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## Rio operation in Cameroon secured power deal

*Thursday, 26 Nov, 2009*

Reuters reported that Rio Tinto's aluminum operation in Cameroon has secured 30 year power supply contract with the government but electricity costs have doubled and output from a smelter will fall due to cuts in power consumption.

Rio Tinto Alcan is a partner with Cameroon's government in Alucam, a bauxite mining and aluminum smelting operation that had already slashed output by nearly 40% from its 90,000 tonne capacity in 2009 due to power shortages.

Mr Lazarre Essimi Meny finance minister of Cameroon said that "The new contract will last 30 years and Alucam will now pay 12.94 CFA francs per kilowatt of electricity, up from about 6 CFA francs for the previous one. On paper, the price increase seems to be too much but in reality it is just within international norms.

Mr Menye said that state power firm AES-SONEL will raise power supply to Alucam to 250 MW in 2012 when the Kribi gas fired power plant goes operational and to 490 MW in 2013, when other power plants come on line. However, in the meantime, Alucam has agreed to slash its electricity consumption from current levels around 140 MW to 120 MW so Cameroon can avoid power cuts and satisfy electricity demand, which is growing at eight percent per annum.

Mr Arnold Mouangue spokesman of Alucam said that "Going by the present arrangement, we'll further reduce our electricity consumption to about 100 MW in 2010 and 2011. This means our output, which already dropped to 63% in 2009 will fall again to around 50% during the 2 years."

Alucam and the government agreed in 2005 to increase capacity at Alucam's Edea smelter to 300,000 tonnes from current levels around 90,000 tonnes but the project has been delayed due to the global crisis and chronic power problems in Cameroon. Alucam had a turn over of 149 billion CFA francs in 2008. It contributes 7% of Cameroon's industrial output, 5% of export revenues and generates 3% of the gross domestic product.

(Sourced from Reuters)

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