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Central Africa Coal News

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On 18 October **Zambian Minister of Energy, Hon. Peter Kapala, embarked on a familiarisation tour of Maamba Collieries – the country’s largest coal mine and Independent Power Producer.**

Speaking to journalists after the tour, Hon. Kapala said that government was concerned with ZESCO’s debt to Maamba, noting that his ministry was eager to restart negotiations between the two entities, with the view of tackling the challenges by the end of the year.

The Minister said, “Government has come to find out that there is a problem with ZESCO’s debt which keeps rising. I came here to see how Maamba Collieries and ZESCO can look at the huge outstanding debt, with the view of resolving the issue before the end of this year.”



Hon. Kapala explained that government was aware of the coal-fired thermal power plant's financial struggles due to non-payment of full monthly invoices by ZESCO, adding that it was his ministry's hope that the country's two largest power producers could come to an agreement on how the debt could be settled.

"The challenge still remains on ZESCO paying the balance of the debt, because currently what they are paying is only 40 percent of the bills so, the accumulation keeps on going up," he said.

"This is why we decided to come and have an on-the-spot check and appreciate the challenges Maamba Collieries are facing, with the view of getting back to the round table with ZESCO and restructure the debt."

With installed capacity of 300 MW, Maamba Collieries Ltd is presently Zambia's largest power producer after ZESCO – accounting for about 10 percent of the installed capacity, as compared to ZESCO, which accounts for around 80 percent of the country's generation.

Maamba Collieries Limited Chief Executive Officer Rear Admiral Venkat Shankar (Retd) said that the company was eager to work with the government, to find a mutually beneficial solution, adding that it was imperative for independent power producers and the state-owned utility to co-exist if the country was to realise its energy diversification goal.

"We are actually looking for a solution which will be sustaining, not just for MCL but for ZESCO as well because, we do believe that we need to co-exist to achieve energy diversification and we need to have a solution, which is a win-win for both of us," explained Mr. Shankar.

"Financial challenges tend to have a knock-on effect on other aspects of operations. There are things that we would like to do in terms of promoting socio-economic development in the area. We have plans to improve infrastructure around Maamba town and other parts of Sinazongwe but unfortunately, a lot of these projects are not progressing at a pace we had hoped for due to cash-flow challenges."

Plans exist to double the plant's capacity to 600 MW, which would be a significant boost to the national grid. However, this project has been stalled due to financial challenges the company is facing.

Meanwhile, despite the financial challenges, MCL remains committed to supporting the government and the people of Zambia, through consistent and reliable power supply to the

national grid.