

Creating powerful opportunities

By **CHRIS FORD**

MANAGING DIRECTOR, SONGAS



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is responsible for managing all aspects of Songas' operations, including developing and implementing the company's commercial strategy in the region. With more than 10 years experience in the energy sector, Chris joined Globeleq in 2006 as Songas' Commercial Manager and was appointed as Managing Director in August 2007. Prior to his role with Songas, he was an Engineer at National Grid Company PLC and a Senior Energy Trader and General Manager of Enfield Energy, a merchant IPP trading in the UK gas and power markets.

Now into its sixth year of operation, Songas is a gas-to-electricity facility that provides a clean, reliable fuel source for a country that has been overly dependent on hydroelectric power and expensive, imported heavy fuel oil. This independent power producer (IPP) supplies around one third of Tanzania's electricity needs.

Majority owned by emerging markets power company Globeleq, Songas uses natural gas from the Songo Songo gasfield, which after processing on Songo Songo Island, is brought via a 225-kilometre pipeline to the 180 megawatt Ubungu power station in Dar es Salaam. Electricity is then generated and sold to the Tanzania Electricity Supply Company (TANESCO) for distribution onto the national transmission grid. Songas also supplies gas transportation services to key industrial customers located in Dar es Salaam.

The impact of Songas has been wide reaching. By utilising the country's own natural gas resources, the Songo Songo gas-to-electricity infrastructure has substantially reduced operating costs for industry in Tanzania. In addition, the company generates the cheapest thermal power in East Africa. The Ubungu power plant provides an affordable alternative source of electricity generation and reduces the dependence on the country's hydro power facilities. In 2006, during the severe drought, Songas was at times supplying as much as half of the country's power.

The modern gas infrastructure built to facilitate Songas is stimulating development of a commercial market for gas in Tanzania, encouraging offshore and onshore oil and gas exploration along the coast.

Ripple effect

A model for other IPPs, Songas has also created more than 100 direct jobs, and adheres to international best practices. Songas received the 2008 Tanzania Frost and Sullivan Technology Leadership Award for best practice, plant reliability, and overall project success. In August 2009, Songas was the first Tanzanian power plant to be awarded the ISO 14001 and OHSAS 18001 certification.

Furthermore, the Songas facilities have been built to minimise the impact on the environment and protect the physical surroundings in which it carries out its activities. The pipeline from Songo Songo Island to the mainland was routed to protect coral reefs and every effort was made to minimise the impact on local populations. The

company also plays an active role in the community with a range of development initiatives addressing health, education, conservation, and livelihood improvements to the residents of Songo Songo Island and those communities living along the pipeline's route.

A recent partnership with the AIDS Business Coalition has been put into action, aimed at increasing HIV/AIDS awareness and prevention for staff, their families and communities in Songas' operating area. Songas also contributes to several charities that help provide income-generating opportunities for people with disabilities.

Looking to the future

Tanzania is East Africa's sole gas producer. Tanzania currently needs around 750 MW of electricity generation to meet present needs, and as the economy continues to grow, with residents and industry connecting to the supply, demand for power increases at more than 10 per cent per annum.

Consumption of natural gas has also grown significantly in the last six years. Today, on average, 60 per cent more natural gas is consumed each year than in 2005. Songas aims to expand both its generating assets and gas infrastructure in order to keep up with this growth.

The company has been working with the Government of Tanzania and other key stakeholders to develop and implement expansion of the gas processing and transportation infrastructure on Songo Songo Island. Songas wants to bring more natural gas to Dar es Salaam for use in power generation and industry. With further significant capital contributed by the company's majority investor, Globeleq, the expansion would take two years to complete, doubling the amount of gas able to be processed and transported. Songas is also proposing to increase the output of the Ubungu power plant. The company is in the early stages of developing a project to upgrade four of its existing gas turbines that would provide an additional 20-30MW over the next two years.

The last six years have been significant for Songas, and significant for Tanzania, clearly demonstrating that commercially based investments can earn adequate, sustainable returns when governments provide a favourable investment climate to private investors. Songas has successfully provided a clean, reliable and affordable alternative supply of electricity to the country, while providing a successful model that should serve to attract investment to the country's power sector. **F**