

SMEs are Changing the Renewables Landscape

February 2017 | Andrea Haupt, COO Phanes Group



SMEs are going to dominate the renewables space, especially in emerging markets, such as the GCC, with the private sector playing a key role in driving adoption.

UAE SMEs Driving Adoption and Growth of the Renewables Sector

The UAE's cleantech industry is today buzzing with several start-ups and medium sized firms investing huge amounts of time and resources to identify better, more efficient and sustainable ways to store power, bridge efficiency gaps in solar technology and potentially uncover further technology breakthroughs. The potential in clean technology is so sizeable that the World Bank estimates the opportunity for small and medium-sized enterprises (SMEs) at \$1.6tr in developing countries alone. Middle East economies have taken to solar and wind projects in particular. For instance, Dubai aims to generate 15 per cent of its power from renewable energy sources by 2030, including solar. In the long run, governments cannot realize such targets alone, so there is a dire need for more private participation. Small businesses in the solar energy sector are key to helping the UAE meet its clean energy targets, but they need more support to meet their full potential.

The number of SMEs in the renewables sector is increasing, and this growth is being facilitated by the licensing and procurement process becoming more streamlined, as opposed to when we started out. Even as a business opportunity, SMEs can choose to upskill talent in specializations in the various aspects of renewables to grow and incubate the UAE brain pool. Companies that are looking to invest in the space often have to meet strict construction and energy performance standards to be able to participate, and specialized agencies can now help close that gap. Renewables present significant opportunities in implementation and maintenance phases including calculating and securing investment cost, operational and maintenance costs, analyzing and helping organizations subscribe to technical specifications and fulfil quality control procedures.

Local Talent Development to Support Growth of Renewables as a Promising Career Path

When we first started, we were in a completely alien landscape, with a lack of homegrown talent with the necessary skills in renewables. This means that we have had to source experts from the world over to grow our business, since it is a sizable investment to hire a graduate and train them internally. In a market where demand is skyrocketing, we need people that are able to join us and hit the ground running.

The education sector is slowly responding to this new reality, with undergraduate courses offered by the University of Sharjah in sustainable and renewable energy engineering. Such grassroots education is crucial for the success of renewables and for the UAE to meet its clean energy targets.

Private Sector Innovation Will Help Diversify the Renewables Sector

SMEs can essentially participate in the entire clean technologies value chain, especially in small equipment manufacturing activities, installation, retail and maintenance. And there is always the opportunity for SMEs to emerge as a third party renewable energy provider through energy sales to the grid just like any other.

At the current levels of excitement and interest, future investors will be more comfortable with investing in solar. This will help narrow the gap with those who might bemoan the unfair transfer of costs to the utilities and non-solar customers. Companies like Phanes Group are opening alternative models of funding for organizations to be able to install renewable energy equipment more easily. Besides the photovoltaic equipment, supporting products can range from anything from inverters, batteries, micro-controllers, chargers to cable connectors and also demand flexible technologies. Much of this equipment will need routine maintenance and service to run efficiently, which in turn generates another stream of jobs. A steady support network will bring solar to a wider pool of businesses of all shapes and sizes who are looking to green their operations.

Emerging Markets Will Deliver In-Market Social Benefits for MENA SMEs

With renewables becoming increasingly competitive, various financial institutions have initiated credit facilities for green energy investments. Africa presents yet another opportunity for SMEs based in the GCC to move beyond borders and be able to set up green-field infrastructure and to channel international funding and unleash unique social benefits. The beauty of SMEs is their innate nature which uniquely primes them to deliver productivity, maintain quality, and deliver within remarkable timeframes as compared to large scale utility companies. As renewable energy scales up, there will be more possibilities for SMEs in enabling organizations to select the type of energy that suits their interests best, and whether or not to produce it themselves. Over the past decade, clean technology has become a major global industry. Developing countries are driving innovation and development of climate and clean-tech markets. Most of the sizable investments in clean technology are moving from developed markets into developing countries, for example Morocco's US\$13 billion plan to increase its share of renewables in less than a decade.