



ELECTRICITY REGULATORY AUTHORITY

**Annual Energy Forum with Manufacturers, Private Sector,
Hoteliers and the National Chamber of Commerce & Industry**

Report

Workshop Venue: Hotel Africana.

Date: 11th December 2007.

Executive Summary:

As is the tradition; the Electricity Regulatory Authority (ERA) hosts an annual Energy Forum towards the end of the year to share information, consult, and update the business fraternity in Uganda on pertinent issues for the respective year. In 2007 the half-day Energy Forum was held on 11th December 2007 at Hotel Africana - Kampala.

The Forum was attended by a cross section of participants from the Hotel Industry, Private Sector, the National Chamber of Commerce & Industry, in addition to members of the Uganda Manufactures Association. A total of 36 participants were present. It formed part of ERA's regular consultation process and information sharing with key stakeholders. The half-day Forum was a success in terms of attendance (see attached attendance list) and deliberations.

Objectives of the Symposium:

- To dialogue with the Business Community on key updates in the electricity sector in the FY 2007 in addition to challenges they face as a direct result of the performance of the electricity sector.

Presentations (see appendices attached):

The following are updates on key sector issues provided to participants in the form of presentations: -

- Current and future outlook on Government of Uganda Policy for the electricity sub sector
- The supply situation: - Licenced Projects to-date.
- Tariff adjustments: - Past present and Future outlook.
- Quality of Supply issues.
- The Financial Performance of the licensed operators in particular and the electricity sector in general.

Issues discussed at the Forum

- The transparency of the tariffs setting mechanisms is not clear

Ans: The Electricity Regulatory Authority has endeavored to be as transparent as possible while adjusting tariffs following the receipt of Applications for tariff adjustments from licensees. ERA has achieved this through a public disclosure process at the ERA resource centre, and publishing a public call in daily newspapers for people to study the documents and provide their views.

Where public concerns through the public disclosure process have been immense – a Public Hearing is hosted by ERA as further consultation prior to adjustments in tariffs. Unfortunately in the past; the public has shown little interest in the public disclosure process; not until tariffs are set do they show interest.

- Umeme Ltd Quality of Supply is not to standard in many cases?

Ans: ERA is aware of specific cases when they are brought to their attention by consumers or following our regular inspections and monitoring of the company. However to a great extent; ERA can safely state that there has been improvement in the quality of supply system since the concessionaire took over operations. But a lot is yet to be done to improve to the desired levels.

ERA is monitoring progress of Umeme Ltd improvements in the various fields of work to include quality of supply however participants should take cognizance of the fact that the system the concessionaire took over was in a very critical and bad stage; hence improvements in all spheres of operations have taken some time.

- It appears a lot more is being done to improve the distribution end of things but nothing has been done on the transmission side of performance?

Ans: The Transmission Company - UETCL undergoes the same stringent rules during ERA's monitoring and inspection exercises for compliance. In the same spirit they have also up-graded the system to curb losses.

- Does Lake Victoria have a life line?

Ans: Yes the lake has a life line and there are guidelines provided by the Directorate of Water Development (DWD) as to how much water can be dispatched for electricity at any one time i.e. an agreed curve for operation is given to the generating company – ESKOM (U) Ltd by DWD.

- Why do we experience electricity shortages? Is it because the dams are aligned to close to one another?

Ans: Electricity shortages are as a result of insufficient supply from the generating source. The existing water is not sufficient to generate the desired amount of electricity required to meet the national demand. This shortage has come about over time and most especially as a result of the prolonged drought the country has undergone over the last two years.

In instances where demand has outstripped supply, power rationing / the infamous load shedding kicks in. Unfortunately this is not only common to Uganda; but is being experienced by our neighbors i.e. Kenya and Tanzania.

- What is the progress of the Bujagali hydro power project?

Ans: Construction of the Bujagali Hydro Project is underway and in fact is ahead of schedule according to the project developers – IPS Bujagali Energy Limited. Commissioning is scheduled after 44 months.

- Do tariffs have a chance to go down again? What mechanisms can one employ to have the tariffs / energy bills go down?

Ans: Yes tariffs have a chance to go down. To reduce one’s electricity bill – consumers have to become Smart electricity users and conserve electricity by:-

- Utilizing electricity sparingly by switching off un-used appliances and lights.
- Using more energy efficient appliances and equipment.
- Regularly carrying out energy audits in our premises and endeavour to mitigate electricity wastage.
- Regularly servicing their equipment to reduce current leakages, sparking and overheating, all of which reflect energy wastage.

- Why are WENRECO Tariffs so high? Is ERA aware?

Ans: ERA is aware about the tariffs being charged by WENRECO because we approve them. The tariffs are high because this is a true reflection of the cost of production for electricity into the consumers’ homes. WENRECO uses Heavy Fuel Oil to generate electricity and as such this is slightly more costly than hydro power.

- It appears ERA receives / takes the investors word for gospel truth. Do they ever check the system themselves?

Ans: ERA has a fully fledged Department – the Technical Department whose responsibility is to monitor and inspect all licensee operations and potential sites for electricity development. This department does give ERA a technical opinion on all operations prior to decisions being taken by the electricity Regulator.

- What will happen after consumption has been reduced following the energy conservation campaign and then two hydro dams are constructed with more generation power?

Ans: Electricity generation can never be in excess supply. Even with the two large hydros constructed – electricity needs to be used efficiently hence energy conservation. In any case the limited excess supply should it occur on

occasion; can always be exported for more revenue for the sector to neighboring countries.

- At Lugazi power fluctuations have caused a lot of damage and loss. What compensation mechanisms are in place for such damage?

Ans: Umeme Ltd has a comprehensive procedure for compensation once there is proof of damage of property by the supply from the electricity operator. Your company at Lugazi needs to document the times and damage done to their premises and process documentation with Umeme ltd. Once investigations prove the consumer right – compensation is automatic.

- Why do re-connections after a power cut take too long?

Ans: The standard time any re-connection should be done should not exceed 48 hours. If re-connection goes beyond this stipulated time – one is free to complain following the recommended complaints mechanisms in place i.e. 185, Electricity Consumer Committees where they exist and finally to the Electricity Regulator should all else fail.

ACTION POINTS:

- Meter readers should be engaged and trained well enough to report faults along the area they serve as well i.e. falling poles, sagging or downed wires etc.