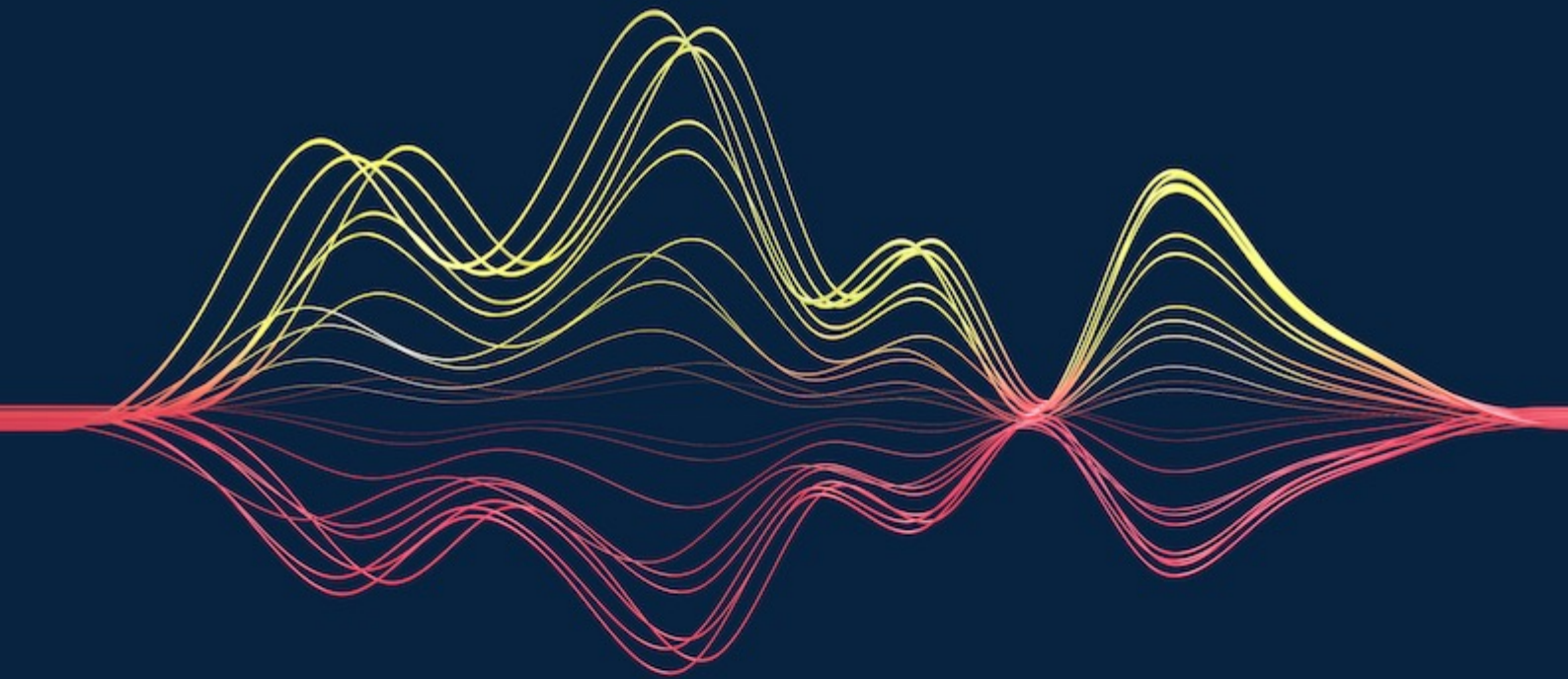


ANGOLA

Corporate Power Purchase Agreements





Angola

Last modified 09 February 2021

PPA structures and parties involved

To what extent are corporate PPAs presently deployed and what sort of structure do they take?

Corporate PPAs remain uncommon in Angola.

Article 48 of the Electricity General Law provides that outside the scope of the public electric system, the conditions of sale of electric energy will be established by the parties.

Article 15 of the Executive Decree No. 122/19 of May 24 (electric energy sales tariffs) provides special arrangements for the sale of electricity by means of special or bilateral contracts between producers and distributors and those with final customers, under the terms set out in the Tariff Regulations (Presidential Decree No. 4/11 of January 6) shall be authorized by an order of the Minister of Energy and Waters, after hearing the regulatory authority.

All the contracts with National Transportation Network ("RNT" as a sole buyer must comply with certain requirements specified in Article 11 of the Presidential Decree No. 4/11 of January 6 as amended by Article 11 of the Presidential Decree 178/20 of June 25, in order to their prices are allocated to tariffs.

Do the country's regulators allow corporate owners to purchase (1) directly from a facility, or (2) from a choice of suppliers?

In accordance with Article 11 of the General Electricity Law, the use of the facilities and networks that incorporate the Public Electricity System is allowed under the conditions provided for in the aforementioned regulation or agreed between the interested parties and their holders, as long as the supervisory body approves it after prior validation by the regulatory authority.

Hence, corporate owners are allowed to purchase directly from a facility or a choice of suppliers, as long as it has been approved by the supervisory body and has effectively gone through a prior validation from the regulatory authority.

Other than the generator and the off-taker, are any third parties commonly party to the PPA structure (e.g. a utility or other market agent)?

In addition to the electrical energy provided by the Company ENDE E.P (National Electricity Distribution Company) that comes from hydraulic dams and private generators, so far, there are no other third parties as a common party to the cPPA structure.

Is a generator permitted to sell electricity directly to an end user? If so, do they require a licence or other form of authorization?

As previously stated, Article 48 of the Electricity General Law provides that outside the scope of the public electric system, the conditions of sale of electric energy will be established by the parties.

Challenges

What are some of the technical, political, financial or regulatory challenges to corporations adopting green energy in the short/medium term in your country and how have these challenges been overcome (or how can they be overcome)?

More incentives and benefits need to be created for companies that want to implement green energy systems. Facilitating the process of importing and accessing currencies to pay for equipment to implement the projects related to renewable energy is necessary. Governments should create incentives for companies that are implemented across the country, thereby creating employment and facilitating greater acceptance of new technologies in rural areas.

Regulatory changes

Are there any anticipated regulatory changes which will alter the regulatory landscape for corporate green energy and corporate PPAs?

International development partners are providing technical support to the Angolan government to establish a regulatory framework which includes negotiating power purchase agreements with independent power producers (**IPPs**) and design of a feed-in-tariff scheme for renewables.

Incentives and benefits

What is the corporate appetite for green energy, including any political or financial incentives available to corporates to adopt green energy?

Even though national and international companies have been showing interest to develop green energy structures in Angola, this is still something that has to be well studied and thought through it. However, there are already small dimensions of solar energy structures being developed, for example, but only for particular purposes.

What are the key local advantages of the corporate PPA model which can benefit our clients?

The key local advantage of the corporate PPA model in Angola is energy security and easier access to financing having the corporate PPA as collateral.

What subsidies are applicable to the generation and sale of renewable energy?

This information has not been made public.

Does your country implement a national support scheme with tradable green certificates (such as guarantees of origins)?

Not yet, as green energy has not yet been implemented.

Typical PPA terms and risk allocation

To the extent corporate PPAs are deployed, how are prices, terms and risks affected?

Topic	Details
Do prices tend to be floating or fixed?	According to Article 26 of the Presidential Decree 178/20 of June 25, the tariff structure is applied by the RNT concessionaire and by the distribution companies to users connected to their networks. Along these lines, this same diploma, on its article 27, establishes that the tariff structure

reflects the costs to which users give rise, according to the characteristics of consumption and the level of tension to which they are connected, regardless of their social or legal character and the final destination give to the energy consumed.

Hence, the prices are fixed considering the elements above mentioned.

What term is typically agreed for the PPAs?

There is not a fixed-term for cPPAs it all depends on the activity to be exercised. However, it is important to mention that the tariff regime is, in general terms, in force in a four-year tariff regime. Alongside with that, the tariff period is defined by a specific diploma by the Sector Regulatory Entity, which must be multiannual, as established on Article 28-A of the Presidential Decree 178/20 of June 25.

Are the PPAs take-or-pay or limited volume?

Not applicable

Are there any other typical risks?

Not applicable

To the extent corporate PPAs are deployed, in whose favour will the risks typically be balanced?

Type of risk	Details
Volume risk	The risk is born by those who not comply with rule applicable to the specific situation.
Change in law	Usually, when changing legislation, users and distributors are given a period to prepare and adapt to this mentioned change of legislation. Hence, when there is a change in law non complied with, the risk is born by those who have not complied with the rule in place.
Increase / reduction of benefits	Again, similar to the change in law, the risk is born by those who not comply with rule applicable to the specific situation.
Market liberalisation (if applicable)	Not applicable
Credit risk	The risk is born by those who not comply with rule applicable to the specific situation.
Imbalance power risk	The risk is born by those who not comply with rule applicable to the specific situation.
Production profile risk	The risk is born by those who not comply with rule applicable to the specific situation.

Balancing

Does your country operate a balancing responsibility scheme?

Not applicable.

If your country operates a balancing responsibility scheme, who is the balancing authority and do the generator and offtaker typically undertake balancing themselves?

Not applicable.

Significant transactions

What significant transactions/deals have taken place in the last 12-18 months?

Laúca Hydroelectric Power Plant

According to the Government, Laúca Hydroelectric Power Plant ("AH Laúca") is the largest work in the country today. The Project was commissioned by the Angolan Executive, represented by the Ministry of Energy and Water, and is carried out by ODEBRECHT. COBA and LA MAYER carry out the supervision of the implementation of the project. When AH Laúca is 100% operational, it will produce more than twice as much energy as the other two dams already operating on the Kwanza River. This energy potential will serve 8 million people. AH Laúca will produce 8,643 GWh (gigawatts) of electricity, representing an installed capacity of 2,070 MW (megawatts).

The realization of the project demands great infrastructure support. Because of this, AH Laúca is today a city that is composed by: Leisure area; Sports area; Accommodations; Kitchen and Cafeterias and Medical Center.

AH Laúca is a pole of job and income generation. The project is also committed to providing opportunities for national talent. Today, the enterprise has 8,458 Members. Of these, 8,035 are national, which represents 95% of the entire productive force involved in the execution of the work. The remaining 423 are expatriates, a number that represents 5% of total members.

Through the Acreditar Program, the project offers basic and specific training to AH Laúca Members and also to the residents of the communities surrounding the construction site.

AH Laúca is 86% ahead of Civil Works, 72% ahead of Electromechanical Assembly and 14% in the Energy Transport System. Always overcoming challenges and fulfilling all the goals set with safety, quality and productivity.

2nd Hydroelectric Power Plant of Cambambe and Dam Alignment

With the conclusion of the Cambambe 2nd Power Station and the Dam Raising, it was possible to obtain an additional power of 780MW. This power is helping to reduce the energy supply deficit in the Provinces of Luanda, Kwanza Sul, Malanje, Uige, Kwanza Norte and Bengo.

It will also allow the interconnection of the North-Central Systems with the Benguela Province link, thus reducing production costs and the consumption of diesel for energy production.

More than 10,000 construction posts have been created as part of the temporary work in the rehabilitation, modernization and extension of the hydroelectric complex. The construction owner was GAMEK (*Gabinete de Aproveitamento do Médio Kwanza*) and the contractor was ODEBRECHT.

Solar village program

The main objective of the Solar Village Programme is electrification, through the installation of autonomous solar photovoltaic systems (isolated) in infrastructures Social, including: Schools; Medical Posts; Police Posts; Administrative Buildings; and, Social Jangos, including Public Lighting Posts.

In the 1st phase of the Programme, awarded to the company Elektra Electricidade e Águas, Lda, 11 localities were selected from 4 Provinces in the country: Bié, Kuando Kubango, Malange and Moxico. This phase has been completed since 2011, with a total of 156,660 Wp of 42 systems and 70 public lighting posts implemented.

In some cases, a system provides electricity to more than one infrastructure. So far, 50 infrastructures have benefited from the electricity supply, namely: 15 schools, 18 medical posts, 1 maternity ward, 1 police station, 1 police station, 9 administrative residences, 1 nurse's residence, 3 administrations.

In the 2nd phase of the Solar Village Programme, four companies were selected for the installation of a total of 75 systems and 160 streetlights.

As part of the 3rd phase of the Solar Village Programme, the project has already started after the Auto de Consignation signed with the Company LTP Energias S.A. The project will benefit the provinces of Kwanza Sul, Cuando Cubango and Lunda Sul, whose aim is to supply electricity to the communities with Solar Photovoltaic Systems of Auto-consumption Kits and Public Photovoltaic Lighting.

It is part of the energy and water sector action plan 2018-2002, to continue the Solar Village Programme and to ensure adequate maintenance of its infrastructure and test a new concept of a 100% solar mini network, based on batteries, to electrify the most isolated municipality headquarters, avoiding fuel logistics.

What transactions/deals are anticipated to come to market in the next 12-18 months?

See [Past transactions](#).

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