

# New Mozambican power station can benefit Southern African region

A 120MW gas-fired power station at Ressano Garcia, on the border between South Africa and Mozambique, was officially inaugurated last week.



Castigo Langa, chairman of Gigawatt Mozambique, who developed the power station, said the \$200m (R3.2bn) investment is also a first step in the harnessing of Mozambique's huge natural gas resources not only for the benefit of Mozambique and its people, but also for whole of the Southern African region.

"The power station is strategically located close to the main transmission lines that connects South Africa and Mozambique," said Langa.

"The project is also an excellent example of successful collaboration across borders between several stakeholders including the public and private sectors." He said equity support for the shareholders was provided by Old Mutual and WBHO and debt funding was secured from Standard Bank. Funding insurance was provided by the Export Credit Insurance Corporation (South Africa) and the Multilateral Investment Guarantee Agency (World Bank Group).

## Jobs created

Langa pointed out that during construction as many as 600 jobs were created with the vast majority locally recruited. The plant generates electricity to the equivalent of 250,000 households and will make a substantial contribution to the Mozambican power supply capacity.

Gigawatt Mozambique supplies the power to EDM (the Mozambican power utility) under a long-term power purchase agreement for use in Mozambique and for on-selling into the regional grid.

The first temporary power stations became operational at Gigawatt's site in July 2012. Currently 170MW of temporary gas fired power stations are operational on this site and in the Matola district near Maputo. The gas for these power stations is supplied by the Matola Gas Company (MGC) and originates from the Temane and Panda gas fields, from where it is pumped along a 600km long pipeline to Ressano Garcia.

Johan de Vos, managing director of Gigawatt Mozambique, said the success of the project could herald the beginning of a whole new era for the development of the natural gas sector in Mozambique. With 160 trillion cubic feet of natural gas, the country has the fourth largest reserves globally.

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