



**REPORT ON THE CONSULTATIVE MEETING HELD IN RESPECT OF THE
APPLICATION FOR LICENSE EXEMPTION BY KIRCHNER SOLAR (U)
(BUGIRI, NAMAYINGO, BUYENDE DISTRICTS)
FEBRUARY, 2014**



LIST OF ACRONYMS

CAO	Chief Administrative Officer
C/P	Chair Person
DCAO	Deputy Chief Administrative Officer
DISO	District Internal Security Officer
DISE	District Secretary for Education
ERA	Electricity Regulatory Authority
GIZ	Deutsche Gesellschaft für international Zusammenarbeit
LC	Local Council
MOU	Memorandum of Understanding
MP	Member of Parliament
MW	Mega Watt
PCO	Principal Communications Officer
RDC	Resident District Commissioner
REA	Rural Electrification Agency
RESCO	Renewable Energy Service Company
SME	Small and Medium Enterprise
UNBS	Uganda National Bureau of Standards
USA	United States of America
VAT	Value Added Tax

Table of Contents

1.0	EXECUTIVE SUMMARY	4
2.0	OBJECTIVES OF THE MEETING	5
3.0	PRESENTATION FROM THE DEVELOPER	6
4.0	MEETING HELD AT BUGIRI DISTRICT HEADQUARTERS	8
4.1	EMERGING ISSUES.....	8
4.2	DISCUSSION SESSION	9
4.3	VIEWS AND COMMENTS.....	12
5.0	CONCLUSION OF THE MEETING	14

1.0 EXECUTIVE SUMMARY

Electricity Regulatory Authority (ERA) is a statutory body that was established under the Electricity Act of 1999 to supervise the electricity sector. ERA is mandated to issue licenses for the generation, transmission, distribution or sale of electricity; and the ownership or operation of transmission systems.

Kirchner Solar Uganda Limited applied to ERA for a license exemption to electrify Airtel telephone masts using small scale island Solar Photo Voltaic systems, and sell the surplus electricity to villages in close proximity of not more than five kilometres from the mast.

In partnership with GIZ, the developer intends to commence with 100 masts and 3 villages in the first year, 7 villages in the second year, and 10 villages in the third, fourth and fifth years.

The company set up a pilot project in Kabunyata village in Luwero District and so far 50 households have been connected to the solar power although they are not yet paying bills or connection fees. The site was toured by Members of Parliament from the intended beneficiary districts and staff from the Electricity Regulatory Authority on 30th January 2014. The company has set up a training centre for solar technicians in Luwero where Kirchner staff are being equipped with skills to handle technical problems.

Following the application for a license exemption by Kirchner Solar, the Electricity Regulatory Authority held consultative meetings with district leaders from some of the districts that would benefit from the project. These included Bugiri, Buyende, Namayingo, Mityana, Hoima, Kyenjojo, Bundibugyo, Rubirizi, Kabale, Rakai, Alebtong, Nwoya, Arua and Nebbi districts.

At these meetings, the applicant made a presentation regarding the application after which the leaders were given an opportunity to ask questions seeking clarification on the different matters in the presentations.

This report summarises the verbal submissions from the district leaders and provides responses made.

2.0 OBJECTIVES OF THE MEETINGS

The objectives of the meetings were to;

- a) Provide for an opportunity for ERA to receive information which may be useful in arriving at a fair and just decision in respect of the application by Kirchner Solar Uganda Limited for a license exemption.
- b) Provide for comments, questions and answers in respect of the application for a license by Kirchner Solar Uganda Limited before ERA considers the license exemption application.
- c) Provide for district leaders' awareness about the Kirchner Project and get their views which are representative of the Project Affected Persons especially in regard to the proposed tariff.

The district leaders in attendance included;

- ❖ The Resident District Commissioners
- ❖ The District LC V Chairpersons
- ❖ The District Chief Administrative Officers
- ❖ The District Secretaries for Production
- ❖ The LC III Chairpersons from the Affected Sub-Counties
- ❖ The District Speakers

The Bugiri meeting was presided over by Mr Kityo Peter – the ERA Principal Environmental Officer, on behalf of the ERA Board.

3.0 PRESENTATION FROM THE DEVELOPER

The presentation made jointly by Kirchner Solar Uganda Ltd and GIZ focused on whom GIZ and Kirchner Solar are, the project idea, the project benefits and the tariff structure. The presentation showed how GIZ is an experienced service provider and assists the German Government in achieving its objectives in the field of international cooperation while Kirchner Solar Group is one of the pioneers of the solar industry with 13 locations in Germany, Africa, Greece, India, Italy, Canada and the USA.

While explaining the concept of the Kirchner Solar idea, it was explained that a solar gen set would provide electricity for a mobile tower and a community nearby through a mini grid. Households in proximity of not more than 5km would be connected to the gen set. The electricity would be sold with a prepayment meter system, payments would be made through mobile money and customers would be required to pay connection fees before connection. The presenter clarified that whereas before the project started, mobile towers were run by diesel and there was no economic development in the communities, with the project there would be Renewable Energy Service Companies (RESOs) that would supply power to both towers and communities. There would also be establishment of small enterprises and creation of job opportunities in the villages.

The developer clarified that the project is a proven concept and the first mobile tower in Kabunyata has been running faultlessly on solar energy since November 2012. A mini grid was installed using ABC wiring and as many as 50 households

have been connected. The area has since had significant levels of economic development with some consumers setting up milling and welding businesses.

The developer presented the following as anticipated benefits of the project:-

- a) Access to electricity for lighting, media, milling machines and artisans
- b) Substitution of expensive and unhealthy sources of energy
- c) New business opportunities that would emerge with community access to electricity
- d) Ability to meet power demands
- e) Job creation

The developer presented the proposed tariff structure with three categories of consumers; households (Bronze), shops/restaurants (Silver) and Small Medium Enterprises (Gold).

Under bronze which is the lifeline tariff, consumers would have 16 hours of guaranteed availability of power, load limit of 50 watts or less and a proposed tariff of Shs800 inclusive of VAT.

The silver category would have 18 hours of guaranteed availability, a load limit of 1000 watts or less and a proposed tariff of Shs1735 inclusive of VAT.

The gold category would have 18 hours of guaranteed availability, load limit of 1000 watts or less and a proposed tariff of Shs1841 inclusive of VAT.

The proposed connection fee for bronze categories was at Shs204, 000/- and Shs340,000/- for both silver and gold consumers.

4.0 MEETING HELD AT BUGIRI DISTRICT HEADQUARTERS

The meeting was chaired by Mr. Peter Kityo, the Principal Environmental Officer. It was attended by;

- i. The LC V Chairperson, Bugiri
- ii. The RDC Bugiri District
- iii. Secretary to the LC V Chairperson, Bugiri
- iv. The LC V Chairperson, Namayingo
- v. The District Speaker, Bugiri
- vi. The Buyende District Secretary for Production
- vii. The Chairperson Works and Technical, Bugiri
- viii. The Chairman LC III, Sigulu
- ix. The Deputy CAO, Bugiri
- x. The Ag. CAO, Bugiri
- xi. The LC III Chairperson Muterere Sub-County
- xii. The DPO, Buyende
- xiii. The LC III Chairperson, Bugaya
- xiv. The LC III Chairperson, Buyinja
- xv. The Secretary for Production, Namayingo
- xvi. The Opinion Leader, Namayingo

4.1 EMERGING ISSUES

- 1) The criteria for selecting the Sub-Counties
- 2) The distance the project would cover/scope of the project
- 3) When the project would commence
- 4) Tariffs are too high for rural communities
- 5) The possibility of having alternative means of payment to cater for those without phones and the illiterate who cannot read phone notifications
- 6) Whether the project would close if the target number of consumers was not met
- 7) Responsibility for wiring the houses
- 8) Whether the technology has a mini grid or is wireless

- 9) Why bigger consumers are charged more than the smaller consumers
- 10) Whether ERA was involved in arriving at the proposed tariff
- 11) Whether the grid would be managed by Kirchner or a different player in the sector.

4.2 DISCUSSION SESSION

The following questions were raised by the participants at the meeting:-

Question1 - Okware Tito LC III Buyinga Sub-County; requested to know the distance that the project would cover in terms of proximity to the Airtel Masts and when the project would commence operation.

Response; In response to this question, the developer advised that the distance should not be more than five kilometres from the masts.

On the question of commencement, the developer advised that they were seeking a licensee from the ERA and once it was endorsed, the project would commence. He added that 20 villages would be completed in 3 years.

Question 2 - Willy Ouma; Opinion Leader Namayingo District; sought clarification on how solar could be a substitute to hydroelectric power which is much cheaper. He was also concerned that the tariffs are rather high and as such the rural communities would not be able to afford the electricity.

More to that, he sought for a solution on how consumers who do not own mobile phones and the illiterate would be able to use the mobile money system for payment and the possibility of the developer offering receipts after payment.

Response; The developer in response to the question on solar substituting hydroelectricity acknowledged that hydroelectricity is indeed cheaper than solar electricity. However, he implored the participants to consider that the system would be off grid and therefore cheaper in comparison to kerosene, diesel and

candles which cannot operate televisions and other gadgets. This according to him makes solar cheaper than hydroelectricity in the long run.

On the issue of cell phones and illiteracy, he admitted that indeed some locals may not have cell phones and that others are actually illiterate but he advised that consumers would get prepaid fees and neighbours could assist the illiterate.

Question 3 - Obwora James LC III Chairperson Sigulu Islands; advised that the population in Sigulu Island is scarcely distributed and wondered how such areas would be considered; he also appealed that the time for commencement of the project be reduced.

Response; On Sigulu Island population being sparsely distributed, the developer advised that the distance should be within a radius of not more than 5km from the tower.

While responding to the question on commencement of the project, the developer advised that three villages would be electrified in the first year but the processes involved were long, for example, awarding tenders which also consumes times. The developer promised to complete as many projects as possible within the time frame starting with three projects as the minimum.

Question 4 - Namaliri Annet Buyende district secretary of production; thanked ERA for organizing the meeting and noted that the identified sub counties did not have electricity. He requested to know the selection criteria of villages.

Response; The developer advised that the villages had to have Airtel masts in proximity of not more than five kilometres and were not likely to undergo rural electrification in the next ten years.

Question 5 Okware Tito Buyinja Sub-County LC3 Chairperson; sought to know whether all consumers would pay the same amount of money.

Response; The developer responded that consumers would pay the same connection fees as per the categories presented but the consumption fees would depend on individual usage.

Question 6 - Byakika Yakub Ag. CAO Bugiri; In reference to Umeme which charges connection fees according to the number of poles, he asked for clarification on why there was a flat connection fees for the three categories of consumers. He also requested to know if there was a target number of consumers per village and what would happen if the target was not met.

Response; The developer advised that the connection fee charged was the same for the various categories of consumers to create uniformity.

In response to the question of the target number of customers, the developer advised that if they do not reach the target the project would still proceed since Airtel was the primary consumer.

Question 7 - Osinya Patrick District Secretary Namayingo; requested to know who would wire the houses.

Response; The developer responded that for consumers whose houses were not wired, the company would use ready boards to connect them while those interested in wiring their houses would be advised to use the ERA certified wiremen.

Question 8 - Azalwa Malijahan LC5 Bugiri; requested to know whether the project would use poles.

Response; The developer advised that the technology uses poles and a mini operation grid would be created in the villages of operation.

Question 9 - Okware Tito LC3 Buyinja; advised that the project is meant to help rural people and should target places where there are a number of consumers. He suggested places where the developer could consider setting up the project.

Response; The developer advised that the selected villages were not conclusive and said that they were open to change if the leaders identified more viable villages that could meet the requirements.

Question 10 - Azalwa Malijhan LC V Chairman Bugiri; requested to know whether Kirchner Solar would operate its grid. He also requested to know whether ERA was involved in arriving at the proposed tariff.

Response; The developer advised that they would indeed operate the grid.

ERA in response to the question of arriving at the tariff advised that it was mandated to ensure that there is fairness. ERA added that the developer had proposed the tariff but as a requirement of the law, ERA was obligated to consult with PAPs before approving it.

4.3 VIEWS AND COMMENTS

The Leaders made the comments below;

Comment 1 - Okware Tito Buyinja LC III Chairperson Namayingo; thanked ERA and the developer for the meeting. He implored ERA to appreciate that the contributions submitted by the leaders were aimed at improving the service and should therefore be considered.

He added that in the private sector, profit remains the key factor which in this case should not be since electricity is a utility service. Furthermore, he emphasised that consumers in question were a rural community and the tariffs should thus be user friendly. He requested that the developer considers more

villages in Sigulu and that as leaders they were ready to support the project but with some amendments.

Comment 2 - Azalwa Malijhan Bugiri LC V Chairperson; welcomed ERA and the developer to Bugiri and thanked ERA for choosing Bugiri to host the function. He pledged total support to the project but requested that the tariffs be reconsidered. He said that the selected villages would develop through access to electricity for lighting and businesses. The Chairman noted that there was need for the developer to sensitize the intended beneficiaries.

Comment 3 - RDC Bugiri; thanked the participants for sparing time to attend the meeting and added that the project was a good gesture that would enhance rural electrification. As the RDC, she said she had endorsed the project but called for sustainability and some alterations in the tariff to ensure harmonisation.

5.0 CONCLUSION OF THE MEETING

From the meeting, it was observed that the proposed tariff was too high for the community in question and that there was need for the developer to verify the exact locations of the masts and the affected villages.

The district leaders were in support of the project but requested for a reduction of the proposed tariffs.