



**REPORT ON THE CONSULTATIVE MEETING HELD IN RESPECT OF PH
INDUSTRIAL FARMS LICENSE APPLICATION TO GENERATE AND SALE 1.0
MW OF ELECTRICITY FROM A BIOMASS GASIFICATION PLANT IN MEDE
VILLAGE, PALARO SUB-COUNTY, GULU DISTRICT**

FEBRUARY 2014

PALEMA CROWN HOTEL GULU



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LIST OF ACRONYMS

ERA	Electricity Regulatory Authority
D/DISO	Deputy District Internal Security Officer
CAO	Chief Administrative Officer
C/P	Chairperson
LC	Local Council
PCO	Principal Communications Officer
RDC	Resident District Commissioner

1.0 EXECUTIVE SUMMARY

The Electricity Regulatory Authority (ERA) is mandated under Section 10(a) (b) (c) of the Electricity Act 1999, Cap. 145 to receive and process applications, issue licenses for the generation, transmission, distribution or sale of electricity and to prescribe terms and conditions of licenses issued under the Act.

PH Industrial Farms applied to ERA for a license to establish a 1 MW biomass gasification plant proposed to be established in Mede Village, Palaro Sub-County, Gulu District. The pilot project will use farm waste from a sister farm and local smallholder farmers. The generated power will be sold to the Uganda Electricity Transmission Company Limited and fed into the national grid.

In accordance with Section 30 of the Electricity Act, the application was advertised in the Uganda Gazette and newspapers. The Authority invited Project Affected Persons and the public to make comments on the notice. A number of important issues relating to the proposed project site emerged that required consultations with key stakeholders within the project area and in view of that; on 19th February 2014, ERA held a stakeholder consultative meeting with district leaders from Gulu and Amuru Districts in respect of the application.

2.0 OBJECTIVE OF THE MEETING

The meeting was convened to consult the district leaders on matters that had arisen in response to the license application by PH Industrial Farms.

3.0 COMMENCEMENT OF THE MEETING

The meeting which was presided over by Ms. Lydia Kiriire, a Member of the ERA Board commenced at 11:19am. The Principal Communications Officer, ERA, called the meeting to order and requested the participants to individually

introduce themselves and highlighted the centrality of ERA in the electricity sector as granted by the Electricity Act.

4.0 COMMUNICATION FROM THE LEGAL COUNSEL - ERA

The Legal Counsel presented guidelines for the conduct of stakeholders during the meeting. He informed the participants that the rules governing such meetings require that speakers be brief, focused and relevant to the subject matter. Irrelevant, abusive statements and statements intended to disrupt, annoy or embarrass anyone were not allowed. All mobile phones were supposed to be switched off or maintained in silent mode. He called upon the participants to be courteous and respectful throughout the meeting.

5.0 COMMUNICATION FROM THE PRESIDING OFFICER

The Presiding Officer, Ms. Lydia Kiriire, thanked the audience for attending the meeting and communicated the purpose of the meeting. She noted that PH Industrial Farms had applied for a license to generate electricity using biomass technology, for feeding into the national grid. She explained that by law, ERA is mandated to hold consultative meetings with key stakeholders before considering an application and for that reason, the meeting had been convened. She emphasized that the decision to issue the license would be made at a later stage and that from the meeting, ERA would collect views to help in the evaluation of the application.

6.0 PRESENTATION FROM THE DEVELOPER

The developer explained that PH Industrial Farms intends to establish a biomass power project using waste from its own farms and maize from the out growers. The project will be located on 1000 hectares of maize farmland, developed by a sister company which has made significant investment in machinery. The company has a 4000 capacity warehouse and has done road works and land clearing in preparation for the power project.

The developer further explained that in 2013, the company recruited 3000 small holder farmers and trained them on improved maize agronomy and farming as a business. Initially, the company will fuel the proposed plant with maize grain or waste purchased from the area. The maize waste will be purchased from farms, transported to the site, stored and pre-treated (dried and pelletized) to turn it into usable fuel. The fuel will then be fed into a gasifier for controlled air burning which will convert the feedstock into gas and char as bi-products. The gas will then be filtered and directed to the gas engine to generate electricity which will be exported to the national grid. The char will be used as a natural fertilizer to improve crop yields of farms in the area.

In the presentation, the developer highlighted the following implementation challenges;

- 1) Northern Uganda has an image of deep-rooted land issues among investor communities; this is perceived as a hindrance to investment.
- 2) Large and simultaneous investments are required for farms, out grower schemes and power plant construction.
- 3) Inadequate infrastructure to support business as is manifested through poor roads and few agricultural input providers.

7.0 DISCUSSION SESSION

A question and answer session followed the presentation from the developer. Several views and comments were submitted by the audience as presented in this report and queries that were raised were responded to accordingly.

EMERGING ISSUES

Below are the issues that emerged from the discussion session;

- 1) The leaders confirmed that there is an ongoing dispute on the boundaries of land in the two Districts. Whereas the leaders from Gulu District claimed that the project land is located in Palaro Sub-County, those from Amuru District claimed that it is located in Ataik Sub-County.
- 2) The two Districts engaged the Department of Land and Survey located in Entebbe as a way of resolving the land positioning issue. The Department is yet to provide technical feedback on the same.
- 3) In the same breath, the meeting noted that a case was in court on the same issue, where the Complainant (group of individuals) was seeking clarification on the positioning of the land where the project will be located.
- 4) The meeting further noted that the land boundary positioning dispute is driven by the prospective taxes that will be paid by PH Industrial Farms Ltd to the Local Government.
- 5) Leaders from both Districts were in agreement that the Districts will benefit from the project once implemented and as such their efforts should be combined in order to find a solution to the boundary positioning issue by

pursing the Department of Land and Survey for clarification on the boundaries of the two Districts.

QUESTIONS

Below are the questions and comments raised;

Question 1 - Kidega N. James - RDC Amuru; supported the project but requested to know the requirements for starting up similar projects elsewhere and the sustainability of the project.

Response; the developer clarified that the project would use waste from the sister farm and maize produced by out growers.

She added that the project was a pilot project but if successful, the company would venture into similar projects elsewhere if these areas had the required waste and grain.

Question 2 - Andrew Kanywani - Deputy DISO Gulu; supported the idea of giving the developer a license. However, he requested to know if the project would have any negative impact on the environment.

Response; The developer advised that the company would ensure that there were no leakages and that tar from the machines would be filtered to reduce the impact. She added that a PLC monitor would be used to control leakages.

Question 3 - Denis Rom, Vice Chairperson LC V - Amuru; supported the project but he requested to know how the developer intended to increase the 1 MW.

He also mentioned that to resolve land wrangles concerning the project location, leaders from both Amuru and Gulu districts sent delegations to Ministry of Local Government. The Ministry sent surveyors to survey the disputed boundaries but

feedback on the findings had not yet been communicated. He, therefore, sought clarification on the district to which the developer would pay taxes and allegiance fees while both districts await the findings from the Ministry of Local Government.

Response; It was clarified that the developer would pay taxes and allegiance fees where the necessary Authorities would advise them to do so.

The developer in response to how the 1 MW would be increased said that if the project in Mede village was successful, the company would buy grain and waste from out growers to increase production.

Question 5 - Mildred Aber Susan - Senior Land Management Officer; requested to know if the developer had a land title and if not what arrangement had been made with the land owner. She also asked for what was preventing the developer from progressing with the project.

Response ; The Presiding Officer emphasized that ERA had called the meeting as a statutory obligation and that the Authority is mandated to find out if there are any issues raised by the Project Affected Persons and ensure that there is a common understanding. She advised that an opinion letter had been written to the Authority by a retired judge and that matters contained therein had to be looked into.

The developer added that there was no issue preventing the project from progressing but the company was required to get a license from the Electricity Regulatory Authority. She also said that she had observed that leaders from both districts were in support of the project.

In response to the query about the land title, the developer advised that the company had leased land from a land-owning family, who are the undisputed

owners of the land within the community. A copy of the letter from the developer with this information is appended hereto.

VIEWS AND COMMENTS

The district leaders that attended the meeting verbally submitted the following views and comments:-

Comment 1: David Ngole - LC III Chairperson Palaro Sub-County; said that the Palaro community was in support of the project and had already tested the benefits; food production had increased and many people had embarked on growing maize. He added that sabotaging the project would affect these people and requested for more meetings at the grassroots level.

Comment 2: Atim Josephine; District Councilor - Attiak; since the land lease was signed with Gulu district, she wondered what would happen if it turned out that the developer would have to pay allegiance to Amuru district. She proposed that any other payments be withheld until the correct district is established.

Comment 3: John Bosco Ochan; LC III Chairperson - Attiak; was happy that all the participants embraced the project and that the project would be expedited while the long-standing land dispute gets resolved. He suggested that a time frame within which the issues would be resolved be defined.

The Presiding Officer clarified that it is mandatory for ERA to listen to any complaint concerning a project but it could not constitute itself into a land Authority to resolve the land wrangles. She added that the meeting had been called in respect of an application for a license by PH Industrial Farms and that ERA could not usurp powers beyond the Electricity Act.

Comment 4: Catherine Lamwaka - RDC Gulu; supported the project and suggested that more meetings be held with those affected by the project. She said that the project was in line with the Government plan of rural electrification and would contribute towards economic development in the area.

Comment 5: Okot Justo - DSC Amuru; said that the project was in Attiak but the residents were of Palaro although there was no tension in the settlement. He emphasized that the contention was on the district to which the developer would pay allegiance.

Comment 6: John Okwonga - representative of the Gulu LC V Chairperson; said that the issue of land should be tackled at a later stage and that as leaders their focus should be on sensitization of locals about the project. He also suggested that the RDCs and LC V Chairpersons use radio talk shows to sensitize the villagers.

The Presiding Officer emphasized that allegiance and taxation were minimal as opposed to the project benefits, noting that 3000 out growers had already benefitted from the scheme. She urged them to focus on sensitization of the community members about the benefits that would come with the project; and that ERA was seeking a commitment for this.

Comment 7: Odongpiny Basil - Opinion leader - Amuru; informed the meeting that Gulu district had signed an MOU with PH Farms and had taken Amuru district to court requesting for a declaration that the project is in Palaro Sub-County but there had been no injunction at all.

The Presiding Officer advised that for quick cohesion, more discussion among the district leaders be held.

Comment 8: Kidega N. James RDC - Amuru; said that the issue of land was beyond the Sub-County and district levels, and that both Amuru and Gulu districts were waiting for Ministry of Local Government to pronounce itself on the exact location of the area under dispute.

Comment 9: Lamwaka Catherine - RDC Gulu; appealed to district leaders not to suffocate the project and to unanimously agree that the wrangles would not affect the commencement of the project.

Comment 10: Odongpiny Basil Opinion Leader - Attiak Sub County; said that the initiative was good for rural development and that the community would benefit from the out growers scheme. In his opinion, the position of the project should not matter but rather where the developer would pay taxes.

8.0 CLOSING REMARKS

Mr. Odongpiny Basil, former LC V Chairperson for Amuru district, made the closing remarks. He observed that there was unanimous support for the project to proceed and called upon the leaders not to sabotage it but to work towards its commencement. He declared the meeting closed at 1:59pm.

The Principal Communications Officer, ERA thanked all the participants for honoring the invitation to attend the meeting.

9.0 CONCLUSION

At the meeting, it was observed that leaders from both Gulu and Amuru districts were in support of the project. The leaders had taken steps to resolve the land conflicts and were awaiting communication from the Ministry of Local Government. There were no objections to the development of the project and in that respect; the leaders agreed that the project proceeds while they sort out the land differences. It was also noted that the letter written by the retired Judge Ralph W. Ochan was in support of the project although it was aimed at alerting ERA about the conflicts on the location of the project. A copy of the letter is appended hereto.