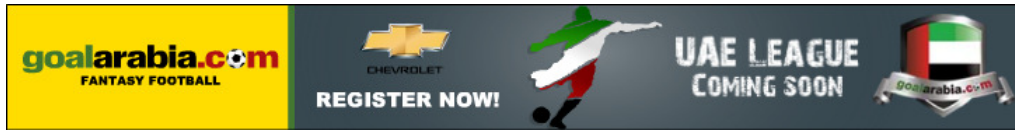


The National



Running on low power up north

Hugh Naylor

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For much of Sharjah, this summer has been an ordeal of power outages. Intermittent blackouts idled many businesses and left residents sweltering in heat and darkness.

But in the northern Emirates, the unstable electricity supply has long been a source of frustration. There, the issue is not one of blackouts but of an estimated 1,000 buildings not receiving access to the power grid.

Ajman, Fujairah, Ras al Khaimah and Umm al Qaiwain, collectively known as the northern Emirates, have over the past few years decried a lack of access to the Federal Electricity and Water Authority (Fewa) grid.



A new building in Ajman stands dark and empty last night because of electricity shortages. **Stephen Lock / The National**

It is an issue that Fewa's general manager, Mohammad Saleh, has partly attributed to their own lack of planning; not a single development plan in the rapidly growing region, he said, had been handed over to the federal authority to help it plan for future needs.



Fewa's general manager Mohammad Saleh. **Stephen Lock / The National**

But on a deeper level, analysts and officials also attribute the problem to a paradox involving cheap electricity.

Government-mandated prices are subsidised well below the market rate – in some cases, according to Fewa rates, 10 times lower – helping to fuel the breakneck pace of residential and industrial development.

Yet, analysts say, the lower-than-market electricity rates have helped to choke off investment in power plants, leaving newly constructed buildings without electricity indefinitely.

Indeed, the short-term energy prospects for the northern Emirates may be continue to be grim, says Douglas Caskie, associate director of IPA Energy + Water Economics, an international consulting firm.

"In the short term, the lights stay off," he said. "Either people are going to have to self-generate, or I don't see how the gap is going to be met."



For hundreds of business and residential complexes, the alternative has been expensive generators that consume large amounts of fuel at high cost and pollute surroundings with noise and exhaust.

That leaves officials with a stark choice, says Mr Caskie: consumers bear the full cost of electricity or the Government subsidises it. The latter "is the most inefficient in any energy economy, but some places choose to do it for political reasons, like this place."

The question, he added, is whether the subsidies the Government pays are adequate.

"It's not a question I have the answer to, but I suspect if the lights are off in Sharjah or the Northern Emirates, then we have an answer."

It is this choice that leads Mr Saleh of Fewa to believe that a "review" of the government-mandated electricity subsidies would be useful.

"It's not a matter of building the plants; it's about operating them," he said.

"It's the cost of the fuel, and it makes no economic sense. It will increase the burden on Fewa."

Yet, the situation has also led analysts and officials, such as Mr Saleh, to question the quality of inter-emirate planning and coordination.

On one level, says Mohammed al Zaabi, director general of Ras al Khaimah Municipality, such cooperation has been more than forthcoming.

"Whenever we plan an area for local development, let's say a local housing programme or federal housing programmes, we do

have to give detailed plans to Fewa, because they give water and electricity supplies.”

Such housing programmes, hospitals and government facilities, he said, had been adequately supplied with power.

But when it comes to the emirate’s big residential developments, exactly who is in charge of co-ordinating is somewhat murky.

For one thing, Saraya Development Group recently stopped selling units in its Dh5 billion (US\$1.4bn) residential development in Ras al Khaimah, in part because of inadequate electricity supplies.

Such large developments, which would house thousands and consume massive amounts of energy, are essentially left to fend for themselves in their co-ordination with Fewa, Mr al Zaabi says.

“They develop their own plans, but not necessarily with the municipality. They apply direct to Fewa.

“If they don’t have power supply from the Federal Government, they have their own plan.”

Even so, some argue that Fewa owns a disproportionately large share of the blame for the lack of electricity at large developments.

For proposed projects to break ground, developers must first submit their projects to Fewa to receive a letter of no objection.

“I don’t want to blame them for this, but if they approve it, they should provide electricity,” said Ahmed Yousef, the assistant general director for technical affairs at the Ajman Municipality and Planning Department.

Every project in Ajman, he added, had “received approval for every single building from Fewa. We did not give a single permit unless it was approved by Fewa.”

Mr Saleh does not deny approving such projects but points out that nowhere in Fewa’s no-objection letters was there a guarantee to supply electricity. “We stamp it, then he’s eligible to get power, but we don’t set a date. When power’s available, you are eligible to get power.”

But that is dubious reasoning, according to Rashed al Shariqi, a member of the Federal National Council who is from Ras al Khaimah. For one thing, he said, when developers seek letters of no objection from Fewa for a proposed project, there is an implicit understanding that electricity will be supplied within a reasonable time.

“When you enter Fewa for electricity and ask for a stamp of approval, you’re looking for approval for the design, whether it’s compatible, but also to know when you’ll get the electricity supply,” he said.

“If they don’t do it like this, then they have a problem with their system and they should fix it.”

It is at the systemic level – particularly in the gas market, which fuels most plants in the UAE – where problems exist, said Robert Bryniak, the chief executive of Golden Sands Management Consulting.

“What happens in the Gulf area is that countries tend to allocate gas, as opposed to letting the market determine where the gas should be used,” he said.

“So because they make more money exporting it, they try to minimise the domestic allocation of gas. There’s not enough gas allocation, so you can’t get enough gas plants up.

“That’s what’s caused problems in places like Umm al Qaiwain, where they had to cancel Al Salam City.”

That may require changes on the national level, Mr Bryniak said.

“If Dubai has a surplus, for example, it can supply the northern Emirates, pretty much like what you have in the US between some of the states.”

“Ideally, one utility for the UAE; combine the whole system. You can still have local management, but have the generation side under one umbrella.”

hnaylor@thenational.ae

Additional reporting by Anna Zacharias

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