



**REPORT ON THE CONSULTATIVE MEETING HELD IN RESPECT OF THE
APPLICATION FOR A LICENSE EXEMPTION BY KIRCHNER SOLAR
UGANDA
(NEBBI, ARUA, ALEBTONG, NWOYA DISTRICTS)
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 the 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 in place 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 NEBBI DISTRICT HEADQUARTERS WITH LEADERS FROM NEBBI, NWOYA, ARUA AND ALEBTONG DISTRICTS

The meeting was presided over by an ERA Board member, Ms. Lydia Kiriire. She welcomed the participants to the meeting and thanked them for making effort to attend. She then communicated the purpose of the meeting; that Kirchner solar

Uganda had applied for a license from ERA to power Airtel telephone masts and electricity villages in a radius of five kilometres.

She informed the meeting that ERA regulates the electricity sector and endeavours to see that consumers are not exploited but also that the developer makes a profit. She encouraged the participants to submit their comments and views about the project and to seek clarification where need be and that these would be considered by the Authority before issuing Kirchner Solar with a license. The meeting was notably attended by the following district leaders;

- 1) The LC V Chairperson Nebbi
- 2) The LC V Chairperson Arua
- 3) The LC V Chairperson Alebtong
- 4) The LC V chairperson Nwoya
- 5) The RDC Nebbi
- 6) The DISO Nebbi
- 7) The District Secretary for Production Nwoya
- 8) The LC III Chairperson Abako Sub-County, Alebtong District
- 9) The LC III Chairperson Amugu Sub-County, Alebtong district
- 10)The LC III Chairperson Adumi Sub-County, Arua District
- 11)The District Environment Officer Arua
- 12)The Assistant Electrician Nebbi district
- 13)The CAO Nebbi
- 14)The Secretary for Finance and Administration Nebbi
- 15)The Secretary for Social Services Nebbi
- 16)The LC III Chairperson Erussi Sub-County, Nebbi district
- 17)The Vice LC V Chairperson Nebbi
- 18)The District Secretary for Production Nebbi

5.0 EMERGING ISSUES

- 1) The criteria used to select the villages
- 2) The tariff is too high
- 3) How grass thatched houses would be wired
- 4) The possibility of extending the project to other Sub-Counties
- 5) The recruitment procedure for the training school
- 6) What would happen if the project does not meet target customers
- 7) The distance of the project coverage
- 8) The exact location of the identified villages
- 9) When the project would commence
- 10) The need for sensitization of consumers about the project

6.0 DISCUSSION SESSION

The following questions were raised after the presentation from the developer;

Question 1 – Angoi Benard; the Alebtong LC III advised that Ajuri is a County and not a Sub-County. He requested to know the exact location of the mast.

Response; ERA advised that the list of Sub-Counties given was not final and that the developer was yet to establish the exact villages with the help of the leaders.

Question 2 - Benon Tumusiime – DISO Nebbi; requested to know if beyond a distance of five kilometres he would still be connected to the power.

Response; the developer responded saying that beyond five kilometres, the distance for connection would be too expensive and that the system had limitations.

Question 3 – Oneda Richard - Secretary Finance and Administration Nebbi; requested for the recruitment procedure for the training school and whether the developer would boost supply if the number of customers was high.

Response; The developer advised that the company at the time was training its staff at the school although GIZ had already trained people on different interventions. The developer referred to the District Technical Engineer who was fully sponsored by GIZ.

Regarding the question of high demand for the power, the developer responded that from an economic point of view, if the demand was high the developer would ensure that it is covered.

Question 4 – Ms. Lydia Kiriire -Presiding Officer; requested to know what would happen if the demand was not there.

Response; the developer responded that the project would still remain since Airtel is the primary consumer.

Question 5 - Alia Seraphine - CAO Nebbi; sought to know how grass thatched houses would be connected and who would meet the cost of pole extension. He also advised that there was need for sensitization of community members.

Response; the developer advised that the grid would be funded by Kirchner development funds and that consumers would only be required to pay connection fees. He also advised that ready boards would be used to connect the grass thatched and unwired houses.

Question 6 – Opar Jackline - Secretary for Production Nebbi; advised that the lifeline tariff was too high for the locals. She added that consumers in the area were disconnected from water supply over failure to pay a unit price of 65shillings.

Question 7 – Andiandu Joackin - Environment Officer Arua; requested to know the criteria used to select Rigbo Sub-County in Arua.

Response; The developer advised that the selected villages had Airtel villages in a radius of not more than five kilometres and were not likely to undergo rural electrification in the near future.

Question 8 – Orom Collins Jalacida - LC III Erussi Sub-County Nebbi; requested to know the distance that would be covered by the project and when the project would commence.

Response; the developer responded that the project would cover five kilometres from the Airtel mast and that the project would commence once the developer had acquired a license from ERA.

Okullo Patrick Okeng – LC III Chairperson Amugo; informed the meeting that Amugo was strategically located and has a health centre in a radius of three kilometres from the mast. He however advised that there were other strategic locations like Amuro Sub-County that should be connected.

The developer emphasised that the first 40 selected villages would be covered before the company would consider other locations and that the project did not want to concentrate in one district but rather to cover as many districts as possible country wide.

Question 9 – Wadri Sam Nyakua - Arua LC V Chairman; welcomed the project but feared that there would be challenges explaining to voters who would perhaps think that Rigbo was favoured over other areas.

Candini Luigi - Arua Secretary for Production; said that Rigbo Sub-County was strategic and that REA was not about to cover the area. He requested that the project be extended to other Sub-Counties.

Response; The developer advised that since Kirchner solar had just started operating in Uganda it would cover the first 40 identified villages but in future, prospects of extending to other villages would be considered.

7.0 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.

8.0 NON-PROJECT RELATED ISSUES

There were issues related to the sector but not the project that were raised at the meetings.

The Chairman Arua complained that for about a month then, WENRECO had had a total breakdown of power supply. Arua, including the district headquarters had been receiving intermittent power which had affected service delivery. He noted that the power is restored in the wee hours of the night while consumers are asleep and by daybreak it is gone.

Furthermore, the Chairman informed the meeting that there is a communication gap between Nyagak sub-station and the district leaders. When the district leaders talked to the General Manager, WENRECO, he said he would give them feedback in three weeks but to-date, the leaders have not heard from the Manager.

He mentioned that on that day (18th February 2014), the traders in Arua had stormed his offices demanding for an explanation for the frequent power outages. The Chairman added that it takes WENRECO more than two months to procure bearings and appealed to ERA to closely monitor the company which as far as the leaders are concerned, has shown a lot of incompetence to supply power in the region.

The Presiding Officer advised that the ERA Board would take on delayed purchases of spare parts and that communication would be made concerning the complaint in a few days.

The Chairman also complained that WENRECO had introduced prepaid billing but consumers were complaining that the units seemed to run out rather fast. They suspected that the meters may not have been approved by UNBS.

ERA clarified that a team from UNBS and ERA had tested the meters before they were installed and certified that they were up to the required standard. The members were informed that ERA had received similar complaints about Umeme and observed that there is need for sensitization about the system of prepayment. The participants were advised that ERA had developed guidelines on prepayment metering, answering queries such as those that had been raised in the meeting.

The RDC also added that WENRECO indeed has poor public relations and no communication with the area district leaders. He said that some individuals have set up generator businesses which supply electricity to consumers for as high as ten thousand per day. He observed the need to study the prevailing situation and sensitize consumers in the area.

The RDC requested ERA to intervene in quickening the resettlement process of persons that were affected by transmission lines in the district, which has delayed.