



Press Statement

Ndola Energy Company Limited and ZESCO Power Purchase Agreement

27th April 2011

Ndola Energy Company (NEC), a new prospective electricity generation company has expressed interest in developing a Heavy Fuel Oil (HFO) powered plant in order to help meet the ever rising demand for electricity in Zambia, which has resulted in a power deficit.

NEC intends to generate 50 Mega Watts (MW) at its thermo plant to be located near Indeni Petroleum Refinery Limited in Ndola. NEC is a subsidiary of Concordia Energy Group of Mauritius which intends to construct the 50MW thermal plant in Ndola at a total cost of over US\$65 million.

NEC has since applied to the Energy Regulation Board (ERB) for a license to generate electricity at the thermal plant.

Further, in order to secure a ready market for the power it intends to generate, NEC has submitted a Power Purchase Agreement (PPA) to the ERB for regulatory approval. NEC plans to sell the 50MW it will generate to ZESCO Limited (ZESCO). Therefore, ZESCO would be the sole off-taker of the power generated by NEC. The PPA is envisaged to run for a period of 15 years with the option of a five-year extension. Submission of the PPA to the ERB for approval is in line with regulatory requirements.

According to NEC, the plant will be situated adjacent to Indeni Petroleum Refinery for ease of access to HFO which is produced at the refinery. HFO will be the primary energy source to run the power station.

Apart from increasing Zambia's generation capacity, it is envisaged that the new plant will address the challenge of storage space at Indeni, where HFO is stockpiled due to limited demand.

It is envisaged that the power generated by NEC would be transmitted through the already existing 33kV lines, to Bwana Mkubwa Substation and then to the national grid.

The ERB is currently reviewing the licence application and proposed PPA between NEC and ZESCO in line with its mandate under the Electricity Act, Cap 433 and the Energy Regulation Act, Cap 436 of the Laws of Zambia.

The ERB has in the recent past also considered two PPAs involving ZESCO with Itezhi-tezhi Power Corporation and Electricidade De Mozambique of Mozambique, respectively.

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