O ECONÓMICO (MOÇAMBIQUE) · MOZAMBIQUE · SUBSEA

Mozambique approves $65M rescue for Temane 450MW plant

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Mozambique's government has approved a restructuring package for the Temane Central Thermal Power Plant, anchored by World Bank financing of up to US$65 million directed at state utility Electricidade de Moçambique's (EDM) shareholding in the project. The measures are designed to rescue and complete a 450 MW power generation facility regarded as strategically important to the country's electricity supply.

The recovery package comprises several interlocking financial concessions. Concession fees payable to the state have been reduced, and EDM dividends of up to US$39 million will be temporarily suspended to relieve near-term cash pressure on the project. The government has also agreed to waive compensation claims related to construction and commissioning delays, removing a source of financial liability that had weighed on the project's viability. Additionally, an 11.1 percent adjustment has been applied to a tariff component, recalibrating the revenue framework under which the plant will operate.

The concession period has been extended from 28 to 30 years, lengthening the timeframe over which investors and lenders can recover capital and service debt. This extension is a common restructuring lever in power project workouts, providing greater revenue visibility to financiers while deferring the reversion of assets to the state. Together, the measures represent a significant rebalancing of risk between public and private parties, with the government absorbing a material share of the financial shortfall through dividend suspension and fee reduction.

The restructuring raises questions, flagged in reporting by O Económico, about the fiscal cost to Mozambique and the adequacy of protections for public interests over a 30-year operating horizon. The suspension of up to US$39 million in EDM dividends represents a direct opportunity cost for the utility, which itself faces chronic underinvestment and infrastructure deficits. Critics of such arrangements typically point to the tension between stabilising a single strategic asset and the broader drain on a utility's balance sheet.

Temane, located in the southern Inhambane province, sits in a gas-rich corridor and is intended to draw on domestic natural gas resources to supply electricity to the national grid. Completion of the 450 MW facility would represent a substantial addition to Mozambique's installed generation capacity, which remains well below demand across much of the country. The World Bank's involvement as a financing anchor lends multilateral credibility to the restructuring and may help unlock additional commercial lending. The package now moves toward implementation, with the extended 30-year concession framework providing the legal foundation for project completion and long-term operation.

Why this matters to partners and clients of Saga

This is a project restructuring and financing approval — not yet a signed construction or services contract — so the appropriate posture is monitoring and early relationship-building rather than procurement outreach. Norwegian companies with gas processing, power plant engineering, or turbine services capabilities should track the project's progress toward a revised EPC or O&M procurement cycle. When construction or operational tenders are issued, the World Bank involvement will likely require adherence to international competitive bidding standards, which suits established Norwegian service firms.

PARTNER ANGLES

- **Drilling/Well Services:** Gas supply to Temane will require continued well-servicing and production support in the Inhambane gas fields — monitor for upstream workover or production optimisation tenders as the plant advances toward completion.

- **LNG:** If domestic gas supply contracts are restructured alongside the power plant deal, there may be opportunities in gas processing or compression equipment supply to feed the 450 MW facility.
- **Pipeline:** Gas transport infrastructure linking Inhambane production to the Temane plant may require integrity management or expansion works; track any pipeline procurement tied to revised project timelines.
- **Service:** A 30-year concession with World Bank financing typically triggers international O&M procurement; companies offering turbine maintenance, instrumentation, or plant management services should register interest early with the project developer and EDM.

Original source: O Económico (Moçambique) →

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