

# Kudu construction to start in January

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FRIDAY, 06 NOVEMBER 2009 08:38

The construction of the long-delayed gas-to-power Kudu project is expected to start early next year. The on and off project has been delayed for many years now and Namibians have been wondering if the project will ever see the light of day. The good news came late this week when Gazprom International, the Russian gas company, said construction of the gas pipe is expected to start in January, next year. Kudu is expected to generate 800 megawatts of electricity. Speaking at an African Oil conference in Cape Town this week, head of Gazprom International, Boris Ivanov, said Namibia had chosen Gazprom to set up a new consortium with Namcor and Tullow Oil to complete the historic project.

“We will build and will start the project in January that will be the first of a gas monetisation strategy that we are trying to implement in Africa in general and in Namibia in particular,” Ivanov said in a speech obtained by the Economist this week. Gazprom in June signed a memorandum of understanding with Namibia’s Namcor to help organise funding for the US\$1.2 billion project. The project involves pumping gas from the Kudu field about 170 km offshore to an 800 MW combined cycle gas power station at the coast in the south of the country. It has been delayed due to disagreement over commercial terms, as well as technical difficulties in piping the gas. Ivanov said Gazprom had agreed for Eskom to buy 500 MW of that power, with the remaining 300 MW to go to Namibia “We have made an understanding on paper with Eskom about a power purchase agreement for the future electricity off-take from this project. Eskom will be buying 500 MW and 300 MW will go to the Namibian government,” he said. Experts say it would take up to 36 months from the signing of the deal to produce the first gas. The financing of the project is expected to be undertaken by Gazprom Bank of Russia and a pool of international lenders. Leading Russian companies including Technostroiexport and Stroitransgaz are also expected to look at the project. In July, Sintezneftgaz, a Russian explorer, made a potential gas discovery of as much as 14 trillion cubic feet in the Kunene prospect off the coast of Namibia. The Kunene-1 well is the first to be drilled in Block 1711 over the Kunene prospect, Immanuel Mulunga, petroleum commissioner in the ministry of mines and energy said. If the gas-reserve estimate proves positive, it will be bigger than the Kudu gas fields, which contain reserves of about 1.3 trillion cubic feet, it said.