



PRESS RELEASE

SADC ENERGY MINISTERS MEETING, KINSHASA, DEMOCRATIC REPUBLIC OF CONGO, 30 APRIL 2008

On 30th April 2008 the SADC Ministers responsible for Energy met at the Grand Hotel in Kinshasa, Democratic Republic of Congo (DRC). As is the usual practice the Ministerial meeting was preceded by a preparatory meeting of Senior Energy Officials, held on 28th and 29th April 2008.

The Ministerial Meeting was Chaired by Hon. Kenneth Konga, Minister of Energy and Water Development of Zambia and opened by Hon. Joseph Francois Nzanga Mobutu, Minister of State incharge of Agriculture and Rural Development who represented the Prime Minister.

The Ministers took note of the difficulties that the region is experiencing towards the fulfillment of its mandate of providing reliable and affordable energy to its people which was particularly fuelled by the diminished installed capacity in the power sector. The Ministers regretted the Energy Paradox where the region is experiencing energy shortfalls against the backdrop of enormous energy resources.

Ministers reviewed the SADC Regional Energy Programme, particularly the forthcoming consultancy to update the SADC Energy Activity Plan that would be completed in December 2008. The plan would contain prioritized programmes

and activities covering the entire energy sector and would be reviewed every 5 years. Ministers deliberated on the energy activities geared towards the revival of the Regional Energy Planning network. The Secretariat and Member States' inadequacy to timely produce the Energy Statistical year book were noted and the need to enhance the human resource capacity for the energy sector particularly at the SADC Secretariat was highlighted.

Ministers noted that the Energy Planning and Environmental Management Training Programme, SADC Project AAA.5.17 came to an end in February 2008. However, in view of the significance of biomass in the energy supply mix of the SADC region, Ministers directed the Secretariat work to consolidate efforts to identify funding for the proposed Phase IV, which is meant to ensure energy service delivery and environmental management at the rural level. Ministers appreciated that the Programme for Biomass Energy Conservation (ProBEC) also plays a vital role in ensuring efficient use of biomass resources in the region. Ministers reviewed progress with the implementation of ProBEC activities and directed that negotiations to finance the expansion and consolidation of ProBEC activities be intensified and completed as soon as possible with the Austrian Development Agency and the German Ministry of Environment. Ministers in noting the raising petroleum prices directed that an elaborate regional biofuels programme be instituted. The Ministers further directed that the Secretariat should facilitate dialogue of the SADC Ministers responsible for Energy, Lands and Agriculture in order to resolve the topical and in some instances controversial issues surrounding the conflict between production of crops for food versus for fuel. Ministers therefore directed that a meeting involving Ministers responsible for the three sectors should be convened as soon as possible to develop an appropriate policy and regulatory framework for biofuels in the region.

Of particular concern to the Ministers was the report of the Ministerial Taskforce to overcome diminished power surplus capacity in the region, which met in

Gaborone, Botswana on 21st February 2008. The Task Force directed SAPP and the national utilities to among other look into the following issues:

- i) Formulation and implementation of a SADC power conservation programme (PCP)
- ii) Development of a SADC policy to ensure efficient use of the available electrical energy,
- iii) Development of minimum energy efficiency standard for all new electrical connections,
- iv) planning of the phasing out of incandescent light lamps in preference to compact florescent lamps (CFLs), and
- v) development of local manufacturing capability to support the demand side management (DSM) initiatives.

Ministers noted the status of implementation of short term measures to address the acute power shortages in the region was outlined, which indicated that a number of Member States have put in place demand side management measures. The meeting observed that phasing out of incandescent bulbs in favour of CFLs is being implemented by most Member States. Ministers welcomed the arrangement that Phillips international is in advanced stages of opening a factory to manufacture CFLs in Lesotho. Ministers reviewed the regional harmonised framework on Power Conservation Programme, which was developed based on the experiences of the SAPP, RERA, ESKOM as well as experiences of other Member States, and directed that the SAPP should coordinate the implementation of the programme across the region. Ministers also reviewed progress made on the Tariff Study and the review of the Pool Plan.

The Ministers having deliberated on the status of the Power Surplus Capacity in the Region noted the following:

- i) that there has hardly been investment in the power sector for the last twenty years, and that since power shortfalls were predicted

as far back as 1999, very few projects to address the same were approved by the Member States for implementation;

- ii) where approved, implementation of projects has been very slow
The installed capacity in the region as at April 2008 stood at 55,032 MW;
- iii) Available capacity in April 2008 was 47,067 MW *vis a vis* available capacity of 43,518 in December 2007.
- iv) An improvement of 8% in available capacity between December 2007 and April 2008 has been achieved ;
- v) The difference between installed and available capacity is currently about 8,000 MW ;
- vi) A total of about 1,700MW was commissioned in 2007 in Angola, South Africa and Swaziland against a target of 1,925MW;
- vii) In 2008, SAPP has planned to commission 1,757MW against a planned target of 2,014MW
- viii) power deficits would persists between 2008 and 2012, during which projects aimed at providing additional power to the region amounting to 6 550 Mega Watts shall be implemented and commissioned at a cost of US\$ 5 billion
- ix) Long term projects shall be implemented between 2008 and 2025 and shall provide additional power amounting to 44 000 Mega Watts, at a cost of US\$ 41.5 billion.

In view of the situation outlined above Ministers considered and approved the structures proposed to accelerate implementation of power projects, which include project teams, comprising of utilities and Independent players in the power supply industry; and project steering committees comprising Government officials. Ministers noted the need to strengthen existing structures such as the Energy Ministerial Task Force, the SADC Secretariat, and subsidiary institutions of SADC such as SAPP and RERA. Nominations to the Project Teams and Steering Committees were noted and Member States and utilities, which have

not nominated representatives to these structures, were directed to do so by the end of the meeting. Ministers also directed the Secretariat to source funding from potential partners to facilitate training for the implementation of regional power projects' cycle. In terms of financing of regional projects, the Ministers noted support from the DBSA in terms of assistance in the formulation of a financing model for transboundary projects to ensure collective implementation and the hosting of an Investors' Round Table meeting, which has been scheduled for August 2008.

The Ministers were briefed by the Western Corridor (Westcor) Project Ministers that at a meeting they held on the sides of the present SADC Energy Ministers meeting, all the Westcor Member States reaffirmed their full support for the project. The Ministers noted that in considering the slow rate of implementation of the Westcor Project, the Westcor Ministers had agreed to meet in fifteen (15) days in Luanda, Angola, in order to inter alia, consult and agree on monitoring structures and measures to accelerate the implementation of the project. Also to be considered would be the operationalization of the Westcor Joint Commission as outlined within the Westcor Inter Governmental Memorandum of Understanding.

The meeting noted that the Secretariat, assisted by RERA is in the process of drafting the requisite frameworks relating to, among others, regulatory institutional arrangements, harmonised regulatory framework for the region; and most importantly harmonised and cost reflective regional tariff regime to ensure that an enabling environment for investments in the power sector. The Ministers also noted that RERA with support from Southern African Global Competitive Hub is implementing a survey on policy, regulator and institutional arrangements covering all the Member States. The survey will culminate into an analysis of the power sector governance and advise on measures to attract investments.

The Ministers also noted that in July and August 2008 Investors' Conferences will be held in France and South Africa, respectively where generation and

transmission projects from the SAPP projects portfolio shall be presented to potential financiers.

At the closure of their meeting the Ministers expressed satisfaction with the progress made by the SADC Secretariat particularly the implementation and monitoring procedures which should put the region in a good position to overcome the diminished SADC power surplus capacity. The Ministers indicated their appreciation to the People and Government of DRC for providing a hospitable and conducive environment, which led to the success of the meeting; to the SADC Secretariat, the Ministry of Energy and Petroleum for the preparations; and all the stakeholders for their support.

In accordance with resolutions of their 28th meeting held in Harare, Zimbabwe, the Ministers invited Angola to host the 30th meeting of SADC energy Ministers and noted with appreciation Angola's acceptance. Ministers noted that the next meeting of the Ministerial Task force on Energy will be held in South Africa in December 2008

Grand Hotel, Kinshasa
30 April 2007