PARLIAMENT OF UGANDA

VIEWS OF THE OPPOSITION IN PARLIAMENT

ON

THE ELECTRICITY (AMENDMENT) BILL, 2022

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LEADER OF THE OPPOSITION

March, 2022

1.0 INTRODUCTION

Mr. Chairman, Deputy Chairman and Members of the Committee on Environment and Natural Resources. I am delighted to be here this morning as you process the Electricity (Amendment) Bill 2022.

On behalf of the Opposition in Parliament, I would like to take this opportunity appreciate the work this committee. You are now processing the 3rd Bill in a period of 2 months. Because of the speed at which you are processing these Bills, I have been compelled to appear myself to give my input despite the able representation that the opposition has on this committee. I would like in a special way, to thank members of the Opposition on the Committee. Your participation and updates which you provide to us as your leaders is much appreciated.

The overall purpose of this presentation is to inform Ugandans that we have a tariff reduction plan that will lead to an immediate reduction in the end user tariff in the service territories operated by Umeme Limited, Uganda Electricity Distribution Company Limited (UEDCL), West Nile currently under WENRICO and other service territories such as Bugala Island run by Kalangala Infrastructure Services. Our proposed amendments are intended to provide a sigh of relief to all Ugandans connected onto the grid.

2.0 OBSERVATIONS

Overall, the Electricity (Amendment) Bill, 2022 is not intended to solve any of our strategic challenges in the Electricity Supply Industry. The Bill is generally anchored on strengthening the Regulatory Function of the Industry. As the Opposition in Parliament, we have no objection to clauses that seek to empower the Electricity Regulatory Authority in better delivering on their mandate. We however, would like to propose amendments that will facilitate a significant reduction in the end user tariff.

We notice that the Principles of Electricity (Amendment) Bill, 2022 include ***related matters.*** We now seek to introduce amendments in the Bill that are largely intended to reduce the financial burden on the electricity consumer in the tariff.

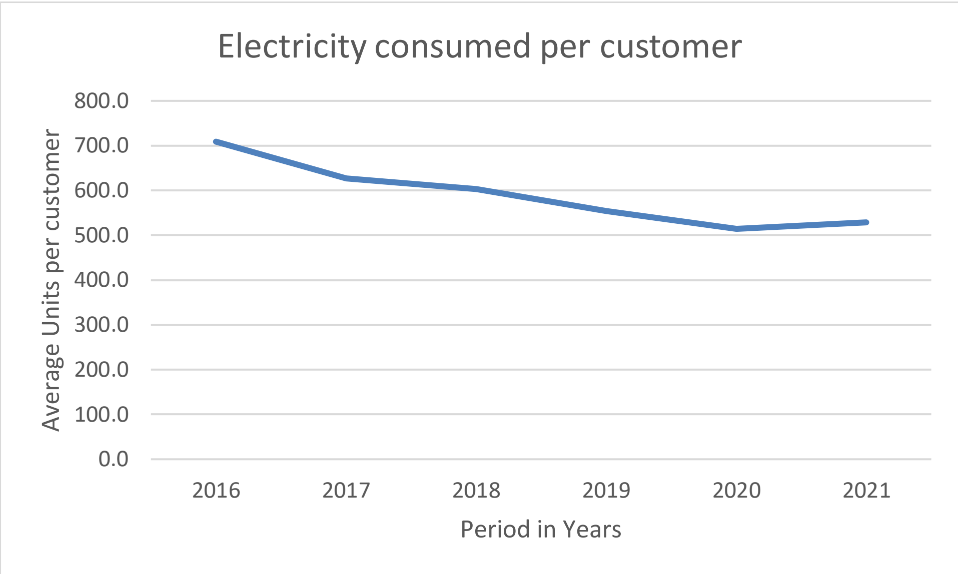
Mr Chairman and Colleagues, this Bill before us is not proposing amendments that would help this country in addressing 5 key challenges in the sector;

1) Unaffordable end user tariffs
2) Constrained demand for electricity
3) Unreliability of supply to customers already connected on the grid.
4) A dilapidated distribution networks.
5) Growing deemed power in the electricity supply system.

I invite this committee to appreciate a steady decline in the average number of units of electricity consumed per customer in the recent years. Electricity consumed per customer declined from 708 kWh in 2016 to approximately 528 kWh in 2021. This useful indicator, confirms that indeed we have **constrained demand** for electricity.

Table 1 below demonstrates our worry as the Opposition in Parliament. It is the reason we have come up with proposed amendments intended to ***release constrained demand*** for electricity.

Graph1: Electricity Consumption per customer (kWh per customer)



Source: Data by ERA. Compiled by OLOP

2.1 Proposed Amendments

We are accordingly proposing amendments to the Electricity (Amendment) Bill, 2022 to achieve the following;

1) Refining the Presidential directive billing US$ 5 cents per unit of electricity for industrialists in order to make it fair, practical and non-tariff increasing.
2) Lowering the end user tariffs for everyone (not just industrialists).
3) Creation of the Energy Development Fund and its funding streams
4) Strengthening Government ownership of electricity infrastructure.
5) Stemming off mafias who intend to steal our profit making electricity companies; UEGCL, UETCL and UEDCL.

Mr Chairman, allow me to first take the Committee through a brief breakdown of the electricity tariff. Thereafter, I will highlight components of the tariff that we seek to eliminate by way of amendment of the principal Act.

Brief on tariffs in Uganda.

The formula for setting the tariff is;

$$\text{Tariff} = \frac{\text{Total Annual Sector Financial Requirements}}{\text{Number of units expected to be sold}}$$

T = GC+TC+DC

T = Tariff

GC = Generation Cost (Financing requirement for all generation plants.

TC = Transmission Cost (It is the financial requirement for UETCL to Transmit power from Generation plants to its points of sale)

DC = Distribution Cost (Financing requirements for distributing power)

The approximate current tariff breakdown;

- Average Generation Tariff = Shs. 230.
- Average Transmission Tariff = Shs. 35
- **Average Bulk Supply Tariff = Shs. 265**
- Average Distribution Tariff = Shs. 177
- Average End-User Tariff = Shs. 466
- VAT = Shs. 84
- Average Yaka Tariff = Shs. 550

Domestic Consumers category face the highest tariff face the highest end user tariffs. This category of consumers that form the base on which all the Parish Development Model is anchored pays Shs. 747.5 plus VAT leading to a Yaka cost of Shs. 882 per kilowatt hour. The formula above excludes VAT tax imposed on every unit of power sold. All documents published by sector players including the Electricity Regulatory Authority, are silent on the actual end user tariff which should include VAT.

2.2 Clause 14; the sale of power to industries directly by Generation and Transmission companies.

Bill seeks to amend Section 56 to provide for circumstances under which a holder of a Generation License or Transmission License may supply electricity to persons other than a bulk supplier (UETCL).

Observations

Table1: Generation plant capacities and tariffs

No.	Generation Plant	Installed Capacity (MW)	Effective Generation Capacity	Cost per kWh(Shs)	Cost per kWh(US$)
1	Owen Falls Complex	380	150.0	53	1.5
3	UEGCL (Isimba)	183	110.3	150	4.2
4	UEGCL (Karuma)	600	48.2	177	5.0
2	Bujagali	250	163.8	323	9.1
5	Agago Achwa-1	42	8.9	357	10.0
6	Kakira SW	32	18.3	347	9.7
7	Kinyara	7.5	1.1	289	8.1
8	Sugar & Allied		3.2	352	9.9
9	SCOUL	25	8.0	339	9.5
10	KCCL	10.5	6.6	195	5.5
12	Bugoye-Tronder	13	8.3	336	9.4
13	Mpanga	18	9.9	237	6.7
14	Ishaha Ecopower	6.5	2.2	258	7.2
15	Muvumbe		4.0	338	9.5
16	Nyamwamba 1	9	3.8	305	8.5
17	Rwimi	5.5	3.2	352	9.9
18	PA Technical Nkusi	9.6	7.9	339	9.5
19	Elgon Hydro Siti 1	5	3.1	360	10.1
20	Mahoma	3.2	1.3	391	11.0
21	Lubilia	5.5	2.6	355	10.0
22	Buseruka Hydromax	9	8.3	339	9.5
23	Elgon Hydro Siti 2	16.5	9.1	305	8.6
24	Ziba Limited (Kyambura)	7.6	3.6	355	9.9
25	Waki (Hydromax Nkusi)		1.9	362	10.2
26	Butama - Sindila	6.5	1.6	355	10.0
27	Ndugutu SHP	4.8	2.1	362	10.1
28	Tororo Solar	10	2.3	408	11.5
29	Tororo Solar North PV	10	2.2	392	11.0
30	Access Solar	10	2.5	401	11.2
31	Xsabo Solar	20	5.0	392	11.0
32	Emerging power(Solar)	10	2.7	392	11.0
34	Electromax -Arua	8	0.4	979	27.5
35	UEGCL- Namanve	50	7.0	693	19.4
36	Timex Bukinda		5.4	337	9.4
37	Greenwus Kakaka	4.6	2.3	356	10.0
38	Kikagati	14	7.0	303	8.5
39	Nyamagasani 1	6	3.8	303	8.5
40	Nyamagasani 2		1.5	342	9.6
42	Nyamwamba 2	7.8	2.7	356	10.0
43	Import KPLC -Kenya		2.1	356	10.0
44	Import Rwanda		0.5	294	8.3
	Total		**639**	**230**	**6.5**

1) From the Table1 above, no private (independent power producer) power station is able to sell power at less than the much touted US$ 5

cents per kWh. Only Government hydro power plants at Kiira, Nalubale, Isimba and Karuma can deliver power DIRECTLY to a consumer at a cost of US$ 5 cents per unit. These 4 are already interconnected by UETCL.

2) Government is reportedly in final stages of merging UEGCL, UETCL and UEDCL into one utility company with generation, transmission and distribution license. There is no need and justification of amending Sec. 56 of the Principal Act since the merged company will be able to supply power directly to some categories of customers at below market rates.
3) Government owns the largest dams, the entire transmission and distribution assets and therefore can by policy use this leverage to sell power to industries at a low cost as currently planned in industrial parks.
4) Even before the merger, UEDCL which already has in-house capacity, should be given the responsibility of distributing power to industries in the industrial parks. We should not make a law for UETCL to distribute power when we have a Government owned power Distribution Company.
5) Based on observations (1), (2), (3) and (4) above, clause 14(3) is not necessary. The sub-clause should not stand as part of the Bill.

Proposed Amendment.

Delete sub-clause 14(3) from the Bill.

Justification.

Ugandans own the largest share of power generated. Government of Uganda controls all the power transmitted. Government through the regulator sets the price paid by consumers. Government is in control. Clause 14(3) if left to stand as part of the Bill would lead to Government losing control as a "single buyer" of all power generated.

Clause 14(3) has the effect of increasing the end user tariff for categories of consumers like domestic consumers who are not targeted in the subsidy. This is because the policy does not reduce the combined sector costs. Domestic consumers have to take on a bigger burden of the costs, leading to higher end user tariff.

2.3 Clause 15; Tariffs and terms of supply

Mr Chairman, as people's representatives, we have an opportunity to fix the tariff aspects of the tariff formula that would lead to lowering of the end user tariff by about 200 shillings per unit for domestic consumers. Clause 15 of the Bill is refers to amendment of Sec. 75 of the Principle to provide for royalties paid by generation plants to Local Government. We support the Amendment.

We however note that the real amendment of Sec. 75 should be on components of the tariff that would bring it down especially for domestic consumers. Presidential directives are made for industrialists but no one is talking for Small and Medium Enterprises as well as domestic consumers.

I have come to the committee on Environment and Natural Resources to remind you that fixing the domestic tariff is the only way to save our forests and the environment.

I have also come here to remind the Committee that value addition under the much hyped Parish Development Model will depend on how Parliament touches on the tariff methodology to provide relief to domestic consumers category.

Observations.

1) The end user tariff in Uganda is so high that electricity consumption per customer continues to decline even as more dams are being commissioned. Demand for power is constrained by the unaffordable tariff. Please refer to graph1 above.
2) Energy losses contribute 18% to the Umeme's end user tariff. 23% of UEDCL tariff is composed of energy losses. A further split of energy losses into technical losses and commercial losses helps us to identify the loss category that is beyond the control of consumer and the energy companies. According to Electricity Regulatory Authority, Umeme is allowed to claim a refund for losing 8.8% of all power in its system on account of technical loses.
3) Umeme total Energy losses for the year 2020 was Shs 56 billion (US$ 15m)[1]. Approximately 65% of these losses or Shs 36.4 billion are technical losses.
4) Consumers pay the profit tax for Umeme. In 2020, the regulator, ERA approved Shs. 71 billion as the contribution consumers make for paying Umeme's profit tax. By the end of the year, URA had collected 30 billion from Umeme as profit tax. Umeme collected Shs. 41 billion in excess.
5) Consumers are asked to pay a higher fee (Shs. 71 billion) as a payment for Umeme's tax than the provision for technical losses (Shs. 36.4). It is therefore possible to eliminate technical losses from the tariff and Umeme would still make a lot of profit.

Table 2: Distribution losses by utility company

Utility	2016	2017	2018	2019	2020	2021
BECS	51.0%	22.9%	29.5%	20.7%	65.0%	
UEDCL	22.2%	32.0%	41.0%	40.8%	42.4%	44.1%

[1] Umeme Annual Report, 2020.

KRECS	34.2%	30.2%	22.6%	24.8%	28.0%	24.0%
KIL	15.2%	22.0%	16.5%	15.1%	31.5%	33.3%
PACMECS	8.3%	22.8%	5.8%	23.6%	29.0%	25.0%
Umeme	18.8%	16.6%	15.9%	16.3%	17.0%	18.4%
Total	18.9%	16.9%	16.5%	16.8%	17.8%	19.1%

We propose that ***technical losses be removed from the tariff methodology*** applied by the Authority. The effect of this would be distribution companies recognising these losses in their profit and loss accounts leading to lower net income as well a lower tax liability. Applying this amendment would lead to an automatic reduction in the end user tariff by at least 8% for all service territories including those served by Umeme, UEDCL, Kalangala Infrastructure Services and WENERICo.

If a distribution company did not make any profit on account of the technical losses on their books of accounts for any particular financial year, the Energy Development Fund shall cover the gap.

This would boost effective demand for electricity leading to a further reduction in the distribution tariff. Increased sales of electricity would raise profitability of distribution companies as they sell more units of electricity or economies of scale.

Proposed Amendment

A sub-clause be introduced after clause 15(b) seeking to amend Sec. 75 by introducing a sub-section in the principal Act immediately after Sec. 75(4). The new clause should read as follows;

15(c) Not withstanding subsection (4), distribution technical losses shall not form part of the electricity distribution tariff.

Justification.

This amendment would lead to an automatic reduction of at least 8.8% of the tariff for domestic and commercial consumers' category. As I will indicate in our general observations, this amendment combined with a varied VAT rate for domestic consumers would lead to a reduction in the price of electricity by at least Shs. 200 per unit.

Clause 15; Presidential Directive on Industrial Tariff.

Parliament was notified in the Budget Framework Paper for FY 2022/23 that the magical US$ 5 cents as directed by the President is being piloted in Kapeeka and Buikwe Industrial Parks. That the Ministry of Energy intends to roll this type of electricity billing to many more industrial parks in FY 2022/23.

Observations

i. Currently, a unit of electricity is being delivered from generation plants to Kapeeka and MMP industrial parks at a cost of US$ 7.4 cents or Shs. 265/=. The same unit of electricity bought at Shs. 265 is sold to "industries" is sold at about US$ 5 cents or Shs. 178/=. Currently we electricity consumers, through our Yaka payments are subsidising the industries of Kapeeka industrial park.

ii. Due to lack of a functional planning unit in the sector, no is defining the meaning of is "industry" in order to qualify to benefit from the artificial tariff of Shs. 178/= per unit. The proposal is so vague on detail that no one sought to guide the president that industries are categorised according to level of electricity consumption not where they are located (whether industrial park or not). The presidential directive seeks to sell electricity to cement factories, steel factories and tile factories at the same rate as plastic manufacturers or beverage industries. This is not tenable and unjustifiable.

iii. Since Parliament cannot do sector planning, we can only deploy the only tool available to us; legislation. We are proposing to amend Sec. 75 of the Act to set a fair principle that no industrial customer shall be billed at a level lower than the cost of delivering a unit of electricity at the bulk (wholesale) price. This price covers the cost of both generating and transmitting a unit of power to an industrial park or factory. As more electricity is consumed, the electricity whole sale price will come down closer to the dream US5 cents.

Proposed Amendment;

Introduce a new clause that seeks to amend Section 75 of the Principal Act by inserting a sub-clause after 75(4) to read as;

Notwithstanding (4) above, no industrial consumer shall be billed at a tariff less than the Bulk Supply Tariff.

Justification.

Parliament delegated too much power to the Electricity Regulatory Authority to determine the end user tariffs (Please refer to Sec. 10 of the Principal Act.

This Bill provides Parliament the opportunity to exercise part of its power to restrict the extent of this open ended delegation in tariff setting.

Before this proposed amendment, large industries are paying on average Shs. 355.6/= per unit or US$10 cents. Extra-Large industries are billed on average Shs. 301.1 or US$ 8.4 cents.

Our proposed amendment of billing all industries (whether medium industrial, large industrial or extra-large would lead to a flat tariff bill of Shs. 265.5/= per unit or approximately US$ 7.4 cents. This amendment would lead to a reduction in the bill from US$ 8.4 to about US$ 7.4 cents. A flat tariff (US$5 cents) for all industries is not ideal. We expect the authority to continue classifying industries by level of consumption and efficiency of use of energy.

2.4 Energy Development Fund

The Energy Sector has a significant deficit in transmission and distribution infrastructure. Estimates of required financing to repair, rehabilitate and expand the electricity distribution network. The transmission and distribution networks require an estimates US$ 2.5 and US$ 1.5 billion in new investments respectively. This level of required financing is so high for the already heavily indebted Uganda to take on additional loans of such magnitude.

Commissioning of Karuma and other power stations will make available close to 2,000 megawatts for evacuation to end users. Without repairing the dilapidated grid and injecting more transformers, payment for deemed energy will rise.

We propose an amendment that establishes the Energy Development Fund with funding largely coming from excess revenue generated from the sale of electricity by generation, transmission and distribution companies as determined by the Authority on an annual basis.

Every year, the Authority reconciles all electricity revenue collections by tariff category. Companies like Umeme, Eskom, UETCL, UEGCL, UEDCL etc. must reconcile with ERA on the revenues collected in a previous tariff year. In practice, there are usually a surplus of revenues on account of higher electricity sales than had been projected by the Authority.

To demonstrate my point, in the 2020 tariff year, ERA had allowed Umeme to recover Shs. 71.7 billion for income tax payments for Umeme. By the end of 2020, Umeme had paid only Shs. 30 billion. This meant that Umeme collected 41 billion in excess of what it was allowed to collect from our Yaka payments[2].

[2] Electricity Regulatory Authority, Tariff Review Report, 2022.

This excess revenue should all be deposited in the Energy Development Fund for rational investment in the network.

Information on surplus revenue by all the UEB successor companies is scanty. The companies invest excess revenues in Treasury Bills as well as fixed deposits in commercial banks leading to generation of interest income. All this revenue should be swept to the Energy Development Fund that we are proposing in amendment.

Proposed Amendment;

1. Introduce a clause that seeks to amend Sec. 64 of the Principal Act by replacing the Rural Electrification Fund with the Energy Development Fund to read as;

   Energy Development Fund

2. Under the proposed clause above, further amend Sec 64 (1) to read as;

   The Minister shall establish a fund to be known as the Energy Development Fund

3. Under this new clause, Sec. 64 (2) (b) is amended to read as;
   Any surplus revenue from the operations of the authority and all public companies involved in electricity generation, transmission and distribution.

4. Introduce a new sub clause immediately after Sec. 64(2)(b) to read as;
   Any surplus revenue collected by electricity generation, transmission and distribution companies beyond the annual threshold set by the Authority.
5. Introduce a sub-clause that seeks to amend Sec. 64(3)(a) to read as;
   Administer the fund with approval of Parliament.

   The import of this amendment is to support the growth of the Fund by involving Parliament which would good reasons cause to supplement the resources of the Fund with relevant appropriation.

Justification.

Whereas the executive is failing to reconcile the certificate of financial implications to include creation of a Fund, we find that;

i. Our proposed amendment does not create a new Fund in the principal Act. We are only RENAMING and existing Fund in Section 64.
ii. Even if it was to be a separate Fund, the wording of the Certificate of Financial Implications is sufficient in its current form. All monies to be deposited in the Fund are available to ERA which sets the tariff. This will be money collected from electricity sales in the electricity market NOT taxes in the consolidated fund. Electricity Revenues distinctly different from Government Revenue.

Creation of the fund will help to ring-fence financing for;

1) Energy infrastructure like transmission and distribution grid network infrastructure.
2) Insurance cover for distribution companies who may in some years fail to absorb distribution technical losses. This is because we are proposing an amendment that eliminates that type of losses from the tariff.

This would boost demand for electricity leading to a further reduction in the distribution tariff and ultimately raise profitability of distribution companies as they sell more units of electricity or economies of scale.

Proposed Amendment

A sub-clause be introduced after clause 15(b) seeking to amend Sec. 75 by introducing a sub-section in the principal Act immediately after Sec. 75(4). The new clause should read as follows;

15(c) Not withstanding subsection (4), distribution technical losses shall not form part of the electricity distribution tariff.

Justification.

The US$ 5 cents subsidy seeks to help only industrialists. Domestic consumers as well as Commercial Consumers (Non-industrial) are being left to shoulder the burden of;

i. paying income tax for Umeme and other distribution companies
ii. Paying for energy losses incurred by Umeme and other distributors.
iii. Paying Distribution Operations and Maintenance Costs
iv. Paying for Return on Investment of Umeme and other distributors.
v. Paying for distribution asset depreciation costs

Introducing this amendment helps to give some relief to the category that will require tariff relief measures especially now that we would like to support small electricity consumers under the Parish Development Model.

2.5 Deletion of clauses 32

Clause 32 intends to change majority shareholding of the successor companies of UEB from one member of Cabinet to another. The Minister responsible for Electricity who has failed to plan for the sector now wants to black the structural weakness of the Ministry on the ownership of UETCL, EUGCL and UEDCL. There are 46 power stations/companies in the country, majority of whom are privately owned. The Minister provides policy guidelines for all sector operators irrespective of who owns a particular licensee.

The Minister should be busy looking for cheaper ways of rehabilitating the dilapidated grid than trying to psychologically feel powerful for a mere procedure of who owns our public companies.

A moral hazard problem is like to occur where the regulator has no capacity to sanction the management of these powerful UEB successor companies appointed by the same Minister who appoints the ERA Board.

Let the ownership remain as it is today because we have not been given any problem that the amendment is seeking to solve.

2.6 Deletion of clause 33.

Clause 33 seeks to introduce a new section in the principal Act, to enable the Minister to issue/float shares in the successor companies of UEB. This is a red line for us as the opposition in Parliament. With full knowledge of how our profit making public companies were sold and nothing to show for it, I implore the committee to delete this clause without much debate.

Justification.

i. Globally, public utilities lie water electricity corporations are meant to provide services to the population at marginal cost (without significant profit). Therefore, electricity is not supposed to be a “profitable” sector in which to attract private interest that pursues profit. The 20 year experiment with Umeme has given us enough experience to say NO.
ii. The tax payer (not the Yaka buyer) is still paying for the debts of UEGCL, UETCL and UEDCL. All these dams and power lines are assets of these companies and the shacks are already looking at these seemingly profitable companies to grab them because they make profit on electricity sales.

iii. Even in 2022, the Yaka payments we make exclude capital or project related spending by UEGCL and UETCL[3]. The tax payer through the budget appropriated by Parliament is still meeting all the capital/development investments for these companies. This means that these are untouchable assets of the tax payer and therefore, let this Bill not even cause a debate on what is remaining of our public assets.

3.0 Other Sector Plans.

3.1 Vary VAT rate for domestic consumers.

Mr Chairman and colleagues, for the Parish Development Model to have a chance at value addition, this Committee must agree with us to cause vary the VAT rate paid on electricity sales for domestic consumers. Kenya in 2020 did it when it lowered the VAT rate paid on electricity sales from 16% to 14% leading to a surge in demand for electricity.

We are proposing that Parliament stands together in a bipartisan way and amends the Income Tax Act to lower the VAT paid on electricity sold to domestic consumers from 18% to 10%. Taking the example of the 2020 calendar year, domestic consumers through Yaka bought electricity units worth Shs. 466 billion and toped it up with VAT payments of Shs. 85.6 billion. If Parliament had amended the law to provide for ONLY domestic consumers to pay 10% instead of 18 percent, Government would have collected Shs. 47.7 billion, leading to a revenue loss of Shs. 38.1 billion.

This policy measure would only affect domestic consumers who contribute 29% of all sector revenues. 71% of the electricity sold would still have a VAT rate of 18% apply. The combined effect would be that instead of Shs. 289 billion which URA collected in VAT on electricity sales in 2020, the actual collections would have been Shs. 250.9 billion.

URA stands to make more collections to offset the shortfall created by this policy measure of lowering the VAT rate by surging demand on account of power affordability.

This policy when combined with the elimination of technical losses would clear deemed power in the system further saving hundreds of billions that the tax payer will be paying after commissioning of Karuma dam later this year. We must however, commit as Parliament not to touch on any other items in the VAT basket.

3.2 Umeme Concession.

[3] Electricity Regulatory Authority, Tariff Review Report, 2022.

Mr Chairman and Honourable Colleagues, 1st March 2022 is a special day. It marks exactly 36 months from when UEDCL should take over its asset now being managed by Umeme Limited. We expect to all pay Yaka to UEDCL effective 1st March, 2025. I will provide an overview of our proposal to transition from Umeme to UEDCL. Details of the Umeme farewell will be presented by the Shadow Minister of Energy and Minerals in our Alternative Policy Statement that will be referred to this committee.

Related to the above, Eskom (U) Limited also operating a 20 year lease and assignment of the Owen Falls Complex of Kiira and Nalubale dams is also biding us farewell in September 2022.

We are also aware that WENERICO which operates Nyagak, a seasonal hydro power dam in Zombo District and runs a distribution license for the whole of West Nile is supposed to bid us farewell in 2024.

In all cases of expiring 20 year concessions, Government of Uganda has failed to provide leadership based on evidence. No single study has been undertaken to base our policy options about whether to run out these concessions naturally or to extend them with some modification etc. Currently, we have no study that can authoritatively give us the physical status of the distribution grid network. In many constituencies across the country, medium and low voltage power lines were elected by Rural Electrification Agency but they are not energised. Even those that are energised lack an adequate transformer population to enhance reliability of power supply. In short, the distribution network is dilapidated by no one seems to know the extent that the network requires rehabilitation and who should undertake the task.

Our Proposal about Umeme and other related decisions.

Mr Chairman, on behalf of the opposition, I propose that;

i. Ministry of Energy and ERA commission a study in 2022 to evaluate the performance of Umeme in terms of the lease and assignment agreement with UEDCL. This will guide the current state of the grid run by Umeme.
ii. The study in (i) above should also cover other service territories including UEDCL, Kalangala Infrastructure Services, and WENRICO etc.
iii. Identify an independent investor willing to reinforce the transmission and distribution grid infrastructure at a very low return on investment with recovery of that investment being longer dated e.g 30 years.
iv. Allow UEDCL to do operations and maintenance of the network when Umeme's concession runs out. The network will have been rehabilitated

by an international investor as a one-off investment. This would enable UEDCL to run the network smoothly.

v. Umeme may be contracted by UEDCL for about 1 year as a way of outsourcing the billing and collections function during the transition. UEDCL would within 1 year be able to undertake billing and collections without any input of an outsourced company.

The combined effect of the proposals I have highlighted above would be to reduce the end user tariff by over 30 percent. The effect on GDP, tax collections and job growth would be unprecedented in our country. That is when the Parish Development Model cash bonanza would make some economic.

4.0 Conclusion.

These proposals are intended to help domestic consumers and small businesses who shoulder the highest burden in the end user tariff. All policy positions from Government target relief for industrialists. I am here to support ordinary Ugandans.