

PROJECT DEVELOPERS MANAGING WITH GRID EXTENSIONS IN TANZANIA



Ensol, a Tanzanian energy company, is developing a solar mini-grid project (TAN10030) at Tanga region in North Eastern Tanzania with the help of EEP funding. The project had progressed well but in the beginning of the construction phase, the Tanzanian Rural Energy Agency (REA) released their latest electrification plan 2017 – 2022 for Tanzania. Unfortunately, according to the new plan the Mpale village, where Ensol was implementing the EEP funded project, is among the areas to be covered by the national grid. As a result Ensol was encouraged to find a new site location for their mini-grid. Finding a totally new site would have required redoing most the work done by Ensol during the past two years. REA initially proposed Ensol some alternative sites suitable for off grid solutions. However, some of the proposed sites would have had challenges with sustainability due to limited population density, and some of the proposed sites were in completely different regions in Tanzania.

Ensol communicated this challenge to the EEP Coordination Office (ECO) in order to seek for a way forward that would cause the least delay and minimum additional costs for the project. Earlier the same year ECO had followed-up and supported a project developer in a similar process where REA grid extensions were pushing the project developer to search for an alternative site location. The situation was resolved with an agreement between the project developer and Tanesco for the project to produce electricity to the national grid instead of the community mentioned in the original proposal for EEP. To support the efforts of Ensol in solving their challenging situation ECO connected the two projects facing the challenges of national grid extensions and encouraged them to work together in order to find solutions through cooperation.

As a result of this collaboration Ensol decided to continue discussions with REA and work at the original project site (Mpale) building a compatible mini-grid that would be interconnected to the main grid. Issues relating to power purchase agreements and the actual interconnection are still waiting for the standards currently being developed by Energy and Water Utilities Regulatory Authority (EWURA). So far this outcome has saved approximately two years of Ensol's project development time.

The lessons learned based on the experiences in Tanzania are:

- The project developers need to assess whether to build mini-grids using technology that is compatible with national grid requirements and Tanesco standards.
- Ongoing communication collaboration with REA is important for receiving up-to-date information on grid extensions, changes in plans and the requirements of the projects. Project developers can actively communicate the perspective of the project developers to the authorities.
- In-depth discussions with REA are needed to find alternative solutions in case of overlap in grid extension plans. All possibilities should be ventured before final decisions and site changes.
- The project developers can learn significantly from sharing experiences.

The EEP team would like to highlight the possibility of meeting other project developers and exchanging experiences and best practices among stakeholders in the Knowledge Exchange Forums (KEF) organized by EEP. The next KEF will be organized in Southern Africa in early 2017.