



ICPs to support review of SADC energy policy instruments

INTERNATIONAL COOPERATING Partners in the SADC energy sector have committed to supporting the review of the SADC Protocol on Energy and the development of a SADC Energy Policy, Strategy and Action Plan.

This was agreed at the Energy Thematic Group meeting in September in Gaborone, Botswana. The review is in response to concerns raised by many stakeholders that the current energy governance instruments are now outdated and require updating to align them with current developments such as the climate change discourse.

Terms of reference for this purpose have since been prepared by SADC Secretariat and have been shared with ICPs for further input. The review process is expected to commence once consultants are engaged for the exercise.

Other issues discussed regarding cooperation with SADC include the need for lobbying to raise awareness on issues that require high-level attention. For example, a presentation on the Clean Development Mechanism made at the SADC Energy Ministers meeting in Maputo in 2009 has since led to the development of a SADC Carbon Trading Programme of Action.

The thematic group meeting noted other areas of cooperation with SADC in 2010:

- Preparations for SADC-ICP Consultative Conference;
- Preparation of a Concept Brief on energy challenges in SADC as a background paper prior to the meeting of Council of Ministers in Windhoek in August;
- Participation in the SADC 2010 initiative during the FIFA World Cup to promote infrastructure investments in the SADC region.

The meeting acknowledged the role taken up by the SADC Secretariat to resolve the obstacles that are preventing the Mozambique-Malawi transmission line from being implemented. Such proactive regional involvement is critical in enhancing regional integration and coordination in the energy sector in general and the power sector in particular.

Concern was raised about the slow pace of regional energy project implementation with a number of studies having failed to produce tangible results. A related problem is the lack of champions for a

regional approach to energy projects, a role that should be taken on by SADC.

An important immediate role for the ICPs would therefore be on how best to support SADC in unlocking and overcoming project implementation challenges.

The meeting opened with remarks from Mrs Tove Bruvik Westberg, Norwegian Ambassador to Mozambique, and Freddie Motlathledi, Senior Energy Officer at the SADC Secretariat. It was attended by SADC and several ICPs involved in the SADC energy sector, as well as SAPP, RERA and SARDC.

The next meeting is scheduled for 29-30 March 2011 in Gaborone. □

Regional trading system progress gradual

THE RECENTLY launched competitive regional power trading system aimed at boosting the pooling of electricity across the region is making gradual progress with more member countries trading amongst themselves.

The Southern African Power Pool (SAPP), which coordinates the planning, generation, transmission and marketing of electricity on behalf of Member State utilities in the SADC region, said significant activity has been experienced since the Day Ahead Market (DAM) opened for live trading on 15 December 2009.

"A total of 111,227 MWhr Sale and 45,504 MWh Buy bids have been received on the DAM trading platform to date," SAPP chief market analyst Musara Beta told a SADC ETG meeting.

He said more than 1,290 MWhr have also been traded on the DAM trading platform as of 20 September 2010.

He added that the market cross prices that were achieved for most of February, two days in August and a day in September "ranged between 1 to 6 USc/KWhr."

continued on page 2

SAPP to commission 1,110 MW in 2011

SOUTHERN AFRICA expects to commission six energy projects that will add about 1,110 Megawatts (MW) of electricity to the region in 2011.

The power will come from Angola, which aims to commission a total of 150 MW and Namibia about 20 MW. South Africa will weigh in with 600 MW, the United Republic of Tanzania 160 MW while Zimbabwe will add about 150 MW and Zambia 30 MW.

However, only 800 MW of the new power will be added to the regional grid as Angola and Tanzania are not yet connected to the grid, which is managed by the Southern African Power Pool (SAPP).

The new power expected in 2011 is slightly more than that which has been projected for commission-

ing this year. By year end, SAPP expects to have added about 990 MW of electricity. In the year 2009, SAPP was able to add a total of 2,187 MW against a planned target of 2,400 MW.

Member State utilities have identified a number of priority projects for commissioning over the next few years to address the crippling energy situation in the region. □

No	Country	REHABILITATION AND NEW PROJECTS						TOTAL
		2010	2011	2012	2013	2014	2015	
1	Angola	60	150	-	260	260		730
2	Botswana	160		600	300	-		1,060
3	DRC	160	-	215	-	160		535
4	Lesotho		-	25			110	135
5	Malawi			-	64		100	164
6	Mozambique		-		-	1,050	700	1,750
7	Namibia		20	83	103	1,200		1,406
8	South Africa	591	601	1,088	3,983	3,322	2,246	11,831
9	Swaziland						300	300
10	Tanzania		160		740	-		900
11	Zambia	15	30	360		120	34	539
12	Zimbabwe		150			300	800	1,250
TOTAL		989	1,111	2,371	5,489	6,412	4,389	20,729

Source: SAPP

Regional trading system progress gradual

continued from page 1

Trading prices are set by the seller and administered by SAPP. The rest is exchanged via bilateral long-term contracts with fixed tariffs. Prices are also set based on demand and supply between the utilities in the countries where the power pool operates.

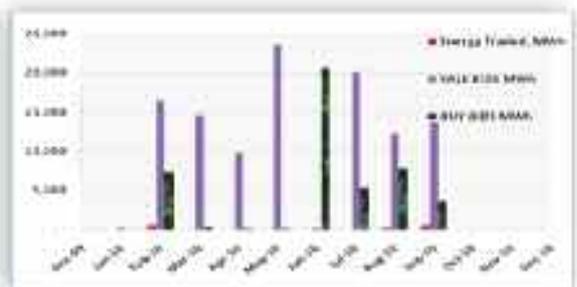
Beta said "participation in September has gone up to five utilities," adding that more utilities were expected to come on board soon.

However, various challenges have been noted on the DAM trading. These include price gaps between buyers and sellers, low and inconsistent participation by members and balancing of national priorities. Other constraints include the sudden migration affecting the trading migration from a cooperative to a competitive pool.

"The implementation of a competitive market at a time that the region has run out of generation reserve surplus capacity is also another major challenge," Beta said.

He urged member countries and cooperating partners to work together in addressing the challenges. He said implementation of cost reflective tariffs is critical if the region is to attract meaningful investments. □

Summary of Bids Submitted as of 21 September 2010



Source: SAPP

RERA to launch SADC tariff publication

THE REGIONAL Electricity Regulators Association of Southern Africa (RERA) plans to launch a SADC tariff publication.

The main objective of the publication is to produce an annual regional pamphlet that can be availed to policy makers, regulators, utilities, consumers, prospective investors and other interested parties.

It would provide a comparative analysis of tariffs in the

SADC region as well as some selected performance indicators that are critical in decision making, monitoring and benchmarking.

RERA Executive Secretary Elijah Sichone said work has already begun to produce the publication so that "the results can be presented to the SADC Energy Ministers at their next meeting" scheduled for early 2011. □

SADC ETG website now operational

THE SADC Energy Portal website intended as a tool for International Cooperating Partners (ICPs) in the energy sector to share information is now operational.

The Southern African Research and Documentation Centre (SARDC) designed the portal with support from the Norwegian Embassy in Maputo. It

can be accessed on the link <http://www.sardc.net/sadc-energy/index.html>

The energy portal was presented at the ETG meeting held in Gaborone, Botswana in September. ICPs welcomed the development saying it would provide a platform for them to coordinate their activities.

The portal contains information which should be regularly updated by ICPs, such as information sheets on projects and programmes supported by ICPs through bilateral or multilateral arrangements, minutes and other documents from recent ETG meetings.

However, access to projects and programmes and other documents such as minutes is restricted to ETG partners only who can login using a password provided by the portal administrator.

The rest of the portal allows free access to knowledge products including the SADC ETG bulletin, policy briefs and SADC Today.

This portal is part of the project Communicating Energy in Southern Africa whose goal is to raise regional awareness among stakeholders in southern Africa about key regional energy issues.

The main target groups are private sector, investors, policy makers, media, universities, civil society and other stakeholders. □

Solar park planned for South Africa

SOUTH AFRICA has announced plans to set up a R150 billion (about US\$22 billion) solar park as the country intensifies efforts to move towards renewable energy sources and improve self-sufficiency.

Government spokesperson Themba Maseko said the proposed solar park is expected to generate 5,000 megawatts of power and construction could start in 2012, depending on investor response.

A feasibility study by South Africa's Department of Energy and the Clinton Climate Initiative based in the US has identified Upington in the semi-arid Northern Cape region as a potential site for the project.

"As soon as the feasibility study is completed it would be presented to an investors' conference to test the appetite of investors to actually support an initiative of this nature," Maseko said.

South Africa is increasingly turning towards renewable energy sources to help plug a chronic power shortage and decrease its dependence on the coal-fired power stations that provide most of its electricity.

State-owned power utility Eskom wants to move into renewable energy and tap cleaner coal technologies to reduce its carbon footprint.

With the help of a World Bank loan, Eskom is developing a 100MW concentrated solar power plant estimated to cost about R7 billion (about US\$1 billion), also in the Northern Cape region.



Solar is a clean form of energy

The Eskom plant could form part of the proposed giant solar park that would also create jobs in the region. □

ZIZABONA project on track

THE ZIMBABWE-Zambia-Botswana-Namibia (ZIZABONA) project members have engaged a consultant, Norconsult of Norway, to carry out financial, legal, technical and market studies on the ZIZABONA project.

ZIZABONA members engaged Norconsult at a recent meeting held at the Southern African Power Pool (SAPP) Coordination Centre in Harare, Zimbabwe.

The meeting agreed to develop a roadmap for the packaging of the project. The ZIZABONA project aims to reduce congestion along the central corridor via Zimbabwe and Botswana.

Four power utilities namely ZESA of Zimbabwe, ZESCO of Zambia, BPC of Botswana and NamPower of Namibia signed an

agreement for the development of the project in April 2008.

However, various challenges that include limited financial resources have hampered the implementation process.

The planned transmission line would link Hwange substation in Zimbabwe, proceeding to a proposed substation in Pandamatenga area in Botswana and then terminating at the Zambezi substation in Namibia. The project will also include a line from Victoria Falls in Zimbabwe to Livingstone in Zambia.

The interconnector will link the four respective countries electricity networks as well as boost power trading among SADC Member States. □

Hydro Power summit set for South Africa

ENERGY EXPERTS from Africa will meet in March 2011 at Hydro Power World Africa to explore ways of increasing the uptake of hydropower.

Hydro energy, which involves using water to turn turbines and generate electricity, is regarded as one of the most reliable and clean forms of power that does not pollute the environment compared to other forms such as thermal.

However, the energy source remains largely untapped in Africa despite the fact that the continent is hugely endowed with water courses such as the seven major river systems of Congo, Zambezi, Niger, Nile, Orange, Senegal and Limpopo.

For example, a study by the Southern African Power Pool (SAPP) reveals that the continent has a combined feasible hydro capacity of more than 1,750,000 Gigawatts (GW) per year – enough power for the whole continent as well as for export, yet only 4.3 percent of this is being exploited.

To address the disparity, the conference scheduled for 28-31 March in Johannesburg, South Africa, is expected to discuss viable strategies to deal with Africa's power deficit by exploiting renewable power sources such as hydro energy.

The conference aims to find solutions to the major technical, financial and environment challenges that the energy source faces. Stakeholders would identify investment and project finance opportunities as well as gain insight into the latest hydro technologies.

The conference will also discuss policy and regulation for a sustainable hydro infrastructure.

Regional hydro infrastructure that require investment include the Inga 3 in the Democratic Republic of Congo, Cahora Bassa in Mozambique, Kariba between Zambia and Zimbabwe, as well as the Lower Kihansi in the United Republic of Tanzania.

Potential investors, regional utilities and energy stakeholders are expected to attend Hydro Power World Africa. □

Africa to invest in low carbon projects

AFRICA IS determined to invest into low carbon projects such as renewable energy that result in less emissions in line with new trends in the global energy sector.

According to available data, Africa has great potential to benefit from the carbon market. However, little has been done to harness the market despite the huge resource base in the continent. These vast resources include solar, hydropower and wind energy.

To ensure that the continent becomes a significant player in the global carbon market and to take advantage of the financial and development opportunities on offer, energy stakeholders are expected to meet in January 2011 to develop institutional capacity to increase the pace of carbon projects investment.

The meeting scheduled for 25-26 January in Johannesburg would also review decisions made at the recent climate change summit in Cancun, Mexico and take action to put Africa at the heart of the global carbon market.

While there are more than 20 climate funds operating internationally, Africa has access to only a few and has only a handful of projects registered under Kyoto's Clean Development Mechanism (CDM).

Most of the African CDM projects are concentrated in South Africa. Latin America and Asian countries, particularly India and China already boast hundreds of CDM projects.

However, based on an analysis by the African Development Bank (AfDB) the continent has great potential in adopting the CDM.

For instance, the AfDB notes that Sub-Saharan Africa has potential to provide more than 170 gigawatts (GW) of additional power generation capacity – more than double the sub-region's current installations – through 3,200 "low-carbon" energy projects.

Low-carbon energy projects that produce fewer pollutants are fast emerging as the most lucrative source of financing under the CDM.

The CDM allows a country with an emission-reduction or emission-limitation commitment under the Kyoto Protocol to implement emission reduction projects in developing countries.

It also enables developing countries to increase energy access while limiting greenhouse gas emissions through harnessing clean energy sources such as hydropower, wind, solar and bio-fuels. □

Events Diary

For more information concerning the Energy Thematic Group please contact:

Hans Terje Ylvisåker

Senior Regional Energy Coordinator
Royal Norwegian Embassy in Mozambique
Tel: +258 21 480 100
Email: hans.ylvisaker@gmail.com or hty@mfa.no

Freddie Mothlathledi

Senior Programme Officer - Energy
SADC Secretariat
Tel: +267 395 1863
Email: fmothlathledi@sadc.int

This quarterly bulletin is published by the Southern African Research and Documentation Centre (SARDC), with support from the Royal Norwegian Embassy in Maputo, on behalf of the SADC Energy Thematic Group.

SARDC, 15 Downie Avenue, Belgravia,
Harare, Zimbabwe
Tel: +263 4 791141
Fax: +263 4 791271
Email: redi@sardc.net
www.sardc.net



www.sardc.net
Knowledge for Development

December 2010

1-2, Harare SAPP Transmission Meeting

January 2011

17-20, Abu Dhabi World Future Energy Conference
17-21, Jaipur International Conference on Renewable Energy
25-26, Johannesburg Carbon Markets and Climate Finance Africa 2011

February

7-16, Victoria Falls 36th SAPP Meetings Zimbabwe
23-24, Johannesburg Low Carbon Future Conference
TBA SADC Council of Ministers

March

4, Windhoek 30th SAPP Executive Meeting
14-16, Cape Town Power Indaba
22-24, Rotterdam World Biofuels Market
28-31, Johannesburg Hydro Power World Africa
29-30, Gaborone SADC Energy Thematic Group

April

1, Johannesburg IPP World Africa
4-6, London Africa Gas Conference