

ELECTRICITY REGULATORY AUTHORITY RAPPORTUER ON THE PUBLIC HEARING FOR A 10MW HEAVY FUEL OIL PLANT TO BE BUILT IN TORORO BY ELECTROMAXX (U) LTD

LOCATION: THE LODGE, TORORO

DATE: 30th November 2007.

Scheduled: 10.00am

1. OPENING

The public hearing started at 10.25am on the morning of 30th of November 2007 with a prayer from the LCIII Chairman, Rashid Wafula.

The Chairman of the hearing thanked all members who were present for coming to the hearing and spelt out the program for the day.

2. PRESENTATIONS

2.1 Tororo District Council Speaker

The Tororo District (Rubong County) Council Speaker Simon Peter Opiio welcomed the attendees to the hearing on behalf of the LCV Chairman Tororo district.

He highlighted the importance of having a new electricity project in Tororo since the demand for electricity in Tororo is high mainly due to the intense business activity for example the booming fishing industry.

He further added that the people of Tororo are grateful for the choice of locating an electricity project in their area. This, he said, was important because of the prime location of the district since it is located on the highway with Jinja; secondly the close proximity Tororo has got to the border. He further added that the project will lead to job creation, and direct increased power supply to schools and offices.

2.2 Chief Executive Officer ERA

Ag. CEO briefly mentioned the structure of ERA as being composed of the Authority, and the Secretariat. He stressed that ERA mandate in this project is to ensure that the project is cleared but not before all stakeholders concerned in this project are consulted.

He pointed out 5 major functions of ERA as; new project licensing and approval, tariff setting and approval, preparation of the sector performance report (industry performance), advising government on the need for new projects and Consumer awareness and protection. He pointed out that it was important for the public to participate in the hearing stressing that their fears and concerns is what ERA will use to address the developer and seek clarification before the approval of the project.

2.3 Manager Technical Regulation (MTR) ERA

The Chairman of the public hearing invited the Manager Technical Regulation (MTR), ERA to make his presentation on the technical impression of ERA on the Electromaxx project. MTR gave a project brief on the project giving details based on the chronology of events in the application by Electromaxx right up to the licensing stage. (See attached presentation titled, *'Project brief on the 10MW heavy Fuel Oil Plant in Tororo.'*)

2.4 Chairman, Electromaxx (U) Ltd

The Chairman of the hearing invited the Chairman, Electromaxx (U) Ltd to present on the project.

The Chairman Electromaxx (U) Ltd, Mr. Patrick Bitature thanked all members present and highlighted the importance of the project to the people of Tororo for example; the fact that it is cheaper to use Heavy Fuel Oil (HFO) as compared to diesel to run the generators; he also stressed that bio-fuel is a viable future option for use as fuel for running the generators, this fuel is largely dependent on agriculture.

The Chairman Electromaxx highlighted the need to educate the girl child who eventually benefits her community, he also added that in the 2nd year of the current project their social corporate responsibility will involve the provision of clean safe drinking water, and in the 3rd year of the project, their responsibility will be to fight against malaria.

2.5 Public Relations Officer, Electromaxx (U) Ltd

Mr. Stuart Cook presented on the business approach which involves developing the community and engaging all parties in the business; he added that there are a number of reliable contractual relationships that Electromaxx (U) Ltd has made with local and international companies for example China Power Contractors, Caterpillar, Karl-Bro Consulting and Multi-Konsults, among others.

Tea was called at 12.00pm.

PUBLIC REACTIONS AND QUESTIONS

1. The Chairman of the public hearing reconvened the hearing with a call for the attending public to give their point of view in form of questions, observations or comments. The representative of the RDC, Tororo made a comment welcoming all persons present.
2. A question on the creation of jobs was raised, i.e. will this project benefit the community in terms of job creation?
3. A question was asked on whether the project developer will pay royalties for the land that is to be used.
4. A question on the impact of Heavy Fuel Oil generator use on the environment was raised.
5. A question on the resultant tariff to be charged and the resulting bills was raised.
6. The speaker of Rubong County welcomed the idea of electricity but was worried about the connection charges.
7. A question on the education of the girl child and why it is so important to the project developer?
8. Clarification was sought on what BUDS-ERT is.
9. A question on why the tariffs paid by domestic consumers are higher than those paid by commercial consumers?
10. A question on what the Rural Electrification Agency is, and what it is doing in the district to address rural electrification?

RESPONSES TO PUBLIC QUESTIONS AND REACTIONS

1. Chairman of Electromaxx (U) Ltd was invited to respond to the questions asked;
 - He submitted that the land that is going to be used is to be negotiated for and the size is not big enough to necessitate the payment of royalties.
 - He submitted that the multiplier effect of electricity development will lead to a substantial amount of job creation.
 - On the environment, he submitted that the machines to be used are modern technology low emission types fitted with catalytic converters to bring the emission levels down.
 - On the education of the girl child the Chairman Electromaxx informed all members that educating a girl means educating a generation, a girl always returns to her family to help and support those without.
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2. The Chairman of the hearing invited Manager Economic Regulation, ERA to elucidate on the possible tariffs to be charged by the company and why domestic tariffs are higher than the tariffs to other consumer categories for example the commercial category of consumers.
 - MER pointed out that Electromaxx (U) Ltd is going to generate power and sell it to UETCL who will then sell it on to Umeme who are the distributors of this power, and therefore they are responsible for billing the final consumer.
 - He pointed out that the power to be sold by Electromaxx will be cheaper than what Aggreko sells to UETCL because of the HFO element as opposed to diesel.
 - He also pointed out that the company is an investor; therefore the main intention would be to recover costs of operation and maintenance and capital costs.

- On the domestic tariff being higher than the commercial tariff, MER submitted that research shows that it costs higher to serve a domestic consumer than to serve a commercial consumer, the ratio being 60:40.
 - He also added that losses are a big influence in the computation of distribution tariffs. The losses incurred in supplying a commercial or industrial customer are always lower than for a domestic consumer attributed to the fact that losses are inversely proportional to the size of the voltage.
3. The Chairman of the public hearing requested the Manager Finance and Administration Services, ERA to explain to the public what steps to follow in case of a complaint.
- MFAS mentioned that there is a protocol that is observed, customers should first call Umeme Ltd with their complaint if Umeme does not satisfactorily handle their complaint, the customer can escalate this to ERA who would investigate the problem and consequently take further action where necessary.
 - He also mentioned the future Electricity Consumer Committees (ECCs) which will be based in every district with representatives to whom complaints will be directly addressed, these ECCs are a direct point of contact between the customers and ERA.
4. The REA representative was asked to respond to the question on their role in the district;
- The REA representative responded to the question on the agency existence in the district by stating that the agency has got a long term plan to electrify Tororo. He mentioned that REA is not yet prominent in Tororo.

CLOSURE AND RESOLUTIONS

1. The Chairman of the hearing invited the Ag. CEO to make a wrap up on issues raised and to explain why voltage levels in distribution networks are noted to spike.
 - Ag. CEO mentioned that all distribution voltage on the National grid is 240V but with an error allowance of +/- 6%.
He implored the public to read the grid codes, safety and regulations for information as such.
 - He also requested the public to be vigilant on power thefts since the theft of power directly impacts on costs incurred by the distribution company. These costs are recovered as non-technical losses through the higher tariffs which the public pay.

2. The Chairman of the public hearing invited Mr. Jackson Osudo, the Senior Assistant Secretary, Tororo District Council to close the public hearing.
 - Mr. Osudo summarized in stating that Tororo needs power, he cited examples of industries that need power for example the Tororo Cement, the fish processing plants, the steadily growing population and the high demand for rural electrification.
 - Mr. Osudo mentioned that Tororo is faced with high deforestation; therefore with additional power at low tariffs, the population will be persuaded to shift from the use of coal (firewood) to the use of electricity.
 - Mr. Osudo stated that power thefts in the district are now lower than before, however he mentioned that vandalism in form of thefts of the wires is still a big problem. He encouraged the public to continue the vigilance in fighting this act of vandalism.
 - Mr. Osudo summarized by saying that the project is acceptable to the district and encouraged all members of the public to embrace this useful project.

The public hearing ended at 1.30pm.

Date: 29th January 2008