PRESS STATEMENT ON THE POWER SUPPLY SITUATION IN NAMIBIA

By

Tom Alweendo, MP

Minister of Mines and Energy

October 2018

Namibia continues to import a large share of its electricity demand from its neighboring countries. In 2017, only 41% of our energy demand was generated locally, the 59% shortfall was sourced from outside. While we appreciate and continue to foster strong relationships with our neighbors, who have thus far supplied our shortfall consistently, overreliance on imports of a strategic resource such as electricity poses a serious risk to our economy. Electricity is a vehicle for development and frankly without electricity, economic growth and development in our modern age is severely hindered.

As the Minister responsible for electricity supply, I have called this press conference to inform the Namibian public, on the state of electricity supply in the country and to present the Ministry's plans and projects to bridge the local supply shortfall that is required to power the national developmental agenda towards Vision 2030 and beyond.

Although the region currently sits with an over-capacity and most neighboring utilities are planning new generation plants, it is only prudent to invest in our own generation capacity in case imports from the Southern African Power Pool (SAPP) become restricted. Affordability of own supplies needs to be carefully considered. It is against this background that the following commendable efforts have already been made to reverse our overreliance on imports; these are:

- 19 Independent Power Producers (IPPs) have signed Power Purchase Agreements (PPAs) with NamPower to supply 175.5 MW of renewable energy generation projects by 2020.

- Futhermore, my Ministry has developed a National Integrated Resource Plan (NIRP). This is a 20-year development plan for Namibia's Electricity Supply Industry (ESI), spanning the period 2016 to 2035. It provides projections of the future electricity demand and identifies a mix of least-cost electricity generation options to meet the country's electricity needs in a reliable and efficient manner.

- Government in 2015 gazetted the net-metering rules, a methodology allowing electricity users to install their own solar electricity generation systems to generate electricity for their own consumption to reduce their dependence on the local distributors supply.

I will now provide the status of the Current Demand and Supply;

As at September 2018, Namibia's maximum demand stood at 652 MW. The country has a total installed electrical generation capacity of 557MW. Although the installed capacity is 557MW, the available capacity is 467MW due to aging Van Eck power station which is capable of only delivering 30MW from the installed capacity of 120MW. (NamPower and IPPs, see table below).

The breakdown of available generation between NamPower and IPPs is as follows:

Licensee	Generation Plant	Resource Type	Capacity (MW)
NamPower	Ruacana	Hydro	347
NamPower	Van Eck	Coal	30
NamPower	Anixas	Heavy Fuel Oil	22.5
NamPower Total			**399.5**
Renewable Energy (RE) IPPs			**67.5**
		Total available capacity [MW]	**467**

Let me now give an update regarding the growth of RENEWABLE ENERGY and the involvement of Independent Power Producers (IPPs).

As at September 2018, eleven (11) of the fourteen (14) projects that qualified for participation in the Interim Renewable Energy Feed-in Tariff (REFIT) program have been commissioned, and now contribute to the country's electricity supplies. All renewable energy projects that have been commissioned between April 2015 and September 2018 added a total of **67.5 MW** of installed capacity, which equates to **15% of local generation** capacity supplied by the IPPs and it **will increase to 41% by 2020**

Six solar PV IPP power plants are currently under construction and will be commissioned by December 2018 adding an additional capacity of 72 MW. A second wind power plant will start construction soon and is expected to be commissioned by 2020 adding a further 44 MW of renewable energy capacity. In total about **183MW** of generation capacity will be added by IPPs by 2020. This illustrates the increasing role of IPPs in Namibia's electricity mix, and is testimony of the growing involvement of private sector entities in a steadily changing electricity supply industry.

Future Supply

In addition to the above initiatives, the Ministry, in line with the NIRP, is planning to install an additional capacity of 220 MW within the next 3 years to ensure NDP5 targets and other national goals are reached. This capacity is exclusive of any embedded generation or roof-top installation done by REDs, private companies and individuals. The 220 MW allocation will be split as follows:

- 150 MW to be allocated to NamPower, and
- 70 MW to be allocated on a competitive bidding process as per current government procurement laws, to IPPs for implementation. The technology split for the 70 MW capacity is as follow:
    - 20 MW Solar in 2020
    - 50 MW Wind in 2022

The procurement process for the above plants will be initiated in the coming months to ensure the plants are commissioned by the dates I have already stated.

In conclusion, I believe that a country with adequate power supply attracts investors and other subsequent benefits are guaranteed. The above projects therefore will go a long way in moving Namibia to being energy secure for the benefit off all Namibians. Furthermore, by diversifying our mix of electricity sources to include renewables, the country will benefit from a least cost supply mix.

I thank you.

MINISTRY OF MINES AND ENERGY
OFFICE OF THE MINISTER
12 OCT 2018
PRIVATE BAG 13297 Wwindhoek
OFFICIAL

Tom Alweendo, MP
Minister of Mines and Energy