



STATEMENT BY THE MANAGING DIRECTOR OF NAMPOWER, MR PAULINUS SHILAMBA ON THE OCCASION OF THE SIGNING OF THE GRANT AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA, ACTING THROUGH THE U.S. TRADE AND DEVELOPMENT AGENCY ("USTDA") AND THE NAMIBIA POWER CORPORATION (PROPRIETARY) LIMITED ("GRANTEE").

**MONDAY, 21 JUNE 2010
NAMPOWER CENTRE, WINDHOEK**



Managing Director of NamPower, Mr. Paulinus Shilamba and the Ambassador of the USA to Namibia, Excellency, MRS G. Dennise Mathieu, sign the agreement for the feasibility for the future of the Van Eck Power Station.

Director of Ceremonies,
Your Excellency, MRS G. Dennise Mathieu, Ambassador
of the USA to Namibia
Members of the USA delegation
Stakeholder representatives (MME, MET, MOF, NPC,
ECB, CoW, DRFN and REEEI)
Members of NamPower Management
Members of the Media
Ladies and Gentlemen

I take this opportunity to accord all of you a warm welcome to NamPower and particularly to this unique occasion where USTDA and NamPower are due to sign an agreement signalling the commencement of a very important project, the feasibility for the future of the Van Eck Power Station.

Before I focus on this project, however, I found it appropriate, first of all, to sketch the broader context of regional power generation mix in Southern Africa. The SADC region, and especially South Africa, is well endowed with abundance of coal reserves. In order to optimise the utilisation of this resource many countries in the region have been relying on it to fuel power stations for power generation. Hence more than 70% of the total generation capacity in the SADC region is currently thermal, mainly based on coal as primary fuel. I am pleased that the member utilities of the SAPP have during the past few years been critically assessing their energy mix, and that projects are currently underway to look at other resources such as

gas, hydro and renewable resources (including wind, solar, biomass and invader bush).

The ever increasing demand for electricity in the SADC region and by extension Namibia continues to exert pressure on the generation capacity in the country. Despite the power supply challenges NamPower has managed to keep the lights on. This is mainly thanks to the innovative and optimal manner in which NamPower has been planning and scheduling its available power supply resources, consisting of own generation at Ruacana, Van Eck and Paratus as well as imports from Eskom and other regional power utilities. The Van Eck Power Station on the outskirts of Windhoek, which represents 31% of Namibia's installed generation capacity, has been playing an important role in the power supply equation in Namibia, and will continue to do so in future. However, as you may be aware, this power station, which was built in 1972, is ageing and has become uneconomical to run on a continuous basis.

The Van Eck power station was built to serve as an emergency standby power station, meant to be operated for short periods only. However, due to the critical power supply shortages experienced in the region and the country since 2006 NamPower has been operating this power station for longer periods and sometimes on a continuous basis. Given the obsolete technology in place at Van Eck NamPower has been inundated with complaints from the members of the public and businesses community, particularly those residing in the proximity of the power station, about particles emitted from it.

NamPower has taken note of the complaints by the residents. In accordance with its environmental policy and management practices NamPower has therefore been constantly monitoring the situation at Van Eck through continuous studies to determine the impact of the emissions on both the physical and human dimensions. We are comfortable to state that all studies conducted so far point to the fact that the emission levels at Van Eck are within permissible levels of the World Health Organisation.

Besides the above it has been our desire to improve the efficiency of the Van Eck operations both on the technical, environmental and economic front and hence our resolve to approach various donor organizations for financial assistance to conduct a detailed formal study on this facility.

After extensive search for possible funding assistance the USTDA decided to accept our request and awarded a grant of U\$400 000 to NamPower for the feasibility study that will evaluate the technical, financial, environmental, and other critical aspects of the Van Eck Power Station and to come out with clear recommendations on the future of this facility, covering various options including but not limited to decommissioning, rehabilitation, upgrading and/or fuel substitution.

It is worth mentioning that coal will continue to be a reliable fuel for power generation in Southern Africa, including Namibia, for many years to come. For instance, in the case of Namibia, NamPower is, in addition to the Van Eck Power Station, also

considering the implementation of a new 200 to 400 MW coal power station at Walvis Bay.

When considering the total emissions from the burning of fossil fuels, NamPower as a company does not even register on the radar. More air pollution is actually caused by transportation and forest fires and the burning of wood. For every 1 litre of petrol consumed by a car, 2 kilograms of carbon dioxide is produced, meaning that a normal car, travelling 20 000 kilometres per year, produces 4 tonnes of carbon dioxide per year (that is the weight of an elephant). The significant difference between emissions of a car and that of Van Eck Power Station is that the former is not noticeable whereas the latter produces ash particles that are visible.

The issue of Global Warming through emissions affects everybody and NamPower, as a responsible corporate citizen, will therefore make every effort to minimize and/or eliminate emissions on its power stations with the view to contribute positively to climate change.

As indicated previously the issue of emissions and other environmental aspects of the Van Eck power station will form part of the USTDA funded feasibility study and will be included in the final report that will be expected to come out with an indication of a bigger picture and recommendation on the future of this power station.

In conclusion I take this opportunity to express my sincere appreciation to the USTDA for the financial assistance and to assure the USA Government that the grant will be put to good use in the best interest of the

country, and that it will be spent strictly in accordance with the provisions of the grant agreement that will be signed between the two parties here today. I would particularly like to recognize and appreciate the hard work by USTDA and NamPower officials that lead to this signing ceremony. To the stakeholders represented here today, and the residents and businesses in the vicinity of the power station, I request you to cooperate with NamPower and its consultants during the period of the implementation of the study.

I thank you.