



**MOZAMBIQUE
WANTS ENERGY
FOR ALL**

October 2020

MOZAMBIQUE WANTS ENERGY FOR ALL

PROLER, the Renewables Energy Auctions Initiative

12.10.2020

I. PROLER

In 2018, the Government of Mozambique approved the 2018 – 2043 Master Plan for Electrical Infrastructure (the Plano Diretor de Infraestruturas Eléctricas 2018-2043), which aims for a 20% integration of renewable energies into the national grid.

Mozambique has just launched PROLER, a program for renewable energy auctions intended to make the renewable energies sector more attractive to private investment

PROLER is “a model for Public Tenders, in the form of auctions, for the acquisition of licenses for the production of energy from new and renewable sources, and serves as a bidding mechanism for projects, with the aim of allowing the transparent and competitive selection of potential strategic partners for the development and construction of renewable energy (photovoltaic solar and wind) projects, connected to the National Power Grid.”

II. THE AUCTIONS

The auctions initiative covers four projects and individual tenders will be launched for each of the projects.

The first project is a solar plant in Dondo (in the province of Sofala) and it is intended to be launched this month (all technical studies have been completed already).

The public presentation of PROLER indicates that the activities corresponding to the technical, financial and environmental viability for the future solar plants of Lichinga and Manje are in progress and the studies will be undertaken from December 2020 to July 2021.

The presentation also indicates that the technical, financial and environmental viability studies corresponding to the future wind park proposed for Inhambane, will be undertaken from 2021 to 2022.

The tender will have a pre-qualification phase and a qualification phase for the shortlisted bidders.

The qualification phase will include submission of proposals and negotiation with the successful bidder.

The successful bidder will be selected based on the technical proposal meeting the requirements specified in the tender documents and the lowest energy tariff offer.

Minimum participation requirements include among others experience as an investor in the implementation of similar projects (with partnerships with local investors being valued) and evidence of financial capacity to implement the project.

Details on each specific project and schedule are provided at PROLER presentation, including area occupied by the plants and distance to the relevant substations. Some detail on the financing of the Dondo project is also provided.

III. CONDITIONS FOR INVESTMENT

The PROLER presentation highlights several attractive conditions for investment such as the existence of economic, financial and technical feasibility studies, pre-feasibility study regarding environmental and social impact, integration into the National Power Grid. It is worth noting as well the reference to a guaranteed land use right (DUAT) and the facilitation of the provision, by Development Finance Institutions of an option financial package with the terms and conditions provided at the time of the launching of the tender.

IV. LEGAL AND INSTITUTIONAL FRAMEWORK

The legal framework of the programme and of the auctions includes the Electricity Law, the Law on Public-Private Partnerships, the Law that creates the Regulatory Authority

for Energy and the Regulations on the PPP Law and Public Procurement. Additional laws and regulations are required to consider as regards implementation of the projects, amongst others in respect of environment and land use.

In terms of the institutions involved, we note as the contracting entity the Ministry of Mineral Resources and Energy (MIREME), as the entity instituting the tender the Regulatory Authority for Energy (ARENE) and also the Evaluation Committee set under the terms of the Public-Private Partnerships Law and the Public Procurement Regulations.

Total cost of the four projects of the Renewable Energy Auctions Initiative is indicated as of approximately 200 M€, from which 37 M€ will be cofunded by the European Union (EU), the remaining coming from the selected private investors

The success of PROLER will shape the efforts of Mozambique in the energy transition and in meeting the target ENERGY FOR ALL.

We look forward to contributing to the success of PROLER!

CONTACTS



Vanda Cascão
Vieira de Almeida
vc@vda.pt



Guilherme Daniel
Guilherme Daniel & Associados
gdd@guilhermedaniel.com

This is a limited distribution and should not be considered to constitute any kind of advertising. The reproduction or circulation thereof is prohibited. All information contained herein and all opinions expressed are of a general nature and are not intended to substitute recourse to expert legal advice for the resolution of real cases. VdA Legal Partners is an international legal network developed by Vieira de Almeida comprising attorneys admitted in all the jurisdictions covered in accordance with the legal and statutory provisions applicable in each jurisdiction. Guilherme Daniel is the exclusive member of VdA Legal Partners in Mozambique.