

Licensing of Electricity Projects in Uganda

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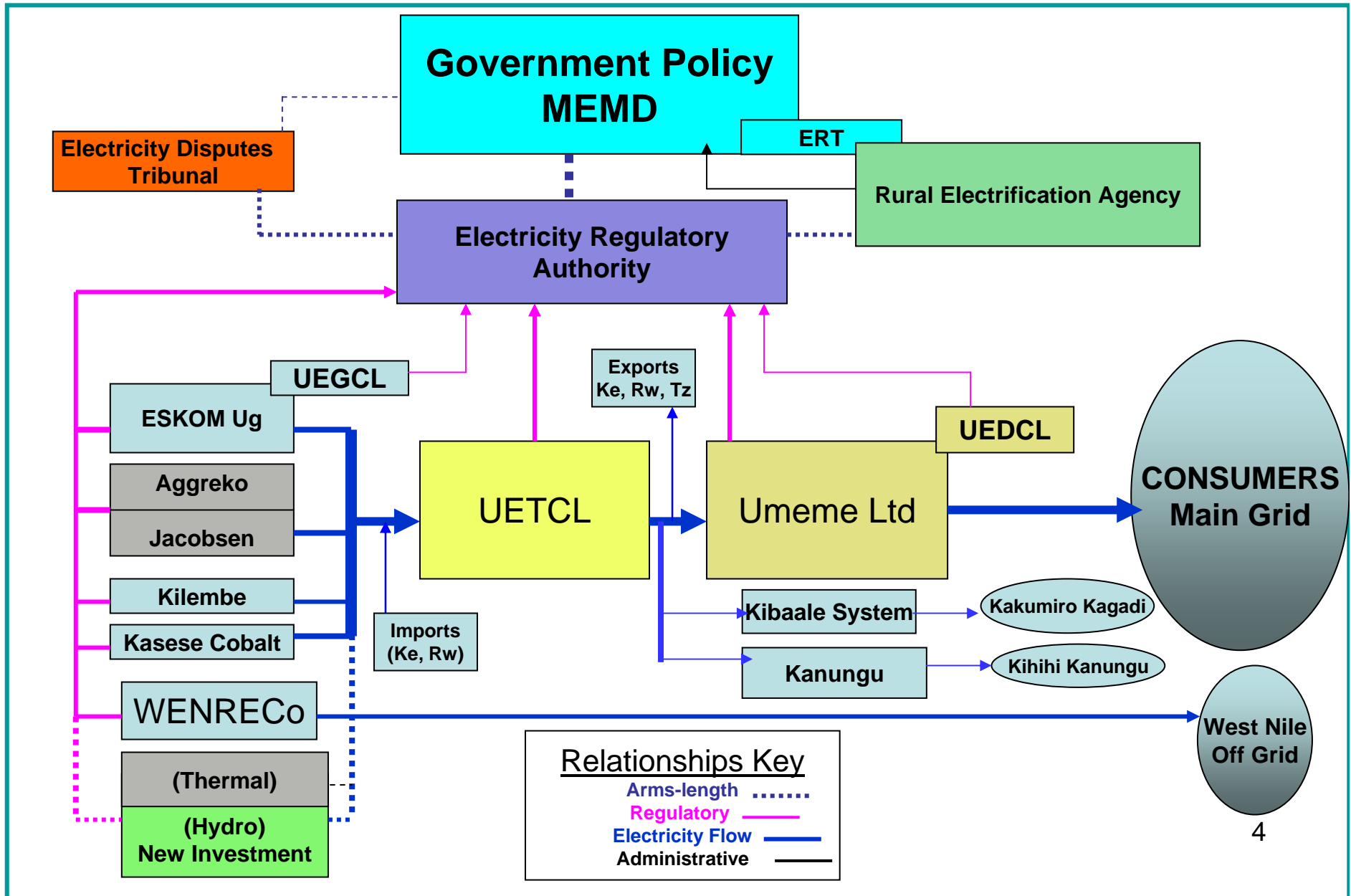
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BACKGROUND INFORMATION ON ELECTRICITY REGULATION

- BEFORE 1996 (Brief History)
 - Low productivity (e.g. 60 MW of 150MW installed hydro)
 - Demand over 200MW and Growing
 - Supply Network was in poor state and degenerating
- 1997/8 (National Energy Policy Shift)
 - Repairs & Upgrade of Jinja Complex to 180MW capacity
 - Plans for Bujagali (& Karuma) Started
 - New National Energy Policy Drafted & Discussed
- 1999/2001 (Starting the Sector Liberalization Process)
 - Electricity Act 1999 enacted by Parliament
 - Electricity Regulatory Authority put in place
 - UEB unbundled & Successor Companies Created

ELECTRICITY REGULATORY AUTHORITY

Uganda's Electricity Sector Structure



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STATUTORY ROLE OF ERA

Licensing

Receiving, Processing & Approving Permit & License Applications for Electricity Supply Projects (Generation, Distribution, Sales, Export & Import) in Uganda.

Tariff Policy & Regulation

- Develop & Publish various ESI Tariff Methodologies
- Review and Approve ESI Tariffs

Oversight on ESI Licensees

- Monitor Compliance with Licenses Terms Conditions & Obligations
- Development & Enforcement of ESI Performance Standards
- Encourage use of Uniform Codes & Reporting Standards

Advising on Electricity Supply Industry (ESI)

- Develop a Databank on the Uganda ESI
- Advise the Minister on Electricity Supply Industry

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CURRENT GENERATION MIX

- **Large Hydro**

– Kiira	–	200MW
– Nalubale	–	180MW
– Bujagali	–	250MW

- **Thermal**

- a) Light Diesel**

– Aggreko (Kiira)	–	50MW
– Aggreko (Mutundwe)	–	50MW

- b) Heavy Fuel Oil**

– Jacobsen (Namanve)	–	50MW
– Electro-Maxx (Tororo)	–	10MW

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CURRENT GENERATION MIX

• Small Hydro

– Kilembe Mines Ltd	–	5MW
– Kasese Cobalt Company Ltd	–	11MW
– Hydromax (Buseruka, Hoima)	–	9MW
– China Shan Sheng (Kikagati)	–	10MW
– WENRECO (Nyagak)	–	3.5MW
– Tronder Power (Bugoye)	–	13MW
– Eco Power (Ishasha)	–	6.6MW
– Africa EMS Mpanga	–	18MW

• Cogeneration with bagasse

– Kakira Sugar Works	–	12MW
– Kinyara Sugar Works	–	5MW

LICENSING PROCEDURE

- Project Identification
- 2. Development of Basic Project Concept
- 3. Application to ERA for a Permit**
- 4. Publication of Permit Advertisement
- 5. Issue of Permit by ERA for feasibility studies
- 6. Application to ERA for a license**
- 7. Publication of License Advertisement
- 8. Grant of License by ERA

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PURPOSE OF PERMIT

Grants exclusive rights to the Intending Developer to carry out detailed feasibility studies and other activities necessary for development of the proposed project.

PURPOSE OF LICENSE

Grants the Intending Developer permission to undertake/implement the proposed project.

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KEY REQUIREMENTS FOR A LICENSE

- ✓ Applicant must be legally registered.
- ✓ Applicant must demonstrate sufficient technical capacity & experience to undertake the proposed project.
- ✓ Applicant must demonstrate sufficient financial capacity to undertake the project.
- ✓ Applicant must possess all necessary consents, such as:
 - ✓ Certificate of approval of EIA from NEMA
 - ✓ Water Abstraction Permit from DWD
 - ✓ Power Purchase Agreement.
 - ✓ Implementation Agreement with GOU.

GRANT OF LICENSE

- License published in media, requesting for comments from the public.
- Public Hearing conducted.
- License granted by ERA.
- License stipulates obligations of the Licensee.
- ERA monitors compliance to license conditions.

CONCLUSION

- There is dire need to diversify Uganda's electricity supply sources in order to:
 - Meet the increasing electricity demand.
 - Improve reliability of power supply.
- Special focus should be on renewable energy sources such as geothermal, solar, etc.

THANK YOU FOR YOUR ATTENTION¹²