



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

(KABALE 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 Enterprises
UNBS	Uganda National Bureau of Standards
USA	United States of America
VAT	Value Added Tax

1.0 EXECUTIVE SUMMARY

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

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 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, 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 KABALE DISTRICT QUARTERS FOR IKUMBA SUB-COUNTY IN KABALE

The meeting was chaired by Mr. Peter Kityo – the ERA Principal Environmental Officer. It was attended by the following district leaders;

- 1) The District Vice LC V Chairperson

- 2) The DISO
- 3) The District Speaker
- 4) The District Secretary for Social Services
- 5) The ECC Chairman Kabale - Kigezi Region
- 6) The Secretary Kabale - Kigezi ECCs
- 7) Busingye Moses - Journalist
- 8) Twijukye Javura - Journalist

4.1 EMERGING ISSUES

- 1) The criteria for selecting the villages
- 2) The proposed tariff is high
- 3) Whether the project would have a grid
- 4) The possibility of individuals buying the solar gen set
- 5) The guarantee that the batteries would last
- 6) Responsibility for maintenance work
- 7) The guarantee that solar would be reliable even during the rainy season
- 8) The procedure and requirements for applying for connection
- 9) Commencement of the project
- 10) The type of metering system
- 11) Compensation for the way leaves

4.2 DISCUSSION SESSION

Question 1 – Twinomuhangi Pastoli - District Speaker; requested to know the criteria of selecting the villages and if the developer would use electricity poles. He also asked about the possibility of buying the solar gen set and the associated cost.

Response; The developer advised that the selected villages should have Airtel masts and be in close proximity of not more than a radius of 5 kilometers from the mast and were not likely to be covered by REA in the near future.

The developer also responded that the system would use poles connected in a mini grid and advised that it was possible to buy the gen set but for costs he referred the participants to Samuel Fan whose contact was available in the circulated copies of the presentation.

Question 2 – Nabimanya Nobert - DISO Kabale; wanted to know if there was a guarantee that the battery would last 5 years and the person responsible for doing maintenance work on the grid.

Response; The developer advised that the batteries used were rechargeable but in case of failure to work, they would be replaced immediately and that Kirchner would operate and maintain its own grid.

Question 3 – Twinomuhangi Pastoli District Speaker; asked for when the project would commence and who would wire the houses.

Response; the speaker was advised that the project would commence once the developer had a license from ERA. He was also informed that there would be ready boards for houses that were not wired and that those who wish to wire their houses would have to use ERA-certified wiremen.

ERA added that the views from the meeting would feed into the decision to grant the developer a license or not.

Question 5 – Beebwaguba Mary - LC V Vice Chairperson; advised that Project Affected Persons and district councillors should have been invited to the consultative meeting.

Response; ERA in response to the Vice Chairperson advised that the meetings were preliminary consultations but at a later stage, the developer would hold meetings with the PAPs and district leaders at the grass roots level.

Question 6 - Nabimanya Nobert - DISO Kabale; asked for clarification on whether solar would work during rainy months and cloudy days. He also requested to know if there would be compensation for way leaves.

Response; Kirchner Solar advised that a system that has more solar modules would be used to cater for such days. The presenter added that the project had been successful in Germany, which is even colder than Kabale.

In response to the question on Way leaves, the developer advised that the same had not occurred in Kabunyata since the company used road reserves to erect the poles. He said the company would further discuss how way leaves would be catered for.

Question 7 - Rwanengo Suleiman – ECC Chairman Kabale Kisoro Region; asked for the procedure and requirements for the applicants and the billing system that would be used by the developer.

Response; Kirchner Solar advised that interested parties would contact the company, fill the application forms and pay connection fees to get connected. The billing system would be based on payment using mobile money.

Question 8 - Zikampereza Loy – District Secretary for Social Services; requested to know if Ikumba community members were aware of the project;

Response; Kirchner advised that they were not aware because the project was still in its initial stages of getting a license; once the company was given a license the community members would be informed.

4.3 CLOSING REMARKS FROM THE DISO

The DISO thanked the participants for participating in the meeting. He also thanked Kirchner for the project and welcomed them to Kabale District. He said that as leaders they would need to know how people in Kabunyata Village were benefitting from the project. He added that the community was using paraffin but the project would improve their standards of living and also contribute towards the Government plan of rural electrification. The leaders pledged their support to mobilising and sensitizing the community after the company was issued with a license.

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.