



## Press Release N.130/2014

### AUC signs grant agreement with Reykjavik Geothermal



The African Union Commission (AUC), through its Department of Infrastructure and Energy, and Reykjavik Geothermal ehf signed a grant agreement for financial support totaling USD 5,594,821 to drill two reservoir confirmation wells at the Reykjavik Geothermal ehf owned Corbetti geothermal prospect located in Ethiopia. The grant which was signed in the presence of the Icelandic Minister for Foreign Affairs H. E. Mr.Gunnar Bragi Sveinsson

aims also to alleviate infrastructure requirements needed for proper project implementation. The signing ceremony was held at the Grand Hotel in Reykjavik, Iceland on 26 May, 2014 in Donors' Coordination meeting held by AUC to mobilize financial and technical support to the Regional Geothermal Programme as well as Geothermal Risk Mitigation Facility (GRMF) .

The GRMF has been established by the AUC, the German Federal Ministry for Economic Cooperation and Development and the EU-Africa Infrastructure Trust Fund in cooperation with the German government owned development bank KfW. The objective of GRMF is to encourage public and private investors (project developers) to develop geothermal prospects for power generation in Eastern Africa by providing cost sharing grants for surface studies and drilling of reservoir confirmation wells. 50 million Euro (approx. 62 million USD) has been made available for such grants. An increase of the fund is planned.

The State Minister of Mines of Ethiopia, H.E. Ato Tewodros Gebregziabher Reda remarked that *“we are very happy for Reykjavik Geothermal for the signing of a project which will be of great benefit to the people of Ethiopia”*

The AUC Commissioner for Infrastructure and Energy Dr. Elham M. A. Ibrahim in her remarks expressed her gratitude towards this achievement in geothermal development which will in turn improve the quality of life of the people of Ethiopia. Thanking all stakeholders for their on-going support, she wished other eligible countries success in the coming application rounds.

Mr. Thorleifur Finnsson of Reykjavík Geothermal expressed his pride in the successful signing of the Corbetti project which will contribute an additional 20 MW to the Ethiopian power grid by end of 2015 as pilot project with expectation to extend to generate 300 MW when the Corbetti project completed.

GRMF provides financial support in form of a grant to winning applicants for surface studies and exploration drilling and testing programmes as follows:

- 20% of approved allowable costs for infrastructure required for eligible surface studies or eligible drilling programmes (e.g. access, water, power)
- 80% of approved allowable costs of Surface studies
- 40% of approved allowed costs for the exploration drilling and testing programme (excluding infrastructure costs)
- 30% of the developer’s share of the approved allowance and expended costs for the drilling and testing programme in case of continuation of the project.

For detailed information about Geothermal Risk Mitigation Facility (GRMF) please visit the GRMF website: <http://www.grmf-eastafrika.org/>