



Press Statement

Maamba Collieries Limited & ZESCO Limited Power Purchase Agreement

26th July 2011

Maamba Collieries Limited (MCL) has submitted a Power Purchase Agreement (PPA) to sell about 300MW to ZESCO Limited (ZESCO), for regulatory consent by the Energy Regulation Board (ERB). MCL intends to sell power generated from its upcoming coal powered plant to ZESCO.

In the proposed PPA, MCL states that it intends to design, finance, construct, commission, own, operate and maintain a coal-fired power generation plant with a capacity of 300MW at a cost of US\$ 700 million. The plant will be developed in two phases. Under phase I, the power plant will be able to generate 300 Mega Watts (MW) while phase II will see an additional 300MW capacity brought on stream. While phase I is set to start soon, Phase II will only commence when an off-taker for the additional power to be generated has been identified.

Under the proposed PPA, ZESCO is expected to undertake the design, engineering and construction of the interconnection facilities to provide for transmission of the generated power, in line with the Development and Connection Agreement.

MCL is seeking regulatory consent as a pre-requisite to secure financing for the project through ABSA, its appointed financial advisor. The project is expected to be completed 36 months after the contractor moves on site. MCL is currently in the process of identifying a contractor.

Furthermore, the ERB has received another PPA intended to enable ZESCO to sell power to Botswana Power Corporation (BPC). The power to be bought by BPC is for purposes of supply to one of Botswana's border areas - Kasane. The power would be supplied to Kasane through the Kazungula supply line. ZESCO has submitted the PPA for regulatory consent.

Under the proposed agreement, ZESCO is proposing to sell up to 10MVA on a firm basis at a voltage of 66kV for a period of five years. However, supply will be subject to monthly requirements from the date of project commencement. Further, a Joint technical committee comprising of ZESCO and BPC representatives will be established to address the technical and operational issues of the PPA between the two utilities.

In line with its mandate under the Electricity Act, Cap 433 of the Laws of Zambia, the ERB is in the process of reviewing the two PPAs. The general public will be informed on the ERB decision in due course.

Kwali Mfuni
Communications Officer

