

Tanzania energy storage investment

The Tanzania national energy policy was put in place originally in 1992 as a result of social economic reforms which took place in the 1990s. The policy was later updated in 2015. It has proposed a fair share of renewable energy diversification for Tanzania, by emphasizing the energy mix between hydro, solar, biomass, wind and geothermal energy sources. The upscaling of renewable energy has been adopted by the market, which already had an appetite for using affordable and sustainable alternative energy.

While touching on matters related to energy, it's important to point out the United Republic of Tanzania is a union between Tanzania Mainland and Zanzibar Island. Zanzibar is semi-autonomous region of Tanzania, with its own energy policy separate from the Tanzania national energy policy, as set out since 2015.

The Zanzibar Energy Policy 2009 aspirations for the energy mix with renewable energy was narrow, with the focus being on strengthening sustainable energy security, reliability and power access for Zanzibar using renewable energy sources. The Zanzibar policy is now under review with the aim of harnessing the rich renewable energy resources surrounding the island, creating a better energy mix from various sources such as waves, wind and solar.

Tanzania is currently implementing the National Rural Electrification Program (2013-2022), which intends to increase the overall power access of the population from 36% in 2014 to 50% by 2025 and to at least 75% by 2033. The program is committed to ensure the electrification of rural areas through off-grid sources as well as the development of distributed technologies, in particular off-grid solar and other renewable technologies.

We're seeing an increase in the market entry for entities that intend to undertake renewable energy generation. The Ministry for Energy is implementing a scaling up renewable energy program as an initiative to promote mini-grids and renewable energy generation. However, there are no tradable green certificates issued by the Ministry of Energy.

With the accession of President Samia Suluhu and the current administration, it is expected that there will be massive development in the energy sector. We've witnessed the revival of a USD30 billion LNG project. The current administration intends to diversify the energy mix.

The Tanzania Power System Master Plan 2016, with detailed assumptions around demand growth and various supply options, suggests that Tanzania's goals will be primarily met by coal and gas. However, recent advances in renewable energy for power generation, transmission and storage suggests that the plan needs to be revised. Although the policy intends to promote renewable energy, implementation remains divided based on governmental and sector-specific priorities.

The current administration has projected a generation of 6,000 MW by 2025. Although the government's

focus is on the construction of a 2,100 MW hydropower generation facility using the Rufiji Hydro Power Dam, there are other renewable energy projects such as the Ruhudji and Rumakali hydro power projects, which are expected to produce 358 MW and 222 MW respectively on completion. The government projects a generation of 700 MW from solar projects. Solar power remains the preferred energy source until the Rufiji Hydro Power Dam is commissioned.

Tanzania - like other developing countries in Africa - is striving to adopt various ways of ensuring that energy supply is accessible and affordable. Considering the social, environmental, and economic benefits of off-grid renewable energy vis a vis costly grid infrastructure, renewable energy will undoubtedly remain a dependable energy source for Tanzania in the near future.

Demand is projected to increase sharply to 4,700 MW by 2025 due to the development of industrial activities. Generation of electricity through renewable sources is slowly integrating with commercial electricity production. However, as renewable energy currently only provides electricity to mini-grids, wide-scale utilization has not been achieved.

Small Power Producers (SPP) account for 2% of total capacity. These are independent producers with a capacity of up to 10 MW that may sell electricity wholesale to TANESCO or to retail consumers. Key investment opportunities are also identified around providing power to large consumers such as universities and hospitals, apart from industry.

President Samia Suluhu addressed the United Nations (UN) Climate Change Conference of the Parties (COP26), in Glasgow, Scotland, and confirmed Tanzania's continued commitment to mitigate the adverse effects of climate change. Among other resolutions agreed at COP26 was the continued move away from fossil fuel, completing the agreed pact in Paris COP21, which included the use of carbon markets.

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