

# Behind the Claim: Energy Disputes in the Middle East

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# Energy Disputes Are Growing — But Why?

## Projected Energy Investment in the Middle East (2025–2030)

### 💰 Total Investment Outlook

- According to the **International Energy Agency (IEA)** and **IRENA**, the Middle East is expected to see **over USD 900 billion** in total energy sector investment between 2025 and 2030.
  - This includes both traditional hydrocarbons (oil & gas) and growing renewable segments (solar, hydrogen, wind).
  - IEA's 2024 World Energy Investment report indicates that regional annual energy investment will **remain around USD 150–175 billion/year**, suggesting a **USD 900–1,050 billion** total for 2025–2030.

### ⚡ Breakdown by Sector (estimates)

- **Oil & Gas (upstream and midstream):** ~55–60%
- **Renewables (mainly solar and green hydrogen):** ~20–25%
- **Power grids, storage, and utilities modernisation:** ~10%
- **Others (CCUS, nuclear, etc.):** ~5%

### 😊 Key Drivers

- **Energy diversification and climate commitments** (especially in UAE, KSA, Oman).
- Mega-projects like:
  - **NEOM Green Hydrogen Project (KSA)** – USD 8.4 billion+
  - **UAE's Al Dhafra Solar Plant** – one of the largest in the world
  - **Iraq and Egypt:** pipeline upgrades and power grid expansion

### ⚠️ Challenges

- High geopolitical and financing risk in certain countries.
- Grid and transmission constraints.
- Fluctuating global energy prices impacting upstream oil/gas investment.
- Human Resources.

Dispute volumes rising: energy and construction dominate ICC caseloads

# Energy Disputes Are Growing — But Why?

## Rising Arbitration Cases in Energy Projects

- **ICC Caseload at Historic High:** Notably, disputes from construction and energy projects dominate this growth.
- **LCIA and other forums see more Energy Disputes:** The London Court of International Arbitration (LCIA) has also seen a rising caseload since 2023.
- **Investor-State Disputes Jump:** Energy projects are also driving investment treaty arbitrations. ICSID (the World Bank's arbitration center) have seen yearly jumps of 40% jump - many involved oil, gas, power, or mining projects – reflecting how large energy infrastructure ventures (and the energy transition) are triggering more disputes between investors and states.

# New Pressures in Middle East Energy Projects

- Rush to build renewables creates fast-track risk
- ESG obligations tightening
- SOEs enforcing contracts more aggressively
- Complex EPC/EPCM setups raising ambiguity in risk ownership



This ambitious plan focuses on diversifying the Saudi economy beyond oil...

# It's Not Just the Contract — It's the Execution

- Underestimated site and environmental risks
- Poor interface management between contractors
- Late-stage design changes
- Construction-to-operations handover gaps

# Delay: The Trigger for Most Claims

- Typical causes: late design changes, late procurement, access delays, commissioning blocks, local manpower.
- Disputes often hinge on **critical path** analysis
- Case Example:
  - GCC gas power plant faced 7-month delay from undetected foundation settlement.
  - Cause traced to insufficient geotechnical diligence pre-construction.

# Technical Failures: Hidden Until It's Too Late

## Frequent failures:

- Improper Turbine Alignment → Leads to vibrations, bearing wear, and eventual shutdowns during commissioning.
- Dust Ingress into Inverters or Air Intakes → Especially in PV plants or open turbine designs. Causes overheating and equipment derating.
- Inadequate Grouting of Equipment Foundations → Causes settlement or misalignment of rotating equipment, impacting reliability.
- Cable Damage Due to High Soil Temperatures → De-rated cables not adapted for ambient or buried temperature profiles.
- Corrosion Under Insulation (CUI) → Aggressive saline/humid desert air accelerates degradation in above-ground piping and pressure vessels.
- Flawed Pipe Welding or Hydrotesting → Poor NDT practices or rushed hydrotesting schedules often lead to hidden weld defects or leaks under pressure.
- Reverse Polarity or Phase Rotation in Early Energization → Common in fast-track switchgear commissioning — can destroy sensitive equipment.
- Control System Malfunctions from Software-Interface Gaps → Improper integration of OEM SCADA/PLC systems during interface handovers.

## Case Example:

- Saudi PV plant suffered inverter collapse due to environmental dust ingress.
- Design failed to match real-world ambient risks.

# How to Spot (and Avoid) the Next Dispute

- Carry out robust technical due diligence early
- Factor in real-world environment and operational loads
- Strengthen interface planning and communication
- Forensic readiness isn't just about solving problems — it's about preventing them

## Supporting Research & References (2025–2030 Outlook)

- IEA (2024), World Energy Investment: MENA energy investment projected at ~USD 170B/year through 2030.  
<https://www.iea.org/reports/world-energy-investment-2024>
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<https://www.irena.org/publications/2023/Jun/World-Energy-Transitions-Outlook-2023>
- PwC (2023), Energy & Utilities Report: GCC region will require ~USD 700–900B in total investment by 2030.  
<https://www.pwc.com/m1/en/publications/energy-transition.html>
- World Bank PPI (2023): Private energy deals in MENA doubled from USD 1.4B (2022) to USD 2.9B (2023).  
<https://ppi.worldbank.org/en/snapshots/region/middle-east-and-north-africa>
- NEOM Green Hydrogen Project (2023): Financial close at USD 8.4B.  
<https://www.neom.com/en-us/newsroom/neom-green-hydrogen-project-closes-financing>

# Many thanks.

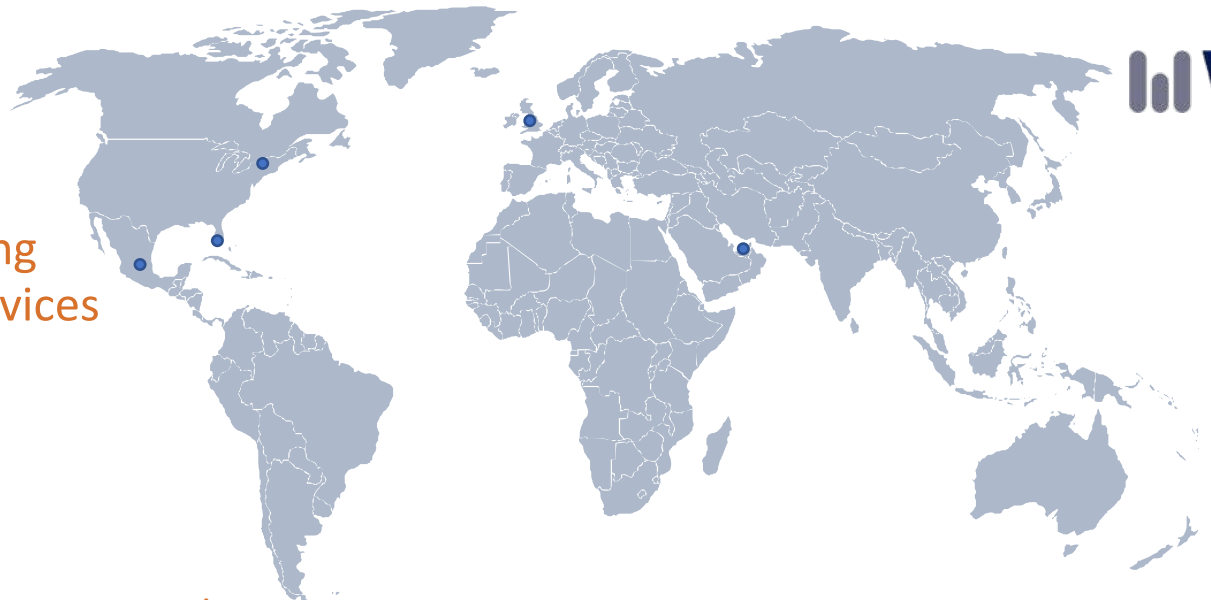


## About DAC Consulting Services

As a leading consultancy, our team of seasoned engineers, project managers and technical experts bring extensive experience in resolving complex energy disputes.

With our specialized knowledge in international project development and dispute resolution, we are dedicated to providing world-class engineering and technical advisory services in the energy sector.

Instruct us to navigate the challenges of energy arbitrations and achieve successful outcomes in the Middle East and Africa.



- ✓ Forensic Engineering
- ✓ Expert Witness Services



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