



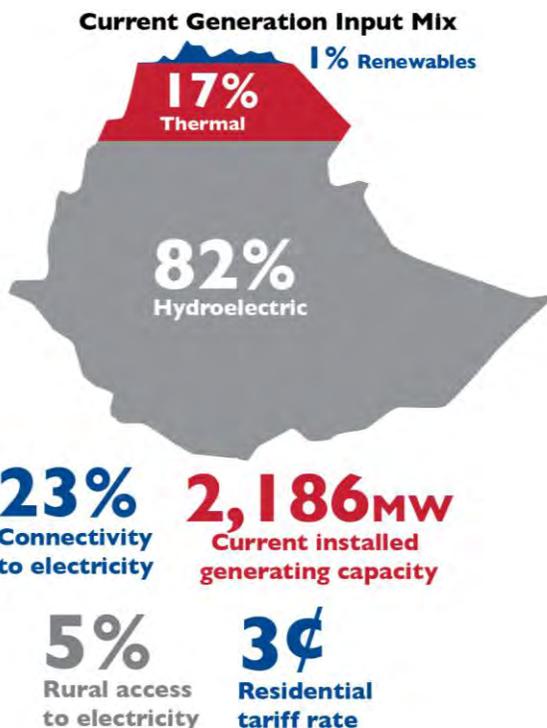
WHAT POWER AFRICA MEANS FOR ETHIOPIA

Ethiopia Energy Sector Overview

Ethiopia, under its Growth and Transformation Plan (GTP), envisions becoming a regional renewable energy hub in East Africa by 2015. Ethiopia has roughly 2,000 megawatts (MW) of installed generation capacity to serve its population of around 90 million people and has little prior experience with private sector-led energy projects. Energy constraints limit growth in key areas of Ethiopia's economy, including the agricultural and industrial sectors. At the same time, Ethiopia is endowed with abundant renewable energy resources, including 45,000 MWs in additional hydropower potential, more than 10,000 MWs from untapped geothermal resources (see landmark Corbetti transaction below), and significant wind and solar generation opportunities throughout the Rift Valley. By 2037, Ethiopia aspires to have a total installed generation capacity of 37,000 MWs and become a major power exporter. Private sector investment will be critical to supporting this development vision.

The Government of Ethiopia (GoE) is committed to increasing private sector energy participation, expanding transmission and distribution networks to deliver additional power to customers, maintaining a creditworthy off-taker, reforming tariffs to allow for full-cost recovery, and reducing inefficiency in the sector. Power Africa is supporting Ethiopia's energy development strategy through technical assistance to the GoE in negotiating its initial landmark Power Purchase Agreement (PPA) and facilitating financing of private-sector led geothermal, solar and wind projects. The 1,000 MW Corbetti geothermal project has reached agreement on a tariff between the government and a private developer and is moving towards final negotiation. The Power Africa-supported dVentus smart-metering project is completing prototypes for an eventual rollout to improve electricity service and reliability for millions of Ethiopian customers.

The Eastern Africa Power Pool (EAPP) is based in Ethiopia and seeks to facilitate and secure renewable energy power supplies to the countries across the region at the lowest possible cost. In the future, the EAPP can provide the needed integrated system and load demand for increased development of large scale renewable energy generation and transmission projects. Power Africa will assist the EAPP to develop common grid codes and structure transmission interconnection projects that facilitate the integrated development and operations of national power systems in East Africa.



Sources: World Bank Databank 2010; US EIA 2012; World Bank Africa Energy Unit, 2012; Ethiopian Electric Power Corporation, 2013

Highlighted Transactions

Name	Output	Type of Transaction	Value (USD Million)	Timeline	Power Africa Support	GOE Actions
Corbetti	1,000 MW	Power Purchase Agreement with Reykjavik Geothermal	\$4,000	<ul style="list-style-type: none"> • Heads of Terms of PPA signed Q3 2013 • PPA to be signed Q3 2014 • Drill, test Q3 2014 • 500 MW operational 2018, another 500 MW in 2023 	<ul style="list-style-type: none"> • Delivered workshops on structuring of PPAs and Implementation Agreements • Funding for and facilitation of legal support to the GoE throughout the negotiations • Provide targeted knowledge transfer to the GoE on creating a framework for private sector investment in geothermal energy 	<ul style="list-style-type: none"> • Authorized terms of first-ever Ethiopia PPA • Duty free discussions • VAT Exemption
dVentus	2 million smart meters	Ethiopian Electric Power contract for Smart Metering manufactured in Ethiopia	\$21	<ul style="list-style-type: none"> • Produced and tested prototypes Q2 2014 • Production and installation of meters Q3 2014 	<ul style="list-style-type: none"> • Guarantee for \$1 million working capital loan • Facilitated transaction advice to retain long-term financing 	<ul style="list-style-type: none"> • 5-year income tax incentive • VAT Exemption • Duty free imports from the U.S.

Power Africa Initiative: Mobilizing Investments in Energy

Power Africa is a U.S. Presidential initiative announced in June 2013 and designed to increase access to electricity in sub-Saharan Africa over the next five years. Power Africa begins in six focus countries with ambitious strategies for energy sector development — Ethiopia, Kenya, Tanzania, Liberia, Ghana, and Nigeria. Additionally, in Uganda and Mozambique, Power Africa promotes responsible and transparent resource management.

Power Africa accelerates investments to develop resources responsibly, build out power generation, efficient distribution and transmission, and expand the reach of mini-grid and off-grid solutions. A key goal is to add cleaner, more efficient electric generation capacity.

A New Way of Doing Business for Development

Power Africa directly addresses constraints to investment by taking a transaction-centered approach to galvanize collaboration, producing near-term results while driving forward reforms that pave the way for future investment. This two-pronged approach focusing on transactions and on energy sector management enables public sector partners, such as ministries and power companies, to more effectively and efficiently govern energy resources and leverage private sector investment and technology to meet vital energy needs for economic growth, health, and education.

Power Africa brings the trade, regulatory, finance and other expertise of 12 specialized U.S. Government agencies to advance transactions between public and private investors. Power Africa Transaction Advisors are based in the focus countries. Power Africa outreach efforts, including trade delegations, invite U.S. companies to invest in the region and bring their cutting-edge technologies and solutions to expand access to affordable and sustainable electric power.

For more information on Power Africa visit: www.usaid.gov/powerafrica

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