

Qatar looks to finance \$30bn utility expansion

by [John Irish](#) on Wednesday, 23 January 2008



FINANCING EXPANSION: Kahramaa is looking to raise power output capacity by 150%. (Getty Images)

Qatar will tap the international debt markets to part finance a \$30 billion expansion of the Gulf Arab state's power and water sector, an official at the state-run utilities body said on Tuesday.

The envisaged expansion would raise the country's power output capacity by 150% to 10,500 megawatts by the year 2015, said Abdullah Al-Subaie, director of technical affairs at Qatar General Electricity & Water Corporation (Kahramaa).

"The general power and water desalination plants would be financed with IPPs (Independent Power Projects)," he said.

"For transmission and distribution, we are looking at various options including bonds and loans over seven to eight years," he told newswire Reuters on the sidelines of a conference organised by the Middle East Economic Digest (Meed).

The transmission and distribution segment of the expansion plan would cost around \$15-20 billion, he said.

"The equity would be about 20% and debt 70-80%," he said.

The expansion plan is meant to meet demand growing at an average of 12% a year, he said. Qatar, holder of the world's third-biggest reserves of natural gas, is home to about 850,000 people.

The plan involves building new plants and expanding current facilities and the country's power and water distribution grids, he said.

Al-Subaie did not give exact details but said work had already started on some aspects of

the expansion.

In the shorter term, until 2010, Kahramaa has committed \$7.5 billion to take power capacity to 7,900 megawatts and raise water capacity to 290 million gallons a day from 175 million now.

Kahramaa shelved plans to raise tariffs in 2006 to avoid escalating the country's inflation and will continue with current rates for "time the being", he said.

"The decision on tariffs is very strategic. When we reviewed in 2006 we studied the economic impact this would have on the country and realised that the loss will be bigger than the short-term benefit, especially when inflation is so high," he said.

Inflation in Qatar hit 13.73% in September, just below a record with rents and real estate prices driving up the cost of living.