

Electricity In Mozambique

- Prices, Supplies, and Policies

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Electricity In Mozambique

Scope of Work:

1. Work with CTA to interview industry associations
2. Gather data from EdM regarding the level and structure of electricity tariffs
3. Gather information regarding current quality of service parameters – e.g., outages, voltage & frequency fluctuations, etc.
4. Assess the role of electricity in industry costs and operations
5. Assess the impacts of electricity quality and cost on Mozambican industry competitiveness
6. Compare Mozambican electricity data with information from South Africa and/or other countries in region
7. Assess the appropriateness of current tariff structure
8. Make recommendations for policies that CTA can promote to Government

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Activities in Mozambique

- Meetings with CTA members
 - Sugar
 - Agro-Industry
 - Manufacturing/assembly
 - Energy Supply
- Meetings with Government
 - Ministry of Agriculture
 - Ministry of Energy

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Key Discussion Points

- Regional power crisis is now focus of greatest interest
- Quality of service issues continue to vex industry
- Price takes a back seat to supply security for most users
- Capacity expansions by consumers must be put on hold
 - Mining
 - Agro-industry
- Defensive expenditures (backup, batteries, power conditioning) represent ever-greater burdens on industry & limit technology choices

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Mitigation Activities & Suggestions

- Suggest activities for appropriate time frames
- Make sure CTA members & Government understand timing of various options
- Differentiate between short, medium & long term issues
- Include necessary steps outside electricity sector & with Government

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Likely Mitigation Proposals

- Short term measures (6-18 months)
 - Pricing - time of use (shift use to night - less likely to suffer cutoffs from Eskom)
 - Improve transmission to Maputo industrial areas & substations - (cut losses by 2-3%)
 - Prepare standard offer power purchase agreements (PPAs) for 10-100 MW power plants

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Likely Mitigation Proposals

- Short term measures (6-18 months)
 - Investigate steps needed to use gas for power generation
 - Is the producer willing, able to produce more gas
 - Can pipeline capacity be stepped up?
 - Will power be sold directly to end users or to EdM?
 - Is there a pricing agreement for the gas?
 - Do the sponsors have a place in the equipment queue?

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Likely Mitigation Proposals

- Short term measures (6-18 months, continued)
 - Draw up new regulations on local distribution by industrial cogenerators
 - Encourage new/expanded sugar mills to build in substantial power export capability
 - “Right-size” industrial transformers to cut losses & costs

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Likely Mitigation Proposals

- Medium Term (18-36 months)
 - Combustion turbines installed at gas-fired CCGT plant
 - Approval for coal-fired plant at Moatiz
 - Approval for transmission line to NW “energy park”
 - Sugar mill expansions completed - 40-75 MW additional firm capacity, including local distribution
 - Creation of electricity regulator, overhaul of electricity tariff structure

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Likely Mitigation Proposals

- Long Term (>36 months)
 - Gas-fired CCGT plant completed
 - Construction of coal-fired plant at Moatiz
 - Construction of transmission line to NW “energy park”
 - Construction of VHV coastal transmission line, starting at Maputo

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Way Forward

- Analytical Activities
 - Complete data gathering
 - Analyze data & produce report
- Advocacy/publicity Activities
 - Presentation to CTA
 - Presentations/discussion with EdM, Government
- Return to Maputo in early March for completion

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