

# PROJECTS AND INFRASTRUCTURE

GRAND  
INGA HYDRO  
TREATY

## GRAND INGA HYDRO TREATY

**On 4 November 2014 the South African parliament's energy portfolio committee recommended that the legislature ratify, under s231 of the Constitution, the Grand Inga Hydro Project Treaty, which was signed in October of this year with the Democratic Republic of Congo (DRC). The Memorandum of Understanding for the Project was signed on 11 November 2011, and set in motion the drafting of the Treaty.**

When finally completed, the Project is expected to generate 40,000MW of electricity, and will be the world's largest hydro scheme. South Africa has potentially secured the rights to import 12,000MW of this energy. The sheer capacity, size and complexity of this project becomes clear when compared to Eskom's current installed capacity of 41,194MW, which supplies 95% of South Africa's electricity requirements, and 45% of Africa's.

If certain provisions in the Treaty are met, phase one of the Project will see the construction of Inga 3, which will generate 4,755MW of electricity, of which South Africa has undertaken to off-take 2,500MW. The DRC has already received a \$73 million grant from the World Bank's International Development Association, partially allocated for technical assistance to develop the Project.

The energy portfolio committee did however note concerns regarding security and political instability, factors which the South African government has been assisting to address in the last several years. Further factors that have

to be considered include environmental impacts, such as relocation and the impact on eco systems. It should as such be borne in mind that even though hydro projects are deemed as renewable energy projects, they are certainly not neutral with regard to environmental impacts.

The Project also demands a reliable and technically enhanced transmission network within the Southern African Power Pool, and engagement with the governments of Zambia and Zimbabwe is required to construct this network.

The conclusion of the electricity offtake agreement is anticipated to reach financial close in October 2016, and as such the Grand Inga Hydro Project will only assist in relieving South Africa's electricity shortages in the long run. Even though the project does not provide for any quick relief, it does hold the promise of an exciting future generation mix and an enhanced interconnected regional transmission network.

*Adriaan van der Merwe and verified by Kieran Whyte.*

<p><b>2013</b> 1st in M&amp;A Deal Flow, 1st in M&amp;A Deal Value, 1st in Unlisted Deals - Deal Flow.</p> <hr/> <p><b>2012</b> 1st in M&amp;A Deal Flow, 1st in General Corporate Finance Deal Flow, 1st in General Corporate Finance Deal Value, 1st in Unlisted Deals - Deal Flow.</p> <hr/> <p><b>2011</b> 1st in M&amp;A Deal Flow, 1st in M&amp;A Deal Value, 1st in General Corporate Finance Deal Flow, Legal Advisor - Deal of the Year.</p> <p><b>DealMakers</b></p>	<p><b>HIGHEST RANKING OF CLIENT SATISFACTION AMONGST AFRICAN FIRMS 2013</b></p> <p><b>Legal Week</b></p>	<p><b>VOTED NO.1 LAW FIRM FOR CLIENT SERVICE EXCELLENCE FOUR YEARS IN A ROW</b></p> <p><b>pmr</b> africa</p>
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