



REPUBLIC OF ZAMBIA

MINISTRY OF ENERGY AND WATER DEVELOPMENT

**MINISTERIAL STATEMENT ON THE CONNECTION OF NORTH-  
WESTERN PROVINCE TO THE NATIONAL ELECTRICITY GRID BY  
THE HON. MINISTER OF ENERGY AND WATER DEVELOPMENT,  
DORA SILIYA, MP**

**March, 2016**

**Mr. Speaker,**

Thank you for giving me an opportunity to update this August House and the Nation on the Connection of North-Western Province to the National Electricity Grid.

You may note that over the years, North-Western Province has been powered by diesel generators owned by our power utility, ZESCO Limited. ZESCO operates five diesel stations located in North-Western Province that supply Mwinilunga, Mufumbwe, Kabompo, Zambezi and Chavuma districts. Solwezi and Kasempa are the only districts in the province supplied from the grid through a 66 kV line from Luano near Chingola. I wish to take this opportunity to inform this August house that besides ZESCO, there are other privately owned companies that are actively distributing power to some districts in North Western Province. These include:

**1. North-Western Power Company**

This is a privately owned company that is currently distributing power to approximately 2,000 customers in Lumwana and Kalumbila Township.

**2. Zengamina Power Company**

Zengamina Power Company is a privately owned vertically integrated power company that has generated and supplied power since 2007 to the Ikelenge District of North West Province, Zambia. The company

operates a 0.75MW mini hydropower plant that was commissioned on 14<sup>th</sup> July 2007.

The company supplies power to about 600 households, schools, clinics and other government and private institutions, resulting in about 20, 000 people benefiting from the power supply.

**Mr. Speaker,**

These stand-alone diesel generator sets powering most of North-Western Province are not only expensive to run and maintain but also very unreliable. It is estimated that ZESCO presently spends about USD 8 Million per annum on diesel alone for these isolated power stations. This figure does not include other operations and maintenance costs. The limited capacity and unreliability of the diesel power stations have been an obstacle to increasing access to electricity in the province and ultimately stimulating economic growth and development, necessary for improving the quality of life in these districts.

The members of the house may wish to note that, the revenues that ZESCO collects from the power sales in these districts are only able to cover 5% to 10% of the fuel costs.

**Mr. Speaker,**

The government in 2014 embarked on the project to replace the diesel stations in the North Western Province including Lukulu in Western Province to connect them to the grid. The districts in North-Western Province that will be connected to the grid under this project include: Mwinilunga, Mufumbwe, Kabompo, Zambezi, Mumbeki and Chavuma districts. In the year 2014, ZESCO signed an Engineering Procurement and Construction (EPC) contract with ELTEL NETWORKS of SWEDEN to execute the project for connection of North Western Province to the national electricity grid. ELTEL NETWORKS were selected as the best evaluated bidder to carry out the works following an open international competitive bidding process. ELTEL NETWORKS is being supported by a Zambian subcontractor called POWENG (Z) LIMITED.

The total contract sum for this project is **USD 163 million**. This amount covers the engineering design, manufacture, supply, delivery, installation and commissioning of all the required equipment for the overhead transmission lines and substations in Chavuma, Zambezi, Mumbeki, Kabompo, Mufumbwe, Lukulu and Mwinilunga district.

**Mr. Speaker,**

The contractor that has been engaged by ZESCO for construction and commissioning of the overhead transmission lines and substations has since mobilized to the site and works are in progress. The project scope includes:

- i. Construction of 479km of 132kV transmission line from Lumwana Mine 132/33kV substation through Mufumbwe, Kabompo, Mumbhezhi, Zambezi to Chavuma in North-Western province;
- ii. Construction of a 190km long 132kV line from Lumwana Mine 330/132kV substation to Mwinilunga;
- iii. Construction of 90km of 132kV transmission line from Mumbhezhi to Lukulu in Western province;
- iv. Establishing of a 330/132kV 70/90MVA source substation at the existing Lumwana Mine 330/33kV substation;
- v. Establishing of a 20/20/10 MVA 132/33/11kV substation at Mwinilunga, Mufumbwe and Zambezi; a 2 x 20/20MVA 132/33/11kV substation at Kabompo, a 5MVA 132/33kV substation at Mumbhezhi ,2 x 5MVA 132/33/11kV at Lukulu and 2 x 5MVA 33/11kV at Chavuma;
- vi. Installation of an Optic fibre line connecting these districts to the existing optic fibre network;
- vii. Building of two (2) residential staff houses in each of these districts; and
- viii. Installation of 12 MVAR and 5MVAR 132kV reactors at Kabompo and Zambezi respectively for voltage control.

**Mr. Speaker,**

It is gratifying to note that through this project, an extensive distribution network shall be constructed to electrify public facilities such as schools, rural health centers, government and other institution facilities, chief's palaces among many others. Once the project is completed, the project will

improve availability as well as ensure adequate, reliable power from the grid.

**Mr. Speaker,**

The project has a total delivery period of 24 months or two years from the project effective month of April 2014. It was expected that completion and commissioning of the facilities in the various districts was supposed to be done in phases with

1. Mwinilunga and Mufumbwe expected to be switched on by August 2015;
2. Kabompo, Mumbezhi and Zambezi was expected to be commissioned in the fourth quarter of 2015; and
3. The last two districts namely, Chavuma and Lukulu were supposed to be commissioned in the first quarter of 2016.

**Mr. Speaker,**

I wish to inform this house that the project could not proceed as envisaged due to challenges that were incurred along the way. One of the issue that delayed the project was harmonizing the tax issues between ZESCO and the Contractor especially on imported equipment. This led to the contractor suspending works from 2<sup>nd</sup> February 2015 to July 2015.

Tax exemption for Import Duty and Import VAT was only granted through gazetting of Statutory Instrument number 18 of 2015 on 27<sup>th</sup> March 2015 while Local VAT exemption was only granted, on 29<sup>th</sup> June 2015.

**Mr. Speaker,**

The proposed schedule for completion of the project is as follows:

<b>District</b>	<b>Expected date of Connection</b>
Mwinilunga	August 2016
Mufumbwe	December 2016
Kabompo	January 2017
Mumbezhi	March 2017
Zambezi	May 2017
Chavuma	July 2017
Lukulu	July 2017

**Mr. Speaker,**

I am pleased to inform this house that there has been a lot of progress on this project from the time the tax issues were resolved. The line route, way leave acquisition and surveying have been completed and approval of the Environmental Impact Assessment (EIS) by the Zambia Environmental

Management Agency (ZEMA) has been obtained. In addition there has been a lot of progress on the substations in Mwinilunga, Mufumbwe, Lumwana and Kabompo. Lastly, works on the transmission lines are also progressing very well with the Lumwana - Mwinilunga, 233 kilometers transmission line on course for completion.

May I reaffirm that this is a very important project not only for the wonderful people of North Western Province but for the entire country.

**Mr. Speaker,**

**I thank you.**