ELECTRICITY REGULATORY AUTHORITY

REPORT OF THE PUBLIC HEARING IN RESPECT OF APPLICATIONS FOR REVIEW OF ANNUAL TARIFFS BY UMEME LIMITED, ESKOM LIMITED, UEGCL, UETCL AND UEDCL

VENUE: IMPERIAL ROYALE HOTEL, KAMPALA

10TH DECEMBER 2021

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1.0. EXECUTIVE SUMMARY

Section 10 (f) of the Electricity Act, 1999, Mandates the Electricity Regulatory Authority (ERA) to establish a Tariff Structure. Under its Mandate, the Electricity Regulatory Authority undertakes an Annual Electricity Tariff Review in accordance with the Tariff Methodologies in the respective Licences, the Tariff Review Adjustment Methodology and the relevant Electricity Regulations.

In November 2021, the Electricity Regulatory Authority received Tariff and Budget Applications for 2022 from Umeme Limited, Eskom Uganda Limited, Uganda Electricity Generation Company Limited, Uganda Electricity Transmission Company Limited and Uganda Electricity Distribution Company Limited.

Under the Electricity (Application for Permit, Licence and Tariff Review) Regulations, 2007 (Tariff Review Regulations) and as part of the consultation process, the Electricity Regulatory Authority published the Applications in the New Vision Newspaper of 4th November 2021 and on the ERA website.

Subsequently, the Authority organised a Public Hearing to give an opportunity and enable all stakeholders and the public to participate in the assessment of the Applications by the Licensees. The Notice for the Public Hearing was published on 30th November 2021, and the public Hearing took place on 10th December 2021 at Imperial Royale Hotel starting at 9.30 am.

This Report sets out the record of proceedings at the Public Hearing.

2.0. PUBLIC HEARING

The Public Hearing was presided over by the Chairperson of the Board of ERA - Dr. Sarah, Wasagali Kanaabi. It started with an opening prayer led by Mr. Julius Wandera, the Director Corporate and Consumer Affairs, Electricity Regulatory Authority, and self-introductions by all participants.

Notably, the participants were from various Licensees and organizations, including - Umeme Limited, Eskom (U) Limited, Uganda Electricity Generation Company Limited (UEGCL), Uganda Electricity Distribution Company Limited (UEDCL), Electricity Disputes Tribunal (EDT), Uganda National Bureau of Standards (UNBS), the Media, Private Sector Foundation Uganda (PSFU), Sprout Africa, and a majority of other participants in virtual attendance. The attendance list is attached to this Report as Annex 1.

The following Program was adopted.

Table 1- Program for the 2022 Tariff Review Public Hearing

Time	Activity	Lead person
08:30am	Registration	ERA
09:00am	Introductions	ERA
09:05am	Opening Remarks	Presiding Officer
09:15am	Rules for the Public Hearing	Secretary to the Authority, ERA
09:20am	Review Process of the Applications	Secretary to the Authority, ERA

09:35am	Presentation by UEGCL	UEGCL
09:45am	Presentation by UETCL	UETCL
09:55am	Presentation by UEDCL	UEDCL
10:15am	Presentation by Eskom (U) Limited	Eskom (U) Limited
10:35am	Presentation by Umeme Limited	Umeme Limited
10:55am	Tea Break	All
11:10am	Discussion	Presiding Officer
12:05pm	Summary of Proceedings	Secretary to the Authority, ERA
12:30pm	Conclusion and Closure	ERA

3.0. OBJECTIVES OF THE PUBLIC HEARING

The following were the objectives of the Public Hearing.

(i) To increase public awareness about the Applications made by the Licensees and the process of setting Tariffs;

(ii) To get the public's views, provide comments, questions, and answers regarding UEGCL, UETCL, UEDCL, Eskom Uganda Limited, and Umeme Limited Applications;

(iii) To promote transparency and good decision making of the Authority;

(iv) To provide an opportunity for stakeholders and the public to participate in the assessment of the Applications for Tariff, and;

(v) To provide the Authority with all relevant information required to determine the Applications.

4.0. OPENING REMARKS

CHIEF EXECUTIVE OFFICER - ERA

The Chief Executive Officer welcomed the Chairperson, Members of the Authority, Heads of Institutions, Heads of the Licensees, Representatives of Consumer groups, Media Houses and all in attendance to the Public Hearing. The CEO thanked them for their dedicated support to the Tariff setting process. She noted that the Hearing allows participants to make representations that inform the decision of the Authority and proceeded to make the following remarks:

(i) The Authority received the Tariff Applications and will accord them the necessary support.

(ii) ERA had registered several milestones such as the increase in the National Generation Capacity, improvement in the implementation of the Electricity Connections Policy, the release of the suppressed demand with 765 MW which surpassed the Pre-Covid peak, and completion of a new ERA House on Plot 5-C 3rd Street, Industrial Area with adequate space to accommodate staff and support the implementation of the Authority's Mandate.

(iii) With the continued support of stakeholders, ERA managed to sustain her position as the Best Regulator on the African continent for the fourth time running, as ranked by the African Development Bank under the Electricity Regulatory Index.

(iv) The ESI continues to grapple with challenges such as vandalism, high cost of capital, need for Government of Uganda (GoU) and Private Sector funding towards achieving the connection targets, among others.

(v) ERA is committed to the continued focus on affordability, driving the sector into optimum efficiency accessibility, leveraging innovation, guidance and support to access to clean energy, as well as Quality and Reliability of supply and service to the consumer.

She closed her remarks by thanking His Excellency the President of Uganda, the Minister for Energy and Mineral Development (MEMD), the Permanent Secretary MEMD, the Authority for governing the Institution and the Sector, ERA staff for the teamwork and professionalism, the Licensees who are the front liners for the ESI for their continued dedicated support, the media fraternity and the public for their presence and continued support.

She invited the Presiding Officer, the Chairperson of the Authority, to give her remarks.

5.0. REMARKS BY THE PRESIDING OFFICER

The Presiding Officer welcomed everybody to the Hearing and called the Public Hearing to order at 9.30 am.

She recognized the presence of the members of the Authority attending online and all in attendance.

She highlighted the following in her remarks.

(i) The Electricity Regulatory Authority is responsible for setting an Annual Tariff.

(ii) Before the end of each Tariff Year; the Authority undertakes Tariff Review for the next year according to the Tariff Methodology, the Electricity Act, and the Electricity (Application for Permit, License and Tariff Review Regulations.

(iii) The Public Hearing is intended to get views on the Tariff Review Application in line with the openness and objectivity required by the Electricity Act.

(iv) The Authority received Applications for Tariff Review for 2022 from ESKOM Uganda Limited, UETCL, UEGCL, UEDCL and Umeme Limited. The Applications are per the Licenses of the companies.

(v) Upon receipt of the applications, the Tariff review process commenced with the publication of the Notice in the New vision on 4th November 2021. Key stakeholders and the public were invited to view the Applications and submit their comments within 15 days.

(vi) On 30th November 2021, a notice was published in the Newspapers and on the ERA website inviting stakeholders and members of the Public to attend the Public Hearing.

(vii) During the Hearing, the Licensees were expected to present the 2022 Tariff Review Applications.

(viii) The Authority was to consider the views and comments from the public and responses from the Licensees and that the Tariff would be set fairly and objectively.

The Presiding Officer wished participants fruitful proceedings and congratulated all Ugandans upon having the Best Regulator on the African Continent as ranked by AfDB, an achievement for the Sector and the Licensees. She pledged continued commitment to Regulation for a Sustainable Electricity Supply Industry.

She ended by informing the participants that the Public Hearing report would be compiled by ERA and that it would be a public document available on the ERA website for all interested parties to view.

6.0. RULES OF THE PUBLIC HEARING AND THE REVIEW PROCESS

(i) Rules of the Public Hearing

The Secretary to the Authority, Mr. Steven Mwandha informed the participants that the Public Hearing was called under Regulation 17 of the Electricity (Application for Permit, License and Tariff Review) Regulations, 2007 and highlighted the rules to be followed at the Hearing including as follows:

(i) All the Covid-19 Standard Operating Procedures shall be observed.
(ii) All electronic devices should be controlled in order not to interrupt the proceedings.
(iii) There is online attendance, and all online participants should follow the online attendance norms. Questions and comments should be posted in the chat.
(iv) The program presented shall be followed and time observed.
(v) The Public Hearing language is English, and interpretation will be made where necessary.

(vi) Those who wish to speak will indicate their intention to speak, and the presiding officer will have the discretion to choose the speaker at any given time depending on the available time.

(vii) If allowed to speak, be brief and precise and restrict the submissions to the matter at hand.

(viii) IT support to mute participants to mitigate any interruptions.

He informed participants that no decision of the Authority would be made at the Public Hearing and that any decision would be reached at a formal meeting of the Authority considering the information and views made or expressed at the Public Hearing.

(ii) Review Process of the Applications

The process followed in the review of the Applications was summarized as follows:

(i) Publication of the Applications and organisation of the Public Hearing was made under Regulation 16 of the Electricity (Application for Permit, License and Tariff Review) Regulations,

(ii) Invitation of the general public, Electricity Sector stakeholders, Government Agencies, consumers and all interested and affected parties to give representations on the applications according to the Regulatory Principle of Transparency.

(iii) The Licensees were required to justify the proposed costs.

(iv) No decision would be made at the Public Hearing. The Authority would consider the comments and the outcomes of the public Hearing in its decision.

7.0. PRESENTATION OF THE APPLICATION BY UGANDA ELECTRICITY GENERATION COMPANY LIMITED (UEGCL)

George Mutetweka made the UEGCL presentation on behalf of the UEGCL Managing Director. He highlighted the following.

(i) UEGCL's key Strategic Goals under the 5-Year Strategic Outlook (2018-2023) include expanded generation capacity (from 380-1,300MW), Completion and commissioning of Karuma 600MW Hydropower Plant, Efficient Operations, financial growth and customer satisfaction.

(ii) UEGCL plans to increase generation capacity to 3800 MW from GOU owned Power Plants.

(iii) The commissioning of Karuma HPP is scheduled for June 2022.

(iv) Operations on Naluballe Kiira Dam are ongoing.

(v) UEGCL is responsible for monitoring the activities of Eskom Uganda Limited under the Concession and Assignment Agreement (CAA). The monitoring is in periodic inspections, review and analysis of reports.

(vi) UEGCL is planning to rehabilitate and optimize the Nalubaale complex around 2023 when it is transferred from ESKOM on the expiry of the CAA. The feasibility study for the rehabilitation was concluded.

(vii) The other projects supervised by UEGCL included Isimba, commissioned in March 2019 and Karuma, which is under construction.

(viii) Isimba was commissioned in 2019. However, several defects and snags are due for finalization.

(ix) UEGCL planned to take over the 50 MW Namanve Heavy Fuel Oil Plant at the end of August 2020. The Implementation Agreement expired on 15th September. The takeover process is in the final stages: Settling of investments by JUPPCL by GoU is ongoing and will be completed in the next three weeks to pave the way for the completion of the takeover. ERA already issued the License, and the Power Purchase Agreement is in the final stages of signing.

(x) Muzizi experienced some challenges and decided to pretender the project because the Tariff was very high, hence the unit cost with the ongoing loan.

(xi) Nyagak is at 51% completion, and equipment manufacturing is ongoing.

(xii) Feasibility studies for the rest of the small power plants have been completed.

(xiii) Monitoring of the concession is done under the Concession and Assignment Agreement. GoU took over debt under the same. The Authority does not permit depreciation and Return on Equity. UEGCL monitors administration costs and has a team of engineers in Jinja to monitor the concessionaire.

(xiv) Key activities for 2022 include: approval of modifications applied for to ensure that they are required, participation in plant activities, e.g. Factory Acceptance Tests and outage planning submitted to UETCL as part of quality control as they plan for investments.

(xv) The summary of UEGCL's Application is shown in Table 2 below.

Table 2 – UEGCL Budget

CONSOLIDATED SUMMARY				
	12 months	6 months	3 months	9 months
Income	**ERA Approved Jul'21 - Jun'22**	**BUDGET July'22-Dec 2022**	**BUDGET Jan'23-Mar 2023**	**BUDGET Jul'22-Mar 2023**
	UGX'000	**UGX'000**	**UGX'000**	**UGX'000**
Concession fee	10,461,501	15,881,928	7,822,442	23,704,370
Sundry income	20,000	13,400	6,600	20,000
Interest Income	22,000	14,740	7,260	22,000
Return on Equity	-	53,236,241	26,220,835	79,457,077
Total Income	**10,503,501**	**69,146,309**	**34,057,137**	**103,203,447**
Expenses				
Staff costs	3,461,488	2,167,348	1,071,698	3,239,046
Administration expenses	6,971,028	3,210,637	848,867	4,059,504
Depreciation	-	10,980,505	5,408,309	16,388,814
Capital expenditure	70,900	11,390	5,610	17,000
Total Expenditure	**10,503,416**	**16,369,881**	**7,334,484**	**23,704,364**
Surplus/Deficit	**85**	**52,776,429**	**26,722,653**	**79,499,083**

(xvi) The budget drivers included the monitoring costs for the Kiira and Nalubale plants and the planned takeover of the 50 MW Namanve plant.

(xvii) Key variances from FY2021/22 include:

a) 9 Months budget due to the expiry of the Eskom Uganda Limited Concession.
b) Karuma Licence fees.
c) OAG Audit fees for Kiira and Nalubaale.
d) Depreciation and Return on Equity not allowed by ERA.

8.0. PRESENTATION OF THE APPLICATION BY UGANDA ELECTRICITY TRANSMISSION COMPANY LIMITED (UETCL)

(i) UETCL holds the following Licences:

a) Bulk Power Supply;
b) Operation of High Voltage Transmission Grid;
c) System Operator;
d) Power Import and Export.

(ii) UETCL is a Government Implementing Agency for grid expansion projects across the country with permission to buy, transmit and sell quality bulk power.

(iii) UETCL's activities are derived from its five-year Company Business plan (2019/20-2023/24), which focuses on five areas:

a) Security of Power Supply and Regional Cooperation;
b) Grid Infrastructure Development;
c) Financial Sustainability;
d) Robust Human Capital Development, and;
e) Efficient business processes.

(iv) UETCL is implementing a portfolio of projects worth $600m.

(v) UETCL's bulk purchases consist of 30 IPPS, 4 Large Hydros, 2 Thermal, 5 Solar and 24 Mini Hydros.

(vi) UETCL's achievements include:

a) The Commissioning of a 60/80MVA Transformer at Tororo substation to boost power supply within Tororo and the neighbourhoods.

b) Commissioned a new 132/33kV, 32/40MVA transformer at Opuyo Substation to increase power supply within the area and successfully shifted the old 10MVA transformer to the Kapeeka substation.

c) Installed and Commissioned a 132kV Isolator at Nkonge substation to prevent interrupting power supply for the Kabulasoke and Rugonjo line segments.

d) Commissioned a new 132/33kV, 32/40MVA transformer at Kampala North Substation.

e) Transmission losses improved. However, they have not reached the Regulated target. This will be cured with the planned investments.

f) Maximum system demand experienced growth in 2021.

g) Retention of staff was recorded at 99.8%.

h) Plants commissioned include; Tororo Solar Plant, Nyamagasani, ARPE 1, SCOUL, Rwenzori and Kakaka. Kikagati will be commissioned in 2022. All these form part of the assumptions that will impact UETCL's performance.

Challenges experienced by UETCL include:

a) Deemed energy costs from the Independent Power Producers;

b) Withholding funds by the main distributors UMEME and UEDCL;

c) Inadequate revenue to meet the equity demands and outstanding amounts from BECS and FERDSULT.

d) Transmission losses and vandalism leading to loss of revenue, loss of energy and loss of life, which affects UETCL's revenue performance.

The summary of UETCL's detailed Annual Transmission and Capital Budget for the 2021/22 is shown in Table 3 below.

Table 3: detailed annual transmission and capital budget for 2021/22

Particulars	Actual 2020/2021	Budget 2021/2022
	Shs – Mn.	Shs – Mn.
Staff Costs and related costs	37,186	44,351
Transport Costs	2,738	2,788
Grid repairs & maintenance	9,895	11,953
Administrative costs	8,920	15,405
Licenses Fees To ERA	1,691	1,688
Bank Guarantee Charges	119	274
Insurance charges	1,931	2,930
Communication Levy	173	137
Rental Tax	200	200
Total O & M Costs	62,851	79,725
Spares		2,045
Capital Non Grid	6,490	39,859
Capital Grid		83,577
Total Capital	6,490	125,481
Grand Total	69,342	205,206

9.0. PRESENTATION BY UGANDA ELECTRICITY DISTRIBUTION COMPANY LIMITED (UEDCL)

The UEDCL presentation highlighted the following.

(i) UEDCL is an asset owner of the assets leased to UMEME under the Lease and Assignment Agreement (LAA).

(ii) Subsequent amendments to the LAA allow UEDCL to operate the pole plant, UEDCL Towers, Project construction, and retail power distribution on network lines constructed by Rural Electrification Agency. UEDCL's License allows it to distribute power in 62 political districts with nine territories on network lines constructed by REA.

(iii) UEDCL signed a Memorandum of Understanding with West Nile Rural Electrification Company (WENRECO) on behalf of GoU to monitor the West Nile Concession under a similar arrangement.

(iv) The LAA requires UEDCL to submit annual budget estimates for approval and incorporation into the Tariff. monitoring of UMEME and WENRECO.

(v) The application considered monitoring costs required for UEDCL to competently exercise its role as per the LAA, which include; Cost of refurbishing the abandoned distribution system; the asset register (Asset management software), wayleaves, depreciation, registration fees, employment costs, administration costs (concession monitoring and a need to increase directors allowances), and capital expenditure.

(vi) The summary of UEDCL's detailed annual transmission and capital budget for the 2021/22 is shown in Table 4 below.

Table4: Total Cost Application

Description	Approved 2021/2022 Ushs'000	Application 2022/2023 Ushs'000	%age Var
Employment Costs	6,534,698	8,121,861	24%
Administrative Costs	1,593,509	2,071,831	30%
Transport and Travel	194,500	306,660	58%
Repair and Maintenance	78,600	115017	46%
Capital	200,000	514,089	157%
TOTAL	8,601,307	11,129,458	29%
Less other Incomes	(16,500)	(10,000)	-39%
Less Mgt Fees	(1,100,000)	(1,210,000)	10%
Administrative Charge	7,484,807	9,909,458	32%
Refurbishment of Abandoned Assets	0	9,125,375	100%
Asset Mgt System	7,430,000	5,185,370	-30%
Depreciation Requirement as per the LAA	-	14,268,954	100%
Registration fees to URSB	-	3,216,000	100%

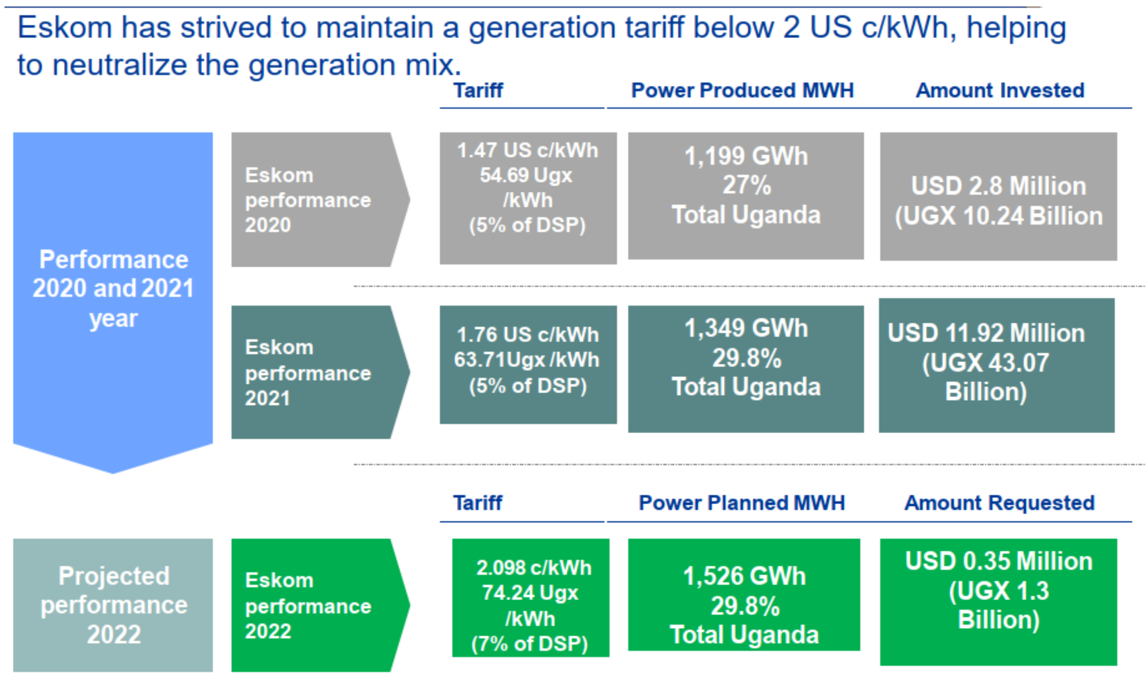
Wayleaves	-	500,000	100%
Total LAA Requirement	14,914,807	42,205157	

(vii) The revenue budget of UEDCL totalled Ugsh 42,205,157 from 14,914,807 of the previous year.

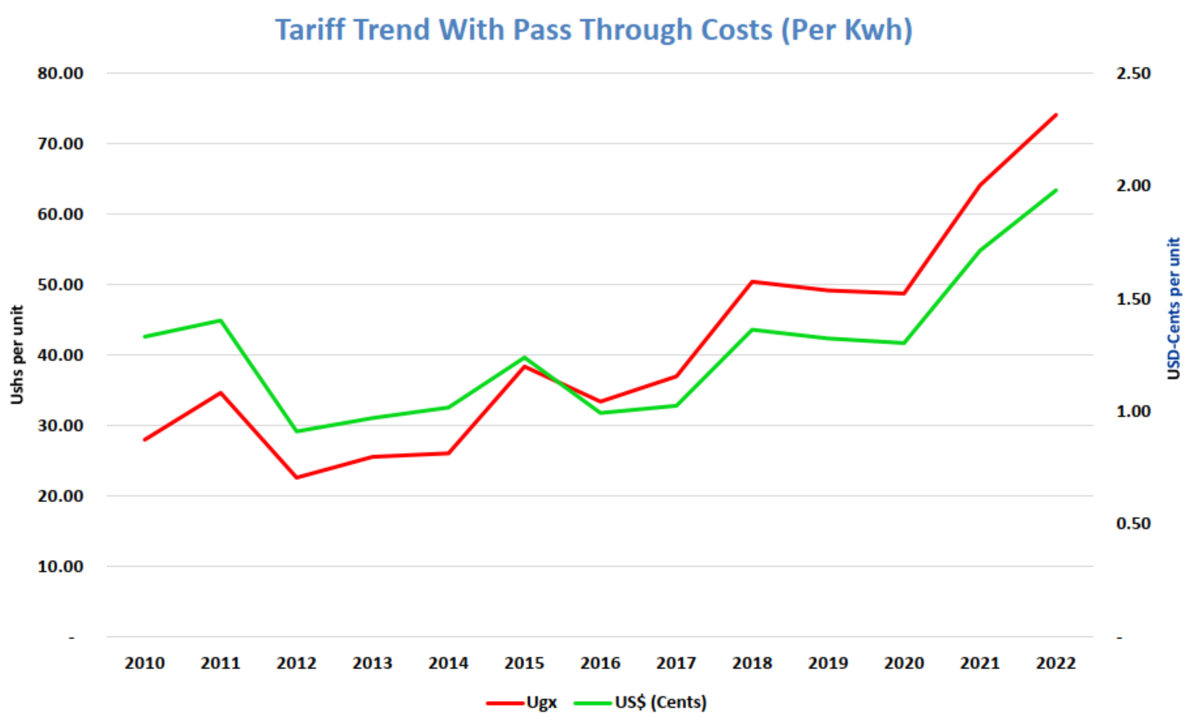
10.0. PRESENTATION BY ESKOM UGANDA LIMITED

ESKOM Uganda Limited's presentation highlighted the following.

Parameters	2021 Projection	2022 Forecast	Comments
Hydrology (m^3/s)	1,000	1,000	Maintained the current water permit allocation.
Energy generation (MW/hr)	176.9	176.9	Generation output of water flow of $1000m^3/s$.
Available capacity (MW/hr)	173.9	173.9	Average at water flow of $1000m^3/s$.
Tested capacity (MW)	300.00	320.00	The 2022 forecast assumes using 14 units (5 and 9 Units at KPS and NPS respectively).
Water energy conversion factor (m^3/kWh)	20.52	20.50	Lake level assumes to average 12.50m in line with the ongoing spilling targets
GOMC (USD million)	12.1	17.5	The increase is driven by proposed CAPEX.
Concession, Royalties & License fees	3.2	3.2	Pass throughs in line with ERA's approval



Eskom has strived to maintain a generation tariff below 2 US c/kWh, helping to neutralize the generation mix.
Tariff
Power Produced MWH
Amount Invested
Performance 2020 and 2021 year
Eskom performance 2020
1.47 US c/kWh 54.69 Ugx /kWh (5% of DSP)
1,199 GWh 27% Total Uganda
USD 2.8 Million (UGX 10.24 Billion
Eskom performance 2021
1.76 US c/kWh 63.71Ugx /kWh (5% of DSP)
1,349 GWh 29.8% Total Uganda
USD 11.92 Million (UGX 43.07 Billion)
Tariff
Power Planned MWH
Amount Requested
Projected performance 2022
Eskom performance 2022
2.098 c/kWh 74.24 Ugx /kWh (7% of DSP)
1,526 GWh 29.8% Total Uganda
USD 0.35 Million (UGX 1.3 Billion)



(i) The key investment projects undertaken in the year 2021 included the NPS Main Dam Refurbishment completed in August 2021, Unit 10 Blade Servo Refurbishment with a target completion date of July 2022, replacement of 11kV Cables for NPS completed in March 2021, 2 generator Transformer replacements, remediation of Staircase Unit 1, 5 and 9, and grouting and concrete repairs of Unit 10.

(ii) The projected investments into the complex operated by Eskom Uganda Limited were USD 0.35 million to enhance plant reliability and sustainability.

(iii) Performance-wise- Eskom had maintained the plant availability above 96%, the average Tariff was maintained below USD

1.76/unit, Zero Lost Time injury to staff- 11 years and 3 months (Contractors 5 years and 5 months), skills development to the sector with a compliment of 21 GTs- USD 2.7 Million, Ubuntu principle and corporate social responsibility focussing on health, education, sports and environment.

(iv) The main focus of Eskom was to minimize plant failures, improve reliability and long-term plant health, reduce plant failures, safety and skills development.

11.0. PRESENTATION BY UMEME LIMITED

Umeme Limited's presentation highlighted the following:

(i) Umeme Limited is a public company with over 5500 shareholders and 2,400 staff. It is listed on Uganda Securities Exchange, with Ugandans owning 35% of the shares. It serves 1.6 million customers and operates 97% of the Distribution business in Uganda.
(ii) UMEME runs over 9000km of HV and LV lines.
(iii) Operational efficiencies/losses which impact the tariffs have reduced from 38% to 17.5% in 2020.
(iv) Growth- maximum demand will go beyond 750MW in 2022, more than 10% in 2020.
(v) Digitisation of systems has improved the service (customers could not get their tokens).
(vi) Two hundred sixty thousand customers are waiting to be connected hence the appeal to GoU to budget for consumers in the next year (2022) to increase demand and improve welfare.

(vii) Investments undertaken by UMEME in 2021 include; Gulu substation, Kakiri substation, Nakawa substation, Ntinda substation, Namanve Ring Main Units.

(viii) Performance of the Distribution Network; expansion of the network length to 39,000 km, distribution transformers to more than 14,000, energy losses reduction to 18% in 2021, energy sales of 2,597 GWh and increase of customers connected to the grid to 1.6 million.

(ix) In terms of access, Umeme Limited connected 120,000 customers in 2021 compared to 60,000 in 2020. In 2021 UMEME had 3 funding streams- ECP, customer-funded connections due to ERA intervention. It currently receives 5000 applications per month and capital-funded connections approved by the Authority hence 95000 customers.

(x) Sales revenue in 2021 increased to Ugx 1.6 Tn in 2021 from Ugx 160 Bn in 2005-20.

(xi) Energy losses were brought down to 18% in 2021, the lockdown having increased them to 29%.

(xii) Staff efficiency was improved from 199 customers per staff from 219 in 2019 per staff.

(xiii) Society initiatives included supporting the health sector, environment with tree planting, and Education (providing laptops to SOS Children's villages).

(xiv) Challenges experienced included vandalism (have engaged police and created a task force to curb vandalism) and Power theft.

(xv) Planned Investments include; Nakasamba substation, Mukono Katosi 11kv feeder upgrade, Mbale Industrial Park line works, Entebbe Integration phase 2, South Kisubi Reliability improvement, 23000 new connections (CAPEX connections), over 100 transformer investments, Third-party boundary protection and RTU 400 Upgrades for 8 Substations.

(xvi) Umeme Limited's Priorities for 2022 include:

- Safety- PPES for staff, training and use of safety supervision, Public Community, and Environment.
- Customer- Convenience (prepaid, online new connections application), responsiveness and reliability.
- People (employees) (strategic workforce planning capabilities).
- Investments.

(xvii) Regulatory targets for 2022 include:

- Reduction of Losses to 13.4%
- Uncollected debt- 0.16%
- Customer numbers-317k (speedy connection of customer-funded connections).

(xviii) The Revenue Requirement for UMEME is proposed at US$194.1 Million.

(xix) The Distribution Price Component is 170.5 shs/kWh.

12.0. REACTIONS

N0.	Question	Answer
1	Do we still need to have the 50 MW installed in Namanve? Does this translate into additional O&M costs that impact the Tariff?	The biggest Hydro Power Plants are on the Nile, and any reduced flow poses a risk hence the need for energy diversification instead of relying solely on Hydro. The 50 MW from Namanve

		should be available to supply the Industrial base in Kampala. In addition, to maintain some minimum dispatch in the plant, the fuel lines should be maintained hence the need to maintain a minimum dispatch of 7 MW and plant capacity of 50MW.
2	Why didn't the BPS Tariff reduce after the commissioning of Isimba, given that it is at 5 cents?	For the Tariff to come down with a new plant, the commissioning of that plant must be matched with demand; otherwise, the costs are still lamped on the current customer base. Power losses are embedded in generation; we need to invest in the distributed network for these to come down. Local demand has to grow in areas where the small generators are located.
3	Can gov't consider renegotiation of Power Purchase Agreements to remove the deemed energy clauses?	The earlier agreements were Take or pay contracts because the investors didn't want to take on the demand risk; however, effective 2017, PPAs being issued to new plants exclude the deemed

		energy clause.
4	Why is there a discrepancy in the average weighted cost of 504sh/kWh and the one presented by UMEME of 170sh/kWh:	UMEME's Tariff includes the generation and transmission components and the cost of supply under distribution. UMEME's Tariff has a 2-part Tariff-Distribution and supply. There is a difference between the distribution tariff and the End-User Tariff. The 170sh/kWh is the UMEME portion, and the 500shs/kWh is the end-user weighted average Tariff.
5	Regarding surplus paid for in the agreements, can the price of electricity be lowered to reflect only that consumed?	Answer from UMEME: For the different categories e.g. large industries, it is easy to compute the Tariff. However, for domestic consumers, the cost of delivering the service is higher. Information on Distribution cost to serve can be made available. Answer from UEDCL: To achieve a lower tariff, more distribution has to come on board, and it must be provided for in the

		Tariff so that in the end, one can connect and achieve the reductions in the Tariff.
6	Can UMEME roll out a program for customers who construct their lines?	There is a REBATE Policy in place, and it is posted on the ERA on the website.
7	Is it possible to indicate the cost of transmission and distribution of electricity to the industrial customer?	This was presented in O&M, CAPEX, and these applications and worksheets are available.

13.0. CONCLUSION

(i) The Secretary to Authority presented the summary of the proceedings.

(ii) The Presiding Officer thanked the participants for responding to ERA's invite and their input and questions during the Hearing. She urged the participants to continue with the engagements for continued accountability to the public. She informed the participants that the Report would be compiled with all submissions received to be considered in arriving at a fair decision that balances the stakeholders' interests.

(iii) The Presiding Officer declared the meeting closed at 13.10 pm with a prayer from Mr. Michael Kananura.

(iv) The Public Hearing was a success as its objectives were achieved.