



**REPORT ON THE CONSULTATIVE MEETING HELD IN RESPECT OF THE
APPLICATION FOR A LICENSE EXEMPTION BY KIRCHNER SOLAR (U)
(HOIMA DISTRICT)
FEBRUARY, 2014**



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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 fur 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 Medium Enterprise
UNBS	Uganda National Bureau of Standards
USA	United States of America
VAT	Value Added Tax

1.0 EXECUTIVE SUMMARY

The Electricity Regulatory Authority 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 Hoima 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 detailed 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 noted 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, 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 (RESCOs) 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 rural 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
- 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 demand
- 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 THE HOIMA DISTRICT HEADQUARTERS FOR BUSERUKA SUB-COUNTY

The meeting was presided over by Mr. Peter Kityo, on behalf of the ERA Authority. Amongst the district leaders in attendance were;

- 1) LC III Buseruka Sub-County
- 2) C/P Gender Hoima District
- 3) Deputy CAO Hoima District
- 4) DISE Chairperson Hoima
- 5) The LC V Chairperson Hoima

4.1 EMERGING ISSUES

- 1) Buseruka is a grazing area and is therefore sparsely populated
- 2) Buseruka Sub-County is highly contentious because of oil fields.
- 3) Hydro sites have already been established in the Buseruka Sub-County and the district has received other notices on intended hydro generation
- 4) The recruitment process of the training school
- 5) The Criteria for choosing Buseruka Sub-County
- 6) Why the grass root district leaders were not invited to the meeting
- 7) The possibility of changing from Buseruka to another Sub-County in the district
- 8) The proposed tariff is too high for the residents of Buseruka

4.2 DISCUSSION SESSION

LC V Chairperson; The Chairman advised that there were other competitive sources of hydro power in Bulera Sub-County and the district had received another letter of an intended developer in the same area. He added that Buseruka is grazing land and there are few scattered homesteads and that the project was not viable. He informed the meeting that 29 square miles had already

been cut off for the oil refinery construction and implored the developer to consider other Sub-Counties in Hoima.

Komukyeya Doreen - LC representative C/P Gender; requested for the possibility of getting a training school in Bunyoro.

Response; The developer advised that there was one training school at the time and those interested could apply to be admitted into the school although at the time of the meeting the school was restricted to training Kirchner staff.

Abyeto Stella - Deputy CAO Hoima; requested for the criteria taken to select Buseruka Sub-County and which mast would be used. She also advised that it was important that the parish district leaders be invited for consultation on such meetings and that Buseruka Sub-County was highly contentious because of the oil.

She also requested to know how ready the company was for the competition in Buseruka Sub-County and the possibility of selecting another Sub-County within Hoima District.

Response; The developer advised that the masts were Airtel telecommunication masts and that the villages considered were not likely to undergo rural electrification through the government programme in the next 5-10 years.

The developer also advised that he had learnt about the oil for the first time at the meeting and that he would further discuss with the Kirchner team. He added that the company was flexible to change the Sub-County if a more viable Sub County was identified.

Kasangali Fred - LC III Chairperson; said that the developer was welcome in the area and that ERA should give them the license but there was need to have more talks with the people at the grass root.

4.3 VIEWS AND COMMENTS

Abyeto Stella - Deputy CAO Hoima; thanked ERA and the developer for the meeting and said that Hoima was ready for the project. She said that she was aware that most parts of Hoima are remote amongst which is Kaiso Tonya and to develop them there was need to have electricity. She however requested ERA to analyse the developer's profit motive. She also advised that the area is sparsely populated and wondered how people would benefit from the project. She concluded saying that Hoima with power would achieve the city status even faster but the proposed tariffs were too high for the community in Buseruka.

Komukyeya Doreen - LC V Representative/C/P Gender; appealed to ERA and the developer to involve more district leaders in the discussions such that there is a general consensus from all the leaders.

Response; The developer advised that those were preliminary consultations but they would at a later stage engage in more discussions if the license was granted.

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.