing a road map for the Emirates energy market with the aim of providing it efficiently and at competitive prices and consolidating the position of the Emirates in the field, raising the level of integration and efficiency in the sector and increasing the competitiveness of the UAE, and consolidating its position As one of the countries that attract investment in this vital sector, which represents a major supporter of the national economy.

The agreement of the parties for the electricity market has been concluded between the Ministry of Energy and Infrastructure and all local companies and authorities participating in efforts to establish a system for market governance and the basic principles on which the market should be based, namely: the Abu Dhabi Department of Energy, the Emirates Water and Electricity Company, the Abu Dhabi Transmission and Control Company, and the Authority Dubai Electricity and Water, the Dubai Supreme Council of Energy, the Sharjah Electricity, Water and

Gas Authority, and the Union Water and Electricity Company, where all concerned parties signed and agreed to start the first phase of developing the roadmap for the market and how to design it.