



March 22, 2018

Eng. Ziria Tibalwa Waako
Chief Executive Officer,
Electricity Regulatory Authority.
Kampala, Uganda.

Dear Madam,

RE: WORK WITH THE GOVERNMENT TO AMEND THE 1999 ELECTRICITY ACT BEFORE PROCESSING CNOOC'S APPLICATION FOR A 39 GAS POWER PLANT IN KYANGWARI-HOIMA.

The above refers,

On behalf of Africa Institute for Energy Governance (AFIEGO), a registered public research and policy advocacy NGO, and on my own behalf, I take this opportunity to thank you for taking the initiative to involve the public in electricity processes. This gives institutions like ERA an opportunity to public build consensus on the available and reliable electricity development options for Uganda.

However, we note with concern that while you are rushing to process CNOOC's application to build and generate over 39mw from gas, your office as part of government has for over five years failed to advise and work with the MEMD and other relevant institutions to amend the 1999 Electricity Act to strengthen electricity regulation in the country. Remember, in 2013, you informed Ugandans that some of the electricity challenges in the country were due to weaknesses in the Act. In particular, you indicated the following weaknesses in the Act:

- Lack of punitive punishments for those who still power,
- ERA's lack of independence where ERA does not participate in power concessions such as the one between UMEME and government.
- Situations where other government institutions like MEMD signs Power Purchase Agreements (such as Karuma, Isimba and Bujagali) without advice from ERA which lead to high tariffs thus impacting on the economy.
- Lack of a clear law to regulate thermal power plants such as Jacobsen and Electromax,
- Weaknesses on public consultations where directed affected communities are never effectively consulted.

Regarding CNOOC application, we note with concern that ERA does not find it illogical to put the application at ERA officers, offices of the Hoima LC 5 and Hoima RDC yet the directly affected area of Kyangwari is located over 50km away from the LC5 and RDC offices. How does ERA expect the affected poor communities to access such information and participate in the decision making processes?

It is also sad to note that today, government is announcing that we have access power even when the 600mw Karuma dam and 183mw Isimba dam are yet to be put on the grid. Where does ERA expect to sell the said power?

Further, the CNOOC application indicates that government has accepted to give CNOOC a return on investment of over 17% which is extremely high, yet the same government is struggling to use tax payers' money to buy down the expensive Bujagali power. Why is ERA and government failing to learn from previous experiences?

It is also sad that at a time when the government is failing to complete the enactment of the new National Environmental law to address the inique challenges of petroleum, ERA is rushing to approve the project to produce electricity from gas yet we all know the dangerous oil and gas impacts on the environment.

We are also concerned that companies like UMEME together with the government have failed to investment sufficiently to make electricity distribution safe for Ugandans and as a result many citizens are being killed by live wires, falling electric poles, transformers and many businesses and economy are collapsing because when it rains, power disappears due to poor systems. As Ugandans continue to die, UMEME and ERA shamelessly continue to blame the victims for stealing power yet the same institutions have over five years failed to amend the Electricity Act which they had promised as a solution to deal with power theft.

We are also tired of lies by UMEME where they claim that powers loses have reduced from 36% to 18% and yet the same company admits that many power consumers across the country are stealing power, the reason they are being electrocuted. Where is the truth?

We demand for the following:

- a. Halt the CNOOC application until the 1999 Electricity Act is amended to strengthen regulation.
- b. Consult the directed affected communities effectively.
- c. Reduce the return on investment to less than 8% since gas is owned by Ugandans.
- d. Disclose the entire power purchase agreement and commit to sale the generated power at less than \$ 5 cents per unit.

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Dickens Kamugisha,
CEO, AFIEGO

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- MEMD
- MFPED
- Petroleum Authority of Uganda
- The National Oil Company-U
- Chairperson, NRC
- Chairperson, Legal and Parliamentary Affairs Committee
- Chairperson, PAC