

Al Ajban Solar PV Plant, UAE

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21/11/2024

The Emirates is aiming to become a global leader in climate action with its UAE Energy Strategy 2050 which will see it boost the use of green energy in its energy mix to 50%. One such project which will support this goal is the Al Ajban solar PV PPP which reached financial close on 17 September 2024.

The UAE has held a prominent position on the global energy stage since the discovery of oil reserves in the 1950s – centralised in Abu Dhabi.

This led to the government using profit from oil sales to boost national infrastructure in the first wave of infra upgrades in the following 2 decades.

As the Emirates diversified its energy resources, it began [selling natural gas](#) in a bid to lower its reliance on oil.

According to the National Bank of Dubai, “reducing the UAE’s reliance on hydrocarbons is a key approach to building a more stable and resilient economy.

“But an additional prong in making the UAE economy more resilient to macro-economic shocks is also to reduce reliance on individual countries as key trading partners.”

Today, oil and gas exports account for only some 30% of the UAE's economic activity. Meanwhile, the share of clean energy is rapidly expanding, with nearly a 70% increase in total renewable capacity between 2022 and 2023.

Part of the UAE’s energy diversification strategy is to push through as many green energy projects as possible – it mostly does this using the PPP model as a way to relieve the burden on public funds and shift financing to the private sector.

Previous solar PPPs are:

- [66GW Mohammed Bin Rashid al Maktoum solar PV](#)
- [2GW Al Dhafra solar PV](#)
- [17GW Sweihan solar PV](#)

In late 2022 it was decided that the 1.5GW Al Ajban solar PV project would be procured via PPP.

Procurement

Al Ajban is also known as PV3 – or Abu Dhabi’s third major solar scheme – following the [2GW Al Dhafra solar PV](#) which made it to financial close on 17 December 2020.

PV3’s project structure resembles Al Dhafra – a 40% stake in the SPV for the developer consortium, with the balance held by the government of Abu Dhabi.

A long-term PPA will be signed with EWEC and would be procured as a DBFO.

Procurement for the \$748 million PPP began in [mid-2022](#) when the procuring authority – Emirates Water & Electricity Company (EWEC) – requested expressions of interest (EOI) for the 1.5GW Al Ajban solar PV in Abu Dhabi.

In [early 2023](#), [9 prequals](#) “(were) free to bid either individually or as part of a consortium with other prequalified partners”:

- ACWA Power
- EDF Renouvelables
- Engie
- JERA Co
- Jinko Power
- Marubeni
- Sembcorp Utilities
- Sumitomo Corporation
- TotalEnergies Renewables

[EWEC received](#) 4 bids following the [RFQ deadline](#) in June 2023:

- ACWA Power
- EDF
- Jinko Power, JERA
- Marubeni

Although it was initially slated that a preferred bidder would be announced in Q4 2023, the announcement was pushed back to Q1 2024, with a consortium of [EDF and Korea Western Power \(KOWEPO\)](#) winning the project.

The developers signed a PPA with EWEC in [April 2024](#) prior to financial close.

The PPA was structured as an energy purchase agreement which will see EWEC pay only for the net electrical energy supplied by the plant.

Under the terms of the PPA, the EDF-Kowepco team will DBFO the plant, which will begin commercial operations in Q3 2026.

The Al Ajban PPP reached financial close on [17 September 2024](#), with the PB lineup standing as:

The preferred bidder trio comprises:

- Masdar – 60%
- EDF Renewables – 20%
- Korea Western Power (KOWEPO) – 20%

Financing

The project value for the PPP totalled \$748 million and involved a club of 6 lenders:

- BNP Paribas
- Credit Agricole CIB
- Export-Import Bank of Korea (KEXIM)
- HSBC Middle East
- Standard Chartered Bank
- Sumitomo Mitsui Banking Corporation

The debt package comprised a hard mini-perm with a tenor of 7 years. Gearing stands at 80:20.

The PB consortium provided a \$149.6 million equity package whilst the lenders injected a \$598.4 million debt facility.

Mohamed Jameel Al Ramahi, Masdar's chief executive, said: "Our valued partnership with EDF, EWEC and KOWEPO on the Al Ajban Solar PV plant highlights the importance of harnessing our mutual experience and expertise to deliver utility-scale clean energy projects.

"Partnerships are vital to the energy transition and to achieving the objective of tripling global renewable capacity by 2030 set out in the UAE Consensus. With the development of Al Ajban, Abu Dhabi is home to 3 of the largest single-site solar plants in the world, making it a global leader in the adoption of utility-scale solar power."

Advisers

Advisers to EWEC:

- Alderbrook – financial
- Ashurst – legal
- DNV – technical

Adviser to lenders:

- Norton Rose Fulbright – legal

Advisers to sponsors:

- Cranmore – financial
- Dentons – legal

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