

MINISTERIAL STATEMENT
ON THE
STATUS OF ZAMBIA ELECTRICITY GENERATION AND DEMAND PROFILE
BY THE
HON. MINISTER OF ENERGY (MR KAPALA), MP

Madam Speaker, I wish to thank you for this opportunity to deliver a ministerial statement on the status of Zambia's electricity generation and demand profile.

Madam Speaker, electricity remains a major source of energy in our country. The Electricity Supply Industry (ESI) in Zambia comprises of power generation plants owned and operated by ZESCO Limited, the national electricity utility company and power generation plants owned and operated by Independent Power Producers (IPPs).

Madam Speaker, the total national installed generation capacity stands at 3,223.5 MW, comprising of a generation energy mix in percentage as follows:

<i>Energy</i>	<i>Percentage</i>
Hydropower	84.2
Coal	8.8
Heavy fuel oil	2.8,
Diesel	2.2,
Solar Photovoltaic	2

Madam Speaker, notwithstanding the aforementioned, the actual available electricity generation is about 3,000 MW, which comprises about 80 per cent from ZESCO Limited and 20 Per cent from IPPs.

Madam Speaker, the pick demand is estimated at 2,400 MW, allowing for export of up to 300MW. I wish to indicate that the average demand continues to grow at an average of 6 per cent, which is an equivalent of about 150 MW to 200 MW annually.

Madam Speaker, in terms of energy consumption, the mining sector remains the highest consumer of electricity account for 51 per cent. This is followed by the domestic sector, which consumes 33 per cent of the electricity.

Madam Speaker, with regard to electrification, the country's national electricity access rate stands at 34 per cent, representing 75 per cent access in urban areas and 8 per cent in rural areas.

Madam Speaker, the New-Dawn administration under the leadership of His Excellency the President of the Republic of Zambia Mr Hakainde Hichilema, as pronounced an ambitious trajectory to transform Zambia into an energy surplus country. Therefore, the first step to increase power generation and diversify the current energy mix is by providing an appropriate policy and regulatory framework in line with Zambia's Vision 2030 and the National Energy Policy (NEP 2019) of 2019.

Madam Speaker, in the short to medium term, the Government will focus on the completion of the 750 MW Kafue Gorge Lower Hydro Power (KGL) station through ZESCO Limited.

Madam Speaker, allow me to take this opportunity to report that so far, two of the five planned units have been commissioned, representing 300 MW out of a total expected capacity of 750 MW. The commissioning of the remaining 450 MW is expected to be phased out and the last unit is expected to be online by the end of the first quarter of 2022.

Madam Speaker, I wish to inform this august House that the coming of the 750 MW KGL will provide capacity over and above the current local demand and therefore position the country as a net exporter of energy in the region.

Madam Speaker, however, let me hasten to state that Zambia's electricity sector is faced with various challenges and I will highlight the major ones as follows:

Gaps in policy, legal and regulatory framework

Madam Speaker, in order to address the policy challenges, the New-Dawn Government will play a supportive role through the provision of an enabling policy environment, to attract private investment into the sector.

Madam Speaker, in this regard, an electricity sector reform is being undertaken to open up the electricity market and facilitate increased private sector participation thereby encouraging competition and importantly moving away from the single buyer model in which ZESCO Limited was the only off-taker in the market. This will include scaling-up investment in off-grid solutions, by risking investment in communal infrastructure.

Non-cost reflective tariffs, which are not attractive to private investments

Madam Speaker, to address the issue of non-cost reflective tariffs, this Government will expedite the completion of the cost service study. This study is expected to be completed soon. Once finalised the findings of the report will be tabled before this august House.

Madam, this is a major step to ensure implementation of this Government's vision of adopting and migrating to cost reflective tariffs that ensures a return on investment, indeed, tariffs that attract private sector investment.

Madam Speaker, further, a key ingredient in the implementation of electricity sector reforms will be to improve ZESCO's efficiency and financial sustainability in order to foster more investment and reinforce ZESCO's major role in the energy sector of contributing to economic growth.

Adverse effects of climate change

Madam Speaker, climate change continues to impact hydropower generation due to below normal rainfall in recent years resulting in low water levels in our major reservoirs.

Madam Speaker, you may wish to note that during 2020, the country experienced a power deficit of up to 810 MW arising from reduced rainfall during the 2019 to 2020 rainfall season. In order to mitigate the effects of climate change on the energy sector, the Government will deliver affordable and clean energy through the implementation of an ambitious renewable energy investment plan that will improve the energy mix.

Madam, further, initiatives of scaling up solar will be a major priority for off grid electricity solutions. Additionally, the Government will seek to broaden the geographic location of large-scale electricity generation to ensure sufficient generation in each province. This will be done through the promotion of investment in hydropower generation in regions that are less prone to drought conditions such as the northern part of the country. To enhance this course of action, the Government will leverage private sector finances through public-private initiatives in order to promote resource mobilisation.

Madam, as I conclude my statement let me state that harnessing the full potential of Zambia's energy sector requires an integrated approach that takes full recognition of major sector players at all levels within and outside Government circles. Therefore, in the spirit of a one Government approach, my ministry will work tirelessly with the support of all key stakeholders to advance the energy sector programmes and projects. This will include, but will not be limited to, engagements with relevant Government ministries and agencies, regulators, the private sector and non-governmental organisations, as well as bilateral and multilateral development partners.

Madam Speaker, allow me to underscore the fact that the Government remains committed to the aforementioned aspirations and shall continue to play a critical role through the provision of an enabling policy environment to attract private investment into the sector to accelerate the development of electricity generation infrastructure. This is very important as the Government endeavours to provide universal access to electricity services for the economic transformation of our country and towards the attainment of the vision to become a hub for electricity trade in the region as per the UNPD manifesto.

I thank you, Madam Speaker.

