WINSTON & STRAWN LLP

NEWS

# META Monthly: Renewables Update - April 2019

APRIL 2019

## Renewables Opportunities in Southern Africa: Spotlight on Zambia

In this issue of META Monthly, we consider the surge of renewable power developments that have taken place across the southern region of Africa. In particular, we take a look at the increase in hydro projects that are currently being planned in Zambia and discuss this within the wider context of the rising number of southern African renewables projects. In next month's issue we will cover the development of renewable energy in Namibia.

Climate change is the headline driver for renewable power investment. The Paris Agreement[1], which was largely a reflection of the shift towards renewable sources of power, has now been ratified by 179 countries. Notably this includes all of the Southern African Development Community (SADC)[2] member states—other than Angola, which has only signed (but not yet ratified) the agreement—evidencing a strong commitment in southern Africa to exploring the benefits provided by renewable energy sources.

Emissions targets, however, are not the only incentive for southern African nations to explore renewable energy opportunities. Many counties in Sub-Saharan Africa never built conventional baseload power reliant on fossil fuels. Certainly this has resulted in a lack of power for millions of people across the continent. But today it also represents an opportunity. Statistics indicate that on average, electricity generated by non-renewable sources can cost as much 36 percent more per KW hour compared to electricity generated by renewable sources.

It is therefore unsurprising that southern Africa—with its abundant rich natural resources—has increased its development of small and mid-size solar, wind and hydropower projects in order to improve generation capacity. Currently, at least 13 solar projects are under construction in southern Africa with 289 planned; and five wind projects are under construction, with another 70 projects in the pipeline. With a dearth of intermitted generation, hydropower also has a unique opportunity to contribute to the baseload diversification of southern African energy sources. There are currently 11 hydropower projects under construction (with a combined output of 3,661 MW) and 136 planned (with a combined output of 19,799 MW).

When it comes to hydropower, the Republic of Zambia's geography and relatively central location could establish it as a hydro superpower. The country benefits from a diverse and consistent supply of water via the Luapula, Lunga, Chambeshi, Kalungwishi, Kapamba, and Shiwang'andu rivers in the north; the Lusiwasi and Luangwa rivers centrally and in the east; and the Zambezi and Kafue rivers in the south and west. In addition, Zambia is centrally located within southern Africa and is connected to the Southern African Power Pool (SAPP) regional transmission grid. Having its own relatively small population yet a large capacity for hydropower generation, Zambia is ideally situated to act as a net power exporter for the region, in particular, to Mozambique, South Africa, Angola, and Zimbabwe. Strenuous development of Zambia's hydropower resources present incredible opportunities for Zambia as well as the private sector.

Below we provide a brief overview of some upcoming hydropower projects in Zambia.

## Batoka Gorge Hydropower Project

The Zambezi River Authority Council of Ministers announced in February of this year that it has shortlisted three developers for this project and will be selecting the final developer by September of this year. The project, which is expected to generate 2,400 MW of electricity to be shared equally between Zambia and Zimbabwe, will follow a Build-Operate-Transfer model. Construction, which is estimated to cost approximately US$5.2 billion, is scheduled to commence by the end of this year once the final developer has been selected.

## Western Power Project

This project, being jointly developed by EleQtra (a principal developer of InfraCo Africa) and African Power Projects through Western Power Company (the project company special purpose vehicle), relates to the development of a 180 MW run-of-river hydropower plant located at Ngonye Falls on the Zambezi River. A turnkey EPC contract will be entered into for the construction of the project and an offtake agreement is also expected to be entered into with ZESCO (the national power utility). The project, which will represent the largest private investment in western Zambia, is anticipated to provide a number of economic and social benefits to the region. In particular, Western Power Company has committed to long term community improvement through a Community Development Fund, which will be maintained from project revenues.

## Lufubu Hydropower Project

Lufubu Hydropower Project, located on the Lufubu river in the northern province of Zambia near Lake Tanganyika, envisages the construction of three hydropower plants with a total installed capacity of 325 MW. The project will be developed by Lufubu Power Company (a private Zambian company) and represents one of the most important opportunities for development in the north of Zambia, with the mining sector and domestic consumers alone expected to account for 82 percent of total electricity consumption.

Winston & Strawn is advising the Zambian government in connection with the development of the Lufubu Hydropower Project and has been engaged to advise on the Western Power Project.

---

[1] COP 21, Decision 1/CP.21 of December 12, 2015.

[2] The 16 members of the SADC include Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini (formally Swaziland), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia, and Zimbabwe.

4 Min Read

### Related Locations

Charlotte | Chicago | Dallas | Houston | London | Los Angeles | New York

San Francisco | Silicon Valley | Washington, DC

## Related Topics

Energy

## Related Capabilities

Environmental

## Related Regions

North America

# Related Professionals

Jonathan Birenbaum

Laurae Rossi

Jennifer A. Morgan