



ELECTRICITY REGULATORY AUTHORITY

CIRCULAR NO. ERA 001/2011.


POLICY ON ALLOCATION OF HYDRO POWER SITES FOR DEVELOPMENT.

TAKE NOTICE that the Authority at its 183rd meeting held on 1st June, 2011 RESOLVED that with respect to processing of Licenses and Permits for generation, distribution, transmission and sale of electricity in Uganda, as stipulated in Sections 29 and 32 of the Electricity Act (Chapter 145, Laws of Uganda), the following policies shall apply with effect from 1st June 2011:-

- 1) No developer shall be issued with more than one (1) Permit to conduct feasibility studies under Section 29 of the Electricity Act;
- 2) A Permit shall be valid for a period of 12 (twelve) consecutive calendar months only. Renewal of such Permit may only be granted upon fulfillment of the terms and conditions set out in the permit, but such renewal shall not exceed 12 (twelve) consecutive calendar months. No developer shall hold a Permit for carrying out feasibility studies for a period exceeding two (2) years;
- 3) A developer holding a generation and sale license issued in accordance with Sections 32 to 39 of the Electricity Act may be issued a Permit for another site only after construction has commenced under the current license, financial close has been achieved and overall construction has reached 70% completion;
- 4) FOR AVOIDANCE OF DOUBT;
 - (a) A developer shall refer to any company intending to undertake development of any hydro generation site requiring a generation license as provided for in Section 51 of the Electricity Act;

- (b) No developer shall be allowed to transfer its Permit during the feasibility study stage;
- (c) For purposes of the Permit, a sale of majority shares, change in controlling interest in the company or shareholders in the company (of a developer who already holds a Permit or License issued by Authority) in accordance with the Companies Act (Chapter 110, Laws of Uganda) shall be deemed to be an assignment and transfer of the Permit;
- (d) A Permit shall not be granted to a company whose shareholders have a controlling interest in another company that is already holding a Permit issued under the Electricity Act or is holding a license issued under the Electricity Act and has not reached 70% project completion.

DATED THIS 25th DAY OF JULY, 2011



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Dr. Benon Mutambi
**AG. CHIEF EXECUTIVE OFFICER
FOR MANAGEMENT**