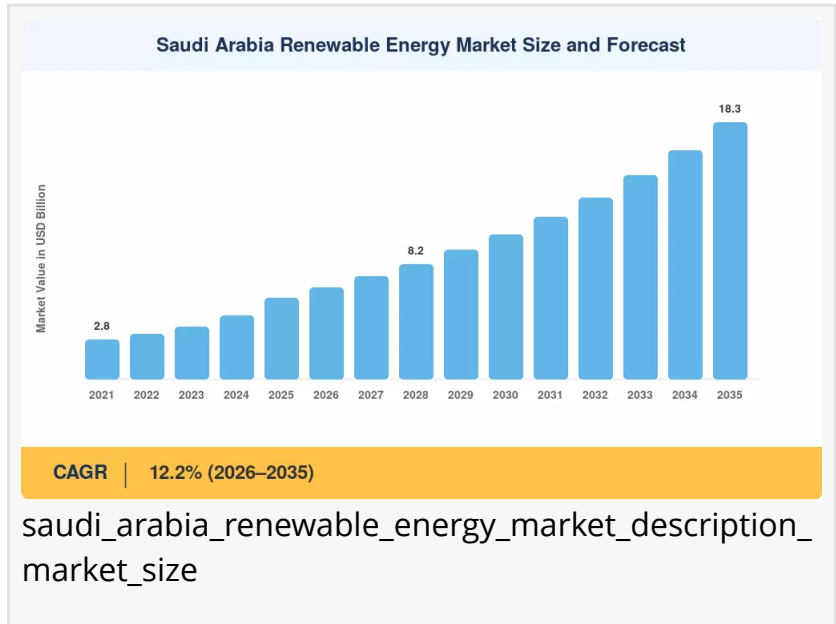


Saudi Arabia Renewable Energy Market to Reach USD 18.30 Billion by 2035, Driven by Vision & Massive Project Pipeline

Concentrated Solar Power (CSP) is forecast to grow at 13.9% CAGR through 2035, supported by molten-salt storage integration.

NEW YORK, NY, UNITED STATES, August 31, 2026 /EINPresswire.com/ -- The [Saudi Arabia Renewable Energy Market](#) reached an estimated USD 5.80 billion in 2025 and is projected to grow from USD 6.51 billion in 2026 to USD 18.30 billion by 2035, registering a CAGR of 12.2% during 2026–2035. This extraordinary expansion is anchored in the Kingdom's Vision 2030, which aims to source 50% of its power from renewable sources . With a project pipeline exceeding 33 GW and annual tenders targeting 20 GW of new capacity , Saudi Arabia is transitioning from an oil-dependent economy to a global leader in solar, wind, and [green hydrogen](#) production.



“

The commercial and industrial (C&I) segment is growing at a 15.1% CAGR as private-sector power purchase agreements (PPAs) gain regulatory clarity.”

Anshula Mandaokar

Market Overview

The Saudi Arabia renewable energy market encompasses the development, deployment, and operation of clean energy sources including solar photovoltaic (PV), wind, and emerging technologies like green hydrogen. Driven by the National Renewable Energy Program (NREP), the market is experiencing a historic transformation as the Kingdom seeks to diversify its energy mix, reduce domestic oil consumption, and achieve net-zero emissions by 2060 .

The market is experiencing explosive growth driven by several key factors. Vision 2030 provides the overarching policy framework, targeting 50% renewable electricity by 2030 and creating a stable, long-term demand signal for investors . The Kingdom has deliberately laid robust

foundations, including a USD 100 million National Energy Efficiency Program, to de-risk clean energy investments . This foundation is now yielding results, with the Kingdom deploying solar energy at a faster rate than any country in history .

Industry trends indicate a decisive transformation from a fossil-fuel-dominated grid to one increasingly powered by renewables. While natural gas accounts for roughly 62% of electricity generation and oil approximately 38%, renewables are growing rapidly from a low base . Renewable energy made up 12% of total electricity production in 2025, a significant increase from less than 1% just a few years prior . In 2025, the Kingdom connected 12.3 GW of renewable energy projects to the national grid, more than doubling its renewable energy capacity from the previous year .

Technological developments are reshaping the market landscape. Saudi Arabia is deploying 1,200 "meteorological masts" (weather stations) to develop a national database of wind and solar patterns covering 850,000 km², building confidence in expected generation and de-risking new projects . Energy storage is emerging as a critical enabler, with the Kingdom launching 30 GWh of battery storage projects, including 8 GWh already connected to the grid . The country is also exploring its vast geothermal potential along the Red Sea coast and investing in green hydrogen production at NEOM and the planned Yanbu Green Hydrogen Hub .

Policy and regulatory influence continues to shape market dynamics. The government is requiring certain companies to source a portion of their power from renewables in new projects, creating a structural shift in how energy is planned and consumed . The Liquid Fuel Displacement Program aims to replace heavy fuel oil and diesel with cleaner electricity . The Saudi Power Procurement Company (SPPC) serves as the offtaker for NREP projects, providing revenue certainty . Government incentives and favorable conditions are encouraging more companies to participate in the sector .

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Market Segmentation

By Type

Solar: Dominates the renewable mix at approximately 87% of installed capacity . Key projects include the 2.6 GW Al-Shuaibah solar plant, the 1.1 GW Al Henakiyah (1) Solar PV Plant , and the 300 MW Sakaka PV IPP, which marked the Kingdom's entry into utility-scale solar .

Wind: The fastest-growing segment, with major projects including the 400 MW Dumat Al-Jandal wind farm, the 500 MW Wadi Al Shamal Wind Farm , and the 3 GW PIF5 wind power projects, currently the world's largest onshore wind development under construction .

Others: Includes green hydrogen, geothermal, and nuclear energy research. The NEOM green hydrogen project is a flagship example of the Kingdom's renewable export strategy .

By End Use

Commercial and Industrial: Represents the largest and fastest-growing segment, driven by regulatory mandates requiring new industrial cities and projects to source power from renewables . Oil and gas companies, in particular, are adopting off-grid solar for remote operations .

Residential: Growing but faces barriers including high perceived installation costs and cheap existing energy prices .

Utility: Dominant segment for grid-scale projects procured through the NREP and Power Purchase Agreements (PPAs) with SPPC .

By Technology

Utility-Scale Solar PV: Largest segment, characterized by competitive tariffs. The Al Henakiyah plant achieved a tariff of 1.6842 cents per kWh, demonstrating global competitiveness .

Utility-Scale Wind: Rapidly growing with record-low tariffs. The Al-Ghat project achieved 1.56558 cents per kWh .

Distributed Generation (Behind-the-Meter): Includes [solar rooftop](#) and off-grid systems, with growing demand from commercial and industrial users, particularly in remote locations .

Battery Energy Storage Systems (BESS): Essential for grid stability; the Kingdom is developing a 5.5 GW / 22 GWh pipeline .

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Regional Analysis

Saudi Arabia's National Grid: The market is heavily concentrated in regions with high solar irradiance (central and western provinces) and strong wind resources (northern and eastern provinces).

Northern Region: Home to the Dumat Al-Jandal wind farm (400 MW) and the Wadi Al Shamal Wind Farm (500 MW) . The region benefits from strong wind resources. The 3 GW PIF5 wind projects are also in development . The Wa'ad Alshamal project, at 500 MW, is part of the NREP Round 4 .

Central Region: Hub for solar PV development, including the Al Henakiyah Solar PV Plant (1.1 GW) near Madinah . The Round 5 projects include solar parks in Bisha (3 GW), Humaij (3 GW), Afif1 (2 GW), and Afif2 (2 GW) .

Western Region: Focus on the Red Sea coast, where geothermal potential is being explored . This

region also hosts the NEOM mega-project, which integrates renewables and green hydrogen production .

Off-Grid and Remote Areas: Significant demand for off-grid solar and battery storage for oil and gas production sites, telecom towers, and remote industrial facilities . Solar Arabia reports that oil and gas accounts for 90% of its portfolio, mostly off-grid systems .

Competitive Landscape / Key Players

The Saudi Arabia renewable energy market is competitive, featuring a mix of international developers, local conglomerates, and specialized EPCI contractors. Key players are focusing on large-scale solar, wind, and hydrogen initiatives.

ACWA Power: A prominent Saudi developer driving large-scale solar, wind, and water desalination projects. A key partner in the PIF5 projects and many other NREP initiatives .

JinkoSolar Holding Co. Ltd.: One of the largest and most innovative solar module manufacturers globally, active in the Saudi market .

EDF RE Group: A global renewable energy developer and a key player in the Dumat Al-Jandal wind project .

Engie SA: A multinational utility with a strong presence in renewable energy and a focus on transitioning to cleaner sources .

Solar Arabia: A local manufacturer and EPCI contractor holding over 65% market share in the solar PV EPCI segment, particularly strong in the oil and gas sector. Expanding into local lithium battery production .

Other notable players include Alfamar Group, Masdar, Mowah Company, and SEPCO III, which completed the 500 MW Wadi Al Shamal wind farm .

Latest Industry News & Developments

Al Henakiyah Solar Plant (August 2026): The 1.1 GW Al Henakiyah (1) Solar PV Plant, operational since summer 2025, is powering approximately 190,000 homes annually, demonstrating the competitiveness of solar at a tariff of 1.6842 cents per kWh .

PIF5 Wind Projects (June 2026): Goldwind began delivering wind turbine components for the 3 GW PIF5 wind power projects, the world's largest onshore wind development. The project is expected to generate 11.3 billion kWh annually .

Financing for 15 GW Projects (December 2025): ACWA Power, Badeel, and SAPCO closed financing for seven large-scale renewable energy projects totaling 15 GW, with an \$8.2 billion investment. The portfolio includes five solar plants and two wind projects across Asir, Madinah,

Makkah, and Riyadh provinces .

Record-Low Wind Tariffs (May 2026): The Al-Ghat (600 MW) and Wa'ad Alshamal (500 MW) wind projects set global record-low tariffs at 1.56558 cents/kWh and 1.70187 cents/kWh, respectively .

KACST Emphasizes Clean Energy (October 2025): The President of KACST reaffirmed Saudi Arabia's commitment to net-zero emissions by 2060 and highlighted investments in deep technologies, including carbon capture, large-scale battery storage, and green hydrogen .

Market Challenges & Opportunities

Key Restraints

Social and Political Risks: Cheap energy prices are entrenched in societal expectations, making the transition to cost-reflective renewable tariffs a potential challenge .

High Perceived Installation Costs: The upfront capital investment required for renewable energy systems remains a barrier, particularly for residential and small commercial customers .

Technological and Financial Barriers: Large-scale deployment of enabling technologies, such as energy storage and green hydrogen, requires huge financial investments .

Grid Integration Complexity: Operating a robust electricity grid safely and reliably with high renewable penetration adds a layer of complexity .

Emerging Opportunities

Green Hydrogen Export: Saudi Arabia is preparing to become a global leader in green hydrogen, with the NEOM and Yanbu hubs creating new export markets for renewable energy .

Local Manufacturing and Supply Chain: Building domestic manufacturing capacity for solar panels, wind turbines, and batteries is a key opportunity, as demonstrated by Goldwind's local tower facility and Solar Arabia's battery plant expansion .

Energy Storage and Grid Flexibility: Large-scale battery storage is a critical enabler, with a national target of reaching 48 GWh of storage capacity by 2030 .

Decarbonizing Data Centers and AI: The Kingdom's ambition to become a major player in AI data centers will require significant renewable energy to decarbonize digital infrastructure .

Future Potential

Electrification Supercycle: The rapid electrification of transport and industry will drive further demand for renewable energy capacity .

Platform Economics and Large-Scale Tenders: The NREP's rolling tenders create a predictable pipeline of opportunities, allowing developers to achieve economies of scale and drive down costs .

ESG Reporting and Circular Economy: The Kingdom's commitment to net-zero and the Circular Carbon Economy framework will drive further investment in carbon capture, utilization, and storage (CCUS) and other sustainable technologies .

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Final Market Summary

The Saudi Arabia Renewable Energy Market is positioned for exceptional growth, with projections indicating expansion from USD 6.51 billion in 2026 to USD 18.30 billion by 2035, registering a 12.2% CAGR. Market dynamics are driven by the Kingdom's Vision 2030, the National Renewable Energy Program, and a massive project pipeline that includes some of the world's largest and most cost-competitive solar and wind projects. The shift from a fossil-fuel-dominated grid to a diversified mix with 50% renewable energy is transforming the energy landscape.

Saudi Arabia's deliberate approach of laying solid foundations—including de-risking investments, establishing robust regulatory frameworks, and developing a comprehensive data network—is now paying off with the fastest deployment of solar energy in history. The Kingdom is balancing its role as a global energy leader with a clear path toward decarbonization, leveraging its resources to become a leader in green hydrogen and clean energy technologies. While challenges related to cost perception, grid integration, and the need for continued investment in storage persist, the long-term industry outlook remains exceptionally robust. The decade ahead promises a structural expansion cycle, positioning the Saudi Arabia renewable energy market as a foundational pillar of the global energy transition.

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