

Daily Energy Markets

Energy Transition

VIEWS YOU CAN USE

Source: Comments made at The 9th Oman Energy ESG Forum



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Next Decade is Window of Opportunity for Oman Green Hydrogen Hub?

Oman is in a unique position because of its complementary profiles of land, available ports, wind and solar, all adjacent to a water resource, the sea. But according to international forecasts, there will be a shift from around 2035-2040, where solar and battery energy storage become the prominent drivers of cost and wind becomes less of an important factor. The opportunity for us to act will be about seven years ahead of that. Thereafter, the market, which is today between 20 competing nations, expands to a circle of 60.

First Mover Advantage?

Hydrogen is by default is a very localized industry. Trying to transform it into something that is regionally transportable is a challenge. That is one of the risks, so if you can present yourself as a regional hub with the right logistics, political stability, and geographic location, then you have an advantage. But there are very few players today who are vertically integrated and able to go it alone. Consortia are the way to go, at least for the nascent market.

Off takers Critical in Certain Economies?

Most of the policies on hydrogen so far have been supply driven, but there are some nations now focusing on the demand side. Oman's play in hydrogen for local use is for the medium to the long term. But in other nations, where energy security has become more prominent, such as western Europe or Japan, hydrogen is becoming a tangible and required solution. At Hydrom, we were mandated to be the focal entity to orchestrate Oman's green hydrogen story, with an auction process and evaluation criteria. Having a firm offtake is one of the key criteria we will use in evaluating bidders. We also structured things in such a way that off takers can come in with small equity, so there's flexibility in our approach.

Risks across multiple areas?

Financial capability, development capability, asset ownership, and maintenance are all risks. Internal policies in other countries also have an impact on the global market. As an example, the Inflation Reduction Act in the US has prompted many technology providers to shift their focus from where the supply was going to be most attractive, such as Oman - to the US, because there are now subsidies which can reach up to \$3 per kilogram.

One million tons of Green Hydrogen in Oman by 2030?

We have identified a target of one million tons of ammonia equivalent by 2030, to send to the global market. We have looked at the economic scale of projects needed and are now delineating the land required, with awards to be made in 2023 and 2024. In totality, we have around 1.8 million metric tons of projects to come to the market by 2030. Realistically, with some of these perhaps failing to achieve financial close, we will secure enough volume to reach the one million tons target. ■



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