



**REPORT OF THE PUBLIC HEARING HELD IN RESPECT OF THE
APPLICATION FOR LICENSE BY MAYUGE SUGAR INDUSTRIES LIMITED
FOR THE 23 MW BAGASSE CO-GENERATION POWER PLANT IN
MAYUGE DISTRICT**

21ST JANUARY 2016

IN BUVUNA VILLAGE, IMANYIRO SUB-COUNTY, MAYUGE DISTRICT



TABLE OF CONTENTS

1. INTRODUCTION	1
2. OBJECTIVES OF THE PUBLIC HEARING	1
3. REGISTRATION	1
4. OPENING REMARKS BY THE PRESIDING OFFICER.....	2
5. RULES OF PROCEDURE GOVERNING THE PUBLIC HEARING.....	3
6. PRESENTATION BY THE ELECTRICITY REGULATORY AUTHORITY	3
7. PRESENTATION BY THE DEVELOPER.....	4
8. DISCUSSION SESSION.....	4
9. REMARKS BY THE DISTRICT LEADERSHIP.....	7
10. CLOSURE OF THE PUBLIC HEARING	8
APPENDIX A: AGENDA OF PUBLIC HEARING.....	9

1. INTRODUCTION

Pursuant to Section 33 of the Electricity Act, 1999, Cap 145, Laws of Uganda, the Electricity Regulatory Authority (ERA) received an application for a license from Mayuge Sugar Industries Limited (MSIL) for the generation and sale of electricity from a 23 MW Bagasse (Co-generation) power project in Mayuge District. Of the 23 MW, the applicant intended to utilize 6 MW internally for sugar production processes and proposed to sell 17 MW to Uganda Electricity Transmission Company Limited through the national grid.

In respect of the application for license, ERA held a Public Hearing in Buvuna Village, Imanyiro Sub-County, Mayuge District, on 21st January 2016 starting at 10:00am. The Hearing was presided over by the Chief Executive Officer of the Electricity Regulatory Authority, Dr. Benon M. Mutambi.

2. OBJECTIVES OF THE PUBLIC HEARING

The Public Hearing was held to:

- (i) Provide for an opportunity for the Electricity Regulatory Authority to receive information which may be useful in arriving at a fair and just decision in respect of the application by Mayuge Sugar Industries Limited for a license.
- (ii) Provide for comments, questions and answers in respect of the application for a license by Mayuge Sugar Industries Limited before the Electricity Regulatory Authority considers the license application.
- (iii) Increase community awareness about the mandate of Electricity Regulatory Authority in the electricity sector.

3. REGISTRATION

The persons who attended the Public Hearing duly registered in the attendance register. The Hearing was notably attended by the following personalities:

- (a) The Resident District Commissioner (RDC) - Mayuge District;
- (b) LCV Chairperson - Mayuge District;
- (c) Deputy Chief Administrative Officer (CAO) - Mayuge District;
- (d) District Security Officer; Mayuge District;
- (e) Chairperson of the Mayuge District Land Board;
- (f) Chairperson LC III: Imanyiro Sub-County;
- (g) Imanyiro Gombolola Internal Security Officer;
- (h) Staff of the Electricity Regulatory Authority;
- (i) Employees of Mayuge Sugar Industries Limited;
- (j) Members of the media; and,
- (k) Residents of Buvuna Village.

4. OPENING REMARKS BY THE PRESIDING OFFICER

The Presiding Officer, Dr. Benon M. Mutambi, the Chief Executive Officer of the Electricity Regulatory Authority opened the Public Hearing at 11:50 am and thanked the local leaders and community for hosting ERA at the Public Hearing.

Dr. Mutambi remarked that ERA uses the best means possible to call for Public Hearings such as newspaper advertisements, radio announcements and Short Message Service (SMS). He explained that where the public was not willing to attend/hold a Public Hearing, the Hearing would be cancelled. The Presiding Officer thanked the community members for agreeing to host the Hearing as they would understand more about the project and have the opportunity to express their views on the same.

During the Hearing, it was agreed that no photographs of the community members would be taken without their permission.

The Presiding Officer explained that Bagasse was one of the cheapest electricity generation fuels because it was free, environmentally friendly, and it had been applied in various countries such as Kenya and Brazil. He also elaborated on the advantages of electricity as an engine for economic growth.

The community and local leaders were requested to support the Authority in ensuring that generation of power in Uganda was increased. The Presiding Officer emphasized that the tariff paid for electricity production from bagasse included a portion aimed at incentivizing the intending developer to encourage sugar cane producers to continue supporting bagasse power production.

The members of the public were informed that the company was expected to support the community in terms of Corporate Social Responsibility (CSR) and in that regard, the local leadership was encouraged to agree with the developer on the important initiatives to be undertaken within the community.

The Presiding Officer stated that prior to issuing a license to the developer; the Authority would ensure that the developer operated in a manner that did not degrade the environment and that there were no land wrangles in respect of the project.

5. RULES OF PROCEDURE GOVERNING THE PUBLIC HEARING

The Public Hearing rules were highlighted as follows:

- (a) Contributors were required to raise their hands when wishing to speak or make a contribution;
- (b) Stamping , booing and clapping were prohibited;
- (c) All participants were requested to register their attendance; and,
- (d) Contributions were to be provided in a respectful and courteous manner.

6. PRESENTATION BY THE ELECTRICITY REGULATORY AUTHORITY

The ERA technical team stated that Mayuge Sugar Industries Limited proposed to develop a cogeneration power plant powered by Bagasse. The local community was enlightened on the bagasse co-generation technology and informed about the connection between the amount of sugar cane sold to the sugar plant and the resultant bagasse and the electricity generated.

7. PRESENTATION BY THE DEVELOPER

The Developer thanked the local community and district leaders for coming for the Public Hearing and stated that they counted on the support of all members to successfully develop the project. The ERA team and Mayuge District leadership was also appreciated for the support towards the proposed project.

It was explained that Mayuge Sugar Industries Limited was established in the year 2010 with a production capacity of about 500 tons of cane crushed per day at the time. The current output was stated as 3500 tons of cane crushed per day. The company representatives elaborated that they had developed sugar growing expertise and now covered 25 Sub-Counties of the Busoga sub region with over 25,000 sugarcane out-growers on 6500 acres.

The company had as part of its CSR activities provided free registration for sugarcane out-growers, immediate loans to sugarcane out-growers, refinancing to sugarcane out-growers and financial support to the out-growers for harvesting and transport. The Hearing was informed that the intending developers paid their out-growers within 24 hours and provided excess bagasse to the local community for manure. Daily payment to sugarcane suppliers was estimated at UGX 275 Million.

It was reported that the company had in the past organized an eye camp at which over 5000 people had received free eye check-up. In addition, the company had pledged to give pregnant women iron supplements and would support education by sponsoring students at Busoga University and establishing Mayuge Sugar Training School.

8. DISCUSSION SESSION

The plenary noted, stated, requested and commented as follows:

1]. Comment

That the developer burnt bagasse in the area and this resulted into air pollution.

Response

MSIL clarified that the proposed power plant would use the bagasse to generate electricity and hence reduce air pollution. The excess bagasse would also be stored for use in the electricity generation process.

2]. Comment

That the developer had encroached on people's land and although initially the company was liked and supported, it had closed a road leading to a hospital. The company should use its own land and not encroach on land owned by the populace. In addition, the community felt aggrieved that the company had claimed that it had donated a police station yet the same was built using the local community's contributions.

Response

The LCV Chairperson clarified that the local community should engage the entity they had contracted to construct the local police station and demand accountability for their contributions since MSIL had in the past demonstrated expenditure for the construction of the local police post.

MSIL clarified that the access road to the hospital was available for use by the community and if otherwise, it would immediately ensure that the local community had access to the road.

3]. Comment

That MSIL should first focus on supporting the local community before going out to support the wider Busoga region.

Response

MSIL pledged to meet with the local community leadership including the RDC and CAO to discern the local community's immediate needs, draw up a plan for satisfying the same and submit proceedings of the discussion to ERA by 26th January 2016.

4]. Comment

That 5% was deducted from sugar growers payment for disposing of bagasse and the company should clarify on whether if it started generating additional power it would continue to charge 5% for bagasse disposal and whether some of the electricity generated would be distributed locally.

Response

The Authority clarified that the price offered for bagasse was set so as to encourage the purchase of bagasse since the price was fair and encouraged the company to produce electricity.

5]. Comment

Inquired on whether or not the Government, ERA or the Company would compensate affected persons.

Response

ERA and the developer advised that if the transmission line was being constructed by UETCL, then UETCL would effect the land compensation. The Presiding Officer further clarified that compensation was effected for damage caused to land such as damage to crops and not for the passage of electricity lines.

6]. Comment

That the developer should employ local labour as opposed to prisoners and persons originating from outside the local community.

Response

MSIL pledged to employ local persons as and when necessary.

7]. Comment

That the company had previously pledged to provide electricity to its environs but had instead provided a single solar light at the neighboring trading center

Response

ERA advised that considering that the area was under the Umeme Concession, the company as a Generator was not authorised to distribute electricity in the area; as such Umeme Limited would be requested to electrify the environs of MSIL in liaison with the local leadership.

8]. Comment

On whether or not the company's expansion would entail its acquisition of more land in the area.

Response

MSIL Limited and ERA clarified that the expansion of the power generation installation would not require additional land. It was expected that the boilers to be installed would be more efficient than those currently operational.

9. REMARKS BY THE DISTRICT LEADERSHIP

1]. LCV Chairperson

The LCV Chairperson thanked ERA for organizing the Public Hearing. He further requested ERA to liaise with the Rural Electrification Agency to electrify Mayuge District given that there were many areas in the district without electricity. The Chairperson clarified that with respect to the construction of the police station, the

Mayuge local leadership would demand accountability for the funds expended by the local population towards the construction of the station.

2]. Chief Administrative Officer

The Chief Administrative Officer thanked the public for attending the Public Hearing. He cautioned MSIL about promising a lot and delivering little to the community as this would arouse unnecessary hostility from the local population. He advised MSIL to honour its pledge to open up the access road.

3]. Resident District Commissioner

The Resident District Commissioner thanked ERA for organising the Public Hearing. He advised the local population to educate their children. He also advised that it was not a meagre effort to attract and retain investors and therefore it was vital that the local community embraced the investors in the area and the investors embraced the community and developed it. He thanked the local community for maintaining security in the area and not vandalising local investors installations.

10. CLOSURE OF THE PUBLIC HEARING

The Presiding Officer thanked the RDC and the local leadership for attending the Public Hearing and for hosting ERA. He remarked that the decision on the award of the licence would not be taken at the Hearing but that this would be done by the Authority. Dr. Mutambi noted that a report of the proceedings of the Public Hearing would be published on the ERA website and dispatched to the LCV and LCI Chairpersons, the RDC and the CAO within 14 days from the date of the Authority decision.

APPENDIX A: AGENDA OF PUBLIC HEARING



ELECTRICITY REGULATORY AUTHORITY

**MAYUGE SUGAR INDUSTRIES LIMITED PUBLIC HEARING
21ST JANUARY 2016
BUVUNA VILLAGE, IMANYIRO SUB-COUNTY, MAYUGE DISTRICT**

PROGRAM

<u>TIME</u>	<u>ACTIVITY</u>	<u>Role Holder</u>
10:00	Arrival and Registration	ERA
10:20	Opening Remarks and Self Introductions	ERA
10:40	Chairman's Opening Remarks	ERA
11:00	First Presentation (Overview of Uganda's Electricity Sector)	ERA
11:20	Presentation from Developer	Mayuge Sugar Industries Limited
11:40	Discussion	ERA
12:30	Remarks	Chairman LCV – Mayuge District
12:40	Closing Remarks	ERA
1:00	Departure	