

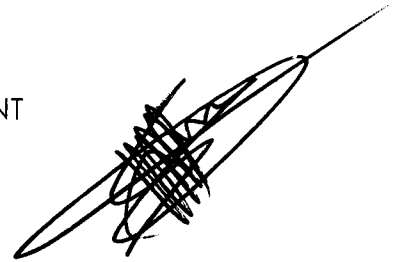


**PARLIAMENT OF UGANDA**

**REPORT OF THE COMMITTEE ON NATURAL RESOURCES  
ON**

**THE BIOFUELS BILL, 2016**

OFFICE OF THE CLERK TO PARLIAMENT  
PARLIAMENT BUILDINGS  
KAMPALA - UGANDA



November 2017

## 1.0 Introduction

The Biofuels Bill, 2016 was read for the first time on 15<sup>th</sup> November 2016 and it was referred to the Committee on Natural Resources in accordance with Rules 127 and 128 of the Rules of Procedure of Parliament. The Committee on Natural Resources has examined the Bill in detail, made inquiries and in accordance to Rule 128 presents this report with observations and recommendations to this House.

## 1.1 Methodology

The Committee held consultative meetings and received written submissions from the following stakeholders:

- a) The Ministry of Energy and Mineral Development (MEMD)
- b) The Ministry of Trade, Industry and Cooperatives
- c) Uganda National Bureau of Standards (UNBS)
- d) African Power Initiative (API)
- e) Vivo Energy Uganda
- f) Total (U) Ltd
- g) Engineers In Green Actions Africa (EGAA)
- h) Office of the Leader of Opposition (LOP)

The Committee also visited the biofuel-refinery operated by African Power Initiative in Kasanga Muyenga on 8<sup>th</sup> February, 2017 to appreciate the entire value chain process. The Committee hereby presents its findings, recommendations and proposed amendments.

## 1.2 THE POLICY AND THE PRINCIPLES OF THE BILL

As highlighted in clause 2 of the Bill, the policy and the principle of the Bill is to operationalize the Renewable Energy Policy of Uganda, 2007 with particular regard to biofuels by:

- a) Creating a conducive environment for the production and management of biofuels and promoting the production of biofuels including promoting the production of biofuels for power production and the transport sector;
- b) Promoting the availability of an alternative, renewable energy which preserves the natural ecosystem and the biodiversity and ensures food security in Uganda;
- c) Creating the institutional framework for the management of the production, storage and transportation and the blending of biofuels in petroleum products and utilization of biofuels;
- d) Regulating activities related to the production, blending of biofuels in petroleum products and utilization of biofuels for social and economic benefit and increased rural incomes;
- e) Promoting sustainable production and utilization of biofuels for social and economic benefit and increased rural incomes;
- f) Ensuring occupational health, public safety and protection of the environment in the production of biofuels; and

- g) Increasing the reserve base of the oil and gas resource in Uganda by blending biofuels in petroleum product.

## 2.0 RATIONALE FOR THE LEGAL FRAMEWORK

According to the memorandum of the Bill, (2. Gaps in the existing legal framework) efforts have been made by the Ministry of Energy and Mineral Development to accelerate the development and the use of renewable energy resources and technology in the Country. This is however being hindered by lack of a legal framework to regulate the production and management of biofuels in the Country.

There is therefore need to put in place a law that will require oil all companies to blend their products with biofuels to the level of 10 percent to enable the alleviation of Energy shortfall in the Country.

## 3.0 GENERAL OBSERVATIONS AND RECOMMENDATIONS

In scrutinizing the Bill, the Committee made some general observations and general recommendations

### 3.1 POLICY FRAMEWORK ON BIOFUELS

The Committee notes that Government under the Renewable Policy for Uganda commits to make modern renewable energy a substantial part of the national energy mix. This policy lays out specific modalities for the development and production of biofuels. The Biofuels Bill is therefore a step towards establishing the legal framework for the management and use of biofuels in Uganda.

### 3.2 THE NEED TO ATTAIN ENERGY SECURITY AND INDEPENDENCE

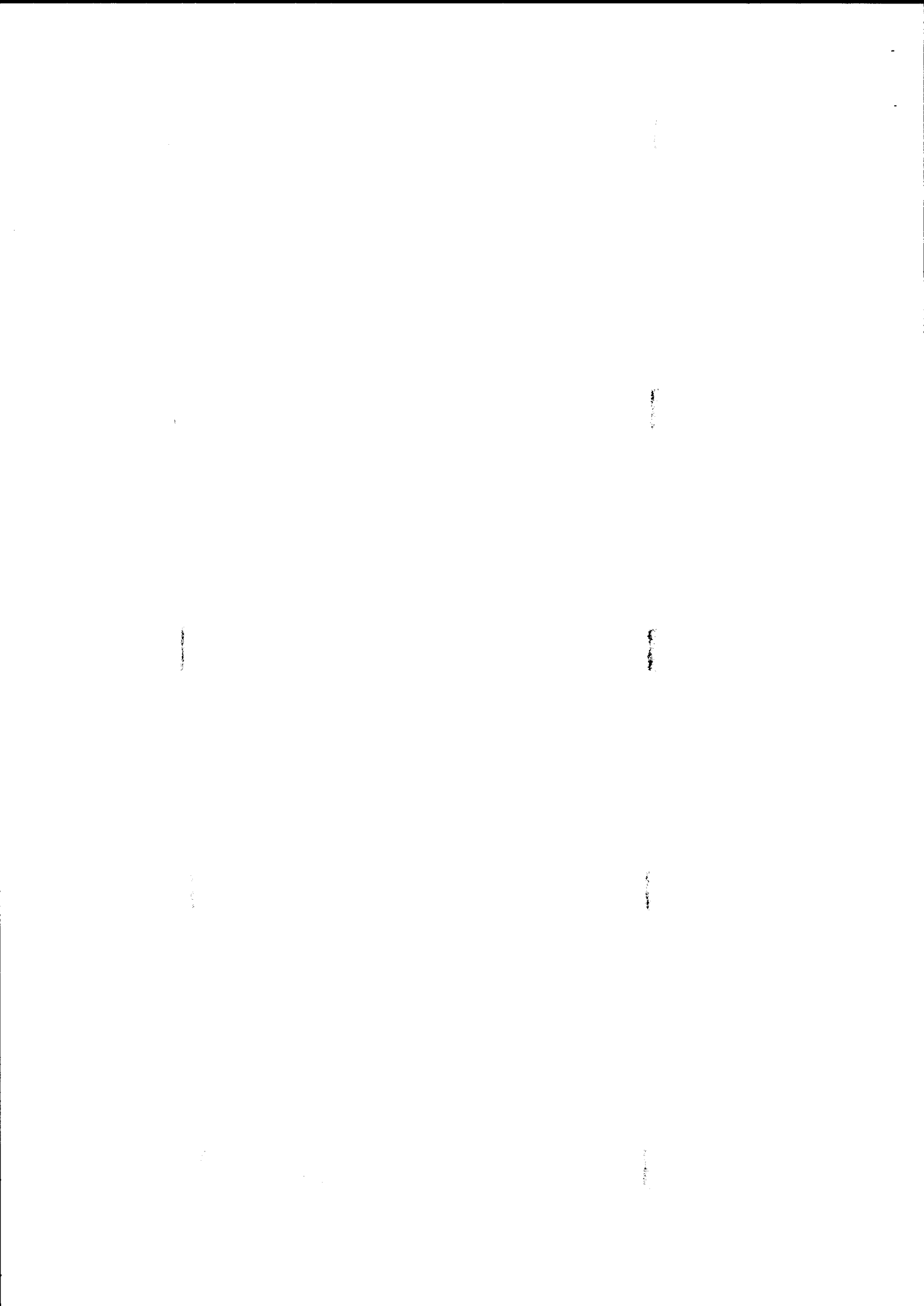
The Committee observes that the Government of Uganda has made efforts to develop renewable energy resources as an integral part of the country's energy future.

Despite the sporadic changes in the cost of oil on the international market, the cost of petroleum products in Uganda has remained high. Petroleum Products remain the highest contributor to the country's import bill. For instance, in 2015, petroleum and petroleum products accounted for the country's highest imports bill at US\$ 1,007.8 million that represents 18.2 per cent of all imports<sup>1</sup>. The high price of fossil fuels has contributed greatly to the commercial viability of bio-fuels like ethanol, methanol, biogas and bio-diesel. As such, partial substitution of petroleum products with locally produced bio-fuels will therefore reduce the burden on the economy caused by imported fuels and therefore, moves the country towards energy security and independence<sup>2</sup>.

<sup>1</sup> Uganda Bureau of Statistics, (UBOS) 2016 Statistical Abstract

<sup>2</sup> The Renewable Energy Policy for Uganda

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### 3.3 CURRENT STATUS OF PETROLEUM IMPORTS AND ENVISAGED BIOFUEL REQUIREMENT

The Committee notes that total volume of petrol imported in 2015 was 771,120,520 litres and diesel was 824,919,626 litres<sup>3</sup>.

This translates into a daily consumption of 2,260,053 of diesel and 2,112,658 of petrol. Table 1 below highlights the blending requirements for petrol and diesel at the various percentages.

**Table 1: Average usage of petroleum products and their corresponding biofuel requirement.**

	Total Annual Usage	Average per day	Daily Biofuel requirement at 5%	Daily Biofuel requirement at 10%	Daily Biofuel requirement at 20%	Annual Biofuel Requirement at 5%	Annual Biofuel Requirement at 10%	Annual Biofuel Requirement at 20%
Diesel	824,919,626	2,260,054	113,003	226,005	452,011	41,245,981	82,491,963	164,983,925
Petrol	771,120,520	2,112,659	105,633	211,266	422,532	38,556,026	77,112,052	154,224,104

With the blending at 5%, 105,632.9 litres will be required for bioethanol per day and 113,000 litres of biodiesel. At 20% blending requirement, bioethanol requirement is 422,532 litres of bioethanol per day and biodiesel at 452,000 per day. Annual consumption of bioethanol at 20% consumption is 154m litres and 165m litres of biodiesel.

Although the volume of petrol and diesel imports has been increasing since 2012, these envisaged biofuel volume figures do not include projections for increase in petroleum imports.

#### Recommendation

**While developing the biofuels as an alternative fuel, the Government should be cognizant of current required volumes of biofuels at required blending levels and also adequately cater for projections in import volumes.**

### 3.4 CURRENT BIOFUELS CAPACITY IN UGANDA

#### 3.4.1 BIODIESEL

The Committee notes that biodiesel will be produced from oils from plants such as Jatropha, croton, candlenut tree which are majorly non-food crops. Plantations of jatropha, candlenut and castor have been set up especially in Nakapiripirit and Masindi Districts.

Whereas companies such as NEXUS in Masindi and African Power initiative have started pilot activities, the production capacity for biodiesel is still low and inadequate to meet the blending requirements of the imported diesel.

<sup>3</sup> Ministry Of Energy And Mineral Development, Sector Performance Report FY 2015/16

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## Recommendations

- a) *The Committee recommends that elaborate modalities and mechanisms for production, collection and processing of biodiesels be developed over the next five years.*
- b) *The blending of biodiesel should be deferred until adequate production capacity is established.*

### 3.4.2 BIOETHANOL

The Ministry of Energy and Mineral Development in its presentation to the Committee noted that bioethanol shall be produced from molasses from sugar cane, sweet sorghum (Sekada and Epuripir). MEMD noted that sugar factories are currently producing enough ethanol that can comfortably be used to blend petrol. It put current production capacity at 54 million litres per annum i.e. Kakira 20m litres, Kinyara 12m litres, Mayuge Sugar 12m litres. The statistical abstract of the Ministry on the hand does not give a clear indication of these capacities but rather notes it as an envisaged projection if all sugar manufacturers come on board<sup>4</sup>. UNBS noted the current capacity as 32.85m litres per annum.

Projections at current importation volumes of petrol indicate that at 5 percent blending requirement, 38.5m litres of bioethanol is required per annum; at 10 percent 77m litres per annum as illustrated in Table 1 above. Moreover, this excludes annual projected increments of petrol imports. If ascertained and confirmed, the current production capacity is adequate for blending at 5 percent ethanol levels but not sufficient for blending levels at 10 percent.

#### Recommendation

***Biofuel blends should not exceed 5 per cent at the current capacity.***

### 4.0 PRICING OF BIOFUELS

The Committee did not ascertain the cost of production per litre of ethanol and therefore could not ascertain the impact of blending on the cost of fuel. The MEMD recommends that the price of ethanol from the sugar factories should match that of petrol so as not to over shoot the final product price.

Various sources note that the cost of a biofuel will vary in price due to the type of feedstock, production volume, production process, government incentives, food prices etc. Consequently prices vary from country to country. Until the last decade when the price of fossil fuels increased, commercial production of biofuels was not viable. Even in the rise in price of fossil fuels, Government subsidy was necessary to

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make biofuels competitive. For instance in the United States, ethanol which is the primary biofuel produced by the country is highly subsidized. Without the tax credit, it would cost up to 20- 30 percent more per gallon than gasoline<sup>5</sup>.

To keep the cost of biofuels affordable for Ugandans, the Government of Uganda may need to establish tax initiatives.

### **Recommendation**

**The Government should ensure that the cost of for blended fuels is not prohibitive to the consumer.**

### **5.0 INHERENT PROPERTIES OF ETHANOL**

Ethanol is a high octane, high vapour pressure blend component whose level of blending is dependent on vehicle technology, petrol specification and ambient conditions.

Addition of ethanol to petrol will alter the Octane number and volatility of petrol by increasing the volatility (Reid Vapour Pressure) of the petrol and alters the distillation curve of the petrol. These volatility properties of petrol are important because they ensure that there is a balance of volatile components (light ends) to enable easy starting and acceptable drivability when an engine is cold, and not so much to cause vaporisation in the fuel lines when the engine is hot (known as vapour lock, which impedes fuel flow). Thus the volatility and distillation of petrol/ethanol blends must be properly controlled to prevent potential engine running problems, e.g. difficult starting after hot shutdown, rough idle, surge and vapour lock.

In order for the blend to meet the volatility specifications, it is necessary to blend the ethanol with specially tailored base petrol blend stock with lower volatility than that of the resulting blended petrol. This might be logistically challenging as there are currently are over 90 licensed importers of fuel in Uganda<sup>6</sup>. These importers source for their fuel from different locations and are only required to meet minimum requirements of premium motor spirit (petrol) as specified in the East African Standard (US EAS 158: 2012). This implies that whereas this fuel might meet minimum requirements, it is not of uniform quality and will therefore give variant performance per importer or blending facility. Further, none of the producers of ethanol has attained certification for their product as sufficient for blending with petrol.

<sup>5</sup> Biofuels - Disadvantages of Biofuels Cost. (2017) [www.biofuel.org.uk](http://www.biofuel.org.uk). Retrieved 13 February 2017, from <http://biofuel.org.uk/cost.html>

<sup>6</sup> Ministry of Energy and Mineral Development, 2014 Statistical Abstract (2015)

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**Recommendations**

- a) *The Uganda National Bureau of Standards should test and certify that the ethanol being produced meets the quality requirements for blending.*
- b) *Quality system control mechanisms should be put in place to ensure that integrity of the blending process.*
- c) *The Ministry should guide on optimum quality requirements that will ensure integrity of petrol blends.*

**6.0 VEHICLE REQUIREMENTS.**

As the Committee noted earlier, the level of blending with biofuels is dependent on vehicle technology, petrol specification and ambient conditions. Certain vehicles and their components are not compatible with ethanol and it is anticipated that problems will be experienced with certain cars. For instance, ethanol has been reported to have adverse effects on rubber and certain plastic components present in some vehicles. The extent of these potential problems will affect the maximum allowed ethanol content. Consequently, the determination and allotment of liability for vehicle damage needs to be addressed.

Furthermore, the vulnerability of some vehicles to ethanol petrol blends is increased if the user switches intermittently between ethanol blends and non-ethanol blends. Although the Ministry of Energy in its presentation noted that at a lower concentration of ethanol in the petrol, would not be detrimental to the Ugandan fleet, this is not backed by any studies previously carried out. Also the actual fleet of Uganda is not known and Government policy on car imports remains unclear. Whereas it is common for countries that use biofuels to also have a policy in place on importation of vehicles or to have in place fleets that are modified for the use of such fuel, this is not so in Uganda, where all vehicles regardless of year of manufacture are allowed, subject to payment of an environment levy.

**Recommendations**

- a) *The UNBS should establish minimum requirements for vehicles to optimally operate on biofuels blends.*
- b) *Appropriate Tax incentives should be put in place to encourage importation of newer vehicles.*
- c) *Studies should be commissioned by the MEMD to effectively support the policy on blending of fuels.*

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## 7.0 STATUS OF STORAGE FACILITIES IN UGANDA AND THE INHERENT PROPERTIES OF ETHANOL

Ethanol is infinitely soluble in water. If there is any water present in storage or a vehicle's petrol tank, the ethanol will be extracted into the water phase. If sufficient water is present, complete phase separation can occur. This can consequently lower the concentration of ethanol in the petrol, reducing the octane and disturbing the vapour pressure and distillation properties of the petrol. It also creates waste water/ethanol, water/ether or water/ethanol/ether mixes that will consequently require appropriate wastewater management procedures. These issues ideally require that ethanol addition to petrol occurs as far down the supply chain as possible; recommended to be carried out at the depots<sup>7</sup>.

However the Committee established that currently out of the 96 licensed Companies to import, retail and wholesale for Petroleum products only seven of them have licenses for storage. These are Total (U) Ltd, Kobil (U) Ltd, Oilcom (U), MGS International Limited, Gapco (U), Petrocity Enterprises, Hared (U)<sup>8</sup>.

### Recommendation:

**The Committee recommends that investment in appropriate ethanol storage facilities and injection equipment at these depots should be in place before any petroleum product can be blended with biofuels. .**

## 8.0 SAFETY CONCERNS

Ethanol flames have limited visibility, thereby requiring special fire-fighting procedures. Different types of foams and foam application techniques may be required for ethanol and its blends, posing different risks to fire fighters. The additional safety requirements will therefore have cost implications at storage and retail outlets.

The Committee also notes that ethanol is a consumable and therefore there is need to add a suitable denaturant to it so as to prevent its uptake by the public.

### Recommendations:

- a) **The Ministry of Labour, Gender and Social Development (MLGSD) should put in place safety requirements for facilities handling biofuels and its blends.**
- b) **The (MLGSD) should monitor and ascertain that facilities handling biofuels and its blends meet safety requirements.**

<sup>7</sup> Petrol and Diesel in South Africa and the impact on air quality, SAPIA (2008)

<sup>8</sup> Ministry of Energy and Mineral Development, 2014 Statistical Abstract (2015)

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## 9.0 TYPE OF STORAGE TANKS IN PLACE

The Committee observes that in addition to the insufficiency in storage capacity currently in place, there is also no standard on the type of tanks to be used for storage of the blended fuels. It is recommended that the storage tanks to be used for ethanol and its blends, have to be kept free of water at all times, requiring careful operating procedures and appropriate tank design. For example, floating roof tanks are unsuitable and will need to be replaced with fixed roof tanks. Tanks should be designed so as to maintain the integrity of the fuel by preventing of ingress of water. The Committee noted that there is no capacity to certify and regulate such storage facilities.

### Recommendations

- a) **UNBS should put in place adequate standards for storage facilities for blended fuels**
- b) **Adequate capacity to inspect, maintain, certify such facilities should be developed.**

## 10. BIOFUELS SOCIOECONOMIC IMPACTS

Biofuel production is capital intensive and entails considerable financial costs particularly in accessibility of land, development of feedstock, technology development and labour among others. It provides enormous socioeconomic benefits such as creation of employment, carbon sequestration, reduction of dependence on fossil fuels among others.

However biofuel production raises risk of competing with food and sugar production especially in regard to how much of land is reserved for food production and purchase of agricultural produce.

Rapid expansion of biofuel production could increase conflict over land rights and utilization. The choices farmers make i.e. which crops are grown and how crops are grown, can have far reaching impacts on soil quality, water quality, climate change and biodiversity. The importance of these choices will be magnified as farmers prompted by high energy crop prices, seek to increase productivity of lands currently under cultivation, increase the total amount of land under cultivation and expand cultivation into less naturally productive lands.

The development of biofuel as a source of energy, when grown on a large scale, could represent a paradigm shift in agricultural development. With increasing demand for biofuels, considerable land could be diverted from food to feedstock production. This therefore calls for legislation so as to enhance positive impacts while abating the negative ones.

## 11. QUALITY CONSIDERATIONS

The Committee established that there are currently standards on ethanol, biodiesel and blends of ethanol, E5 and E10 in place. There also exist standards for petrol and diesel which are East African regional Standards that the country has adopted.

Further, although the UNBS has the standards in place, the current petroleum laboratory is inadequately equipped to comprehensively test and certify the petroleum imports and resultant blends as required by this Bill.

The Committee also noted that the Fuel Marking Programme as implemented by the MEMD and UNBS, was put in place to regulate and monitor the quality of fuel imported and distributed within the country. A marker is added to the petroleum products at point of entry, whose concentration is then monitored downstream to check for adulteration. In its interaction with the Committee, UNBS was not aware of the siting of the blending plants and how these would be incorporated into the current quality monitoring system in place. Further the definition of adulteration in the Petroleum (Marking And Quality Control) Regulations, 2009, may contradict blending of biofuels with petroleum products.

### Recommendations

- a) *The Petroleum Laboratory of UNBS needs to be adequately equipped for its role in quality assurance of petroleum products in the country.*
- b) *Government programmes such as the Fuel Marking Programme need to be realigned with such developments such as blending of fuels*
- c) *The MEMD should give a comprehensive plan on the biofuels programme for easy execution by other Government entities*

## 12. OTHER LOGISTICAL CONCERNS

From its consultation, the Committee notes some of the following as some of the logistical and cost implications that need to be put established for the effective implementation of this Bill.

- a) Additional tankage and additive dosing facilities are required at depots
- b) Absolutely dry storage and transport systems are required
- c) Floating roof tanks need to be replaced with fixed-roof tanks
- d) Accurate blending equipment is required at depot level

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- e) Ethanol petrol will need to be treated as an additional grade at depot level, unless blending takes place directly into delivery vehicles
- f) Additional analytical facilities will be required at depot level.

**13.0 COMMITTEE PROPOSALS FOR AMENDMENT**

**13.1 Commencement**

The Committee notes that biofuel production is still at the initial stage of research and development and has not yet reached commercialisation. Raising the production levels to commercial levels requires incentives, investors, technology and time. This would address the gaps relating to technical feasibility, investment costs needed to expand production capacity, operational costs and availability of feedstock. Therefore it is ideal to stagger commencement dates for the different provisions of the Bill so as enable feedstock production for biodiesel and ethanol to rise to commercial levels. The period will also be used to put in place modalities and mechanisms for technology and regulations development.

**13.2 Interpretation . Clause 3.**

The Committee notes that there are inconsistencies in the definition of biofuels. The definition of biofuels excludes fatty acids from animal oil/ fat and waste oil in addition to agricultural crops from where biodiesel can be made; while under the definition of feedstock excludes other sources for biodiesel production like plant oils such as candlenut seed oil, croton seed oil, castor seed oil, and jatropha seed oil.

The Committee further notes that the Minister responsible for biofuels should be the same Minister responsible for energy, therefore the committee will seek to amend the definition to mandate the Minister responsible for energy to be at all times the same Minister responsible for Biofuels.

The Committee proposes to amend the definitions of 'Biofuels' 'Minister', 'feed stock' and introduce new definitions of "biodiesel", Bioethanol', biomass', food crops", national standards' under clause 3.

**13.3 Mandatory blending of Petroleum products with Biofuels**

Clause 4 (1) stipulates that all petroleum products in Uganda must be blended with biofuels in accordance with the requirements of the Act.

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## Observations

Although Uganda at the moment has insufficient feedstock supply particularly of ethanol and non-food crop feedstock i.e. candlenut, castor and jatropha, it is essential to develop potential in the production of biofuels. Without an elaborate legal framework, it would be difficult to motivate biofuel production, cost and pricing control and investor confidence.

It is imperative to mention that currently Uganda has less than 5 companies (Kakira, Kinyara, Mayuge and Lugazi sugar factories) engaged in producing ethanol and 2 companies (Nexus Biodiesel and African Power Initiative who are at experimental stages) with potential of raising biofuel feedstock at commercial levels.

Section 5 of the Petroleum Supply Act 2003 defines blended petroleum products as products derived from refining and processing of petroleum and oils. Therefore the blended petroleum products envisaged are without biofuels.

## Recommendation

- a) **The Petroleum Supply Act needs to be amended to cater for blended petroleum products specified in the Bill.**
- b) **Attendant regulations arising from the Petroleum Supply Act also need to be aligned to the objectives of this Bill. These include The Petroleum (Marking and Quality Control) Regulations, 2009, where for instance the term adulteration needs to be modified.**
- c) **Clause 4(2) must be amended so that the Petroleum Supply Act shall only apply with the necessary modifications to the supply of blended petroleum products in Uganda supplied under this Act**

### 13.4 The role of the Ministry

Clause 5 provides for the functions of the Ministry in regulating the production, blending of biofuels in petroleum products and utilisation of biofuels.

However, the committee notes that certification of quality of biofuels should be the mandate of the UNBS. To this end the Committee proposes that Clause 5(j) which provides for issuing of a certificate of quality to a person to confirm for biofuels that the biofuels fulfil the requirements of the law should be transferred to clause 6 to buttress the role of the UNBS.

The Committee further proposes that, in order to effectively carry out this mandate the Ministry should be advised by a multi sectoral technical biofuels committee akin to the petroleum technical committee established under section 8 of the Petroleum Supply Act. The overall function of the Biofuels Technical Committee would be to advise the Licensing authority on applications and renewal of licences as well as on aspects pertaining to the biofuels industry in Uganda.

Specific functions of the committee include the following;

- (a) To review and advise the licensing authority on applications received under this Act;.
- (b) to advise the licensing authority on comments received from the public on biofuels in Uganda;
- (c) to advise the licensing authority on the implementation of this law.

### 13.5 Functions of the Uganda National Bureau of Standards.

Clause 6 provides for the functions of Uganda National Bureau of Standards. The Committee notes that considering the challenges that are likely to occur in the processes and value chain, it important to reinforce the role of the UNBS in the biofuels industry.

The committee therefore proposes to amend Clause 6 to mandate the UNBS to among others;

- a) formulate National Standards for production or importation, packaging, transportation, storage, distribution use and disposal of biofuels, blending of biofuels in petroleum products and blended petroleum products;
- b) formulate codes of practice for processes and persons granted licenses to produce or blend, package, store or transport and distribute biofuels;
- c) ensure that testing, certification, inspection or other conformity assessment processes to ensure that biofuels and their blends conform to National Standards;
- d) provide for examination, testing, certification, inspection or other conformity assessment processes for feedstock and the manner in which feedstock may be processed or treated to produce biofuels;

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- e) provide measurement services including calibration and verification of weights and measures used in the production, storage and transportation of biofuels;
- f) issue to a person licensed, a certificate of quality for biofuels to confirm that the biofuels fulfil the requirements of the law.

### 13.6 Introduction of New Clauses

The Committee proposes to insert new clauses on;

- (i) **Registry of Biofuels.** To mandate the Ministry maintain a registry on biofuels so as to ease monitoring of performance and trend analysis to inform policy directives.
- (i) **Renewal of licences.** To provide for the process of renewing of the licenses granted
- (ii) **Notification of change in registration.** To ensure that the biofuels register is updated at all times.
- (iii) **Compliance reporting by the Minister.** To compel the Minister to publish information on how the companies in the biofuels industry comply with the requirements of the law.
- (iv) Food crops which are exempted from use by biofuels;
- (v) Mediation and reviews between holders of licences and the licensing authority concerning the implementation of the law;
- (vi) regulations on;
  - (i) the standards of processing of biofuel;
  - (ii) the procedure to be followed by exporters in exporting biofuel;
- (iii) the records and documents to be kept and returns to be submitted by biofuel producers, blenders and sellers;
- (iv) the categories of licences and periods of validity;
- (v) the register of biofuel producer, blender or seller;
- (vi) the form for sales returns;

### 14. CONCLUSION

Rt. Hon Speaker and Members, the Committee recommends that the Biofuels Bill 2016 be passed into law subject to the proposed amendments.

I beg to report.

**Proposed Amendments.**

**Clause 1: Commencement**

- Substitute for Clause (1) the following;

“(1) This Act shall come into force on a date appointed by the Minister by Statutory Instrument; and different days may be appointed of the commencement of different provisions of this Act.

**Justification:**

Biofuel production is still at initial stage of research and development not yet at commercial levels. Raising the production levels to commercial levels requires incentives, investors, technology and time. This would address the gaps relating to technical feasibility, investment costs needed to expand production capacity, operational costs and availability of feedstock.

Therefore it is ideal to stagger commencement dates so as enable feedstock production for biodiesel and ethanol to rise to commercial levels. The period will also be used to put in place modalities and mechanisms for technology and regulations development.



**Clause 3: Interpretation**

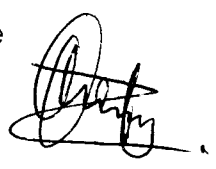
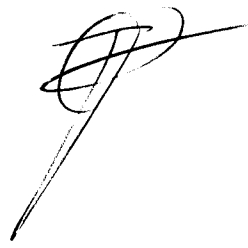
- (a) **Substitute for the definition of biofuels”, Minister”, Ministry” the following;**

“Biofuel” means biodiesel, bioethanol and other fuels made from biomass and primarily used for motive, thermal and power generation, with quality specifications in accordance with the National Standards.

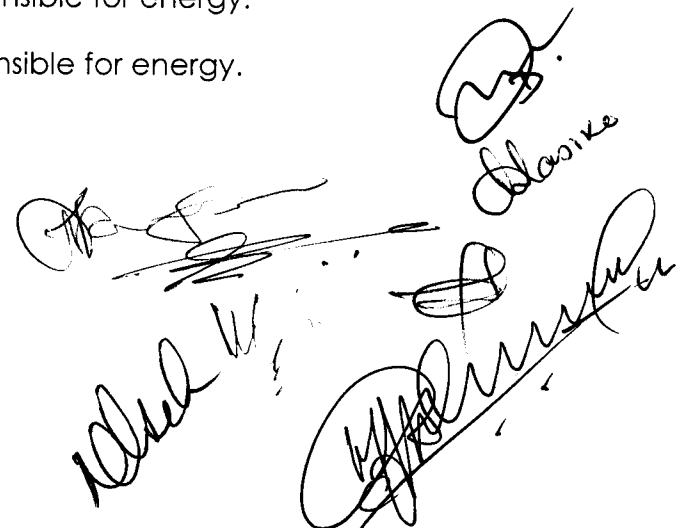
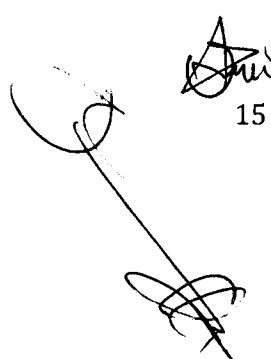
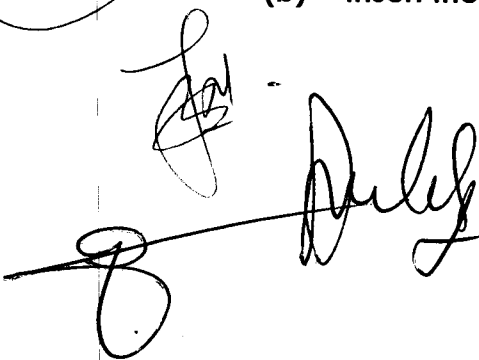
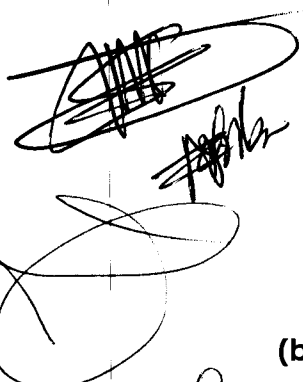
**Justification:** For clarity on the use and quality of biofuel.

“Minister “means the minister responsible for energy.

“Ministry” means the Ministry responsible for energy.



- (b) **Insert the following new words;**





- "biodiesel" means a diesel fuel obtained by esterification of oil derived from plants or animals.
- "bioethanol" means ethanol produced from feedstock and other biomass.
- "biomass" means any organic matter which is available on a renewable or recurring basis, including trees, crops and associated residues, plant fiber, poultry litter and other animal wastes, industrial wastes and biodegradable component of solid waste.
- "Committee" means the Biofuel Committee established under this Act;
- "food crops" means crops excluded from use in biofuel production and listed in Schedule 2 to this Act.
- "petroleum" means any naturally occurring hydrocarbons or mixture of naturally occurring hydrocarbons, whether in gaseous, liquid or solid state.
- "national standard" means a standard produced or adopted by the Uganda National Bureau of Standards for use in Uganda in accordance with the Uganda National Bureau of Standards Act, cap 327.

**Justification:** To provide definitions for biodiesel, biofuel blender, biofuel producer, biofuel supplier, biodiesel, biodiesel blend, bioethanol, biomass and food crops referred to in the Bill.

**(c)** Under the definition of feedstock, insert the words "and excludes food crops" immediately after the word "stalks".

**Justification:** To ensure food security and avert the risk of escalating food prices due to competition with industries that produce biofuels from food crops.

**Clause 4. Petroleum products supplied in Uganda to be blended with biofuels**

Substitute for sub clause (2) the following;

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"(2) The Petroleum Supply Act shall with the necessary modifications apply to the supply of blended petroleum products in Uganda supplied under this Act.

**Justification:** Section 5 of the Petroleum Supply Act 2003 defines "blended petroleum products" as products derived from refining and processing of petroleum and oils. Therefore the blended petroleum products envisaged are without biofuels. Based on this, there is need for modification of provisions in the Petroleum Supply Act 2003 so as to apply to the supply of blended petroleum products in Uganda.

**Clause 5. Functions of the Ministry.**

- Insert a new paragraph (n) as follows;

(n) establish and maintain a Central Biofuel Registry for the purpose of monitoring the supply chain of Biofuels.

- Delete paragraph (j)

**Justification:**

Certification of quality should be the mandate of the UNBS. This provision has been considered under clause 6 on the functions of UNBS.

**Clause 6. Functions of the Uganda National Bureau of Standards**

- Under sub clause (a), insert the word "**packaging**" between the words "production" and "storage".
- Substitute for sub clause (b) the following;

"(b) formulate codes of practice for processes and persons granted licenses to produce or blend, package, store or transport biofuels.

- Substitute for sub clause (d) the following;

"(d) provide for the testing, certification, inspection or other conformity assessment processes to ensure that biofuels conform to national standards.

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- Under sub clause (e), insert the words **"certification, inspection or other conformity assessment processes"** immediately after the word "examination".
- Insert a new sub clauses immediately after sub clause ( e) as follows;

"provide measurement services including calibration and verification of weights and measures used in the production, storage and transportation of biofuels.

"issue to a person licensed under this Act, a certificate of quality for biofuels to confirm that the biofuels fulfil the requirements of this Act.

**Justification.** Considering the challenges that are likely to occur in the processes and value chain, it's important to reinforce the role of UNBS.

### PART III – LICENSING

**New clause:** Insert a new clause immediately after clause 7 as follows;

#### Biofuels Committee

- (1) There is established a committee to be known as the Biofuels Committee.
- (2) The Committee shall consist of the following—
  - (a) a representative from the Petroleum Authority of Uganda, who shall be the Chairperson;
  - (b) a representative of the Ministry responsible for planning;
  - (c) a representative of the Ministry responsible for trade;
  - (d) a representative of the Ministry responsible for agriculture, animal industry and fisheries;
  - (e) a representative of the Ministry responsible for gender, labour and social development;
  - (f) a representative of the Uganda National Bureau of Standards;

(g) a representative of the National Environment Management Authority;

(h) a representative of the civil society nominated by a forum of non-governmental organisations.

(3) A member of the Committee shall not have any affiliation with the biofuel industry.

(4) The member referred to in subsection 2 (f) shall be the secretary to the Committee.

**Tenure of office**

(1) The members of the Committee shall hold office for a period of three years and are eligible for re-appointment for one more term only.

(2) A member may—

(a) at any time, before the expiry of his or her term, resign his or her office by giving written notice to the Minister and copying the notice to the Chairperson of the Committee;

(b) be removed from office by the Minister where the member-

(i) fails to attend three consecutive meetings of the Committee without notice in writing to the Chairperson;

(ii) is incapacitated by physical or mental illness and is incapable of performing his or her duties as a member of the committee for a period of not less than six months;

(iii) is convicted of an offence and sentenced to a term not less than six months without the option of a fine; or

(iv) has an affiliation with the biofuels industry or any person or entity furthering the interests of the biofuels industry or its subsidiaries.

**Functions of the Committee**

The functions of the Committee are;

- (a) to review and advise the licensing authority on applications received under this Act;
- (b) to advise the licensing authority on comments received from the public on biofuels in Uganda;
- (c) to advise the licensing authority on the implementation of this Act;
- (d) to perform any other function assigned to the Committee by the licensing authority.

**Meetings of the Committee.**

Meetings of the Committee shall be conducted in a manner prescribed by regulations.

**Justification:** To create a multi-sectoral team of technocrats to process applications and renewals of licences other than assigning the roles to a single individual.

**New Clause. . (Before Clause 14)**

Insert a new clause immediately after clause 13 as follows;

**Renewal of a licence.**

- (1) A person granted a license under this Act may apply for a renewal of the licence.
- (2) The application for renewal of the licence shall be made in accordance with the regulations made under this Act.
- (3) The licensing authority shall not renew the licence where the person has violated a provision of this Act or a condition of the licence.

**Justification.**

To provide for the process of renewing of licences granted under this Act.

**Clause 19: Powers of the Ministry**

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Delete the word "regular" appearing in sub clauses (1) (a) and (b).

**Justification.**

To ensure that the premises can be accessed at all times.

**Clause 20: Powers of Minister to give directives**

Delete entire clause.

**Justification:** The Minister through regulations gives effect to provisions of the Act. Hence no need for directives.

**New Clause (before clause 19)**

Insert a new part immediately after Part V as follows;

**PART VI—MEDIATION AND REVIEWS**

**Non-binding mediation by the Biofuel Committee**

- (1) Any dispute between the holders of permits or licences, or between such holders and the licensing authority concerning the implementation of this Act or regulations made under this Act may be submitted by the parties involved to the Committee for non-binding mediation.
- (2) The Committee may—
  - (a) request the parties to appear before it;
  - (b) request any information, documents or testimony by witnesses or experts which it considers necessary; and
  - (c) conduct other investigations.
- (3) The Committee shall submit a written opinion about the dispute to the parties involved within sixty days from the receipt of the request for mediation, unless the period is extended by the Committee by written notice to the parties.
- (4) The mediation proceedings of the Committee shall not be held in public and the opinions submitted shall not be published, unless otherwise agreed upon between the parties with the consent of the Committee.

- (5) The Committee shall establish, by resolution, a general procedure for the mediation process according to applicable laws and prevailing practice for private mediation in Uganda.
- (6) The Committee shall, with the approval of the Minister, prescribe fees and expenses to be paid by the parties to the mediation.
- (7) The fees and expenses prescribed under subsection (6) shall be collected by the licensing authority and paid into the Consolidated Fund.

**Administrative review by Minister.**

(1) Any person aggrieved by any decision of the Licensing authority or of any officer authorised by the Licensing authority, may within twenty one days after being notified of the decision, request, in writing, an administrative review of the decision by the Minister.

(2) The Minister may, within forty-five days after receipt of a request for administrative review under this section, confirm, set aside or vary the decision complained of.

(3) The Minister shall give reasons in writing for his or her decision on a review under this section.

**Application to the High Court for judicial review**

(1) Any person aggrieved by—

- (a) the rejection by the Minister of a request for administrative review; or
- (b) any direction or order by the Minister under this Act; or
- (c) any other act or omission by the Minister under this Act,

may, within thirty days after receipt of notification of the act or omission complained of, or, if the Minister fails to decide on an administrative review, within thirty days after the expiration of the period prescribed above, apply to the High Court for judicial review.

(2) On an application to the High Court under this section, the High Court may make such orders as it may consider just.

**Justification.** To introduce dispute resolution mechanisms

**Clause 21: Prohibition of activities against fair competition**

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Under Sub clause (2), delete the words "or other conditions or restrictions which are not commercially justifiable"

**Justification:** The phrase is ambiguous it does not define what amounts to 'other conditions or restrictions which are not commercially justifiable'. The proposed amendment will ease enforcement.

**New Clauses: (Before Clause 22)**

Insert new clauses immediately after clause 21 as follows;

- **Notification of registration changes**

(1) A biofuel producer, blender or seller shall notify the Licensing Authority of any change to the biofuel's producer, blender or seller information within 1 month after the change happens.

(2) If a person ceases to be a biofuel producer, blender or seller, he or she shall notify the Licensing Authority of that fact within 1 month after the person ceases being a biofuel producer, blender or seller using the prescribed form.

**Justification:** To cause deletion of existence of defunct biofuel producers, blenders or sellers from the register.

- **Minister to publish information on compliance of the Act**

(1) The Minister may from time to time publish information in newspapers of wide circulation and website of the ministry about compliance with the requirements of this Act by biofuel producers, blenders and sellers.

(2) Without limiting this section, the Minister may publish the names of biofuel producers, blenders and sellers who fail to comply with any provision of this Act, together with information about the nature and extent of any such failure.

**Justification:** To cause the naming and shaming of violators of the Act.

**Clause 22. Regulations**

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Under Sub clause (2) insert immediately after paragraph (e) the following paragraphs;

- (g) the standards of processing of biofuel;
- (h) the procedure to be followed by exporters in exporting biofuel;
- (i) the records and documents to be kept and returns to be submitted by biofuel producers, blenders and sellers;
- (j) the categories of licences and periods of validity;
- (k) the register of biofuel producer, blender or seller;
- (l) the form for sales returns;

**Justification:** To regulate standards of biofuel, exportation of biofuel, record keeping and validity of licences.

### Clause 23: Amendment of Schedule

Rephrase the clause as follows;

The Minister may with the approval for Cabinet, by statutory instrument, amend Schedule 1 and 2 to this Act.

**Justification.** The committee proposes to introduce a new schedule on the list of food crops,. The Minister should have power to amend the list of food crops as circumstances may determine.

### Schedule

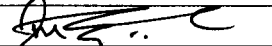
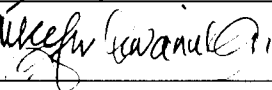

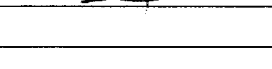
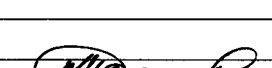
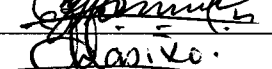

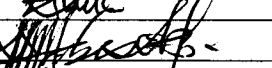
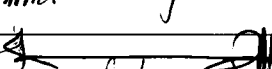
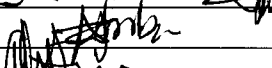
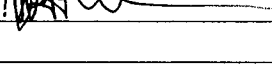
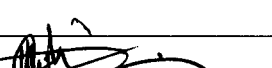



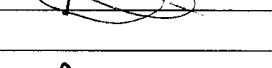

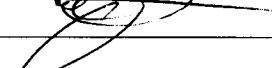
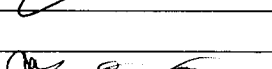
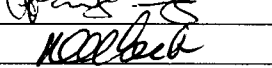
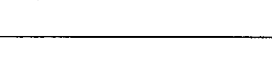
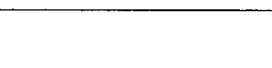







Insert new schedule immediately after Schedule 1 as follows

#### SCHEDULE 2.

#### List of food crops

- |    |             |
|----|-------------|
| 1. | Maize       |
| 2. | soya beans  |
| 3. | Cassava     |
| 4. | millet      |
| 5. | Ground nuts |
| 6. | Wheat       |

**MEMBERS OF THE COMMITTEE ON NATURAL RESOURCES WHO SIGNED THE REPORT ON THE BIOFUELS BILL, 2016**

No	NAME	CONSTITUENCY	SIGNATURE
1.	Hon. Byarugaba Alex, Chairperson	Isingiro South	
2.	Hon. Dr. Keefa Kiwanuka V/Chairperson	Kiboga East	
3.	Hon. Yeri Ofwono Apollo	Tororo Municipality	
4.	Hon. Bigirwa Norah Nyendwoha	DWR Buliisa	
5.	Hon. Biyika Songa Lawrence	Ora County	
6.	Hon. Dhamuzungu Geofrey	Budiope East	
7.	Hon. Lokeris Samson	Dodoto East	
8.	Hon. Angura Fredrick	Tororo South	
9.	Hon. Masiko Winfred K	DWR Rukungiri	
10.	Hon. Silwanyi Solomon	Bukhooli Central	
11.	Hon. Nankabirwa Ann Maria	DWR Kyankwanzi	
12.	Hon. Nambeshe John Baptist	Manjiya County	
13.	Hon. Bumba Syda Namirembe	Nakaseke North	
14.	Hon. Wamakuyu Mudimi	Elgon County	
15.	Hon. Nsamba Patrick Oshabe	Kasanda North	
16.	Hon. Tayebwa Thomas	Ruhinda North	
17.	Hon. Yaguma Wilbforce	Kashari County	
18.	Hon. Ikojo John Bosco	Bukedea County	
19.	Hon. Ngabirano Charles	Rwampara County	
20.	Hon. Mutebi David Ronnie	Buikwe South	
21.	Hon. Oula Innocent (Brig)	UPDF	
22.	Hon. Okumu Regan	Aswa South	
23.	Hon. Alioni Yorke Odria	Aring South	
24.	Hon. Aogon Silas	Kumi Municipality	
25.	Hon. Katwesigye Oliver Koyekyenga	DWR Buhweju	
26.	Hon. Ntende Robert	Bunya South	
27.	Hon. Baryayanga Andrew Aja	Kabale Municipality	
28.	Hon. Simon Oyet	Nwoya	
29.	Hon. Herbert Edmund Ariko	Soroti Municipality	
30.	Hon. Jimmy Michael Akena	Lira Municipality	
31.	Hon. Florence Namayanja	Bukoto East	
32.	Hon. Igeme Nabeta	Jinja Mun East	
33.	Hon. Anifa Kawooya	DWR Ssembabule	