



Press Statement

ZESCO Limited and Kariba North Bank Extension Power Corporation Limited Power Purchase Agreement

31st March 2011

In line with its mandate under the Electricity Act, Cap 433 of the Laws of Zambia, the Energy Regulation Board (ERB) has granted ZESCO Limited (ZESCO) regulatory consent to enter into a Power Purchase Agreement (PPA) with Kariba North Bank Extension Power Corporation Limited (KNBEPC) to supply power to ZESCO for a period of 20 years.

Under the agreement, KNBEPC will supply power to ZESCO at peak periods for a maximum of three and half hours (3.5 hours) per day. With an expected generation capacity of 360 MW, the KNBEPC power plant is the first major hydro power project in 35 years, not only in Zambia, but also within the Southern African Development Community (SADC). KNBEPC, which is a private limited company and a subsidiary of ZESCO, shall design, finance, construct, own and operate the new Kariba North Bank Extension Power Plant. The project is being financed by the China Export Import Bank and the Development Bank of South Africa at a total cost of US\$420 million.

A feasibility study of the KNBEPC project was conducted by Sino-Hydro at a cost of US\$600,000, while construction started in 2008 and commercial operations are expected to commence in 2013. The power plant will generate an estimated 473GWh of energy per annum.

The development of this project is strategic in addressing the regional power shortage under the Southern African Power Pool. To this effect, contact has been established with utilities in neighbouring countries as potential customers over the possibility of supplying them with peak power.

The development of a 360MW power plant will contribute about 20% additional capacity to the existing installed capacity in the country of about 1800MW. This is significant, as it will greatly contribute to reducing the prevailing power shortage particularly during peak hours.

The ERB encourages and welcomes the development of projects in the Electricity Supply Industry and as such, is committed to expediting the approval of PPAs. The approval of the PPA by the sector regulator is particularly important, as it is

a condition generally required by investors in order for them to disburse funds for such projects.

In view of the rising demand for power and the current shortages in the SADC region in general and Zambia, in particular, the ERB is cognisant of this project's contribution to national development and as such is encouraging ZESCO and KNEPC to expeditiously implement the project.

Kwali Mfuni
Communications Officer

