

# INTERVIEW

## Project Financing for High-Voltage Direct Current Offshore Electricity Transmission Project in Abu Dhabi

Supporting Project Involving Japanese Company Supplying Electricity to Oil and Gas Production Facilities

Interview with FUSE Haruka

Division 2, New Energy and Power Finance Department I, Infrastructure and Environment Finance Group (at that time)



FUSE Haruka

The Japan Bank for International Cooperation (JBIC) signed in September 2022 a loan agreement in project financing (PF) amounting to up to approximately USD1,201 million (JBIC's share) with Abu Dhabi Offshore Power Transmission Company Limited L.L.C., an Emirati incorporated company. The project, which Kyushu Electric Power Company, Incorporated (Kyushu Electric Power) and others invested in, was for a high voltage direct current (HVDC) offshore electricity transmission project in the United Arab Emirates (UAE).

The loan was co-financed with the Export-Import Bank of Korea, Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, BNP Paribas Fortis, and Standard Chartered Bank, bringing the total financing amount to approximately USD3,201 million.

### More Efficient Electricity Transmission Contributing toward GHG Emission Reductions in Abu Dhabi

This project will build, own, and operate a HVDC subsea transmission system that links two offshore production facilities owned by the Abu Dhabi National Oil Company (ADNOC) with the onshore power grid in Abu Dhabi. This is the first HVDC subsea transmission project in the Middle East, and for the Kyushu Electric Power group, it is the first overseas power transmission project.



FUSE says, "The project will help to reduce GHG emissions in Abu Dhabi by supplying power generated more efficiently on the UAE mainland to ADNOC's offshore production facilities instead of power generated offshore. The project is in line with the Net Zero by 2050 Strategic Initiative announced in October 2021 in which the UAE government committed itself to achieving net zero emissions by 2050.

### Project Creates Opportunity to Support Japanese Company and Strengthen Relationship with Abu Dhabi

Kyushu Electric Power contacted JBIC for PF support around April 2020, when the project was put out to tender.

FUSE says: "Kyushu Electric Power was seeking a new type of financing that JBIC had not offered before. At the early stage, further risk analysis and internal arrangements were required in addition to regular due diligence. Initial negotiations with the sponsors over financial conditions sometimes continued through the night.

However, the negotiations stalled around the time I joined the team in July 2021.

JBIC has financed multiple projects in Abu Dhabi and long developed a good relationship with ADNOC through financial support and memorandums of understanding (MOU). The MOU between ADNOC and JBIC was renewed in November 2021 with a focus on decarbonization, energy transition, and energy efficiency, and at that

opportunity, we provided multi-level support in collaboration with the Energy Solutions Finance Department and the Representative Office in Dubai, such as high-level dialogues with the UAE government, relevant institutions, and ADNOC."

### Structuring Financing While Construction Is in Progress

Around the end of 2021, the power purchase agreement between ADNOC and the project company concluded, after which financial discussions began in earnest.

"We had to negotiate the financial documents in a tight schedule with various parties, including ADNOC, Kyushu Electric Power, Korea Electric Power Corporation, and Electricité de France, to align the financing schedule with the construction progress. When the negotiation ran into another difficulty in its final phase over some essential conditions for JBIC, we continued persevering through dialogues, and in the end we managed to reach a consensus in a way that would strengthen our relationship going forward," summarizes FUSE.

### Further Supporting Overseas Deployment of Japan's High-Technology Electricity Transmission System and Businesses

The Japanese government states that in the midst of the global move toward decarbonization, it is important for Japan to improve the international competitiveness of its industry through support for the development and social implementation of decarbonization technologies by Japanese corporations. Also, it has established the policy of providing support for the transition to carbon neutrality and decarbonization through constructive involvement in host countries' policies toward energy transition and decarbonization along with the provision of financial support for quality energy and electricity infrastructure that harnesses sophisticated technologies to reduce the burden on the environment in a way that is compatible with the energy policy of each country.

Looking back on the project, FUSE says: "It was a very valuable experience for me to support such an important project as a member of JBIC. By not only involving a Japanese sponsor but also deploying Japanese companies' highly efficient subsea cables and converters, this project will contribute toward both the overseas deployment of Japan's high-level technology and decarbonization in the UAE. This experience encourages me to continue to support Japanese companies and sustainability initiatives."

As Japan's policy-based financial institution, JBIC will continue to provide financial support to assist Japanese companies in the overseas expansion of their infrastructure businesses toward decarbonization by drawing on its various financial facilities and schemes for structuring projects and by performing its risk-assuming function.

