



## **THE ELECTRICITY GUIDELINES FOR THE FIXING OF THE QUANTUM OF ROYALTIES PAYABLE BY HYDRO GENERATION LICENSEES IN UGANDA 2012**

IN EXERCISE of the powers conferred on the Authority by Section 119 and Section 75 of the Electricity Act 1999, Cap 145 Laws of Uganda, the following guidelines shall be applicable to Royalties payable by hydro generation facilities in Uganda.

### **1. TITLE:**

These Guidelines may be cited as *Guidelines for the fixing of the quantum of Royalties payable by hydro generation licensees in Uganda.*

### **2. INTERPRETATION:**

In these guidelines unless the context otherwise requires:

“**Act**” means the Electricity Act 1999, Cap 145 Laws of Uganda;

“**Authority**” means the Electricity Regulatory Authority established under S.4 of the Act;

“**Appeal**” means any written proceedings taken to rectify a written decision of a Licensee or Authority;

“**Appellant**” means any person who appeals against the decision of the Licensee or Authority;

“**Complaint**” means a written or verbal expression of dissatisfaction about an action, proposed action, or failure to act by a licensee;

“**Consumer**” means any person supplied or entitled to be supplied with electrical energy for personal, industrial and commercial use but does not include a person supplied with electrical energy for delivery to another person;

“**Electricity Disputes Tribunal**” means the Tribunal established under S.93 of the Act;

“**Generation Complex**” means the area covered by the Licensees’ power house, headrace, reservoir, dam, penstock and tail race and any other pertinent structure necessary for the generation of power;

“**License**” means a License issued under Part VI of Act;

“**Licensee**” means the holder of a License under Part VI Act;

“**Local Government**” means the district local councils established under section 3(2) to (5) of the Local Government’s Act Cap 243

“**Regulations**” means all the Statutory Instruments, and any subsequent amendments issued by the Authority;

“**Representative**” means any person authorized in writing by the Complainant/Appellant to represent her/him under these Rules;

“**Respondent**” means any person against whom an appeal is brought;

“**Royalty**” means an approved charge under S.75 (7) of the Act payable by the Licensee to the district Local Government.

### **3. OBJECTIVE:**

The objective of these guidelines is to streamline the process of fixing of the quantum of Royalties payable by hydro generation Licensees to Local Governments in accordance with Section 75 of the Electricity Act.

## **PAYMENT OF ROYALTIES**

1. The generation Licensee shall be obliged to pay to the District Local Government a fee in the form Royalty depending on the generated capacity at a specific project.

### **2. Applicability:**

The payment of royalties shall apply to only hydro generation facilities in Uganda with a capacity of more than 0.5 MW.

### **3. Consensus between parties:**

- a) The host Local Governments and the generation Licensee shall meet and agree based on these guidelines the amount of royalties to be paid by the licensee. This agreement shall be evidenced in writing and signed by both parties before the same shall be forwarded to the ERA.
- b) In the case of disagreement between the host Local Governments and the generation Licensee, the matter shall be forwarded to the ERA for arbitration. The areas of disagreement shall be recorded in a prescribed form and the reliefs sought by each party shall be carefully outlined.

### **4. Mode of payment of Royalties:**

- a) Royalties shall be paid on a yearly basis by the hydro generation facility to the Local Government;
- b) Royalties shall be paid in Uganda Shillings; and
- c) The amount of royalties payable shall not exceed Uganda Shillings 215/MWh (Two hundred and fifteen Uganda shillings per megawatt hour).

### **5. Scope:**

- a) Royalties paid by the hydro generation Licensee shall be calculated based on net energy generated and sold or exported.
- a) Hydro generation facilities generating for own use shall pay royalties to the Local Governments. The portion of the royalties that shall be recoverable by the Licensee from the tariff shall only be restricted to the energy sold or exported to the grid.
- b) The Licensee shall provide to the District Local Government, on a yearly basis, information in respect of energy generated, energy sold or exported and energy used for own use.

### **6. Sharing of revenue from royalties:**

Royalties shall be shared proportionately between the Local Governments based on the area occupied by the Generation Complex. The amount due to each of the eligible

recipient Local Governments shall be calculated on the basis of the area of coverage by the respective structures making up the Generation Complex.

**7. Dispute resolution:**

Any Licensee or district Local Government who fails to agree on the quantum of royalties payable shall submit the matter to the Authority for arbitration in accordance with section 75(8) of the Act in the form in Schedule One of these guidelines. Any party aggrieved by the decision of the Authority shall appeal to the Electricity Disputes Tribunal in accordance with Part XIII of the Electricity Act.



**SCHEDULE ONE**

**CONSENSUS OF PARTIES TO THE PAYMENT OF ROYALTIES:**

*(Under guideline 8(2) of the Electricity (Disputes in respect of electricity consumers, Licensees, land acquisition and Royalties) Regulations 2011*

**1. NAME OF LOCAL GOVERNMENT (S):**

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**2. PARTICULARS OF GENERATION LICENSEE (Name, License Number, type of License, Physical address, postal address)**

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**3. GENERATION CAPACITY (Attach energy sales details of the preceding year):**

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**4. DETAILS OF GENERATION FACILITY: (Attach map and title of generation facility)**

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**5. AMOUNT OF ROYALTY PAYABLE:**

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**6. SHARING PROPOSALS If Any:**

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**7. AGREEMENT / DISAGREEMENT:**

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**8. REASONS FOR DISAGREEMENT (Attach minutes of meetings held between the Local Government and the generation Licensee)**

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**For the DISTRICT LOCAL GOVERNMENT**

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**For the GENERATION LICENSEE**

Dated this ..... day of ..... 20.....

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*For Official Use*

1. **DATE OF RECEIPT OF COMPLAINT:**  
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2. **DATE OF REVIEW BY ARBITRATION COMMITTEE:**  
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3. **BRIEF OF THE FINDINGS OF THE COMMITTEE (Attach minutes of the Committee)**  
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**4. RESOLUTION:**

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Dated this .....day of .....20.....

**SIGNED:**

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**CHAIRMAN ARBITRATION COMMITTEE**

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**SECRETARY ARBITRATION COMMITTEE**

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**MEMBER ARBITRATION COMMITTEE**

**EFFECTIVE DATE:**

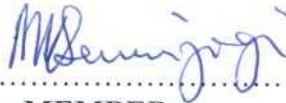
**These guidelines are effective 1<sup>st</sup> May 2012**

Dated this 30<sup>th</sup> day of April 2012

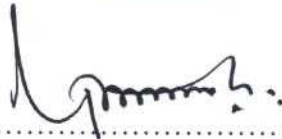
**SIGNED:**



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**CHAIRMAN**



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**MEMBER**



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**AG. CHIEF EXECUTIVE OFFICER**