



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

UGANDA

(RAKAI DISTRICT)

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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 RAKAI DISTRICT HEADQUARTERS FOR KACHEERA SUB-COUNTY IN RAKAI DISTRICT

Dr. Muhammad Serunjogi, an ERA Board Member presided over the meeting. He communicated the purpose of the meeting and noted that ERA is responsible for licensing but before licensing any project, there must be stakeholder consultation, the reason for which the meeting was called. He said that Uganda

has a free natural resource - the sun but it had not been used maximally. He advised that with falling prices of solar equipment on the World Market, the GIZ and Kirchner initiative was welcome.

The meeting was attended by the following district leaders;

- 1) The RDC Rakai
- 2) The outgoing RDC Rakai
- 3) The LC V Chairperson Rakai
- 4) The District Speaker
- 5) The Secretary for Production
- 6) The District Police Commander
- 7) The Deputy RDC Rakai
- 8) The DISO Rakai
- 9) The AG Deputy CAO
- 10) The Ag CAO
- 11) The LC III Chairperson Kacheera Sub-County
- 12) The Sub-County Chief Kacheera

4.1 EMERGING ISSUES

- 1) Criteria for selecting the villages
- 2) Why heavy consumers were to be charged more than smaller consumers
- 3) The role of district leaders in implementation of the project
- 4) Commencement of the Project
- 5) Compensation for way leaves
- 6) Decentralisation of Kirchner offices into districts of operation
- 7) High levels of vandalism of equipment in Masaka region

4.2 DISCUSSION SESSION

Question 1 - Dr. Muhammad Sseunjogi - Presiding Officer; requested to know why heavy consumers would be charged more than the smaller consumers.

Response; ERA advised that the developer had considered the economic use and the assumption that since the heavy users were running businesses they are in a better position to pay their bills as opposed to households.

The developer also added that for the same purpose the household tariff was intentionally kept close to the national grid tariff as much as possible.

Question 2 – Ssemwendwa Rossy – Sub-County Chief Kacheera; requested for the criteria that was used to select the Sub-County and noted that there was a trading centre in the Sub-County that would benefit better from the power.

Response; The developer advised that the villages with Airtel towers in proximity of not more than 5 kilometers were considered by the developer. These villages were also not likely to undergo rural electrification in the near future. However, he advised that the choice of villages was subject to change if need arose.

Question 3 – Robert Benon Mugabi - LC V Chairperson; requested to know when the project would commence and if there would be compensation for way leaves.

Response; The developer advised that it would depend on when they got a license from ERA.

On the issue of way leaves, the developer advised that there was no provision for it at the time. He noted that in Kabunyatta it had not occurred because the poles were erected on road reserves but the issue would be looked at.

Question 4 - Mayanja Yasin - Ag DCAO; requested to know if the company would have decentralised offices and the reliability of the solar power especially during the rainy season.

Response; The developer advised that the system was reliable even during the rainy season because while sizing the container, the month with the least size is considered such that it can stand all whether conditions.

In response to the question of decentralisation of offices, the developer said that there would be technical support in the villages where the project would operate.

Question 5 - Dr. Muhammad Serunjogi - Presiding Officer; requested to know the maximum level of losses.

Response; The developer advised that losses would be within the 10% limit.

Question 6 - Kaboyo David - Outgoing RDC; requested to know how the tariffs were derived; he also noted that Kibati village had more potential in terms of community development as opposed to the selected Sub-County.

VIEWS AND COMMENTS

Comment 1 - Robert Benon Mugabi LC V Chairperson Rakai; thanked the developer for the project and welcomed the team into the area. He requested to know the role of the district leaders in implementation of the project. He also noted that Masaka region was famous for transformer vandalism and urged the developer to put in place mitigation for any future occurrences.

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.