



PRESS STATEMENT ON THE POWER SUPPLY SITUATION IN NAMIBIA

By

**Hon. Obeth Mbui Kandjoze, MP
Minister of Mines and Energy**

22nd DECEMBER 2015

1. As Minister tasked with the superintendence of energy, and in consultation with the Cabinet Committee on Trade and Economic Development convened on the 21st December 2015 and having briefed the Head of State, I have called this press conference to inform the Namibian public and enterprise, on the state of the energy situation in Namibia and forthcoming plans and projects to secure supply of energy needed to power the national developmental agenda towards Vision 2030 and beyond.
2. The Ministry of Mines and Energy wishes to acknowledge the challenges being experienced in the sub region and in particular in Namibia, from the Security of Supply of electricity point of view. In line with that the MME, ECB and NamPower have instituted measures to ensure that the country is secured with electricity supply for the period 2016 to 2019 through a raft of a mixture of the following projects:

2.1 Solar PV Projects:

- Renewable Energy Feed-in Tariff Project (REFIT) total capacity of 70 MW,
- 3x10 MW Solar PV recently awarded
- 20 MW Solar PV from GreeNam
- All of the above projects are based on a 25 year generation licenses
- All of the above projects will be implemented without any Treasury Support, and Government Guarantees
- IPP's investment capital will total N\$2.4 billion
- All of the above projects have no fuel resource dependency
- The tariffs for the above projects ranges between N\$0.80 – N\$1.37/kWh
- Commission date is expected to be December 2016

2.2 Wind Energy Projects

- Diaz Wind Energy Project
- IPP generation capacity as licensed is 44 MW
- IPP investment capital will be N\$3.6 billion
- Generation period will be for 25 years
- The expected generation tariff will be N\$1.19/kWh
- Commission date is expected by July 2017

2.3 HFO/Diesel Short Term Generation Project

- Project expected to be a minimal Capex cost for a 3 – 5 year period only
- Project is expected to be an HFO/Diesel fueled contracted from an IPP

- Total project size is expected to be a 120 MW
- The tariff is expected to be in the range of N\$1.80 – N\$2.50 /kWh
- Commission date is expected by August 2016

2.4 Import Supply Options being firmed up

- 300 MW off peak supply from Eskom made available and profiled
 - Other imports under negotiations:
 - EDM of Mozambique 50-100MW
 - Lusemfwa Hydro of Zambia 40MW
 - ZPC of Zimbabwe 50MW for a period of 3 – 10 years
 - This offers Namibia a total capacity of 490 MW available from the Region at different times of the day.
 - The expected average tariff is N\$1.80/kWh
3. Namibia's energy maximum demand today stands at **611MW**. By the year 2020 that demand will be **879MW**. Our energy demand grows at an annual energy consumption rate of **3%**.
 4. Therefore, in our planning, we have factored in a short-term as well as a longer-term energy supply program.
 5. I am aware that over the past number of months, there has been speculation as to the security of supply of energy in the short term period 2016-2019 predicated on a shortage of supply of electricity. There has also been concerns as to the many projects floated in the public through the media and other sources.

With the above review as detailed in the planned new projects most of which have now been firmed up, contracting in some now having been completed and, by and large with PPA's either completed or on course for completion, and other projects having been awarded already, the Ministry of Mines and Energy wishes to assure the citizens and broader business public and other stakeholders that no further power shortage is anticipated during the period indicated above and as per the indications as was widely publicized earlier this year. It has therefore become necessary for me to make the following announcement:

6. The Government has deemed it fit to announce that NamPower shall be empowered to proceed negotiating with Xaris Energy (Pty) Ltd on the 200MW as a short term solution as per the terms and conditions of the Generation License granted as amended in March 2015 provided that the following holds:

6.1

- That the original project design as per the in-principal approval by the previous Cabinet in March 2015 and in tandem with the Generation License granted, is maintained and remains compliant with the terms and conditions of the Generation License granted by the Electricity Control Board
- The Generation License for the Xaris Project approved an Open Cycle Gas Turbine with a generation capacity of 200 MW only
- That the Xaris Project remains a Stop Gap measure as per the in-principle Cabinet approval and the terms and conditions of the Generation License as vested in the Electricity Act of 2007
- That the Xaris Project be developed without Treasury involvement including Government Guarantees as per the commitment of the project developers
- That NamPower and Xaris negotiates the terms and conditions for the Power Purchase Agreement for approval by the relevant authorities

6.2 In addition to the 200MW from Xaris, the Ministry of Mines and Energy as the sector Ministry, in line with developing green practices, has directed that clean, sustainable and renewable energy sources be aggressively pursued. This mix of renewable energy generation projects in addition to the HFO/Diesel powered short term supply measure will yield a total megawatt output of 284MW.

6.3 In addition to the above short-term energy generation projects, Kudu remains a National Strategic Project. Government has directed that the Ministry of Mines and Energy engage the relevant stakeholders and to work on the realization of the Kudu energy generation project with the view to structure the project in an affordable manner. Therefore Kudu is and remains a long term solution which will cater for Namibia's growing energy needs in light of Namibia's growing awareness of other economic priority projects.

7. The above therefore brings to the fore Namibia's short and medium term energy project generation projections. We are working together as a Government to ensure that we have security of supply to power our economy and we acknowledge that the challenges will require a multi-sectoral input led by this Ministry.

8. Let me therefore wish you a very relaxing festive season and hope that the New Year will usher us into a rededicated endeavor to spark the plug towards an affordable energy plan for our economic growth.

I thank you.


Hon Obeth Mbui Kandjoze, MP
Minister of Mines and Energy

