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TANZANIA

Green power for rural south

A new investor consortium plans to develop a series of small-scale distributed renewable energy projects in the southern Morogoro region. Kastan Mining announced on 26 May that it had entered into a consortium with Indonesia-based Continental Energy Corporation, Pan African Management and Development Company, a US-based infrastructure fund and asset manager, and local energy group, Kitonga Power Electric Company (Kepoco), to form Ruaha River Power Company.

Kastan Mining chief executive John Tate told *African Energy* that Dar es Salaam-based Ruaha Power aimed to supply green electricity to “underserved rural communities in countries around the Indian Ocean Rim”.

Its pilot project is expected to comprise two run-of-river hydropower plants and a network of 10MW solar photovoltaic (PV) parks, which will supply power to an industrial park that Kastan is developing in the Morogoro region, and to 15 neighbouring villages. The project will supply power to about 40,000 rural villagers in the project area, many for the first time. When completed, the concept will be replicated in other areas of Tanzania and East Africa, and in south-east Asia, notably Indonesia, which has opportunities for small hydro, he said.

“Many challenges remain ahead of us; however, we are convinced that the success we achieve with this first project will serve as a template that we can replicate in many other rural Tanzanian locations,” Kepoco chief executive Ibrahim Nzawah said in a statement.

Tate said the projects needed “some sort of commercial anchor” to be financially viable. “There has to be some sort of commercial development to anchor the investment, as is the case with this pilot project with the Morogoro industrial park. The initial [hydro and solar] projects will not meet all our [power supply] needs but we will be able to further develop as the industrial park expands and its power supply demand grows.”

Tate would not be drawn on the installed capacity planned for the Morogoro project or the expected total investment outlay until after a feasibility study of the hydropower schemes is completed. The partners are close to announcing the appointment of an international engineering company to undertake the feasibility study, which is expected to take 12 months. A cascade of two run-of-river hydropower facilities is planned but the potential exists for more, Tate said. Installation of the first 10MW of PV modules is expected to begin in H2 this year, he added. Initial estimates put the cost at \$2m–3m/MW for

hydropower and \$2m/MW for solar PV.

Securing debt financing for the projects is not expected to be a problem, according to Tate, given the global financial market’s growing appetite for renewable energy investments in Africa. “We have a tentative commitment from a major regional commercial bank that is interested in acting as lead financier, and interest has also been expressed by various global and regional development banks and institutions,” he said.

Kastan Mining has interests in several mining and prospecting concessions in Tanzania, including seven copper licences in Kilosa District, and four limestone licences in Iringa Region.