

CEC CHAIRMAN'S STATEMENT

CEC AND ZESCO SIGN BULK SUPPLY AGREEMENT

Following regulatory approval of the Bulk Supply Agreement (“BSA”) between Copperbelt Energy Corporation PLC. (“CEC”) and ZESCO Limited (“ZESCO”), I am pleased to reiterate that the BSA has finally been signed and taken effect. I further wish to state that the 13-year BSA is both mutually beneficial to the parties and progressive for the wider energy sector.

With the signature of the BSA, CEC and ZESCO have taken a bold step to firm up power supply arrangements to the Copperbelt, and in particular to the mining industry, which remains the mainstay of the national economy. This development is important in giving confidence and comfort to the various industry players including manufacturers, commercial and retail consumers. It is also anticipated that the new BSA should play a critical role in encouraging productivity.

To ensure business sustainability, the parties agreed to adopted secure payment security arrangements and flexible tariff adjustment mechanisms guided by the electricity Act, 2019. Being a requirement of the electricity Act, 2019, the payment security provisions will be mirrored in all customer agreements where this is missing at the moment. Further, the parties have adopted latest and progressive dispute resolution mechanisms that are consistent with internationally accepted practices.

With the power supply limit of 380MW, the new BSA makes available needed capacity for CEC to meet its demand while allowing the parties to negotiate and agree terms for increasing this capacity from time to time to meet growing demand. Further, the BSA is progressive in that it promotes market competition from both the demand and supply sides. The mutually protectionist clauses that were part of the previous agreement have been done away with. This is also important in the furtherance of the penetration of the renewable’s technology in the Zambian market in line with the Governments green development agenda.

The new BSA presents a good balanced in provisions for allowing access to transmission networks owned by CEC and ZESCO. While the provision of domestic wheeling to ZESCO by CEC has been continued, as necessary, in the new BSA, CEC’s access to the ZESCO transmission network for domestic wheeling purposes has been added. Furthermore, transmission use of system of each of CEC’s and ZESCO’s network has also been fully provided to ensure seamless flow of services at commercial rates between the two utilities. These provisions should encourage growing competition in the sector and offer new opportunities for the two utilities and other players in the sector.

As one of the largest regional power traders, CEC is also pleased that the new BSA facilitates for seamless provision of international wheeling services. In this regard, the two utilities will provide unhindered access to their transmission networks for international wheeling, opening further growth opportunities in the power trading space. This should promote additional investments in new transmission and interconnector capacity by the two utilities and other players in the sector. Proactively, this is aligned with the open access regime currently undergoing market design in the energy sector to democratize and spur further growth of the transmission network.

It is important to note that the agreed tariffs reflect the give and take spirit that was applied by the two utilities to achieve mutually beneficial terms. Given that the two parties exchange various services, the agreed terms, will support growth in the energy sector for the benefit of all electricity users and the economy in general.

The development overall paves way for long term stability and potential flow of significant investments in the energy sector. The new BSA ushers in a new era in our cooperation with ZESCO and we look forward to a long and prosperous relationship which promotes the business interests of both parties.

I am delighted to assure our shareholders and the general investing public that CEC continues to work hard to grow its business even more as we work to strengthen our partnership with you and create new partnerships.

London Mwafuilwa

Board Chairman

ENDS

For further information, contact:

Chama Nsabika

Senior Manager Corporate Communication

+260 212 244914

+260 966 792922

nsabika@cec.com.zm