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Zesa clinches US\$8m power deal

Business Reporters

ZESA Holdings has clinched a US\$8 million deal with Botswana Power Company that will see the utility improving its power generation capacity in Bulawayo and surrounding areas.

Mr Noah Gwariro, the managing director of the Zimbabwe Power Company, a subsidiary of Zesa Holdings tasked with power generation, said part of the US\$8 million would be used to refurbish Bulawayo Thermal Power Station and another chunk will be used to purchase coal and Zesa in turn will export part of the electricity to Botswana.

"The deal will see us reviving Bulawayo Thermal Power Station and enabling us to generate 90 megawatts and of this 40 megawatts will be exported to Botswana as per agreement.

"Of the US\$8 million which will be availed to us, US\$4,5 million will go into the plant's refurbishment while US\$3,5 million will be used to purchase coal from Hwange Colliery Company and this will go a long way in easing pressure on the national grid," said Mr Gwariro in an interview.

Bulawayo Thermal Power Station and other small plants like Munyati and Harare power stations, were shut down in June 2008 due to financial constraints.

Mr Gwariro said the deal should have been sealed last year but there were some modalities to be followed on the part of the Botswana Power Company which delayed the process but said the joint venture was now on course.

Zesa has a similar deal running with Namibia's power utility, Nampower, which saw the local power utility receiving a lifeline of US\$40 million that enabled it to carry out refurbishments at Hwange and Kariba power stations.

Mr Gwariro said this was a survival tactic on the part of Zesa since there was no way they could raise funds to undertake the critical refurbishments required at the country's power stations.

"While it may seem weird, this is the logical way forward given that refurbishment is costly and considering the economic quagmire we had been in as a nation.

"Traditionally the World Bank

and the IMF have bankrolled these exercises, but due to sanctions

they have stopped the funding," he said.

Mr Gwariro also revealed that the refurbishments at the major power stations had many

constraints and were nearing completion; a development that he said could ease load-shedding.

"The routine maintenance at Kariba Power Station is expected to end this year and this will see us scaling up power generation from the current supply of 450MW to 700MW by June next year though this is way below the adequate national demand of about 2 500MW," he said.

Mr Gwariro appealed to local

mining and heavy industries with huge electricity supply demand to partner with the power utility in refurbishing power stations, saying necessary refurbishment would see the nation realising adequate power supply.