



PRESS STATEMENT

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For Immediate Release

GOVERNMENT COMMENCES POWER SECTOR REFORMS

KAMPALA. The Ministry of Energy and Mineral Development has commenced the implementation of the Power Sector Reforms, targeting to enhance sector performance and provide affordable power to the people of Uganda. The move follows a Cabinet Directive of October 3, 2022.

The reforms are expected to minimize expensive private capital in the Electricity Sub-Sector investments in generation, transmission, and distribution. It will culminate in creating the Uganda National Electricity Company Limited (UNECL) as a state-run entity with majority shareholding under a Public Private Partnership (PPP) arrangement as a possible option.

Cabinet, among others, directed the Ministry not to renew the Concession and Privatization Agreements for Eskom Uganda Limited and UMEME Limited after their concessions come to their natural end.

Eskom is the country's largest energy generator on a 20-year concession effective March 1, 2003, for managing and maintaining the 180MW Nalubale and 200MW Kira Hydropower Plants. Umeme is Uganda's main electricity distribution company, holding a 20-year electricity distribution concession from the Government of Uganda, effective March 1, 2005.

The Ministry has already formally notified Eskom and UMEME of the Government's decision not to renew their concessions agreements when they come to their natural end in March 2023 and March 2025, respectively.

The Electricity Regulatory Authority (ERA), Uganda Electricity Distribution Company Limited (UEDCL), and Uganda Electricity Distribution Company Limited (UEDCL) have also been directed to make appropriate arrangements for the transition.

Hon. Dr Ruth Nankabirwa Ssentamu, the Minister of Energy and Mineral Development, appreciated UMEME and Eskom for the years of continued support and investment in Uganda's Energy Sector. **"On behalf of the Government of Uganda, I take this opportunity to appreciate UMEME and Eskom for the Operation and Maintenance of the Government assets on behalf of UEDCL and UEGCL for the past 18 and 19 years, respectively."**

The Minister noted that the electricity distribution network under UMEME covers a large percentage of the country, has grown in asset capacity and complexity and employs about 2,000 staff. **"To this effect, I call upon the parties to the concession agreements to ensure a smooth transition of all the relevant responsibilities and asset handover in close coordination with this Ministry,"** the Minister said.

She said the Ministry would spearhead the transition process and engage all concerned parties, including the shareholders, to ensure that the Government of Uganda's decision to end the concession naturally is executed reasonably.

The Ministry has already constituted a Joint Committee to handle the Eskom Concession and is in the process of making a similar arrangement for the UMEME concession. The respective Committees are tasked with the planning and management of the end of the concessions to ensure seamless handover of the operations of the assets.

"Government is committed to avail the necessary financing to ensure it fulfills its obligations in the related agreements," elaborated Irene Bateebe, the Permanent Secretary in the Ministry. **"UEDCL and UEGCL will be supported to enable them to manage the transition period and operation of the concessions as happened with the 50MW Namanve Thermal Power Plant that has reverted to UEGCL in 2021."**

The Permanent Secretary said the Ministry, with the support of the Auditor General, would undertake a valuation of the companies' investments to determine any outstanding obligations by Government.

The Ministry continues to put in place all measures to ensure universal access to clean, reliable, and affordable energy.

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