



Press Statement

Thursday, 3rd April 2008

CEC/ZESCO Directed to resolve dispute by Arbitration

The Energy Regulation Board (ERB) has directed the Copperbelt Energy Corporation (CEC) and ZESCO Limited to resolve their dispute by way of arbitration, over ZESCO's alleged attempt to provide power in an area where CEC claims exclusivity rights.

This is a matter in which CEC complained to ERB in August 2007 over ZESCO's alleged violation of CEC's exclusivity rights under its (CEC's) Development Agreement (DA) and Bulk Supply Agreement (BSA), by entering into a Power Purchase Agreement (PPA) with CNMC Industrial Zone Development Zambia Limited to provide power to the Multi-Facility Zone in Chambishi geographical area.

The complaint was lodged by CEC under Electricity Licence Conditions which allow an aggrieved consumer or licensee to bring a complaint to the ERB.

The directive of the Board for the two parties to proceed with arbitration was made on Thursday, 20th March 2008 at a hearing attended by both CEC and ZESCO.

In its ruling, the ERB observed that while it had received the complaint on the matter, the process of arbitration had already commenced. Therefore, in order to avoid duplicity, the parties should proceed by way of arbitration. However, should the matter not be resolved after arbitration, CEC is at liberty to resubmit the complaint to ERB.

During Chinese President Hu Jintao's visit to Zambia in 2007, China had offered an estimated Chinese investment of \$800 million into the Multi Facility Economic Zone in Chambishi, the first such zone to be established in Africa. The five year tax free zone was said to be expected to provide investment opportunities for various investors and create thousands of job opportunities.

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