



ERA-GETFIT UGANDA SOLAR PV AWARD EVENT

CEO's Key Note Speech/ Announcement of Results

Wednesday, December 10, 2014, Protea Hotel Kampala

Members of the Diplomatic Corp

The Permanent Secretary Ministry of Energy and Minerals

Development Partners/Members of the Donor Community

Senior Government Officers present

Project Developers/Licensees

Ladies and Gentlemen;

1. It is my honor and privilege to welcome you all to this very important event. Today marks a very important milestone in the promotion of Renewable Energy Uganda.
2. Ladies and gentlemen, in order to increase Uganda's energy production to mitigate possible power supply shortages before the large hydro plants get online, the Electricity Regulatory Authority (ERA), the Government of Uganda and KfW developed the Global Energy Transfer for Feed-in-Tariff (GET FiT) Program in 2012. The main purpose of the GET FiT Program was to fast-track a portfolio of up to 20 small-scale renewable energy generation projects (1 MW – 20 MW) promoted by private developers with a total installed capacity of about 170 MW/ 830 GWh per annum.

3. The implementation of the GET FiT program has been possible due to the support of the United Kingdom (UK) Government (through the Department for International Development – DFID and the Department of Energy and Climate Change - DECC), the Governments of Norway and the Federal Republic of Germany; and the European Union. These Development Partners have collectively committed EUR91 Million to GET FiT projects. Additional support has been provided by the World Bank.

4. The Executive Board of the World Bank Group on their side in March 2014, approved a Partial Risk Guarantee (PRG) facility for small-scale Renewable Energy projects in Uganda and US \$ 160 Million was committed for this facility which will focus on facilitating the provision of short-term liquidity support to the benefit of the Power Purchase Agreement (PPA) obligations of the Uganda Electricity Transmission Company Limited (UETCL). It will also address compensation for terminated events of Government/utility default under the PPA/Implementation Agreement; and commercial debt guarantee.

5. Ladies and Gentlemen, this program is expected to leverage approximately USD 375M (EUR 300M) in private finance for Renewable Energy generation projects (with a leverage ratio of public to private funds deployed of roughly 1:4.7), to the Renewable Energy projects over 20 years). Overall, it is expected that GET FiT will attract more than USD 450 Million of private investment into Uganda.

6. Since its launch in March 2013, the GET FiT Uganda programme has created a unique momentum for the development of small scale, private renewable energy projects in Uganda. Uganda has become a front-runner for the swift implementation of small-scale Renewable Energy projects and the attraction of private finance into the domestic energy sector in Sub-Saharan Africa.
7. Ladies and Gentlemen; the GET FiT program works in a way that Small-scale renewable energy generation projects in an advanced planning status and with a valid development permit from ERA apply for premium payments through participation in a competitive Request for Proposal and subsequent evaluation process. The Premium Payments constitute a result-based incentive grant designed to enhance the financial viability of the selected projects and are payable as a top-up premium of 0.5-2.0 US cents per kilowatt hour to the project developers in addition to the relevant REFiT tariffs determined by the Electricity Regulatory Authority (ERA).
8. Premium Payments are structured as payments per kWh to chosen private developers, calculated on the basis of expected generation of eligible projects over the lifetime of the 20-year standardized Power Purchase Agreement (PPA) which developers sign with the Uganda Electricity Transmission Company Limited.
9. With the “classical” GET FiT Premium Payment Mechanism setup, all generation types eligible under the existing Ugandan Feed-in-Tariff scheme can be supported and so far, GET FiT has approved 15 projects with an accumulated 128 MW of small hydro, biomass and bagasse

generation projects which will be commissioned within 2 to 3 years from date of construction and add to Uganda's energy security.

10. Following the success of the initial renewable energy technologies under this mechanism, coupled with the reduction of solar pv prices globally, it was deemed that solar technology be included in this facility. The motivation for the introduction of solar PV was the relatively short lead-time to commissioning. ERA and GET FiT therefore developed a concept for the inclusion of solar photovoltaic technology for which no Renewable Energy Feed-in-Tariff (REFiT) exists.
11. In January 2014, we launched a prequalification exercise under the reverse tender process and by the end of March 2014, 24 companies had submitted their Expression of Interest out of which nine were pre-qualified and invited to submit technical and financial bids. Seven of the shortlisted developers submitted their offers on August 08, 2014 that were evaluated by a co-opted consulting firm Agut EAS in close cooperation with ERA and UETCL.
12. Ladies and Gentlemen; in October 2014, the GET FiT Investment Committee met to select the most responsive bidders that will benefit from the GET FiT Solar Facility and today, I am glad to announce that the ***Ugandan-Italian consortium - Simba Telecom Ltd. /Building Energy SpA*** and the ***consortium of Access / TSK Electronica of the United Arab Emirates and Spain*** emerged with the best offers.

13. The two successful consortia have consequently been invited to sign Power Purchase Agreements with Uganda Electricity Transmission Company Limited (UETCL), the single buyer of electricity in the country, and to conclude a financing agreement with the Government of Uganda represented by KfW for support through GET FiT. The entire selection process was concluded in 10 months and the projects are expected to start operation as early as the end of 2015.
14. Ladies and Gentlemen, GET FiT has proved to be an adaptable concept, which can be implemented in various market environments and stages of energy sector development. Currently, various countries in Sub-Saharan Africa and in other regions worldwide are in consultation with KfW regarding implementation of the GET FiT programme.
15. As I conclude, I wish to thank the UK Government (through the Department for International Development – DFID and the Department of Energy and Climate Change - DECC), the Governments of Norway and the Federal Republic of Germany; the European Union and the World Bank for making this concept such a huge success and making Uganda a renewable energy investment model for the rest of Africa.

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