

RATING ACTION COMMENTARY

Fitch Affirms Gulf Cooperation Council Interconnection Authority at 'A+'; Outlook Stable

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Fitch Ratings - Warsaw - 30 Jul 2026: Fitch Ratings has affirmed Gulf Cooperation Council Interconnection Authority's (GCCIA) Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'A+'. The Outlook is Stable.

A full list of rating actions is below.

Fitch views GCCIA as a government-related entity (GRE) and applies its GRE Rating Criteria, based on its expectations of an extremely high likelihood of exceptional government support for the entity in case of financial distress. The affirmation reflects the continued support for GCCIA from its six Gulf Cooperation Council (GCC) member states (Saudi Arabia, the UAE, Qatar, Bahrain, Kuwait and Oman), given its key role in providing sustainable electricity security, with significant economic benefits for the GCC region.

The ratings also take into consideration GCCIA's strategic importance as the operator of the GCC power grid interconnection, which enhances electricity reliability and flexibility across member states. GCCIA robust governance framework and long-term support agreements with member governments underpin its strong credit profile.

KEY RATING DRIVERS

Support Score Assessment 'Extremely likely'

We consider that extraordinary support from the six GCC member states to GCCIA would be 'Extremely likely' in case of need, reflecting a support score of 40 points (out of a maximum 60) under our GRE Rating Criteria. This reflects a combination of responsibility-to-support and incentive-to-support factors assessment as detailed below.

Responsibility to Support

Decision Making and Oversight 'Very Strong'

GCCIA's strategic direction, including approval of fees, capex and funding, is overseen by its board of directors, with each of the six member states represented by two appointed government officials. Regulatory oversight is provided by the Advisory and Regulatory Committee (ARC), comprising one representative from each member state, in the absence of an independent regional regulator. The ARC reports annually to the GCC Electricity and Water Ministerial Committee, which approves GCCIA's annual fees, monitors its performance and provides strategic guidance to the board.

Fitch views the board's close and ongoing oversight, its direct involvement in key decisions and specific requirements for executing the highly strategic power grid interconnection as evidence of the member states' tight and coordinated control over GCCIA, underpinning our assessment of this key risk factor.

Precedents of Support 'Very Strong'

GCCIA benefits from a robust support framework provided by its member states, which fund the authority's budget through annual fees. Each member state's annual fee represents its agreed share of the authority's budget - the estimated annual amount of normal operating costs that cannot otherwise be recovered. Business revenue, financial compensation and charges are retained by the authority to reduce annual fees in the following fiscal year.

Annual fees are approved through a defined governance flow, from the board of directors to the Advisory and Regulatory Committee and subsequently endorsed by the GCC Electricity and Water Ministerial Committee, underpinning the contractual basis of member-state funding. This structural support is a key driver of GCCIA's robust financial profile and 'bbb+' SCP.

Incentives to Support

Preservation of Government Policy Role 'Strong'

GCCIA is a high-profile GRE central to GCC states' energy security, providing critical emergency support to prevent power outages, meet rising demand and facilitate power exchange, including the integration of renewable energy sources. Its services are essential to the public across the region.

The planned expansion of the cross-border interconnection network, reinforcing links with the UAE and Kuwait, establishing a direct interconnection with Oman and extending connections to non-GCC countries such as Iraq, will enhance transmission capacity for higher power-exchange volumes and reinforce GCCIA's pivotal role in advancing regional economic and political integration. Fitch considers that a default by GCCIA would have significant repercussions for the political leadership of its member states and could undermine the delivery of their long-term regional energy-policy agenda.

Contagion Risk 'Strong'

GCCIA has secured financing from regional development banks, despite their typical preference for direct sovereign lending, reflecting its strategic importance as a supranational GRE and underscoring its critical role in regional infrastructure. Fitch considers contagion risk to be a strong incentive for the member states to provide support. We expect GCCIA's market presence to grow, with outstanding debt forecast to rise to over USD1.4 billion by end-2030, from USD0.3 billion in 2025, sourced predominantly from GCC regional development banks.

Standalone Credit Profile

We assess GCCIA's SCP at 'bbb+', reflecting a financial profile at the stronger end of the 'a' category and a risk profile positioned at the higher end of Fitch's 'Midrange' assessment.

Risk Profile: 'Midrange'

Fitch assesses GCCIA's risk profile at 'Midrange', reflecting the combination of the assessments below:

Revenue Risk: 'Midrange'

Core revenue (annual fees) is highly predictable and visible, derived exclusively from regulated activities with low demand risk and fully contracted, primarily with 'AA' rated counterparties (59%). The remainder is held with entities rated in the 'A' (24%), 'BBB' (7%) and 'B' (9%) categories. There is no formal solidarity mechanism, although Fitch expects annual fees to be redistributed among stronger counterparties in the event of non-payment by a weaker one. GCCIA can raise annual fees to recover inflation-driven increases in operating expenses, but any adjustment is subject to approval by the Ministerial Committee.

Expenditure Risk: 'Midrange'

GCCIA's cost structure is transparent, with a full pass-through of operating, supply and volume risks, although this is slightly constrained by the credit quality of counterparties. Additional pass-through costs are primarily related to maintenance from expansion projects. Resource and labour supply is adequate with limited volatility, and GCCIA has established mechanisms for investment planning, with financing arranged well in advance.

Liabilities and Liquidity Risk: 'Midrange'

The assessment reflects an evolving capital- and financial-market framework for debt and liquidity management, strong access to regional development banks, low funding costs and long tenors. However, GCCIA is not yet a frequent or sizeable

issuer in financial markets. Liquidity remains ample, with cash and liquid deposits of USD44 million at end-2025 covering more than 100% of expected 2026 debt service.

Financial Profile 'a'

The 'a' financial profile assessment is primarily supported by projected leverage (net adjusted debt/Fitch-calculated EBITDA) of 4.0x-5.7x, averaging about 5.0x across 2026- 2030 (2025: 6.7x). Large capex to expand the interconnection grid, underpinned by USD804.1 million contracted but not yet incurred at end-2025 (2024: USD194 million), should lift Fitch-adjusted debt to above USD1.4 billion by 2030, although we expect this to be largely offset by earnings growth. Scheduled annual-fee uplifts as new capacity enters service (rising to USD162.9 million in 2026 and USD329.4 million by 2030, from USD93.0 million in 2025), together with the increasing scale of power trade as the interconnection network's capacity expands, should increase Fitch-calculated EBITDA to USD230 million by 2030.

The EBITDA increase will be materially driven by the capex component embedded within annual fees, which is set with reference to GCCIA's debt-servicing requirements, ensuring member-state contributions are calibrated to cover scheduled loan principal and interest in full. With operating expenditure growing more slowly, we expect the EBITDA margin to strengthen to about 70% over 2026-2030, keeping net leverage within range.

Cash flow visibility is high, reinforced by scheduled member-state annual-fee uplifts and below-market development-fund financing. We project debt service coverage (EBITDA/debt service) to moderate from a very strong 9.2x in 2025 to 1.4x-3.3x over 2026-2030, as amortisation of the Kuwait Fund Arab Economic Development and Qatar Fund for Development loans begins and debt service on the Sohar International Bank and Abu Dhabi Fund for Development increases. Gross interest coverage should stay adequate at 4.0x-8.5x.

Other Rating Factors

We assess all asymmetric risk attributes for GCCIA as 'Neutral'. This reflects the entity's robust management and governance framework, characterised by an experienced and stable leadership team, effective communication and alignment with sector standards, with no evidence of weaknesses that could have a negative impact on the rating.

Accounting policies and transparency are strong, with timely, independently audited IFRS-compliant financials and regular, comprehensive reporting meeting Fitch's requirements in full. Country risk is not a constraining factor, as the blended Country Ceiling is above both the SCP and IDR. In addition, counterparty risk is effectively mitigated through fully contracted revenue with highly rated counterparties and a fee redistribution mechanism, ensuring no material concentration risk or reliance on any single counterparty.

Short-Term Ratings

The Short-Term IDR of 'F1' is the lower of two possible outcomes mapping to GCCIA's Long-Term IDT of 'A+' under Fitch's *Public Policy Revenue-Supported Entities Rating Criteria*, reflecting its 'Midrange' liquidity and liability risks.

PEER ANALYSIS

GCCIA has no direct peers due to its unique supranational role as the operator of the GCC electricity interconnection, although it can be compared with other GREs such as Public Investment Fund (PIF: A+/Stable), British Columbia Hydro and Power Authority (BC Hydro: AA-/Negative), Turkiye Wealth Fund (TWF: BB-/Stable), Korea Mine Rehabilitation and Mineral Resources Corporation (KOMIR: A+/Stable), Abu Dhabi Future Energy Company PJSC (Masdar: AA-/Stable), and China Jianyin Investment Limited (JIC: A/Stable).

Most of these entities benefit from support assessments ranging from 'Extremely likely' to 'Virtually certain' from a single sovereign owner. By contrast, GCCIA's support is derived from six GCC member states, each having a proportional responsibility and strong incentive to support the institution. This multi-state structure results in a different support framework from more tightly integrated sovereign GREs such as PIF and BC Hydro, but Fitch still views extraordinary support for GCCIA as 'Extremely likely'.

GCCIA also benefits from highly predictable revenue, strong governance arrangements and an essential role in regional energy security. By contrast, peers such as TWF have weaker standalone credit characteristics, while Masdar and JIC

exhibit strong government, links but perform different policy functions. None has a role directly comparable to GCCIA's contribution to GCC energy security and regional integration.

Issuer Profile

GCCIA is a supranational entity established in July 2001 by the six GCC member states, to develop, own, operate, and maintain the electricity interconnection grid across the Gulf region.

KEY ASSUMPTIONS

Fitch's base and rating cases incorporate 2025 financial accounts and projections by GCCIA for 2026-2030 and are based on the following assumptions:

- Operating revenue CAGR of 22%, in line with contracted annual tariffs and the grid expansion; the growth rate excludes pass-through construction/development contract items recognised in 2023 and 2024. The projected revenue increase is underpinned by the capex component of the annual fees, which is set with reference to GCCIA's debt-servicing requirements, ensuring member-state contributions are calibrated to cover scheduled loan principal and interest
- Opex CAGR of 11%, driven by higher maintenance costs and depreciation of the additional assets from expansion projects and an assumed 3% inflation rate; the growth rate excludes 2023-2024 pass-through items
- A negative capital balance of about USD372 million a year due to expansion projects related to the interconnection grid
- Cost of debt averaging 4%, reflecting below-market funding from GCC development banks
- The rating case incorporates additional stress of a 2% annual reduction in GCCIA's operating revenue growth

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A downgrade of the credit profile weighted by a proportional share of the annual benefits of its six GCC member states
- A weaker assessment of support to under 35 points
- A downward reassessment of GCCIA's SC, leading to a discrepancy of more than three notches from the weighted-average credit profile of its member states, while support factor assessments remain unchanged

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- An upward revision of the SCP to 'a-' or above, coupled with an upgrade of the weighted-average credit profile of its member states, provided the support score remains above 35 points

Criteria Variation

Fitch has applied a variation from its GRE Rating Criteria for multi-owner GREs and factored in extraordinary support from the six GCC member states that are the shareholders of GCCIA with no single government having more than 50% of shares or materially more shares than the others. This is because GCCIA is a unique supranational GRE that carries out essential public services for the GCC region, which underpin the member states' responsibility and incentive to provide extraordinary support in case of financial distress.

In the absence of the variation, GCCIA's IDR would have been equalised with its SCP.

For the application of the variation, Fitch derived the weighted-average credit profile of the six GCC member states based on their proportional shares of the annual benefits stemming from the usage of the interconnection grid. This resulted in a blended IDR of the six member states at 'A+'.

CLIMATE VULNERABILITY SIGNALS

The results of our Climate.VS screener did not indicate an elevated risk for GCCIA.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

GCCIA's ratings are credit-linked to the weighted average rating of its six GCC owners (UAE, Kuwait, Oman, Bahrain, Qatar and Saudi Arabia).

References for Substantially Material Source Cited as Key Driver Rating

The principal sources of information used in the analysis are described in the Applicable Criteria.

RATING ACTIONS

ENTITY / DEBT ⇅	RATING TYPE ⇅	RATING ⇅	RATING ACTION ⇅	PRIOR ⇅
Gulf Cooperation Council Interconnection Authority	LT IDR	A+ Rating Outlook Stable	Affirmed	A+ Rating Outlook Stable
	ST IDR	F1	Affirmed	F1

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Government-Related Entities Rating Criteria \(pub. 18 Jul 2025\)](#)

[Public Policy Revenue-Supported Entities Rating Criteria \(pub. 10 Jul 2026\) \(including rating assumption sensitivity\)](#)

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