



Southern African Power Pool

SAPP EXECUTIVE COMMITTEE PRESS STATEMENT ON DIMINISHING GENERATION SURPLUS CAPACITY AND SAPP REFORMS

At a special Executive Committee Meeting of the Southern African Power Pool (SAPP) held in Namibia on the 29th of July 2004, the SAPP Executive Committee resolved to address the diminishing generation surplus capability of the SADC region and SAPP governance and membership.

The SAPP Executive Committee has noted that the power demand in the SADC region has been increasing at a rate of about three percent per year in the last six years. The challenge for SAPP is to keep pace in providing new generation capability with the rising demand.

Because of the three percent rise in the power demand year by year, and if no new generation project is completed, then it is anticipated that after the year 2007, the SAPP will run out of generation surplus capacity as there has not been significant investment in generation in the SAPP in the last ten years, despite the rising demand in the region. A diminishing generation reserve surplus capacity will have a massive negative impact on the economies of the SADC region.

To mitigate the above concerns the SAPP has taken the following measures:

- SAPP has identified priority generation projects in each member state for promotion;
- SAPP has sort political support of the SADC Energy Ministers to support the projects so identified;

- SAPP has proposed a way of attracting investment into generation and transmission infrastructure and has requested that each member state address the issues associated with investment in generation and transmission, such as regulation and the implementation of economic energy tariffs;

On SAPP membership and restructuring, the Executive Committee would like more members to be admitted into SAPP in order to promote trade and enhance competition. The Executive Committee agreed:

- To seek SADC Energy Ministers approval to revise the Inter-Governmental Memorandum of Understanding, which was signed in August 1995 to promote co-operation in the energy sector, as envisaged in the Declaration and Treaty of the Southern African Development Community (SADC) of August 1992, to enable SAPP to proceed with the reforms;