



MINISTER'S SPEECH
ON THE OCCASION TO ANNOUNCE THE 2023 ELECTRICITY END-USER
TARIFFS
AT THE UGANDA MEDIA CENTRE
THURSDAY, 30TH DECEMBER 2022

- **The Board Chairperson, Management & Staff of the Electricity Regulatory Authority;**
- **The Executive Director of Uganda Media Center**
- **Members of the Press;**
- **Ladies and Gentlemen;**

Good morning.

1. I take the pleasure to welcome you back from the short Christmas holiday and appreciate you for coming to this briefing.
2. I Congratulate you all for the announced weighted average tariff reduction of 1.2% that speaks to the government's efforts for progressive gradual end-user tariff reduction to support industrialization for socio-economic transformation and improved welfare of society.

3. As we cross over into 2023, I am pleased to provide you with an update on the performance of the Electricity sub-Sector in addition to the announced end-user tariffs for 2023 by the regulator.
4. **Operationalization of the Electricity (Amendment) Act 2022.** On 15th May 2022, His Excellency the President of the Republic of Uganda assented to the Electricity (Amendment) Act, 2022. The Amendment becoming effective on 14th June 2022 after being published in the Uganda gazette Vol. CXV No. 32.
5. The amendment has various benefits to Ugandans but for the benefit of this briefing, allow me to expound on the following provisions that will be operationalized in 2023:
 - i. **Payment of Royalties.** In line with section 75 (7a) of the Act, all renewable Energy generators will begin paying royalties to Local Governments in their respective areas of operation. I encourage the beneficiary local governments to ensure that the funds are put to proper use for the benefit of the respective communities.
 - ii. **Private Investment in the Transmission Segment.** The transmission segment has been opened up for private investment, and my Ministry has developed the necessary framework for its full operationalization. I therefore encourage the public to seize this opportunity and support the Government in expanding the Power Supply Grid to promote the country's socio-economic transformation.
 - iii. **Direct purchase of Electricity.** With the amendment of the Electricity Act in 2022, manufacturers who qualify will be able to purchase electricity directly from the power generators. A Tariff of 5 US Cents per kilowatt hour for Industrial parks that are willing to increase production capacity to

maintain their monthly billing invoice without affecting the financial sustainability of the Electricity Supply Industry shall be implemented effective January 2023.

6. In addition to the above, the regulator shall now fast-track the development of the net-metering regulations to support the rooftops and other industrial commercial power installations to exchange power with the main grid to contribute to improved reliability and security of power supply.

7. Accelerated Access to Electricity

Pursuant to the Government's aspiration of accelerating electricity access to 80 percent by 2027, as provided in Vision 2040 and National Development Plan III, the Government has packaged a number of programs to accelerate electricity connections and enhance access to power supply in the country. These include:

i. The hybrid customer connection financing Framework.

Under this framework, the Government has reduced the cost of a no-pole new customer connection from UGX 720,883 to UGX 470,000 through a subsidy of UGX 250,883 for each no-pole connection. In addition to the subsidy, the Government of Uganda, through the Uganda Development Bank, has provided a credit line of UGX 270,000 for those who are unable to pay a lump sum of UGX 470,000. Therefore, a customer that is located near an electricity pole can now make a down payment of UGX 200,000 to get connected to electricity and clear the balance of UGX 270,000 through a 15 percent charge on their energy purchases over a period of eight years. This Framework is expected to enable more Ugandans to get connected to electricity in 2023.

- ii. **GET ACCESS** – The government of Uganda, on 13th December 2022, launched a EUR 35 million Get-Access Project to be implemented for a duration of

seven (7) years, with procurement of Developers planned to commence in 2023. The project funds are provided by the German Federal Ministry for Economic Cooperation (BMZ) and the European Union (EU) through the German Development Bank (KfW). The project consists of 150 Mini-Grids to provide clean energy to areas far from the main grid with approximately 5 to 6 MWp total installed capacity across Uganda.

iii. Energy Access Scale-up Project (EASP)

The government of Uganda, with support from the World Bank, is to implement the Energy Access Scale-up Project (EASP) project to support over 1,360,000 households, industrial Parks, SMEs and refugees and host communities to get connected to electricity under the Electricity Connection Policy (ECP).

iv. Commissioning of Karuma Hydropower Plant

Uganda expects to add 600 MW to its Installed Generation Capacity with the commissioning of the Nwoya-based Karuma Hydropower Plant. The addition of Karuma HPP will not only enhance the Country's power generation capacity but will also strengthen and improve the stability of the Power Supply Grid. Further still, Karuma HPP is among the plants with the lowest tariff as compared to the rest of the generation plants in the country. If fully dispatched, the plant will reduce the overall weighted average cost of generation, which will lead to a reduction in the end-user tariffs. This effort to reduce the end-user tariff remains a key aspiration of the Country as an enabler of industrialization for social and economic transformation.

v. With the commissioning of the 600 MW Karuma Hydropower Plant, we also expect the West Nile region to be connected to the Transmission Grid by March 2023.

8. Establishment of upcountry regional offices by ERA

The Government of Uganda is keen on improving electricity services and, therefore, in 2023, will support ERA to decentralize and establish regional offices. This is expected to enable ERA to heighten its supervision of licensed electricity service providers with respect to the quality and reliability of power supply. ERA has commenced the process and will begin with Gulu for the Northern and Mbarara for the Western regions and later rollout to the other regions to cover the entire country.

9. Host of the Independent Regulatory Board (IRB) of the Eastern Africa Power Pool.

Ladies and gentlemen, the electricity subsector is not only registering milestones locally but also regionally. Uganda was recently overwhelmingly voted by the members of the Eastern Africa Power pool -IRB to host the regional offices of the **Independent Regulatory Board (IRB)** in Kampala. The IRB is a regional institution established in 2005 to coordinate cross-border power trade and grid interconnection among nations of the Eastern Africa region. Hosting its Secretariat, among other benefits, provides Uganda with the opportunity to build and leverage expertise and enables it to steer the agenda of the Body while playing a lead role in developing the regional EAPP power pool to enable power trading across the Eastern African countries.

10. The AFDB Electricity Regulatory Index (ERI) Excellence.

Ladies and gentlemen, I am pleased to inform you that in the fifth edition of the Electricity Regulatory Index (ERI) released mid this month by the African Development Bank, Uganda maintained its top position in the Regulatory Governance Index (RGI); the Regulatory Substance Index (RSI); and the Regulatory Outcome Index (ROI) among 43 countries with confirmed regulatory authorities. Uganda

continues to lead the continent with a robust and well-developed electricity regulatory framework and has held this number one position consecutively since 2018, when the index survey was first launched. This not only profiles the Country but also boosts investor confidence in the Country. I therefore congratulate ERA and all Ugandans for this outstanding performance.

11.I, therefore, take this opportunity to:

- Congratulate ERA and the Electricity Supply Industry at large on the strides made in 2022 toward supporting the Country's aspirations;
- Thank H.E. the President for his insightful leadership and prioritization of the Energy Sector.

12.As I close my remarks, I can not end this statement without commenting on the impact of vandalism on the electricity infrastructure. Vandalism is costing us the stability of the electricity supply network, it is also costing us huge sums of money to replace the vandalised infrastructure. I warn all those involved in the vice that sooner or later, you will be apprehended. Save yourself and desist from this evil and selfish practice.

13.Allow me to use this opportunity to request our people to deliberately work at living healthy lives. Remember, Covid-19 is still with us, Ebola has just affected some of our communities and HIV/AIDS is still a killer. As you enjoy the festivities that come with the end of the year, enjoy responsibly while adhering to the health guidelines provided.

14. Finally, I call upon Ugandans to take up the opportunities the Sector presents to them this coming year, such as investment opportunities, reduced costs of connection, and tariff incentives to transform your lives socially and economically.

For God and my Country!

Hon. Dr. Ruth Nankabirwa Ssentamu

MINISTER OF ENERGY AND MINERAL DEVELOPMENT