

## ELECTRICITY

Zambia power utility seeks \$600m for upgrades

By: Reuters

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Zambia's state power utility Zesco is talking to financiers from Japan, India and western countries about a \$600-million financing package needed to boost power output, a senior industry official said on Tuesday.

Monica Chisela, Zesco senior manager for marketing and public relations, said the \$600-million would be initial funding for power projects which are anticipated to cost a total \$2-billion to raise power output to 2 500 MW.

The mineral-rich southern African country is rationing power to households and other industry to mostly supply copper and cobalt mines, the country's economic mainstay.

Chisela said Zesco was negotiating with export credit agencies, the World Bank and other financiers.

"Zesco is sourcing funds from Development Financial Institutions like the African Development Bank, World Bank . . . export credit agencies like India Exim (and) Japan Exim," Chisela told Reuters.

Chisela said Zesco planned to raise power generation to fix a deficit which has forced industry to reduce output.

"In the short to medium term, about \$600-million capital investment is required by Zesco and over \$2-billion capital investment is required in the long term," Chisela said.

Chisela said infrastructure expansion was already in progress and that it was being done under a government-driven power rehabilitation project (PRP).

She said the country's largest power project would be the Kafue Gorge Lower, which is estimated to cost \$1-billion. The government has engaged the World Bank's International Finance Corporation, to undertake a feasibility study.

"It is anticipated that, under the current cost estimates, it will cost about \$1-billion to construct Kafue Gorge Lower Power Station," Chisela said.

Chisela said expansions and upgrades at the other two power stations, the Kafue Gorge and Kariba North Bank were expected to be completed in December 2008.

"It has been estimated that developing the Itezhi-Tezhi Power Station will cost \$230-million and construction works will commence before the end of 2008," Chisela said of the project awarded to Tata Group of South Africa and targeted to be completed by 2012.

Zambia, like many other southern African countries, has been hit by power outages which have forced copper and cobalt mines to scale down production.

Officials say the country cannot meet demand from the mining and agriculture sectors, where expansion in the last couple of years has not been matched by investments in power generation.

Zesco data shows that 772 MW is currently generated from a capacity of 1 300 MW, while total Zambia power demand is 1 600 MW.

"The current maximum demand is 1 600 MW and it is anticipated to reach 2 500 MW in the next five years," Chisela said.

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