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ELECTRICITY SUPPLY INDUSTRY OF SWAZILAND

General Information for Potential Investors



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INTRODUCTION

Swaziland is located in the eastern part of southern Africa. It is a landlocked country and shares borders with South Africa and Mozambique. In 2007 Swaziland had an installed capacity of 70MW and a peak demand of 172MW.

THE REGULATORY ENVIRONMENT

The Electricity Supply Industry (ESI) in Swaziland is *de facto* regulated by the Swaziland Electricity Board (SEB), the national electricity company. However, new legislation will soon be implemented that establishes the Energy Regulatory Authority (ERA) as the independent energy regulator in Swaziland.

ERA's responsibilities will include promoting the interests of energy consumers with respect to prices and the reliability of adequate supply, monitoring the efficiency and performance of energy projects, ensuring that all reasonable demands for energy are satisfied, promoting competition in the energy sector, and approving all tariffs and energy prices.



DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

FACT SHEET



FACT SHEET: SWAZILAND

Area:	<i>17,363 km²</i>	Major Exports:	<i>soft drink concentrates, sugar, wood pulp, cotton yarn, refrigerators, citrus and canned fruit</i>
Population:	<i>1,128,814</i>	Major Imports:	<i>motor vehicles, machinery, transport equipment, foodstuffs, petroleum products, chemicals</i>
Life Expectancy:	<i>32 years</i>	Currency:	<i>lilangeni (SZL)</i>
HIV/AIDS:	<i>38.8% (2003 est.)</i>	Exchange Rate per US\$:	<i>7.60 (2008)</i>
Literacy:	<i>81.6%</i>		
GDP (PPP):	<i>US\$5.4 billion (2007 est.)</i>		
GDP Growth Rate:	<i>1.6% (2007 est.)</i>		
GDP per Capita:	<i>US\$4,800 (2007 est.)</i>		



INSTITUTIONS RELATED TO THE ELECTRICITY SUPPLY INDUSTRY

Swaziland has a number of institutions and government agencies that are either directly or indirectly relevant to the ESI and Independent Power Producers (IPPs).

The Ministry of Natural Resources and Energy (MNRE) develops government policy and drafts legislation related to the ESI.

The Public Enterprises Unit oversees public companies, including the Swaziland Electricity Board. The Ministry of Tourism and the Environment (MOTE) is responsible for formulating and implementing environmental policies.

Workplace safety is regulated by the Ministry of Health and Social Welfare (MHSW), which administers the Occupational Health and Safety Act of 2001. Swaziland does not have a competition authority, but ERA will have responsibility for promoting competition within the energy sector.

SWAZILAND ELECTRICITY BOARD

The Swaziland Electricity Board (SEB) was established in 1963 as Swaziland's national electricity company. In addition to generating and supplying electricity, SEB currently performs certain ESI regulatory duties. SEB, the national electricity utility, is set to be transformed into a company with more effective private sector participation in the near future.

Swaziland imports 80% of its electricity from Eskom in South Africa and 10% from Mozambique. Local generation contributes only about 10%, mainly for peak load. Electrification is estimated at 28.5%, but only 2% of rural households are connected. A rural electrification programme has been funded by the Swaziland government and the Republic of China (Taiwan) to bring electricity to rural schools, health care centres and clinics. The country aims to produce electricity more efficiently and trade it in competitive markets, with lower tariffs. Biomass accounts for about 50% of Swaziland's primary energy supply, with petroleum products providing about 20%, bituminous coal 20% and electricity 10%.

Swaziland holds particular opportunities for smaller renewable energy projects such as off-grid or mini-grid hydro systems.



PRIVATE INVESTMENT CONSIDERATIONS

Swaziland's location, less than 300 kilometers east of South Africa's capital region, may offer certain benefits. Regional expertise is easy to come by and access to the sophisticated banking and investment sector offered by South Africa is readily available.

Cities such as Johannesburg have been exploring private partnerships in order to reduce the risk of electricity outages given the current power shortage in the region.

Internally Swaziland offers significant opportunities in terms of smaller hydro projects, as well as other environmentally friendly options such as biomass. Bagasse and hogged bark are used for industrial process heat and for generating electricity for own consumption. Solar and wind power are also potentially viable sources of energy. Anthracitic coal deposits exist in Swaziland most of which is exported and there is a possibility of establishing a coal fired plant which will export most of its output.

The following projects have been identified as possible:

Project & Capacity (MW)	Project Description & Status	Expected Date	Project Sponsors & Funders
Maguga (20MW)	Hydro plant to meet local demand. Completed in 2007.	2007	SEB
Lubombo (1,000MW)	New 1,000-2,000MW coal fired plant. Feasibility studies underway.	2012	SEB/private partner



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