

INTERVIEW

Project Financing for Natural Gas-Fired Power Generation and Desalination Project in Qatar

Supporting Energy Transition toward Decarbonization

Interview with Deputy Director **SHIRAHAMA Manabu** and Associate **SUZUKI Kota**,
Division 2, New Energy and Power Finance Department I,
Infrastructure and Environment Finance Group (both at the time)



SUZUKI Kota

SHIRAHAMA Manabu

The Japan Bank for International Cooperation (JBIC) signed a loan agreement in January 2026 with RAS ABU FONTAS POWER COMPANY Q.P.S.C., a Qatari company invested in by Sumitomo Corporation; Shikoku Electric Power Company, Incorporated; Korea Southern Power Co., Ltd.; Korea Overseas Infrastructure and Urban Development Corporation; Qatar Electricity and Water Company Q.P.S.C.; and QatarEnergy Oil and Gas (2). JBIC provides project financing (PF) amounting to up to approximately USD990 million (JBIC portion) for the Facility E Natural Gas-Fired Power Generation and Desalination Project in Qatar.

The facility is co-financed with private financial institutions, including Mizuho Bank, Ltd.; Sumitomo Mitsui Banking Corporation; and Sumitomo Mitsui Trust Bank, as well as the Export-Import Bank of Korea, the Korea Development Bank, and KEXIM Global (Singapore) Ltd., bringing the total co-financing amount to approximately USD2,971 million.

Adopting Japanese-Made High-Efficiency Hydrogen Co-Firing Gas Turbines

Qatar, one of the world's leading producers of natural gas, has leveraged its abundant resources to generate electricity from natural gas and produce desalinated water. However, with many plants aging, the Qatari government is replacing them with state-of-the-art, high-efficiency facilities.

This project forms part of the government's strategy. It involves the renewal of an existing power generation and desalination facility located south of Doha, the capital of Qatar, and the construction, ownership, and operation of a high-efficiency natural gas-fired combined cycle power plant with a capacity of approximately 2,400 MW, along with a desalination plant with a capacity of approximately 110 MIGD (around 495,000 tons per day). The electricity and water produced will be sold to Qatar General Electricity and Water Corporation for a period of 25 years.

Deputy Director SHIRAHAMA Manabu explains, "The Qatari government has set a goal of reducing greenhouse gas emissions by 42 million tons from 2019 levels by 2040. In addition to promoting renewable energy generation, it is advancing the adoption of high-efficiency and cost-effective natural gas-fired power generation and desalination facilities. The project incorporates such facilities, featuring hydrogen co-firing gas turbines manufactured by Mitsubishi Heavy Industries, Ltd., along with energy-efficient reverse osmosis desalination facilities. Together, these facilities will provide electricity equivalent to approximately 20% of the country's total transmission capacity and nearly all of Doha's freshwater demand."

"In line with the Japanese government's Infrastructure System Overseas Promotion Strategy 2030, JBIC provides financial support for the global development of infrastructure systems that leverage Japan's strengths, thereby contributing to maintaining and enhancing the international competitiveness of Japanese industry. Furthermore, it is expected to strengthen economic relations with Qatar, an important supplier of liquefied natural gas, and support Japan's energy and economic security."

Advancing Negotiations Aligned with Qatar's Energy Strategy

In autumn 2024, the project was awarded to RAS ABU FONTAS POWER COMPANY Q.P.S.C., invested in by Sumitomo Corporation, Shikoku Electric Power, and others.

"Prior to loan negotiations, JBIC visited Qatar to confirm the government's initiatives toward decarbonization. As decarbonization has become a global challenge, support by public financial

institutions for natural gas-fired power generation is only permissible under limited circumstances and requires careful consideration, despite its relatively lower CO₂ emissions among fossil fuels. Specifically, JBIC needed to confirm that the project was aligned with the Qatari government's energy transition strategy. In Qatar, economic growth has led to increasing demand for both electricity and water, making it an urgent priority to utilize high-efficiency power generation and desalination plants along with introducing renewable energy. Against this backdrop, it was confirmed that the Qatari government views the project, which is expected to cover a large share of Doha's electricity and water demand, as a key milestone toward the country's decarbonization," Deputy Director SHIRAHAMA remarks.

Following these considerations and confirmations, full-scale contract negotiations commenced around February 2025.

Associate SUZUKI Kota recalls, "Since RAS ABU FONTAS POWER COMPANY, the project company, is invested in by various companies, including the Qatari power and water company, the oil and gas company, and the Korean power company and institution, along with two Japanese sponsors, we first sought to establish mutual understanding among stakeholders, including lenders, through a combination of in-person and web meetings. I visited the project site in summer 2025 and found it valuable to engage in direct dialogue."

JBIC has financed four natural gas-fired power generation projects in Qatar, including the Ras Laffan C project, in which Shikoku Electric Power participated. Building on these precedents, we proceeded to finalize the contract terms, taking into account the current energy and economic conditions and the geopolitical situation in the Middle East. The stakeholders included Sumitomo Corporation, which has a track record of power generation projects in Kuwait and the UAE; Shikoku Electric Power, which has participated in five power generation projects in the Middle East; and experienced Qatari investors.

We advanced the negotiations while seeking understanding of JBIC's non-negotiable conditions and pursuing mutually acceptable terms."

The negotiations progressed through the resolution of outstanding issues one by one with the sponsors, leading to the signing of the loan agreement in January 2026. The plant is currently under construction, with completion targeted for 2029.

A Model for Low-Carbon Plants Utilizing Hydrogen Co-firing, CCS, and More

As one of the key significances of the project, Deputy Director SHIRAHAMA points to the potential for broader deployment of this model in other low-carbon power plants.

"I became involved in the project at the final stage of the contract negotiations. The project adopts state-of-the-art Japanese hydrogen co-firing gas turbine technology, enabling the use of clean hydrogen. Depending on the future development of the hydrogen market, further reductions in CO₂ emissions can be expected. In addition, as the future installation of carbon dioxide capture and storage (CCS) facilities is expected to be considered, the plant is attracting attention as a model for future development. JBIC intends to continue proactive engagement in decarbonization efforts in Qatar, in collaboration with Japanese companies, by leveraging its dialogue channels with the Qatari government and relevant institutions."

SUZUKI, meanwhile, commented, "I am currently in a department that invests in startups. Going forward, I would like to draw on my experience with a large-scale PF project from the initial stages of contract negotiations through to deal close."