

Electricity market lusaka

In a bid to address the prevailing electricity deficit in Zambia, the government has initiated negotiations with Mozambique to secure an additional 120 Mega Watts of power for the nation. Energy Minister Peter Kapala disclosed this during a recent session in Parliament where he delivered a comprehensive statement on the country's electricity situation.

According to Minister Kapala, Zambia's power utility, ZESCO, intends to gradually withdraw 120 Mega Watts from the export market, factoring in existing bilateral contracts. This measure aims to augment the domestic supply amidst the ongoing energy crisis.

Furthermore, Minister Kapala highlighted ongoing negotiations between ZESCO and Ndola Energy Company Limited to recommence operations at a 105 Mega Watt power plant. These negotiations are anticipated to conclude by April 2024, with ZESCO expected to procure 105 Mega Watts from May to December 2024.

The Minister underscored the significance of strategic institutions in the electricity management framework, ensuring their uninterrupted operation during load shedding. Measures are being taken to exempt such institutions, including health facilities, water utilities, industries, mining firms, and security establishments, where dedicated power lines are available.

Addressing the immediate challenges, ZESCO has commenced load shedding to mitigate rapid reservoir depletion, potentially leading to extended power outages. However, this measure entails substantial monthly revenue losses estimated at USD 35 million.

o 120 MW Solar PV Portfolio: Implementation of a 120 Mega Watt portfolio of solar PV power projects under the Global Energy Transfer Feed-in Tariff (GET-FiT) program.
o Luapula (CX) Hydropower Project: Progressing with the development of the 271-megawatt Luapula (CX) hydropower project on the Luapula River.
o Lusiwasi Lower Hydropower Project: Development of the 86 Mega Watt Lusiwasi Lower Hydropower Project.
o 2,000 MW Solar PV Project: ZESCO is collaborating with Masdar on a 2,000-megawatt solar PV project.

Highlighting the long-term vision, Minister Kapala emphasized the completion of the Integrated Resource Plan (IRP), designed to provide sustainable solutions for Zambia's energy sector challenges. The IRP forecasts a significant increase in demand, necessitating substantial investments to meet future energy needs.

As part of a broader strategy, consumers are encouraged to embrace alternative energy sources and adopt energy-efficient equipment to alleviate pressure on the national grid. This shift towards sustainable practices is expected to contribute significantly to addressing Zambia's energy deficit in the long run.

ZESCO Managing Director Victor Mapani announced earlier this month that the company would commence 8-hour daily load shedding effective Monday, March 11, 2024. The decision followed a meticulous assessment of water levels in the Kafue and Zambezi basins.

Mr. Mapani explained that the implementation of load shedding become imperative due to the dwindling water levels, which directly affect power generation capacity. He noted that the anticipated loss for ZESCO due to load shedding would amount to approximately \$35 million per month.

Ndola Energy closed because HH thought it right to halt operations at Indeni. Ndola Energy used to use heavy diesel from Indeni that is no longer available. How are you going to restart operations? These small amounts of 50MW, 90MW, 120MW are just a drop in the ocean when you have a shortage of over 1200MW. Sorry, I forgot that HH ended load shedding one year in office so what are we talking about here.

Ndola HFO power plant generates power at cost close to 8 cents/kwh. But the electricity tariffs in Zambia are around 5 cents/kwh. The power plant will be operating at a loss if they supply power locally. Unless they restart the plant for exports.

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