BIZCOMMUNITY

Zimbabwe makes plans to upgrade power supply

In Zimbabwe, the gap between installed electricity capacity and peak demand is approximately 1,200MW.

As a result, the country is reliant on importing power via regional interconnectors. The Zimbabwe state utility, ZESA Holdings, imports up to 40% of its power requirements from Eskom (South Africa), Cahora-Bassa (Mozambique) and Snel (the Democratic Republic of Congo) through the mechanism of the Southern Africa Power Pool (SAPP). Where this demand gap is not bridged, there is load shedding, including during peak periods.

The Zimbabwe Power Company (ZPC) has launched a number of projects over recent years to expand and upgrade electricity generation in the region, including:

- rehabilitation of the existing 920MW Hwange coal power station;
- the 600MW extension of the existing Hwange coal power station;
- rehabilitation of the existing 750MW Kariba South hydropower station; and
- the 300MW expansion of the existing Kariba South hydropower station.

Financing

As part of its rehabilitation and expansion initiatives, ZPC negotiated a $120m facility with the Standard Bank of South Africa (as lead arranger and co-lender) and The Eastern and Southern African Trade and Development Bank (PTA Bank) (as co-lender) to provide finance to ZPC for the expansion of the Kariba South hydro power station.

This facility supports the original 20-year $319m loan negotiated in October 2013 by ZPC with China Exim Bank to finance the expansion of Kariba South and completes the funding required to increase the installed capacity of Kariba South by the addition of a further 300MW which will result in an aggregate 1,050MW installed capacity. The new hydropower plant is to be wholly owned and operated by ZPC’s subsidiary, Kariba Hydro Power Company (private) Limited (KHPC) and completion is scheduled for 2018.

The funds made available under the $120m facility will also be used to assist with the rehabilitation of the existing coal fired power plant at Hwange, which has an installed capacity rated at 920MW, but is currently operating at only 600MW due to ageing equipment. The rehabilitation of the plant will significantly increase to Zimbabwe’s power resources.

The $120m facility is backed by a 15-year power purchase agreement between ZPC and offtaker Namibia Power Corporation (NamPower) for 80MW of the capacity at Kariba South.

New thermal plant

In addition to these projects, ZPC is finalising the equity and debt arrangements required for the $1bn extension of Hwange which will add 600MW of thermal power to the national grid. The new 600MW thermal power plant is to be majority owned and operated by ZPC’s subsidiary, Hwange Electricity Supply Company (private) Limited (HESCO) as a PPP joint venture with Sinohydro of China. Subscription and shareholder agreements between ZPC, HESCO and Sinohydro of China are in the process of being finalised.