

# Tanzania

Population: **57.31 million**  
GDP Growth (2017): **7%**  
GDP/Cap (PPP): **\$879**  
Ease of Doing Business: **137**



*"The Power Africa team in Tanzania has played a key support role for our project since Day 1. From making introductions to providing technical expertise they have been reliable and valuable partners for our business."* Tom Carnahan. Owner, Wind Capital Group

## ENERGY SECTOR OVERVIEW

Tanzania is the sixth-most populous country in sub-Saharan Africa; it connects six land-locked countries to the Indian Ocean; and, with the announcement of natural gas reserves, it presents opportunities for investment. Tanzania has abundant and world-class wind and solar resources. The Government of Tanzania (GOT) has committed to reform the operations of TANESCO (the national utility), and meet new demand through low-cost solutions. High reliance on expensive thermal and emergency generation sources have helped make the sector financially unviable. Tanzania has made progress in grid expansion, increasing generation capacity with natural gas, facilitating an enabling environment for solar home systems, and publishing of new standard Power Purchase Agreement for small producers 2017; but more progress is needed to provide adequate and reliable electricity.



### GENERATION CAPACITY

#### Installed Capacity: 1,504 MW

- Hydroelectric: 568 MW
- Thermal: 925 MW
- Other Renewables: 82.4 MW

#### Power Africa New MW to date

- Reached Financial Close: 162.5 MW

#### Power Africa 2030 Pipeline 2,302 MW



### CONNECTIONS

#### Current Access Rate: 32.7%

#### Households without Power: 7.7 million

- Target: Universal access by 2030

#### Power Africa New Off-Grid Connections: 2.26 million

## INVESTMENT AND ENABLING ENVIRONMENT

### Biggest Issues and Bottlenecks

1. Poor sector governance
2. Lack of a creditworthy off-taker
3. Lack of cost-reflective tariffs

### Power Africa Interventions

1. Business Plan for the Transmission System Operator
2. Competitive Framework for Small and large Renewable Projects (REFIT)
3. Transaction advisory support to REA and TANESCO





## POWER AFRICA'S ENGAGEMENT IN TANZANIA

### MW GENERATION

Power Africa is supporting the Tanzanian energy sector through transaction assistance for priority generation projects, technical advisory services to help unlock constraints to private sector investment, and capacity building for key institutions. The 150 MW Kinyerezi I gas-fired thermal plant is under construction, powered by four GE turbines (185 MW) and funded by the GoT. The Kinyerezi Extension project will add even more megawatts to the grid.

### CONNECTIONS

Interventions include support to various companies through USAID's Development Innovation Ventures (DIV) and the US African Development Foundation's Off Grid Energy Challenge, which have supported over 14 enterprises to deliver off-grid energy solutions in Tanzania. Power Africa is also working to reduce losses and hybridize five isolated diesel generation plants in Tanzania. These five sites will create opportunities for private sector investment in renewable power plants, which will help reduce dependency on expensive diesel generators.

### SUCCESS STORIES

The GoT recently advertised tenders for development of new utility-scale power plants, including 200 MW of wind, 150 MW of solar, and 600MW of coal. In 2015, Power Africa began working with TANESCO to establish and develop an independent transmission system operator, or TSO. Separating electricity transmission from generation and distribution is key to creating transparency and providing open access to the electricity grid, and is critical for enabling regional trade with neighboring countries. Power Africa advised TANESCO on its business structure, revenue requirements, transmission tariff margin, and five-year financial model. These elements laid the groundwork for Power Africa to help design the TSO Business Plan and Transition Roadmap, pointing the way toward a fully operational TSO by 2021.

Power Africa is also supporting commercial off-grid power providers like Devergy, a social energy services company. Devergy is uniquely pioneering the concept of affordable, rapidly deployable, "living" micro-grids, allowing customers to power household lighting and appliances. With USAID DIV support, Devergy is testing various "productive use" models to encourage customers to use electricity for income-generating purposes, thereby facilitating the transition up the "energy ladder."

#### ABOUT POWER AFRICA

Power Africa is comprised of 12 U.S. Government Agencies, over 145 private companies, and 18 bilateral and multilateral development partners to support sub-Saharan governments by working together to increase the numbers of people with access to power. Power Africa's goal is to achieve 30,000 MW of new generated power and 60 million new connection by 2030 to reach 300 million Africans.

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