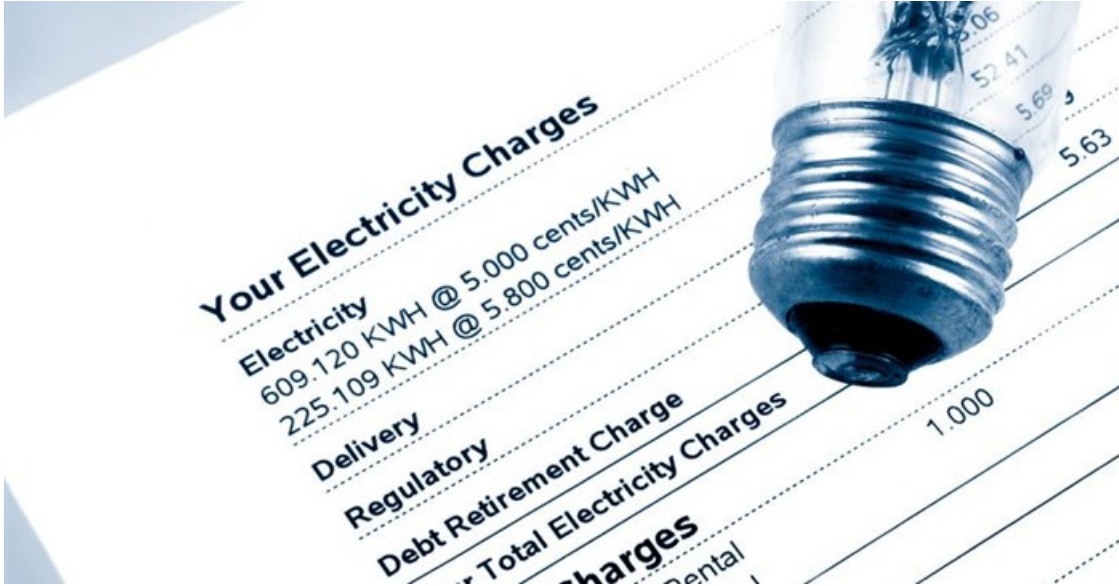


Eskom to sell power to Zim, despite \$40m unpaid bill

Eskom is attempting to flog excess power to Zimbabwe, despite the fact that its northern neighbour owes more than \$40m in unpaid electricity bills.



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However a legal bungle halted the deal between Zimbabwe and South Africa for the supply of with 600MW electricity for the next five to 10 years, when it was discovered that a memorandum of understanding (MoU) that was meant to be signed had not been vetted by Zimbabwe's attorney-general (AG).

The MoU was hurriedly put together over the weekend in Harare and was expected to be signed on Monday at Zimbabwe's energy and power development minister, Samuel Undenge's office, says the *Financial Gazette*

Undenge is said to have been advised by Zimbabwe Electricity Supply Authority (ZESA) officials and government technocrats to postpone the signing of the power supply deal in order to seek legal advice from the AG.

ZESA already has a power purchase agreement with Eskom, which is coming to an end. Under this agreement, the Zimbabwean utility was initially supposed to prepay for electricity imports from Eskom, which has a generation surplus of more than 5,000MW of electricity.

However, due to foreign payment gridlock, ZESA failed to pay for the electricity in advance, resulting in the pre-payment

arrangement being relaxed.

The South African power utility received a guarantee from the government of Zimbabwe for this arrangement.

Now, because it has a lot of surplus power on its grid, South Africa is vigorously pushing President Robert Mugabe's administration to purchase most of this, despite Zimbabwe owing South Africa about \$40m for power supplies.

Source: *Financial Gazette*

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