

AFRICA INSTITUTE FOR ENERGY GOVERNANCE



Plot 1288, Space Centre Building, Buggate Nagera P.O. Box 34913, Kampala - Uganda
Tel: +256 414 571597, Mob: +256 782 407085, Email: afiego@afiego.org, Website: www.afiego.org



17th/January/2019

Eng. Ziria Tibalwa Waako,
The Chief Executive Officer, Electricity Regulatory Authority (ERA),
P.O. Box 10332,
Kampala (U).

Dear Madame,

OPEN LETTER TO THE CEO OF ERA: STOP PLANS TO MODIFY UMEME'S LICENCE UNTIL PRESIDENT'S DIRECTIVE ON UMEME IS EFFECTED BY THE IGG

1. Reference is made to the *Notice of intended modification of licence number 048 for supply of electricity issued to UMEME* that was published in the *New Vision* newspaper on January 9, 2019. In this notice, ERA called for the public's comments on the intended modification of UMEME's licence.
2. Africa Institute for Energy Governance (AFIEGO) thanks you and ERA for efforts to build and regulate an electricity sector that benefits Ugandan citizens. AFIEGO is a registered public policy research and advocacy organisation dedicated to influencing energy policies to benefit poor and vulnerable communities in Uganda and the Great Lakes region.
3. Among others, we appreciate that ERA has continued to involve the public in the affairs of electricity sector regulation through convening public hearings regarding a number of electricity sector matters such as tariff applications by power utility companies and others. This is commendable even when the quality of the hearings need to be improved.
4. As an organization that works to promote electricity policies that benefit citizens, AFIEGO would like to take this opportunity to inform you that we take an exception to your January 9, 2019 public notice regarding the modification of UMEME's licence at a time when the public is still waiting for a report by the IGG following the president's directive to investigate

UMEME and at a time when the parliamentary recommendations to terminate UMEME's concession have not been implemented.

5. We request you to read the March 12, 2018 letter titled, "UMEME concession and high tariffs for electricity consumers," in which the president ordered for investigations into UMEME's concession regarding their cheating of consumers through being guaranteed a high return on investment of 20%, providing unverifiable information on how much they have invested in the electricity sector, inflation of and failure to reduce power losses among others.

6. In the letter, the president noted that the above UMEME failures and connivance with Ministry of Energy and Mineral Development (MEMD) officials to inflate power losses resulted in high power tariffs that Ugandans are saddled with to date. The president directed the Minister of Energy not to renew UMEME's concession.

7. Urgent action on the president's letter was required to assure Ugandans that government was taking steps to address problems in the electricity sector but it is now nearly a year after the president ordered the IGG to investigate UMEME but no report of the investigation has been made available to the public to help the public make informed input on the discussions regarding modification of UMEME's licence. Instead, ERA is rushing to commence discussions on the same.

8. In the absence of such a report, we demand that ERA stops all plans to discuss the renewal of UMEME's electricity supply license. This is because without the IGG's report, no meaningful and robust modifications to ensure that accessible, reliable and affordable power is supplied by UMEME will be made.

9. We further demand that UMEME works with the IGG to complete investigations about UMEME's failures in the electricity sector that have resulted into untold suffering to Ugandans in terms of lack of jobs, poor services in health, education, clean water and others.

10. We also demand that UMEME and MEMD hire an independent audit firm to do a forensic audit of the entire electricity sector with a view to assess the performance of all the sub-sectors including generation, transmission, distribution, rural electrification, regulations and others so that any future licenses and concessions are based on clear evidence, lessons and experiences of successes and challenges. Indeed, government cannot think of renewing the license of a company that has presided over a failing sector since 2005 before conducting a forensic audit on the performance of the said company.

11. Any efforts to discuss the renewal of UMEME's license and concession before the report on the president's directive and forensic audit will not help our country to provide sufficient access, affordable and reliable electricity services to Ugandans. Instead, it will worsen corruption in the sector to undermine plans by government to attain middle income status in the near future.

We look forward to your co-operation on this matter.

Thank you,

Kamugisha

Dickens Kamugisha,
CEO, AFIEGO

CC:

- The President, Republic of Uganda
- The Speaker, Parliament of Uganda
- The Minister of Energy and Mineral Development
- The Inspector General of Government (IGG)
- The Chairperson, Natural Resources Committee of Parliament
- The Chairperson, Parliament Committee on Commissions, Statutory Authorities and State Enterprises (COSASE)
- The Managing Director, UEDCL
- The Managing Director, UMEME