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Regulatory Framework for Rural Electricity in Uganda

BACKGROUND

HISTORY OF REGULATION:

- > Low capacity ie desire to attract new investors
- > Breakup 'inefficient' vertically integrated monopoly UEB
- > Set up of an independent Regulator [ERA]

HISTORY OF RURAL ELECTRICITY IN UGANDA:

Community Type

- > Main grid traverse many rural areas without supplying
- > A few church based small systems (Kisiizi, Mvara etc..)
- > Not very successful

Commercial Type (UEB – initiated)

- > Mostly diesel generator in big towns
- > Not commercial success stories but socio-political necessities
- > Slated for eventual grid connection

PRESENT STATUS OF ELECTRIFICATION IN UGANDA

Licensed Hydro Capacity in MW

<u>Location</u>	Operational	<u>Expected (3yrs)</u>	Remarks
Jinja	300	80	Both
Mubuku 1	5.5	-	1.5 own use
Mubuku 3	10.5	-	Up to 9.0 for own use
Maziba	0.8	-	Not in use
Kisiizi	0.06	0.19	Under exemption

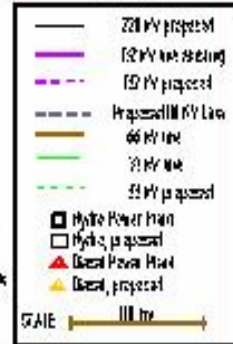
PRESENT STATUS OF ELECTRIFICATION IN UGANDA

Licensed Thermal Capacity in MW

<u>Location</u>	Operational	<u>Expected (3yrs)</u>	Remarks
Arua	1.0	1.5 of Hydro	Olewa (seasonal)
Nebbi	0.5	1.5 of Hydro	Nyagaka
Moyo	0.5	-	
Adjumani	0.5	-	Grid Connection?
Moroto	0.5	-	



LEGEND



Key:

- | | | | | | | | |
|-----------|--------------|-----------|-----------|-------------------|------------|----------|----------------|
| A. Bujaga | B. Mbaraka | I. Karama | D. Nyaga | E. Kinyeti | | | |
| 1. Isimba | 7. Nyanabari | 3. Nurejo | 4. Razi | 5. Kinyeti Bridge | 6. Bujaga | 7. Makuu | 8. Kasese |
| 9. Bantwa | 10. Igira | 11. Egera | 12. Mbari | 13. Mbari | 14. Gopoli | 15. Auri | 16. Sipi Falls |



POSSIBLE ADDITIONAL ELECTRIFICATION IN UGANDA

Projects under Firm Prospecting

<u>SITE</u>	<u>Developer</u>	Potential (MW)	Present Status
ISHASHA	ERECL	5.5	Permit issued
MBALE/KAPCHORWA	Mt. Elgon Hydro Electric Co Ltd	12.7	Permit Issued
BUSERUKA	Hydromax	10.0	Permit Issued
KAGERA RIVER	Kagera Power Generation Co Ltd	42.0	Permit Issued
KASESE/BUSHENYI	Kilembe Investments Ltd	Distri.	Public Notified
BUJAGALI	AES Nile Power	200.0	GoU Taking over Site Reserved
KARUMA	Norpak	200.0	Site Reserved

The Law on Electricity Projects in Uganda

Primary Law: Electricity Act 1999

Section 16(2) – Delegation of some regulatory functions to local govt. on undertakings below 2 MW.

Section 52(1) – All generation above 0.5 MW to be licensed.

Section 52(2) – Exemption of projects below 0.5 MW.

Section 54 – All transmission networks to be licensed.

Section 58(1) – All distribution networks to be licensed.

[Delegation to local govt. 58(3) annual sales < 4 GWhrs]

Section 60(1) – All sale of electricity to be licensed

[Delegation to competent person/entity power to issue sales license if annual sale < 4 GWhrs]

Section 61 – All imports & Exports to be licensed

Section 62 – All activities licensing or exemption under this ACT.

The Law on Electricity Projects in Uganda

Secondary laws: 6 ERA Regulations

- 2003 No. 19: Installation Permit
- 2003 No. 20: Licence Fees
- 2003 No. 21: Quality of Service Code
- 2003 No. 22: Safety Code
- 2003 No. 23: Tariff Code
- 2003 No. 24: Primary Grid Code

The Law on Electricity Projects in Uganda

Primary Law: Electricity Act 1999

Secondary laws: 6 ERA Regulations

How a legal entity sets up an electricity Project:

- Identify site (MEMD, REA, ERA, UIA)
- Study the **Electricity Act & the ERA Regulations**
- Apply at ERA for Permit (feasibility studies) – **Standard Form** (30 days)
- Obtain Technical & Financial Proposals
- Obtain statutory approvals (NEMA, DWD, Local Authority)
- Obtain commercial deal (PPA for grid, Commercial Proposal for Off-Grid)
- Apply to ERA for License – **Standard Form** (30 days)

Regulatory Framework for Rural Electricity in Uganda

	<u>GRID</u> Extensions	<u>ISOLATED</u> > 2 MW	<u>0.5>&<2</u> MW	<u><0.5</u> MW
License (All ERA)	-Normal -Exclusivity	-Normal but Isolated -Exclusivity	-Exemption Cert -No exclusivity	Reg. Cert. No exclusivity
Licensing Process (All ERA)	-Planned -Investor -Competitive	-Planned -Investor -Competitive	-Application -Others may bid	-Application -Others may bid
Tariffs (All ERA)	-Main grid (REF Subsidy?)	-Project specific (REF Subsidy?)	-ERA Guidelines (REF Subsidy?)	-Not Regulated (REF Subsidy?)
Customer Service	REA or/now ERA in 5 yrs	REA or ERA (Project specific)	None now REA in 3 yrs	Guidelines of REA
Reporting to ERA or REA ?	Main Grid ERA	ERA or/and REA	REA also ERA	REA also ERA

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THANKS