



PRESS RELEASE

Signing of a Host Country Agreement between the Southern African Power Pool (SAPP) and the Government of Zimbabwe For The hosting of the SAPP Coordination Centre in Harare, Zimbabwe

Harare, 13 March 2006,

The Government of Zimbabwe and the Southern African Power Pool (SAPP) today signed a Host Country Agreement between the Government of Zimbabwe and SAPP for the hosting of the SAPP Coordination Centre in Harare, Zimbabwe.

Signing on behalf of the Government of Zimbabwe was the Minister of Energy and Power Development of Zimbabwe, Retired Lt. General Mike Nyambuya, and on behalf of SAPP was Dr Lawrence Musaba, the SAPP Coordination Centre Manager.

Representatives from SADC countries such as Angola, Botswana, Malawi and Zambia graced the occasion. Mr. Peter Schultz, an official from the Royal Norwegian Embassy in Harare, represented NORAD and other Cooperating Partners.

In his speech, the Minister mentioned that on 23 February 2006, the Revised SAPP Inter-Governmental Memorandum of Understanding was signed by the ministers responsible for energy in the SADC region in Botswana, and that the signing of this memorandum of understanding was facilitated by the restructuring of the SADC that led to the changes in the reporting structure for the SAPP; electricity sector reforms in SADC Member Countries that have led to the introduction of Electricity Regulators in many SADC countries; and the need to include other participants in the SAPP other than the national power utilities such as Independent Power Producers, and the expansion of the SAPP membership.

He further went on to say that the creation of the SAPP had set the scene for a conducive regional coordinated development of the electricity supply industry in Southern Africa and since its creation a number of joint activities have been implemented. The ones that have benefited Zimbabwe and the region at larger included the construction of a regional grid as reflected in the commissioning of the following Inter-connectors; the completion in October 1995 of the Matimba-Phokoje-Insukamini 400kV Interconnector linking Eskom of South Africa and ZESA of Zimbabwe via BPC of Botswana; the commissioning of the 330kV Interconnector between Songo substation in Mozambique and Bindura substation in Zimbabwe in 1997.

The launching of the Short Term Energy Market (STEM) in April 2001 was another significant achievement, particularly as it facilitated the repositioning of SAPP into a competitive electricity

market in line with its own vision. STEM trading is now accounting for five to ten percent of the regional trading in electricity and this market is looked at as a precursor to the establishment of a full regional competitive market. With the help of NORAD and Sida funding, the SAPP is now developing a competitive electricity market for the SADC region.

The efforts undertaken to implement the priority projects particularly those to interconnect countries, which are not yet interconnected to the SAPP grid and these, are Angola, Malawi and Tanzania. In this regard a new project code-named WESTCOR, aimed to interconnect the DRC, Angola, Namibia, Botswana and South Africa was approved by the ministers responsible for energy in the SADC region in October 2004.

The Minister closed his speech by stating that in 1999, Zimbabwe won the bid to host a Coordination Centre for SAPP and on 18 November 2002, the SAPP Coordination Centre was officially opened in Harare, Zimbabwe. The Government of Zimbabwe was happy to sign the Host Country Agreement with SAPP in order to help SAPP achieve the stated objectives for the benefit of the SADC region.

On behalf of SAPP, the SAPP Coordination Centre Manager thanked the Government of Zimbabwe and ZESA for accepting to host the SAPP Coordination Centre in Zimbabwe. He stated that the agreement would help the SAPP Coordination Centre:

1. To be fully recognized as a SADC Institution in Zimbabwe,
2. Achieve its stated aims, goals and objectives,
3. Reduce its operating costs and tax burden on member states, and
4. Receive support and donations from cooperating partners without difficulties.

Dr Musaba went on to say that it was not a secret that the SADC region is experiencing diminishing generation surplus capacity, which if no action is taken, would lead to massive power shortages from 2007 onwards. On behalf of the SAPP, he assured the Minister that the SAPP was working to rehabilitate the existing infrastructure; complete the approved short-term generation and transmission projects, and secure funding for the long-term generation projects. In the case of Zimbabwe, he mentioned that rehabilitation projects were underway and included the rehabilitation of Hwange at 80MW, the expansion of Kariba South at 300MW and Hwange 7 and 8 at 600MW in the short-term; and the long-term projects were Batoka at 800MW and Gokwe North at 1,400MW, to mention just a few.

Lastly, the Government of Zimbabwe was thanked for agreeing to give a diplomatic status for the SAPP Coordination Centre in Zimbabwe.

Harare
13 March 2006