

## United arab emirates energy storage policy

ICLG - Renewable Energy Laws and Regulations - United Arab Emirates Chapter covers common issues in renewable energy laws and regulations - including the renewable energy market, sale of renewable energy and financial incentives, consents and permits, and storage.

The United Arab Emirates (the “UAE”) was established in 1971 as a federation of emirates. There are seven emirates, each with its own Ruler: Abu Dhabi; Ajman; Dubai; Fujairah, Ras Al Khaimah (“RAK”) (which joined the federation in 1972); Sharjah; and Umm Al Quwain.

The UAE has both federal level and emirate level laws and regulations that govern its renewable energy regime. It has developed policies as part of its strategy to diversify its economy away from oil and gas.

There is no “global” definition of “renewable energy” in the UAE; however, in relation to distributed renewable energy production, it is defined as: “Energy produced from natural resources and renewed at a rate that exceeds its consumption” (article 1, UAE Federal Decree-Law No. 17 of 2022 Regulating the Connection of Distributed Renewable Energy Production Units to the Electricity Grid (the “Federal Distributed Energy Law”)).

The main governmental participants in the renewable energy sector in the UAE are typically the same entities that participate in the conventional electricity generation, transmission and distribution sectors.

The Ministry of Energy and Infrastructure is responsible for establishing policies for, among other things, the electricity sector in the UAE and compliance with such policies. However, the Ministry of Energy and Infrastructure has limited influence in directing policy and implementing projects in Abu Dhabi and Dubai and primarily focuses on addressing the growing electricity demand in the Northern Emirates. The Ministry of Energy and Infrastructure works together with Etihad WEC to implement the Federal Government’s electricity policy in the Northern Emirates.

Etihad WEC was established pursuant to Federal Decree Law No. 31 of 2020 concerning Etihad Water and Electricity Company, which converted the Federal Electricity and Water Authority into a public shareholding company under the name “Etihad Water and Electricity Company”, wholly owned by the Emirates Investment Authority (“EIA”) (and such ownership may not be reduced below 51%). The EIA may, subject to the approval of the Council of Ministers, offer part of Etihad EWC’s shares for public subscription or private placement.

Etihad WEC has an autonomous juristic personality and full legal capacity to conduct its activity and achieve its objectives and is managed “on a commercial and investment basis”, replacing the Federal

Electricity and Water Authority in all the legislation and related competencies, including the provision of electricity and water services in the areas where it operates, including the free zones. The powers of Etihad WEC include:

The main participants in the renewable energy sector in Abu Dhabi are the Abu Dhabi Department of Energy (&ldquo;Abu Dhabi DOE&rdquo;), the Emirates Water and Electricity Company (&ldquo;EWEC&rdquo;) and the Abu Dhabi Power Corporation (&ldquo;AD Power&rdquo;), as well as private sector participants.

Abu Dhabi DOE was established in 2018 pursuant to Law No. 11 of 2018 (the &ldquo;DOE Law&rdquo;) to control and supervise participants in the energy sector. In the same year, Law No. 20 of 2018 (the &ldquo;EWEC Law&rdquo;) established the EWEC as the provider of water and electricity. Abu Dhabi&rsquo;s electricity was thus restructured in 2018, such that:

Abu Dhabi DOE is the entity responsible for granting generation and production licences; its role includes the organisation of the energy sector in all aspects through the development of policies, standards, regulations, decisions and executive and operational circulars to control, supervise and license the energy sector. The &ldquo;energy sector&rdquo; is defined broadly under the DOE Law to include the generation, storage, transportation, distribution, supply, sale and purchase of electricity of all kinds (including clean, renewable and traditional).

AD Power is a government corporation owned by Abu Dhabi Development Holding Company, a government-owned company mandated to own, oversee and operate development-related state-owned enterprises in a number of sectors, including utilities. AD Power was established, among other things, to invest in projects and establish subsidiaries.

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