

EXECUTIVE FORUM ON ELECTRICITY SUPPLY IN UGANDA

Kampala, Serena Hotel

Date: 20th June, 2017

Time: 09.40 a.m – 10:10 a.m

Key Note Speech

By

Hon. Eng. Irene Muloni

MINISTER FOR ENERGY AND MINERAL DEVELOPMENT

THE REPUBLIC OF UGANDA

The Chairman and Board member of ERA,
CEOs of Energy Agencies,
CEOs and MDs of Private Sector Companies in the Electricity Sector,
Distinguished participants,
Ladies and Gentlemen.

Introduction

1. It is my honour and pleasure to officiate at this important Executive Forum on Electricity Supply in Uganda. I commend the Electricity Regulatory Authority (ERA) for hosting and organizing this Forum.
2. I am glad to note that this Forum has brought together key stakeholders from Government as well as Private Sector companies licensed by ERA to discuss Uganda's aspirations of transforming to an industrialised nation, through accelerating access to clean, reliable and affordable energy sources.
3. This is very important because without energy there cannot be social economic Development. For that reason Government has prioritised energy in our development agenda. The three priorities in the Energy Sector include;
 - Increase generation capacity and transmission network;
 - Increase access to modern energy services through rural electrification and renewable energy development;
 - Promotion of efficient utilization of energy and reduction of system losses.
4. On the international scene, The United Nations Sustainable Development Goal 7 is "to Ensure access to affordable, reliable sustainable and modern energy for all". Among others one of the targets set is by 2030,

ensure universal access to affordable, reliable and modern energy services.

5. In line with this goal, three global objectives were set for the United Nations Sustainable Energy for All (SE4ALL) initiative. Uganda joined the initiative in 2012 and set its national objectives to be achieved by the year 2030 which included among others, increasing the electricity access rate from 15% to over 98% of the population.
6. The National Development Plan (NDP II), 2016 – 2020 and Vision 2040 also require enormous investment in the energy sector as Uganda aspires to transform from a peasantry to an industrialized nation, through accelerating access to clean, affordable and reliable energy sources to facilitate industrialization.
7. To improve on access to clean energy to achieve the targets in the NDP II, SE4ALL and Vision 2040, There is urgent need to address the challenges in the power sector that include:

Key Issues/barriers regarding Energy Access

8. The key issues/challenges in Uganda's Power Subsector include;
 - a) **Infrastructure Gap in Generation, Transmission and distribution of electricity such that we cannot meet the growing demand:** Previously, investment in least cost technologies in the power sector has not been sufficient to match the growth in power demand.
 - b) **Financing Gap for the Power Sector:** There is a huge financing gap in the power sector that could not be raised from public financing alone.
 - c) **The Need to Increase Access to Modern Forms of Energy:** Only 20.4% of our population has access to modern energy services yet

without energy, sustainable development goals cannot be attained. The per capita electricity consumption stands at less than 100 kWh.

Programmes being Pursued by the Government

9. To overcome the barriers above, Government has put in place the necessary reforms in the energy sector and introduced good policies and regulatory frameworks. This has already attracted foreign investment and allowed private sector participation. Key steps tacked by Government include the following:

- i) Power sector in Uganda was liberalised in 1999. This paved way for Private Sector Participation.
- ii) The Renewable Energy Policy, of 2007 was put in place to increase the share of Renewable energy in the energy mix. To attract private capital it provided for the following;
 - a. **Feed-in-Tariffs** were introduced to provide a predictable environment.
 - b. A **Standardized Power Purchase Agreement, PPA** was introduced reduce the lengthy time involved in negotiations between the developer and the off taker. This dramatically cut down time spent on negotiations as well as on transaction costs.
 - c. The introduction of specific regimes that favor renewable energy. These include preferential tax treatment, tax exemption and accelerated depreciation was introduced.
 - d. In addition, The Uganda Energy Credit Capitalization Company (UECCC) was established to assist project developers attain financial closure.

10. As you are aware, over 70% of our electricity is generated with private sector involvement. I believe that it's for this reason that Uganda was voted the best investment country in Africa at the recently concluded Africa Energy Forum (AEF) that was held in Copenhagen, Denmark.

Strategy to Increase Generation capacity

- a) Plans are underway to increase electricity generation through construction of large hydro power plants such as; Isimba Hydropower Plant (183 MW), Karuma Hydropower Project (600 MW), Agago-Achwa hydropower projects (83MW) and a number of renewable energy projects under the Global Energy Transformation - Feed in Tariffs (GET-FiT) program totaling over 150 MW that are under development.

Transmission Infrastructure

- b) To ensure that power generated is evacuated, the Government is expanding the Power Transmission Infrastructure through the construction of several transmission lines and substations.

The Rural Electrification

11. Government, in the year 2013, put in place the second Rural Electrification Strategy and Plan 2013-2022 (RESP II) with a primary objective of achieving an accelerated pace of electricity access and service penetration to meet national development goals during the planning period and beyond.
12. This strategy aims at increasing the electrification rate to 26% by 2022, which translates to 1,415,000 new connections on grid and off-grid and also aims at positioning the country to achieve the Government Vision of universal access by 2040.

13. The Strategy is being implemented through a combination of approaches:

- Grid extension in areas where there is demand for the electricity.
- Mini-grids where the demand is not so high and the distance from the grid is long but the loads are fairly concentrated with potential for productive use of electricity such as trading centers including islands communities
- PV standalone systems for isolated and dispersed households, businesses and social services facilities.

CONCLUSION

14. Let me conclude by noting that, Government has prioritized the development of the Energy Sector which will result in increased access to clean and modern energy to facilitate industrialization for socio-economic transformation.

15. I wish to thank all the companies and Sector Agencies present for their contribution to the growth of the energy sector. We need to collaborate and work together to ensure that we provide adequate and reliable power supply to support national programs.

16. Government is committed to work with the different players and private sector to increase the level of energy access. I am sure this Forum will be highly informative to the participants and facilitate fruitful discussions on how we can efficiently develop the Electricity Supply Industry.

17. With those few remarks, I thank you all for your kind attention and I wish you fruitful deliberations.