

Press Release



Embassy of the United States of America
Addis Ababa, Ethiopia
2015/25

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POWER AFRICA ANNOUNCES HISTORIC SIGNING OF ETHIOPIA'S FIRST INDEPENDENT POWER PURCHASE AGREEMENT

Addis Ababa, Ethiopia, July 30, 2015- During President Barack Obama's visit to Ethiopia this week, Ethiopian Electric Power (EEP) and Corbetti Geothermal Plc signed Ethiopia's first independent power purchase agreement (PPA) for up to 500 megawatts (MW) of clean geothermal power from the Corbetti geothermal source. Investors in the Corbetti geothermal project include Power Africa partner Reykjavik Geothermal, Power Africa partner Berkeley Energy, and Iceland Drilling.

Ethiopian Electric Power is also in negotiations to sign a Heads of Terms agreement with Reykjavik Geothermal further detailing a previous agreement to develop an additional 500 MW in the Tulu Moye and Abaya areas. Together, these two agreements have the potential to generate up to 1,000 MW in new power for Ethiopia, enough to provide power for up to two million households.

American company Reykjavik Geothermal has been working over the last several years laying the groundwork for developing projects at all three geothermal locations. Once completed over the next 8-10 years, the total investment is expected to be approximately \$4 billion, making these projects collectively by far Africa's largest independent geothermal power production investment to date. The Corbetti agreement by itself is expected to double the previous largest Independent Power Producer agreement of any kind made in Africa.

These geothermal projects are part of President Obama's Power Africa initiative which seeks to increase electricity access in sub-Saharan Africa by 30,000 MW and 60 million connections.

During a press conference Monday with Ethiopia's Prime Minister Hailemariam, President Obama noted that the Corbetti project demonstrates how the private sector can play an important role in the development of the electricity sector and others key for economic growth. The signing of the power purchase agreement for 500 MW and the anticipated signing of the Heads of Terms for a second 500 MW are both critical initial steps for the long-term development of these catalytic projects.

"We're working to unlock Ethiopia's potential for geothermal energy with the nation's first private sector energy agreement," said President Obama. "This will help the government



meet its ambitious goal of significantly increasing access to electricity across Ethiopia and help open the market to developing Ethiopia's other vast renewable energy sources."

Since its launch in 2013, Power Africa has funded and facilitated the Ethiopian government's legal support for the negotiations through the African Development Bank's Africa Legal Support Facility; developed the framework for the power purchase agreement and implementation agreements; and provided expert advisers to the GOE to support their efforts on financial modeling, geothermal reservoir appraisal, and geothermal regulatory support. Power Africa's aim is not to provide support for just one project, but to build government capacity to better negotiate many independent power projects that are anticipated to follow over the years to come.

Michael Philipp, Chairman of Reykjavik Geothermal said, "We are very grateful for the commitment of all the senior ministers of the Government of Ethiopia and the executives of Ethiopia Electrical Power to finalize this historic agreement. The impact of the U.S. Power Africa program cannot be underestimated. In addition to the direct assistance that Power Africa gave to the Ethiopian negotiating teams, this initiative has significantly reduced the cost of equity funding for major energy infrastructure projects in Africa, such as Corbetti, by raising the profile of energy investments in Africa to the institutional investment community in the U.S. and around the world."

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President Obama launched Power Africa to bring together technical and legal experts, the private sector, and governments from around the world to work in partnership to increase the number of people with access to power in sub-Saharan Africa. To learn more about this presidential initiative, visit www.usaid.gov/Powerafrica.

