



**STATEMENT BY THE HON. MINISTER OF STATE FOR MINERALS
IN RESPECT OF
THE 2014 ELECTRICITY END-USER TARIFFS
AT THE GOVERNMENT MEDIA CENTER**

The Chairman and the Board of Electricity Regulatory Authority

The Executive Director Uganda Media Center

Senior Government Officers

Members of the Media Fraternity

Ladies and Gentlemen

1. It gives me honour and pleasure to address you at this gathering on a key activity that not only affects the power sector, but the entire economy of the country. Today the regulator will be announcing a new tariff regime that will be applicable by all the licensees including generation, transmission and distribution.
2. I bring you warm greetings from my Ministry headed by the Hon. Minister Irene Muloni.

3. As you may recall, Government of Uganda through the able leadership of NRM took a policy decision to liberalise the energy sector with the following key objectives.

- a. To increase electricity generation capacity to cope with the growing national demand and fuel the country's economy;
- b. To develop an adequate and robust transmission network infrastructure;
- c. To increase access to modern energy services through rural electrification and renewable energy development.

4. Todate, considerable milestones have been achieved to mention but a few:

- a. Increased Generation capacity:
 - The liberalized structure has given us significant growth in the sector whereby right now, Nalubaale, Kiira and Bujagali give us a combined capacity of 630MW, Small Hydros: 65MW, and Standby HFO thermal Power Plants (Namanve – Jacobsen & Tororo - Electromaxx) are capable of giving us a combined 100MW.
 - In addition to the above, the groundbreaking of Karuma HPP (600MW) and Isimba HPP (183MW) and the ongoing studies for Ayago HPP (600MW) will go a long way in providing adequate generation to fuel the Economy in line with vision 2040.
 - The government of Uganda with support from development partners have developed the GET-FIT top-up support on the Renewable Energy Feed in Tariff to fast-track the development of Mini Hydro projects which has attracted investment in this area to a level of approximately 150MW for phase 1 and more for phase 2 is expected.

- In addition to the above, the government of Uganda together with development partners is packaging the GETFIT program to run a reverse tender for solar initially up to 50MW.
 - Further initiatives are being explored including Peat, Geothermal, Solar, co-generation (Bagasse), Wind & HFO from our indigenous crude from the Albertine region.
- b. Our transmission segment has several projects presently at EPC development stage including both at national level and regional level. The national include the Nkenda -Hoima (220/132KV, 254km); the Kawanda – Masaka (220KV, 137km), the Tororo – Opuyo – Lira upgrade (132KV, 261km); and the Mbarara – Nkenda (132KV, 160km). The regional projects aimed augmenting our interconnection with our neighbors include the Uganda – Kenya (220KV, 127km) and the Uganda – Rwanda (220KV, 66km). The above will enable our transmission grid to double within the next three years.

In addition, the various projects that are currently at feasibility studies once completed will expand the transmission grid to provide a backbone for increased electricity access.

- c. On Distribution and Rural Electrification,
- The government of Uganda has set stringent targets to the operators in the area of loss reduction with a target to reduce losses to 14.8% by the year 2018.
 - Government has further prioritized investments in the distribution infrastructure to improve power supply quality, reliability, availability and quality of service through embracing new technologies for optimum operation of the distribution segment.

- Under the Rural Electrification strategy, Government has introduced service territories to make the rural concessions financially viable to attract investors. Government continues to subsidize rural electrification expansion projects through the Rural Electrification Fund and development partner initiatives like the Output Based Aid.

5. However; the sector continues to face some challenges including;

- Financial sustainability (non – cost recovery tariff) that has led to an undesirable situation of dependence on government subsidies (capacity payment for HFO thermal)
- Vandalism of the power infrastructure compromising the integrity of the network and affecting power supply availability and reliability.

We recognise and appreciate the efforts of the public and the media in particular in supporting us towards achieving the above objectives. I would like to thank the regulator headed by the chairman and all other sector players for the efforts that have brought us this far and reiterate government's commitment towards achieving a quality reliable and secure electricity supply for economic development of our country.

I thank you for listening to me.

FOR GOD AND MY COUNTRY



HON. PETER LOKERIS
MINISTER OF STATE FOR MINERALS

DATED JANUARY 14, 2014