



Unlocking Investment Opportunities in Zambia's Energy Sector Amidst Electricity Challenges – Minister's Address to Parliament

The Minister of Energy's recent address to Parliament has shed light on Zambia's pressing electricity challenges, reinforcing the urgent need for strategic investments in the sector. According to the Minister's speech, the national installed capacity stands at 3,777 MW, but actual generation is only 1,469 MW—well below the daily demand of 2,800 MW—resulting in a significant energy deficit of 1,600 MW. This shortfall underscores the pressing need for infrastructure development and alternative energy solutions to enhance energy security and sustainability.

The Current Energy Deficit: A Call for Action

Despite efforts to mitigate the crisis through increased power imports from the Southern African Power Pool (SAPP) and the gradual increase in water levels in major river basins, the Minister noted that the impact remains marginal. Load shedding continues to disrupt economic activities, underscoring the necessity for immediate and long-term interventions. The Minister's remarks highlighted that while rainfall has improved, it will take months before there is any significant impact on hydroelectric power generation.

ZESCO's Financial Struggles and the Need for Private Sector Participation

The Minister's speech also revealed ZESCO's financial challenges, with the power utility falling short of its revenue targets despite recent electricity tariff adjustments. In November and December 2024, ZESCO raised only USD 2.4 million and USD 7.6 million, respectively, instead of the expected USD 15 million per month. This revenue shortfall, as the Minister explained, is partly due to customer behavior, such as bulk purchasing of prepaid units before tariff increases and delays in postpaid billing.

Given these financial constraints, private sector involvement in power generation and distribution presents a viable solution. Investment in independent power producers (IPPs), public-private partnerships (PPPs), and direct foreign investment in energy infrastructure can play a pivotal role in bridging the energy gap.

Upcoming Energy Projects: A Step in the Right Direction

One promising development highlighted in the Minister's address is the 300 MW Maamba Phase II expansion project, expected to be operational by the end of 2026. The first 150 MW is scheduled for June 2026, with the remaining 150 MW set for December 2026. While this project is a positive step, it is evident that more needs to be done to meet the country's growing energy needs.

Opportunities for Investment in Renewable Energy

Zambia's heavy reliance on hydroelectric power, which constitutes over 80% of its energy mix, makes the sector vulnerable to climate variability. This presents a compelling case for diversifying into renewable energy sources such as solar and wind.

- **Solar Energy:** The Minister emphasized that Zambia's geographical position offers immense potential for solar power generation, and policies supporting solar investments have been put in place. The government's commitment to renewable energy expansion creates lucrative opportunities for investors looking to establish solar farms and off-grid solutions.
- **Wind Power:** Wind energy remains an untapped resource, and with the right feasibility studies and investment incentives, it could contribute significantly to the energy mix.

Government's Commitment to Ending Load Shedding

The Minister reassured Zambians of the government's commitment to permanently eliminating load shedding through continued efforts to ensure reliable, affordable, and accessible electricity. This commitment provides a conducive environment for both local and international investors seeking to participate in the energy sector.

Conclusion:

Zambia's energy deficit presents a compelling case for investment in power generation and infrastructure. With the right policy frameworks, investment incentives, and public-private collaborations, the country has the potential to transform its energy landscape.

MAY and Company

759, Glass House, Independence Avenue,
Woodlands Roundabout.

Lusaka, Zambia. Tel: +260211250580

info@mayandco.co.zm | www.mayandco.law

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