

SCHEDULE OF ELECTRICITY RETAIL TARIFFS FOR THE THIRD QUARTER 2016

Pursuant to the provisions of Section 10 of the Electricity Act, 1999, (Chapter 145 Laws of Uganda), the Electricity Regulatory Authority has approved the applicable Tariff Adjustment Factors to be applied by Umeme Limited for the supply of electrical energy for the third quarter of 2016 in accordance with the Quarterly Tariff Adjustment Methodology.

The Quarterly Tariff Adjustment Methodology provides for adjustment of the annual base tariffs in line with changes in inflation, foreign exchange rate and fuel prices. The applicable adjustment factors for the third quarter of 2016 are discussed below:-

Inflation Adjustment Factor (IRAF)

The rebased Core Consumer Price Index (CPI) increased from 152.29 in the Base Period to 156.41 in the month of May 2016 as published by the Uganda Bureau of Statistics. The United States Producer Price Index (PPI) increased

from 193.2 in the Base Period to 194.8 in the month of May 2016 as published by the United States Bureau of Labor Statistics. The resultant effect is a positive Inflation Adjustment Factor of **USh. 1.8/kWh** for domestic consumers, **USh. 1.5/kWh** for commercial consumers, **USh. 1.5/kWh** for medium industrial consumers, **USh. 0.8/kWh** for large industrial consumers and **USh. 1.6/kWh** for street lighting.

Exchange Rate Adjustment Factor (FERFAF)

The Uganda Shilling depreciated by 0.22 percent against the United States Dollar from Shs 3,357.1/USD in the Base Period to Shs 3,364.5/USD as at the end of May 2016. The exchange rate is the mid-rate of the Uganda Shilling against the United States Dollar as published by Bank of Uganda on 31st May 2016. The resultant effect is a positive Exchange Rate Adjustment Factor of **USh. 1.9/kWh** for domestic consumers, **USh. 1.6/kWh** for commercial consumers, **USh. 1.7/kWh** for medium industrial consumers, **USh. 0.9/kWh** for large industrial consumers, and **USh. 1.7/kWh** for street

lighting.

Fuel Adjustment Factor (FPAF)

The Fuel Adjustment Factor is the sum of two components: i.e. changes in the international fuel prices and changes in the energy generation mix. The international fuel price increased from US\$44.3 per barrel used in the determination of the Base Tariffs to US\$46.83 per barrel as at the end of May 2016, resulting into a positive Fuel Adjustment Factor of **USh 1.0/kWh** for domestic consumers, **USh 0.8/kWh** for commercial consumers, **USh 0.8/kWh** for medium industrial consumers, **USh 0.8/kWh** for large industrial consumers and **USh 0.8/kWh** for street lighting. The energy generation mix changed resulting into a negative Fuel Adjustment Factor of **minus USh 29.7/kWh** for domestic consumers, **minus USh 24.0/kWh** for commercial consumers, **minus USh 24.2/kWh** for medium industrial consumers, **minus USh 22.4/kWh** for large industrial consumers and **minus USh 24.5/kWh** for street lighting.

The overall Fuel Adjustment Factor is **minus USh 28.7/kWh** for domestic consumers, **minus USh 23.2/kWh** for commercial consumers, **minus USh 23.4/kWh** for medium industrial consumers, **minus USh 21.6/kWh** for large industrial consumers and **minus USh 23.7/kWh** for street lighting.

The overall impact of the above adjustment factors is a reduction of **2.5 percent** in the weighted average end-user Retail Tariffs relative to the quarter two 2016 tariffs. This reduction in end-user tariffs is largely explained by the increased power dispatch from the cheaper Nalubaale-Kiira power complex that replaced the shortfall in power dispatch from Kakira Sugar Limited (KSL) Cogeneration power plant. KSL was out of production in the month of May and part of June 2016, for annual maintenance.

Arising from the above adjustments, applicable Quarterly Adjustment Factors for the third quarter of 2016 are as shown in Table 1.

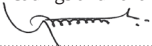
Table 1: Applicable Adjustment Factors (USh /kWh) for the period July to September 2016

Customer Category	2016 Base Tariffs	Second Quarter 2016	Approved Adjustment Factors				Resultant Retail Tariff for the 3 rd Quarter 2016	Percentage change relative to 2 nd Quarter 2016
			Inflation Adjustment Factor (IRAF)	Exchange Rate Adjustment Factor (FERFAF)	Fuel Adjustment Factor (FPAF)	Total Adjustment Factor		
DOMESTIC CONSUMERS - CODE 10.1 [Low voltage single phase supplied at 240 volts].	651.0	640.2	1.8	1.9	(28.7)	(25.0)	626.0	(2.2 %)
COMMERCIAL CONSUMERS - CODE 10.2 [Three phase low voltage load not exceeding 100 Amperes].	587.0	578.3	1.5	1.6	(23.2)	(20.1)	566.9	(2.0 %)
MEDIUM INDUSTRIAL CONSUMERS - CODE 20 [Low voltage 415Volts, with maximum demand up to 500 kVA.]	544.9	536.2	1.5	1.7	(23.4)	(20.2)	524.7	(2.1 %)
LARGE INDUSTRIAL CONSUMERS - CODE 30 [High Voltage 11,000Volts or 33,000Volts, with maximum demand exceeding 500kVA but up to 10,000 kVA]	369.4	361.1	0.8	0.9	(21.6)	(19.9)	349.5	(3.2%)
STREET LIGHTING - CODE 50	628.4	619.5	1.6	1.7	(23.7)	(20.4)	608.0	(1.9%)

The Adjustment Factors shall be applicable at peak, shoulder and off peak time of use periods.

The Adjustment Factors and the Resultant Retail Tariffs are determined taking into account the cost allocation across the different customer categories. The detailed Tariff Order is available at www.era.or.ug.

This Schedule of Tariffs for the third quarter of 2016 shall be applicable to all consumer bills raised based on meter readings and Yaka purchases taken in the period **July 2016 to September 2016**.


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CHIEF EXECUTIVE OFFICER
11th July 2016