



Ministry of Mines & Energy

"promoting Namibia's mineral, geological and energy resources"

KEY NOTE ADDRESS

BY

THE MINISTER OF MINES AND ENERGY

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7TH AEDU/AMEU NAMIBIA ANNUAL CONFERENCE

C'EST SI BON HOTEL – OTJIWARONGO

17 MARCH 2016

Esteemed Participants

Invited Guests

Ladies and Gentlemen

I would like to thank his worship, the Mayor of Otjiwarongo, Councillor Bennis Haimbodi for the welcoming remarks and extend a vote of appreciation to the stakeholders and industry leaders that made time to attend and support this event. I would, in the same vein, like to acknowledge the presence of representatives from the Electricity Control Board; NamPower; the various Distribution Companies; various support companies; members of the AMEU Southern Africa Exco; industry leaders and all the Councillors from various local authorities.

The opportunity has, again, presented itself here in Otjiwarongo to allow collaboration and sharing of ideas amongst Electricity Supply Industry leaders, suppliers and our industry friends from South Africa, to enhance the Electricity Supply Industry, hence the befitting Theme: "Facing the Distribution and Supply Industry Smartly."

All the challenges facing the industry in terms of generation limitations and optimizing what is available, is well noted. We realise that a significant amount of new technology will have to be brought in to allow Demand Side Management to lower our existing demand and technologies such as SMART Metering to extend our range of services to customers while allowing optimisation of existing infrastructure and supply capacity. The Namibian environment still does not perceive this as adequate and requires a greater reform.

The industry is therefore being exposed to a changing environment and is trying to find its feet in the new normal. Distribution companies are evolving and becoming generators and also energy traders by having to secure supply from suppliers other than the national utility, NamPower.

Customers are also entering the generation market and are creating an industry with a fast changing landscape. It is evident that the industry is experiencing a significant disruption that will result in a completely different model. This process has been ongoing for a number of years now, and it is trusted it will be normalising sooner, rather than later.

Ladies and Gentlemen

I was informed that AMEU Southern Africa hosted its 100th centenary Technical Conference during October 2015 in Sandton, South Africa, where the message was clearly conveyed that the changing landscape in the Electricity Supply Industry is regional, and will require realignment from the regional industry players. I trust that the Namibian environment is leading the change process and should therefore collaborate with its regional partners to ensure proper planning for the new environment is done.

It is encouraging to see the industry taking on the challenges and opportunities presented in the current day environment and transforming itself to adapt to the new environment. I trust that the successes mentioned will inspire others to emulate and allow the industry to emerge stronger and more vibrant in support of Vision 2030.

In support of the industry, the National Integrated Resource Plan (NIRP) is currently under review and industry players have been invited to make contributions to investigate all generation options in Namibia to guide the country towards the next conventional generation option to be implemented. A large amount of ground work has been completed over the past few years and it is trusted that the plan will make a meaningful contribution to the Namibian environment, with assistance from the industry.

Demand Side Management projects have been implemented in the past and, in particular, included the LED initiative by NamPower. More projects are in the pipeline to assist customers with lowering their usage footprint on the available supply capacity constraints. Various mechanisms are currently being explored on how to give the choice benefit of Time of Use through the residential customers in Namibia. This group also dictates the peak time usage and can contribute significantly in managing loading on the network. It remains a technological challenge to which we trust a solution will be forthcoming soon. Additional means being used successfully for Demand Side Management is the media, to sensitise customers on usage and how to lower their demand.

Access to, and affordability of electricity remains a challenging issue and requires commitment and prioritisation by the Distributors to reach the goals of Vision 2030. Support mechanisms are also under consideration to assist mainly in financing such initiatives. The first phase of investigating the electrification of the Rural and Peri Urban areas was also completed in February 2015 and identified a team effort that will be required to ensure that local authorities formalise their towns, funds are obtained to service residences and the national supply grid will be able to provide the additional load.

Ladies and Gentlemen

The ever present electricity pricing pressures remain and require role players to diligently plan operations and developments to ensure price increases can be kept in line with economic indicators.

Regulation of the industry is the responsibility of the Electricity Control Board that regulates the issuing of licenses for generation, transmission and distribution and impose such rules as it deems necessary to ensure a safe, reliable and balanced Electricity Supply Industry. This role will be changing soon with the envisaged transformation of the ECB from an Electricity to an Energy Regulator. The new regulator will have an expanded field of responsibilities and will not only cover the electricity industry anymore, but will oversee electricity, downstream gas and downstream petroleum in accordance with energy-specific legislation.

It is quite clear that the electricity industry is undergoing changes to ensure sustainability, at an affordable price, while delivering a good quality product to the

end users. More parties are also being drawn into the industry and in particular include the customer that can now also supplement own consumption needs, while assisting the more prominent role players with a lower demand as a result of Net Metering.

In conclusion, the challenges are therefore clear and warrant action from the industry to comply. The attendees here today represent a significant portion of the industry and needs to be urged to continue with creating innovative solutions. It is important for Namibia to take on this task to ensure a world class industry, where investment and economic growth can be promoted and sustained towards Vision 2030.

It is trusted that after this event, each attendee will have a greater understanding of the task at hand, how to proceed with implementing it and making a meaningful contribution towards Namibia's prosperity. The onus is thus on the Electricity Supply Industry and this organization to proceed and overcome the challenges enumerated innovatively with the available resources.

Thank you for your attention. I wish you fruitful deliberations!