

Saudi company signs new power deals

- Published: 00:00 November 10, 2010

Riyadh: Saudi Arabia's Saline Water Conversion Corp, or SWCC, said yesterday it signed two contracts worth more than 15.6 billion Saudi riyals (Dh15.2 billion) for a new power plant at Ras Al Zour on the Arabian Gulf that will feature the world's biggest desalination facility.

The Ras Al Zour station will be able to produce 2,400 megawatts of electricity and more than 1 million cubic metres a day of desalinated water, making it the largest unit of its kind in the world, SWCC, the government authority that looks after seawater desalination in Saudi Arabia, said in a statement.

A consortium led by South Korea's Doosan Heavy Industries and Construction Co Ltd won the 6.6 billion riyal contract to build the desalination plant and complete it in about 42 months, while Al Arrab Contracting Co. and China's Sepco III Electric Power Construction Corp. won a 9 billion riyal contract to build the power plant, it added.

Private sector

The Ras Al Zour complex was originally planned to be built and run by a private sector consortium led by Sumitomo Corp at an estimated cost of \$6 billion (Dh22 billion).

However, the scheme was re-launched under the auspices of SWCC with Saudi government guarantees after the consortium fell apart earlier this year amid the global financial crisis.

SWCC will share the plant's output with Saudi Arabian Mining Co, better known as Maaden, and Saudi Electricity Co, or SEC, which will be the offtakers for the plant's electricity. The bulk of the plant's water output will be piped to Riyadh and other provinces.

Ras Al Zour is located north of Khobar in the kingdom's Eastern Province on the Arabian Gulf coast.

Gulf states such as Saudi Arabia, the UAE and Qatar have in recent years depended on foreign investors such as International Power, GDF Suez S.A. and Sumitomo, and debt funding to build and run their power plants and water desalination facilities.

But tightened bank lending as a result of the world financial crisis has made it more difficult for investors to secure funding, in particular for large-scale projects.

The Ras Al Zour project was revived as it was deemed too important to remain stalled by the Saudi government, which decided to finance it through SWCC and relaunch bidding.