



**PRESENTATION TO ERA ON MODIFICATION OF UMEME’S SUPPLY LICENCE
NO. 48**

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Imperial Royale Hotel, Kampala

My name is Diana Nabiruma from Africa Institute for Energy Governance (AFIEGO). AFIEGO is a registered non-governmental organisation (NGO) whose mission is to promote energy policies, including electricity policies that benefit poor and vulnerable communities

These are our submissions on the intended modifications to UMEME’s licence.

No.	Proposed modification/issue	Issue	Recommendation
1.	<p>Power Supply Price: Through the modifications, ERA is seeking to ensure that customers pay fair and accurate prices.</p>	<p>With all due respect, this intended modification is window dressing from ERA.</p> <p>For years now, ERA has failed to act on recommendations by the president, parliament and others to reduce power tariffs.</p> <p>In 2009, the Tariff Review Commission that was led by Gen. Salim Saleh undertook an investigation of UMEME.</p> <p>The Commission said that UMEME was cheating Ugandans and had supplied faulty electricity metres through which Ugandans were being overbilled.</p> <p>The same commission identified four areas in UMEME’s concession</p>	<p>The IGG needs to avail the public with a report of her investigations of UMEME.</p> <p>Ministry of Energy, ERA and the public must use the findings of the investigations to map a way forward on reducing power tariffs.</p> <p>Short of this, power tariffs will remain high.</p>

		<p>that could be reviewed to lower tariffs by 44%.</p> <p>However, the concession was not reviewed.</p> <p>Today, we are talking about modifying a licence.</p> <p>Parliament also investigated UMEME's concession, found it unfair and ordered for its renegotiation. No renegotiations were done.</p> <p>That was not all.</p> <p>In 2017, the Uganda National Bureau of Standards (UNBS) reported that 92% (6,000/6,500) electricity metres it tested were faulty.</p> <p>An audit of installed metres was reported to be ongoing in 2018. The public is yet to be furnished with details of this audit.</p> <p>The president has also complained about UMEME.</p> <p>In a March 12, 2018 letter to the Minister of Energy, the president said that at 20%, UMEME's return on investment is too high.</p> <p>He also accused the utility of conniving with government officials to inflate power losses, resulting in higher power tariffs.</p> <p>The president ordered for an investigation by the IGG.</p> <p>The results of this investigation have never been availed to the public however.</p>	
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2.	<p>Failure by ERA and government as a whole to amend the 1999 Electricity Act</p>	<p>This brings me to my next point.</p> <p>For the last ten or so years, both UMEME and ERA have cried about power theft, saying that it is one of the major causes of high power tariffs, electrocutions and others.</p> <p>Both the Salim Saleh committee and the parliamentary committee chaired by Hon. Jacob Oboth Oboth recommended for amending of the Electricity Act.</p> <p>Amendment of the act is meant to enable the creation of punitive penalties for power thieves, strengthening of ERA's independence and streamlining negotiation and management of power purchase agreements as well as supply and distribution licenses.</p> <p>ERA and government have failed to amend the act. Today, ERA wants Ugandans to believe that government is committed to a transparent and accountable power sector to provide affordable and reliable electricity for all.</p>	<p>No country in the world has a successful power sector run by private companies.</p> <p>Government should nationalise our power sector.</p> <p>Amendment of the 1999 Electricity Act also needs to be fasttracked.</p>
3.	<p>Incentivisation of UMEME: This brings me to the proposed incentivisation of UMEME.</p> <p>The modifications contain a proposal to financially reward UMEME so that the utility can</p>	<p>Why would ERA want to incentivise UMEME?</p> <p>The company has been variously accused of giving Ugandans the short end of the stick.</p>	<p>ERA should not give UMEME any more of Ugandans' money in the guise of incentives.</p> <p>ERA also needs to explain to Ugandans who is going to consume the power generated</p>

	<p>supply quality and reliable power.</p>	<p>Its concession is unfair on Ugandans.</p> <p>Further, the distribution network right from the poles, wires and transformers is too weak to distribute power efficiently. Yet electricity generation is increasing.</p>	<p>from Isimba, Karuma and other dams.</p> <p>Further, ERA needs to drop plans to build a dam at Murchison falls.</p> <p>ERA should not to destroy the little remaining trust Ugandans have that government can pursue sustainable development.</p>
<p>4.</p>	<p>Failure to enable adequate public participation</p>	<p>We appreciate ERA for calling this public hearing and for its efforts to involve the public in electricity matters.</p> <p>However, ERA did the least it could do to ensure that the public participates in the public hearings and submits meaningful comments.</p> <p>ERA ran an advert in the <i>New Vision</i> of August 5, 2019. Through the advert, ERA invited the stakeholders to this public hearing.</p> <p>However, the location of the public hearing is inaccessible to the vast majority of the Ugandan population. Remember, the biggest percentage of Uganda’s population lives in rural areas.</p> <p>UMEME has customers all over Uganda.</p> <p>If you go to Twitter to scan the various complaints against UMEME, you find consumers in Buliisa, Mbale, Gulu and from everywhere complaining.</p> <p>Such consumers should have a say on whether and how UMEME’s licence is modified.</p>	<p>ERA must hold regional hearings to enable as many concerned citizens have their say on the intended modifications.</p> <p>UMEME has been reporting that it collects nearly 100% revenue from bills issued to customers. The company should sponsor the regional hearings as part of its corporate social responsibility (CSR).</p>

	<p>Electrocutions</p>	<p>The electrocutions in the country are too many. However, based on UMEME’s presentation, one gets the feeling that UMEME is engaged in a blame game.</p> <p>The utility says that the electrocutions that are attributable to its actions are nearly at zero.</p> <p>However, those that are not attributable to UMEME are increasing and stood at 39 in 2018.</p> <p>Uganda loses too many people and we should stop the blame game.</p> <p>ERA needs to task UMEME to end electrocutiions</p>	
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