

August 9, 2013

Comments from United Kingdom on the SREP Investment Plan for Tanzania

Dear Patricia,

Thank you for the summary of the intersessional SREP sub-committee meeting on the Tanzania Investment Plan, on which we have no comments.

In addition to the previous comments we submitted on the Tanzania IP, and to which we look forward to a written response as agreed, we would also like to submit the following further comments and few remaining questions of clarification:

- We very much appreciated the participation of the Permanent Secretary Maswi at the meeting, and were reassured of his and his government's commitment to the SREP Investment Plan. In particular we highly appreciated his reinforcement of the Big Results Now decision to phase out Emergency Power Producers, which are a significant drain on the budget, and also his further commitment to the reform of TANESCO. On the renewable energy side, we also appreciated the commitment to dedicate more human resources to this in MEM and setting up a unit to lead on this – we believe that a consolidated strategy and capacity to take renewable energy forward will have very positive impacts on the success of SREP, and the contribution of renewable energy to Tanzania's energy mix.
- We also appreciated the participation of the World Bank Country Director in Tanzania and what we understood from PS Maswi was the preliminary agreement of the Bank to provide a Partial Risk Guarantee in the framework of the SREP Investment Plan. We look forward to further details of this, but very much welcome this development as an important complementary action by the Bank in the context of the payment default risk which developers and financiers consider to be presented by TANESCO.
- We would appreciate clarification on the timing of the support for the legal and regulatory work on geothermal. We would just like to confirm that the geothermal legal and regulatory work will start and be funded under the Project Preparation Grant, rather than waiting for full approval of the wider project.
- On connection incentives, we would encourage project designers to consider as part of the RERE design a differentiated rate for on-grid and off grid/isolated mini grids to reflect the costs of development and further incentivise off-grid/isolated grids – this has come up as an issue in recent EU consultations.

With many thanks,
Steven

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