

Zesa fears collapse

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HARARE - The Zimbabwe Electricity Supply Authority, Zesa risks a gradual shut down if it continues to charge sub-economic tariffs.

Josh Chifamba, Zesa's chief executive said the 31 percent tariff hike in September this year was justified as it was necessitated by the need to improve the infrastructure of the power utility that was dilapidated.

Chifamba said the country required 2 100 megawatts (MW) of power a day but the country was currently producing only 1 300MW, 700MW short of the required output.

He said the problem would be eased by the refurbishment of the Hwange and Kariba power stations which was under way but needed over \$2 billion to be completed.

Hwange and Kariba power stations have the capacity to produce 600 and 300 megawatts respectively, when complete.

But Chifamba said, Zesa does not have the needed funds for it is owed more than \$449 million. Nearly half (46 percent) of it by consumers, 30 percent by the industry and 10 percent by government.

According to financial results of the first quarter of 2011, the power utility also suffered a \$100 million loss.

“We are bold enough to tell Zimbabweans that we had to increase the tariffs to improve the supply of energy in the near future. If nothing is done now, there will be more losses to the economy due to loss of revenue when there is no electricity.”

“If we do not do anything to improve the supply of electricity now, we will not be able to respond to the user demand in the near future as industry regains. The cost of doing nothing means people will have to go back to the use of diesel,” said Chifamba.

He said there are also high chances that industry will be losing revenue of about \$4 a kilowatt hour if we don't provide electricity.

“We are sensitive to what is happening, but if we don't do anything there will be more problems when we stop generating electricity,” he said.

The cost of using a generator when there is no electricity is 45 cents more than that of what people are supposed to pay Zesa.

Most companies have been operating below capacity due to an insufficient and inconsistent supply of electricity, torching a heated confrontation between the power utility and the Confederations of Zimbabwe Industries (CZI).

The business grouping's president Joseph Kanyekanye, accused Zesa of impeding economic

recovery through increasing tariffs while the hours of load shedding increased.

The Commercial farmers' Union of Zimbabwe said irrigation of crops had been affected by lack of electricity while miners say they use a minimum of 5 000 litres of diesel to sustain their mining operations when they do not have electricity.

Consumers had not been spared and with increased load-shedding hours, most high density areas in the country are going for inordinately long periods in the dark.

Parson Chitima, 34, a resident of Kuwadzana high density suburb said he lost his refrigerator due to power cuts and like him, many people around the country lost their electrical appliances due to the untimely power cuts.

The Combined Harare Residents Association, a ratepayer watchdog said the only way Zimbabweans could get enough electricity is when it stops exporting electricity to Namibia.

NamPower, the Namibian power utility, provided \$40 million for the refurbishment of Hwange Power Station in Zimbabwe in 2008.

The gesture would be paid by importing 150 megawatts of electricity generated at the Zimbabwean plant to Namibia until 2013.

Zimbabweans are now left to pay the price of bad corporate governance by the power utility and for a little longer until 2013, the industry and domestic consumers will have to do with insufficient and inconsistent supply of power.

Almost three years after a coalition government between President Robert Mugabe and his arch rival Morgan Tsvangirai was formed, the country's future looks bleak, with erratic power supplies threatening economic development.

Zimbabwe will experience its worst nightmare when demand increases with increased production and attendant demand from manufacturers.

Currently, industry is operating at between 20 and 40 percent while trying to lift itself from the economic rut invented by a near-collapse of the economy during the past decade.