ENOC Ramps up its Offerings to Dubai

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Energy efficiency is a global buzz word and for good reason. As the world's energy resources are depleting by rapidly rising populations, rationalizing their usage is imperative.

The deregulation of fuel prices in the UAE from August 1, 2015 not only placed the UAE on a more sustainable and environmentally-friendly pathway, but it enabled ENOC to ramp up the group's investments in Dubai's energy and social infrastructure - both are equally important. The 9 billion UAE Dirhams ($2.45bn) a year in savings generated for the UAE by the fuel deregulation gives momentum to the country's goals of continually enhancing energy and social infrastructure in Dubai, including health and education projects.

We will build on our strong strategy of delivering high quality international standard products and world-class customer service by investing in important infrastructure that enables key sectors such as aviation and tourism that are contributing to Dubai's GDP," ENOC's Group Chief Executive Officer HE Saif Al Falasi said.

ENOC is planning to expand its service station network with a further 54 service stations by 2020 to meet the needs of its customers across Dubai and widening Dubai's downstream sector with a 70,000 barrels a day (b/d) expansion of the 140,000 b/d Jebel Ali condensate refinery by 2020 and a 19km jet fuel pipeline to Al Maktoum International Airport in Dubai South. ENOC is also on the lookout for acquisitions that will enhance Dubai's energy infrastructure, following the company's acquisition of Dragon Oil last year.

We have been trying to accelerate and grow with the handbrake on. When the deregulation was introduced, we had a 180 degree shift almost overnight and changed the game completely.

The UAE government's decision to take the plunge and introduce subsidy cuts last year was a globally-applauded move. True energy prices encourage communities and industries to rationalize the use of energy resources and subsequently, resources are used more wisely.

With oil prices below $40 per barrel (bl) since late 2015, Gulf countries have faced varying amounts of pressure on how to manage their energy resources in an environmentally-friendly and cost-efficient manner. The International Monetary Fund (IMF) says subsidy cuts are one of the most critical steps forward – the UAE is ahead of the curve, yet again. Even when oil prices rise and fuel prices increase, smarter social policies will be in place already to support lower-income families.

Reducing fuel subsidies in the UAE is part of the government's goal to protect the country's natural resources and contribute to the Paris Agreement made last year at the global climate change conference (Cop 21), which limits the increase in global average temperature to below two degrees above pre-industrial levels.

Saudi Arabia and other GCC countries are following the UAE's lead. Riyadh has stepped up fuel and gas prices by some 60% and will increase electricity prices for heavy users in an effort to cut the country's $60 billion subsidy price tag. Bahrain, Oman and Qatar have also introduced price rises of fuel at the pump starting from January 2016. And Kuwait is following its subsidy cuts from January 2015 with more cuts planned for this year. GCC-wide plans to impose value-added-tax (VAT) on goods and services are also being considered. These evolving subsidy reform policies give gasoline providers in the UAE and beyond the opportunity to rationalize spending to pursue longer-term strategic goals and most importantly, reinvest the profits back into bettering local infrastructure.

In Dubai, as the true financial benefits of subsidy cuts emerge over the coming year, ENOC's strategy to spearhead investments into local energy and social infrastructure will continually gain momentum – there are many more chapters of innovation to come. ■