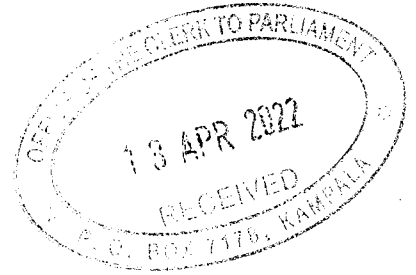




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**PARLIAMENT OF THE REPUBLIC OF UGANDA**

**REPORT OF THE COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES ON THE ELECTRICITY (AMENDMENT) BILL, 2022**

OFFICE OF THE CLERK TO PARLIAMENT

APRIL, 2022

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### 1.0 INTRODUCTION

**Rt. Hon. Speaker and Hon. Colleagues,**

The Electricity (Amendment) Bill was read for the First Time on the 27<sup>th</sup> of January 2022 and referred to the Committee on Environment and Natural Resources for scrutiny. The Committee considered the Bill in accordance with Rule 189(c) of the Rules of Procedure of Parliament, and hereby reports as follows.

### 2.0 BACKGROUND TO THE BILL

The Electricity Act, Cap. 145 was enacted in 1999 and there are new developments and changes in the Electricity Sector. The current law does not effectively address issues of institutional responsibilities and efficiency, enforcement of compliance, and adequate penalties for theft of electrical energy and vandalism of electrical facilities. It has therefore become necessary to amend the Electricity Act to fill the existing gaps and remove inconsistencies in the law, introduce flexibility in its implementation and streamline the operations of the electricity sector.

### 3.0. OBJECTS AND BENEFITS OF THE BILL

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The object of this Bill is to amend the Electricity Act, Cap. 145; to provide for a staggered term of office for the members of the authority; to provide for additional functions of the authority; to increase funds allocated to the Electricity Regulatory Authority from 0.3 percent to 0.7 percent of the revenue received from generated electrical energy; to empower the Minister to prescribe the procedure for transfer of generation assets to the Government; to prescribe the circumstances under which a holder of a generation licence or transmission licence may supply electricity to persons other than a bulk supplier; to provide for deterrent penalties for theft of electricity and vandalism of electrical facilities; to provide for the membership and funding of the Electricity Disputes Tribunal; and to provide for related matters.

#### 4.0. METHODOLOGY

The Committee was guided by the provisions of Rule 129 of the Rules of Procedure of the Parliament of Uganda to examine the Bill in detail and make all such inquiries in relation to it.

In line with these rules, the Committee;

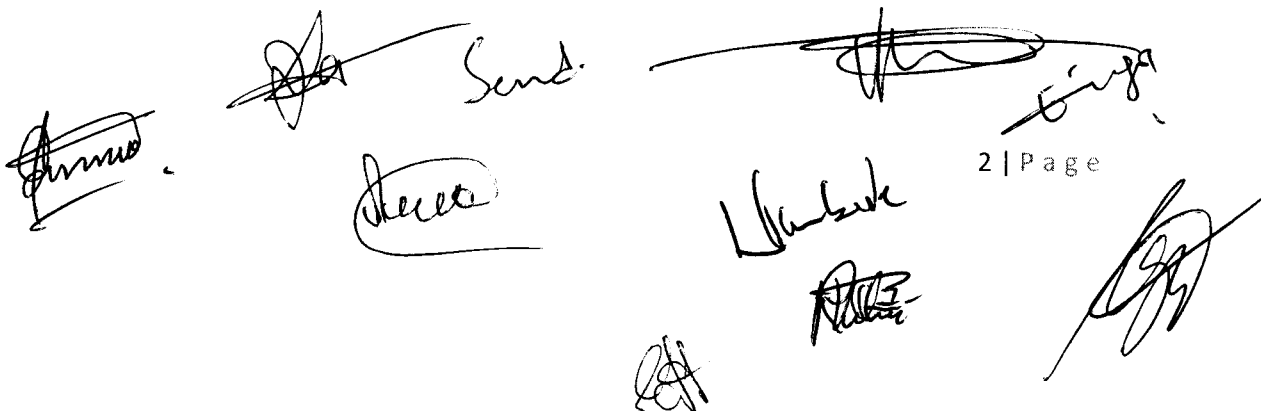
- i. Received submissions and held meetings with the sponsors of the Bill; the Ministry of Energy and Mineral Development,
- ii. Reviewed literature from countries with thriving electricity sectors
- iii. Received views and interfaced with other key Government Ministries and Parastatals.
- iv. Received submissions and held meetings with members from the private sector.

The comprehensive list of all stake holders with whom the Committee interacted includes; Energy Generators and Distributors Association of Uganda, Frank Energy Consultants Limited, Kanara Solutions Ltd, Dr. Benon Mugisha Mutambi, Attorney General, Leader of Opposition in Parliament, Uganda Law Society, Africa Institute for Energy Governance, Minister for Privatization and Investment, Uganda Manufacturers Association and Price Waterhouse Coopers (PWC).

#### 5.0. LIMITATIONS

Due to resource limitations the Committee did not physically benchmark countries with thriving electricity sectors.

The limitations notwithstanding, the Committee interacted with various stakeholders, examined the Bill and came up with proposed amendments herein.

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## 6.0 COMMITTEE ANALYSIS, OBSERVATIONS AND RECOMMENDATIONS

This part of the report will examine the proposed clauses of the Bill, their legality, effect and effectiveness in light of the Constitution, existing laws and policy, court decisions, and the mischief it intends to cure. The analysis is based on thematic areas as provided for in the Bill as well as new proposals to the Bill.

### 6.1. 1 COMPOSITION OF THE AUTHORITY

Section 5 of the Principal act provides for the composition of the Authority which shall be five members of high moral character and proven integrity. The Committee observed that that there was a need to provide for clear academic qualification of a member, considering the nature of the functions of the authority, this requires education up to a higher level. The Committee further observed that it is imperative to cater for affirmative action for women.

#### Committee Recommendation

*The Committee recommends that a new clause be inserted after clause 3 to read as follows;*

*The Principal Act is amended in section 5 by inserting two new sub clauses after sub section (4) to read as follows-*

*"(4a) A member appointed under this section shall have a minimum qualification of a university degree.*

*(4b) At least one third of the members of the authority shall be women"*

**6.1. 2. TENURE OF OFFICE OF MEMBERS**

Clause 3 of the Bill seeks to introduce a staggered term for the members of the board of the Authority. It amends the Principal Act in section 7 by substituting for subsection (1) the following - (1) the members appointed to the authority shall hold office as follows - (a) the chairperson and two members shall hold office for five years; and (b) two members shall hold office for four years.”

The Committee observed that the essence of a staggered term is to provide for continuity of service and transfer of knowledge within both the old and new members of the Authority. However, the proposed amendment is discriminative in nature since there is no proper mechanism to decide on how the two members to serve for 4 years and others 5 years shall be selected.

**Committee recommendations**

***The Committee recommends that clause 3 be redrafted as follows:***

- (1) A member of the Authority shall hold office for a term of five years and is eligible for re-appointment.***
- (2) The Chairperson and two members shall be appointed at the same time, while the other two members’ shall be appointed one year later.***
- (3) A member shall not be appointed for more than two terms.***

**6.2. FUNCTIONS OF AUTHORITY**

Clause 4 of the Bill seeks to amend section 10 of the Principal Act by substituting for the words “transmission and distribution companies” the word “licensees” in paragraph (g) and by inserting new paragraphs (qa), (qb), (qc) and (qd) to provide for additional functions of the authority.

The Committee noted that the functions provided for under clause 4 (qb) (qd) are already provided for under section 10(r), (l) and (s) of the Principal Act.

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The Committee further noted that clause 4(qc) seeks to take on some of the powers of the Minister who holds the role of overseeing and developing policies for the sector.

**Committee Recommendations**

***The Committee recommends that clause 4(qb) be amended to add the word “research” immediately after the word “consultancies”.***

***The Committee recommends that section 10(l) of the Principal Act be deleted and clause 4(qd) of the Bill maintained.***

***The Committee further recommends that clause 4(qc) be deleted.***

**6.3. FUNDS OF THE AUTHORITY**

Clause 5 of the Bill seeks to amend section 22 of the Principal Act by substituting the figure “0.3” with the figure “0.7” to increase funding to the authority, and to provide for an additional funding to the authority. The Committee noted that the Authority currently has a funding gap of 8.3 Billion.

Indeed, considering the fact that additional funding to the Authority would lead to bridging the said funding gap which in the medium term would result in efficiency gains, bringing on board more consumers and ultimately result in lower tariff. The Committee is in agreement with the proposed amendment.

Furthermore, the Committee is of the view that the electricity sector has grown and continues to significantly grow and this calls for additional funding for the Authority to fully carry out its mandate.

The Committee noted that over the last 7 years, the scope of the Authority’s functions has broadened fundamentally which has seen rapid increase in the number of licensed projects of diversified technologies including Hydro, wind, bagasse, geothermal, biogas, solar etc. The number of operational generation power stations has increased from one (1) in 1999 when the Principal Act was

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passed to forty-four (44) as of December 2021. This has necessitated strengthening the monitoring and compliance function of the Authority which calls for additional funding.

The Committee again noted that in assessing the resource needs of the authority, the tariff has been forecasted in line with the ongoing efforts to reduce the tariff for manufacturers who consume nearly 70% of the energy demand in the country to US\$ 5 Cents per KWh and energy sales are projected to increase by 11,203KWh by 2024, and a generation levy of 0.7% has been applied and as such, the authority will be able to achieve financial sustainability in the long run and ultimately, lower tariffs for all consumers.

**Committee Recommendation**

***The Committee recommends that clause 5 stands part of the Bill.***

**6.3.1. ELECTRICITY DEVELOPMENT FUND**

The Electricity Supply Industry (ESI) has a significant deficit in transmission and distribution infrastructure.

The Committee observed that the transmission and distribution networks require an estimate of US\$ 2.5 Billion and US\$ 1.5 Billion in new investments respectively to repair and rehabilitate the network. This level of required financing is so high and would require additional loans to achieve; which is not sustainable for Uganda.

The Committee is of the view that there is need to establish the Electricity Development Fund with funding largely coming from monies appropriated by parliament, surpluses of the authority and any other, grants, donations and gifts as provided for under Section 64 (2) of the Principal Act.

The Committee contends that creation of the fund will help to provide financing for; electricity infrastructure like transmission and distribution grid network infrastructure. This would boost demand for electricity leading to a further

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reduction in the distribution tariff and ultimately raise profitability of the sector companies as they sell more units of electricity and increase their economies of scale.

The Committee observed that the rural electrification levy intended for rural electrification is currently deposited in the Consolidated Fund as part of the national budget.

The Committee contends that given that the Rural Electrification Program has been mainstreamed into Ministry of Energy and Mineral Development and the respective votes were combined and the staff of the program are to be subsumed as part of the public service, this fund no longer serves its intended objective. The levy currently charged at 5% of the transmission bulk purchases of electricity from generation stations therefore need not be charged to the end-user consumer.

This provision should be allotted to the reduction in the tariff for the domestic consumers which currently stands at UGX. 747.5 and is the highest among the tariff categories. If this is implemented, it would result into a reduction in transmission cost by UGX. 60.6 Billion resulting into an immediate tariff reduction for the domestic consumers by 12.7% from the current UGX. 747.5 to UGX. 652.7.

The Committee noted that the country pays up to UGX. 103Billion for deemed energy, yet if tariffs are lowered, more domestic consumers would get on board and consume all the deemed power. There is therefore a need to establish a mechanism to reduce tariffs in order to get more consumers on board.

Indeed, the Committee observed that with a tariff reduction as envisaged, there should be increased electricity consumption especially by domestic consumers that will go a long way to reduce the deemed power and its associated costs to Government.



**Committee Recommendation**

*The Committee recommends that a clause be inserted immediately after clause 14 amending section 64 of the Principal Act to delete and replace the words “Rural Electrification Fund with “Electricity Development Fund”, and consequentially in sub-clause (1).*

*The Committee recommends that the new tariff end user reduction for domestic consumers is made effective on 1<sup>st</sup> July, 2022.*

*The Committee recommends that a new subclause be inserted to amend section 64 of the Principal Act by deleting clause 64(2) (c) of the Principal Act to the effect that the rural electrification levy be removed from the end user tariff.*

*The Committee further recommends that, a new sub clause be inserted to amend section 64(3) d to replace the word “rural electrification” with “development of the electricity supply industry”.*

*The Committee recommends that a new sub clause be inserted immediately after section 64 (3) d to read as follows;*

*The Minister shall lay before Parliament approved annual estimates of revenue and expenditure drawn from the fund in accordance with section 13 of the Public Finance Management Act, 2015.*

**6.4. BULK SUPPLIER**

Clause 14 of the Bill seeks to amend section 56 of the Principal Act to remove monopoly of the bulk supplier and to prescribe the circumstances under which a holder of a generation or transmission licence may supply electricity in bulk to a holder of a distribution licence, or directly to a specified class or category of customers.

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The Committee observed that Government owns the largest dams, the entire transmission and distribution assets in the Country and therefore can by policy use this leverage to sell power to industries at a low cost as currently planned in industrial parks.

The Committee further observed that in addition to allowing direct supply of electricity from generation to specified class or category of customers, Uganda Electricity Distribution Company Limited already has in-house capacity and thus should also be given the responsibility of distributing power to industries in the industrial parks at a tariff determined by Government. This action would of necessity eliminate UMEME in service territories where it is not licensed and in effect implement the Presidential directive of selling power to industries at a tariff that eliminates the expensive distribution costs of Umeme.

The Committee contends that since Generation does not own any Transmission or Distribution networks, implementing the Presidential Directive would be challenging; yet the Uganda Government owned power distribution line already exists and would do the same job at a tariff given by Government.

The Committee further noted that clause 14 seeking to insert section 56(3) will not only remove the role of Government as a single buyer but also have the Government cede its mandate to provide investor confidence in the electricity supply industry. Most importantly, UMEME's concession that has thirty-five (35) months to go would not allow another distributor to enter industrial parks except by an Act of Parliament.

**Committee Recommendations:**

***The Committee recommends that clause 56 (3) that is being inserted into the Principal Act by clause 14 of the Bill be amended as follows;***

- 1. Delete subsection 56(1)***
- 2. Substitute the word "circumstances" with the word "terms" under section 56(3)***

**3. Replace the words “ holder of a generation licence” with the word licensee under section 56(3)**

**4. A new subsection inserted immediately after subsection 56(3) to read as follows; the authority in prescribing the regulations and circumstances as prescribed in 56(3) shall not show any undue preference and discrimination**

**6.5. TARIFFS AND TERMS OF SUPPLY**

Clause 15 of the Bill seeks to amend section 75 of the Principal Act to incorporate all renewable energy projects including wind, biomass, peat and solar to be liable to pay royalties. The Clause further seeks to empower the authority to prescribe the maximum royalties payable by generation licensees of renewable energy projects.

Net metering means a system that operates in parallel with the distribution system of a licensee and that measure, by means of one or more meters, the amount of electrical energy that is supplied.

The Committee contends that net metering is standard practice in electricity markets globally. That some electricity consumers in Uganda like the UPDF at Kololo Ceremonial Grounds are already doing it but with no legal framework to support its roll out to businesses, homes and institutions throughout Uganda. It is therefore imperative that each distribution licensee should, upon application, make available net metering service to any electricity consumer or captive power generator that the licensee serves.

**Committee recommendation**

**The Committee further recommends that two new Sub-clauses be inserted under clause 15 to amend Sec. 75 of the Principal Act by introducing a new sub-section immediately after sub-section 10 read as follows;**

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- i) An application for a distribution license shall include a net metering plan for all customer-consumer categories.**
- ii) The application shall be granted after satisfying the requirements of metering as provided for in the regulations**
- iii) The Committee further recommends that the term “net metering” be defined.**

**6.6. OFFENCES RELATING TO LICENCES**

Clause 18 of the Bill seeks to substitute section 83 of the Principal Act in order to provide a deterrent penalty for licensees who fail to comply with the terms of the licence. It further seeks to insert section 83B into the Principal Act to empower the authority to impose administrative fines in case of breach of the terms of the licence by the licensee.

The Committee noted that the penalty for noncompliance was increased to 10,000 currency points (UGX 200,000,000 million) from only UGX 100,000; further more continued violations a licensee will be subject to a fine of UGX. 10,000,000 (Ten Million Uganda Shillings) for every further day of non-compliance.

The Committee further observed that for the penalty to be effective it should not constitute part of the allowable regulated costs for the licensee for purposes of tariff, calculation and this should be reflected in the Bill.

The Committee noted that the use of the word ‘satisfied’ under section 83B (1) is subjective and that it gives wide discretion to the Authority in deciding who has contravened their licence and the fines to be paid. It is therefore pertinent that clear procedures to ensure fairness in investigating and determining the establishment of breaches and commensurate penalties should be included as well as right to appeal to the electricity disputes Tribunal.

**Committee Recommendations:**

**The Committee recommends that;**

- (i) The words “under this act” be added immediately the word section under section 83A (2).**
- (ii) A clause be inserted immediately after clause 18(4) d providing penalties imposed under this Act shall not form part of the licensee’s allowable regulated costs for purposes of tariff calculation.**
- (iii) A new sub clause be inserted after the one above to provide that; a licensee aggrieved by the decision of the authority made under this section shall have a right to appeal to the Electricity Disputes Tribunal within 28 days.**

**6.7. VANDALISM OF ELECTRICAL FACILITIES**

The Committee noted that clause 19 seeks to amend section 85 of the Principal Act by providing for deterrent penalties for vandalism of electrical facilities.

The Committee observed that the penalty for interference with meters and electrical lines, vandalism and illegal connections was increased from UGX 100, 000 (One Hundred Thousand Uganda Shillings Only) or imprisonment for one year to four million Uganda shillings or a ten-year imprisonment or both for receiving vandalized electrical facilities, repeat vandalism, and interference with electrical works. The fines and penalties would be adjudicated through the Utilities Court of the Buganda Road Chief Magistrates Court.

The Committee observed that UETCL spends on average over UGX. 600 million (Six hundred million) per annum to repair vandalized towers on the existing lines across the country. Given the current rate of vandalism and the growing size of the transmission lines, these costs will increase unless the vice is contained.

The Committee noted that electricity distribution lines were equally vandalised. Over UGX. 26 billion has been lost due to vandalism of distribution electricity networks across the country.

The Committee observed that the increased penalties are meant to deter interference with electrical works. Most recently, the cost of vandalism had become an impediment to electricity extension in Uganda where high voltage pylons were vandalized. In some cases, such as the Karuma – Lira transmission line, over 26 kilometers of the 132kV UETCL line and 29 towers were badly vandalized; in Tororo District on the 132 KV Tororo- Lira transmission line. The cost of restoration and replacement of each pylon is prohibitively high and in some cases is as high as USD 100,000 (One Hundred Thousand United States Dollars) per pylon.

The Committee therefore observed that there is need to deter the vice in the most stringent of terms by increasing the penalties and imprisonment for criminals' involved in vandalizing power transmission and distribution infrastructure.

**Committee Recommendation**

***The Committee recommends that Clause 19 be amended to provide for insertion of section 85A into the Principal Act rather than substituting clause 19 for section 85 of the Principal Act.***

***The Committee further recommends that the penalties under section 85 of the Principal Act be brought in tandem with the proposed penalties of the Bill***

**6.8. THEFT OF ELECTRICITY**

Clause 20 of the Bill seeks to amend section 86 Diversion of energy and damage to supply lines to provide for deterrent punishment for theft of

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electrical energy. The Committee observed that clause 20 does not provide for diversion of energy.

Committee recommendations

***The Committee recommends that Clause 20 be amended to provide for insertion of section 86 A into the Principal Act.***

***The Committee further recommends that the penalties under section 86 of the Principal Act be brought in tandem with the proposed penalties of the Bill***

**6.9. CONSTITUTION OF TRIBUNAL FOR EXERCISE OF IT'S POWERS**

Clause 25 of the Bill seeks to amend section 105 of the Principal Act to provide for the constitution of the Tribunal for exercise of its powers, the constitution of panels, quorum for the exercise of the powers of the Tribunal or panel and transfer of a case from one panel to another.

The Committee noted that it was prudent to provide for circumstances where the Vice Chairperson be permitted to preside over one panel. That is to say, where one panel is headed by the Vice Chairperson and another by the Chairperson as opposed to both the Chairperson and Vice Chair Person sitting on the same panel so as to expedite dispensation of matters before the Tribunal.

**Committee Recommendation**

***The Committee recommends that a new sub clause be inserted immediately after section 105 (2) to provide that the Vice Chairperson shall preside over the panel constituted by the Chairperson.***

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**7.0. REGISTRAR AND STAFF OF THE TRIBUNAL.**

Clause 28 of the Bill seeks to amend Section 112 of the Principal Act that the staff of the Tribunal shall be appointed by the Tribunal. The Committee took

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cognizance of the fact that the staff of the Tribunal shall be public officers and that it is imperative that the Public Service Commission be responsible in their appointment. Article 166 (2) provides for the functions of the Public Service Commission which among others includes to appoint, confirm in appointments, promote and exercise disciplinary control over persons holding office of the Public Service under Article 172 of the Constitution.

Furthermore, the Committee contends that it is prudent that the staff of the Tribunal be bound by the Public Service Standing Orders.

**Committee Recommendation**

***The Committee recommends that the words "in consultation with the Public Service Commission" be inserted immediately after the words "appointed by the Tribunal" under clause 28.***

**7.1. ISSUING OF SECURITIES AND SHARES**

Clause 33 seeks to amend section 127 of the Principal Act to empower the Minister in consultation with the Minister responsible for finance to issue securities and shares in respect of the successor companies.

The Committee noted that; whereas the three successor companies of Uganda Electricity Board are making profit on sale of electricity, they have acquired significant debt which they are not capable of repaying through electricity sales. More so, the capital development budgets of the three companies is so high to be accommodated in the tariff.

For the above reason, the three (3) companies continue to acquire debt and assets through financing by tax payers (Budget of the Government of Uganda).

It is therefore inconceivable how companies that survive on tax payers loan repayments can issue shares and securities for the private sector to acquire a stake in them.

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Most importantly, since the three companies are able to meet their recurrent budget requirements, leading to some surplus revenue that will form part of the Energy Fund, as proposed under Paragraph 7.3.1 (supra), it is therefore not prudent for clause 33 to stand part of the Bill.

**Committee Recommendation**

***The Committee recommends that clause 33 be deleted.***

***The Committee recommends that section 127 of the Principal Act be consequently repealed.***

**7.2. GENERAL OBSERVATIONS AND RECOMMENDATIONS ON THE ELECTRICITY BILL.**

**7.2.1 Sector Planning**

The Committee took cognizance of the need for the involvement of a multi-Sectoral team in the planning for the electricity sector. This would call for the preparation of a long term plan for the least cost power development plan in the Power Sector.

This team should be comprised of the Ministry responsible for Energy and Mineral Development, the Electricity Regulatory Authority, Uganda Electricity Generation Company Limited, Uganda Electricity Transmission Company Limited and Uganda Electricity Distribution Company Limited and other relevant key sector players.

Planning under the electricity and renewable energy sectors ensures we have both medium term and long terms plans and that is why it is imperative that the requirement to come up with sector plans be specifically provided for in the law.

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**Committee Recommendation**

**The Committee recommends that a new clause be inserted immediately clause 4 to insert a new section 17A to specifically provide for sector planning that shall read as follows;**

**The Committee recommends that a new clause be inserted immediately after clause 4 to insert a new section 17A to specifically provide for sector planning that shall read as follows;**

- 1) **The Minister shall in consultation with the relevant stakeholders develop and publish an Energy Policy and Energy Plan which shall be reviewed every five years.**
- 2) **The Minister shall prepare and publish a report on the implementation of the Energy Policy and Energy Plan within three (3) months after the end of each financial year.**
- 3) **The Minister shall, in consultation with the relevant stakeholders develop, publish and review Energy plan in respect of coal, renewable energy and electricity so as to ensure delivery of reliable energy services at least cost.**
- 4) **The energy plans shall—**
  - (a) **take into account the national energy policy;**
  - (b) **serve as a guide for energy infrastructure investments;**
  - (c) **take into account all viable energy supply options; and**
  - (d) **guide the selection of the appropriate technology to meet energy demand.**

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### 7.2.2 VAT Rate for Domestic Consumers

The Committee noted the importance of varying 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.

The Committee further noted that in 2020, domestic consumers through Yaka bought electricity units worth UGX. 466 Billion and topped it up with VAT payments of UGX. 85.6 Billion. The lowering of the VAT paid on electricity from 18% to 10% for domestic consumers would have resulted into Government losing UGX. 47.7 Billion, leading to a revenue loss of UGX. 38.1 Billion.

The Committee observed that 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 UGX. 289 Billion which URA collected in VAT on electricity sales in 2020, the actual collections would have been UGX. 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.

The Committee noted that this policy when combined with other sector efficiency measures 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.

The Committee took cognisance of the Government electricity connection policy aimed at accelerating access to clean energy. The policy provides for free connection materials after the beneficiaries undertaking of house wiring and payment for the survey and testing of the installation. However, the funding of this policy has not been consistent resulting into delayed connection of potential customers.

The Committee observed that the customers have therefore since resorted to self-financing. However, the Committee notes that the cost reflective cost of a self-financed new connection is prohibitive currently at UGX. 720,883 for a no pole connection and UGX. 2,741,188 for a one pole connection inclusive of VAT. This high cost of new connections is an impediment to the Government initiative for accelerating access to clean energy.

The Committee observed that the removal of the VAT on the cost reflective cost of new connections will reduce the above cost to UGX. 610,918 for a no pole and UGX. 2,323,041 for a one pole connection hence contributing to affordability reduction in the cost reflective new connection cost in line with the Government policy for electricity connections. The removal of VAT will support customer funded connections in circumstances where the Government has not been able to provide funds to support the free connection policy.

**Committee Recommendations:**

***The Committee recommends that VAT Act be amended to lower the VAT for domestic consumers from 18% to 10%.***

***The Committee further recommends that the VAT be zero-rated for the cost of new connections for domestic consumers (no pole and one pole) to support accelerated access to clean energy.***

**7.2.3. LIQUIDATION OF UGANDA ELECTRICITY BOARD**

The Committee observed that Uganda Electricity Board is under the process of liquidation; under the Public Enterprise Reform and Divesture (PERD) Act vide General Notice No. 108 of 2006, and is currently known as Uganda Electricity Board Liquidation. The Committee noted that, Uganda Electricity Board is still referenced in the Bill yet it's under liquidation which has been ongoing since 2006 and yet its mandate was taken over by the successor companies.

**Committee Recommendation**

***The Committee recommends that the responsible Minister expedites the liquidation of the Uganda Electricity Board.***

**8.0. CONCLUSION**

**Rt.Hon. Speaker and Hon. Colleagues**

Energy especially in form of electricity is a major driver of socio-economic transformation of any country. For Uganda to transition from a peasant to an industrialized economy by 2040, there is a compelling need for increased electricity production to drive the economy. Vision 2040 aims at 80 percent grid coverage and electricity generation at 41, 738 MW. However, for this target to be attained, the existing challenges in the electricity sector such as high tariff rates, dilapidated distribution networks and unreliable power supply to customers must be dealt with.

The Electricity Act, 1999 has been in existence for over 20 years therefore, its review is long overdue. The Electricity Amendment Bill, 2021 is intended among other things to address; the high tariff rates, remove monopoly of the bulk supplier, prescribe circumstances under which a holder of a generation or transmission license may supply electricity to persons other than bulk supplier, render all renewable energy projects liable to payment of royalties, curb theft and vandalism of electrical facilities in addition to strengthening the regulatory function of ERA by increasing its funding.

Therefore, passing the Electricity amendment Bill, 2021 with the proposed amendments will strengthen the legal, regulatory and institutional framework that is pertinent in improving the electricity sector. This in the long run will help Ugandans to maximize electricity benefits for social and economic transformation.

**I beg to report**

**PROPOSED AMENDMENTS TO THE ELECTRICITY (AMENDMENT) BILL, 2022.**

**1. Insertion of a new clause.**

Insert a new clause before clause 3 as follows-

**“Amendment of section 5 of the principal Act.**

The Principal Act is amended in section 5 by inserting new sub clauses after sub section (4) as follows-

- “(4a) A member appointed under this section shall have a minimum qualification of a university degree.
- (4b) At least one third of the members of the authority shall be women”

**Justification:**

- To provide for clear academic qualification of a member, considering the nature of the functions of the authority which requires education up to a higher level.
- To cater for affirmative action for women

**2. Clause 3.**

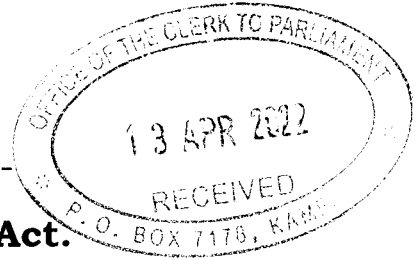
Redraft the provision to read as follows-

**“Substitution of section 7 of the principal Act.**

**The principal is amended by substituting for section (7) the following-**

**“(1) A Member of the Authority shall hold office for a term of five years and is eligible for re-appointment.**

- (2) The Chairperson and two members shall be appointed at the same time, while the other two members shall be appointment one year later.**



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- (3) **A member shall not be appointed for more than two terms.”**

**Justification:** To clearly provide for a staggered term of office

**3. Clause 4. Amendment of section 10 of the principal Act.**

Amend the clause 4 as follows

- a. by inserting a new amendment after (b) to read as-

“(c) by deleting **paragraph (l)**

- b. **in (qb)** by inserting the word “**research**” immediately after the word “**consultancies**”

- c. by deleting the “ **new insertion 4 (qc)**” in the bill

**Justification:**

- Paragraph (l) has been catered for under the new insertion of paragraph (qd) in the bill
- Research should be inserted under qb because it is one of the crucial roles that should be undertaken by the authority.
- The new insertion 4 (qc) seeks to take on some of the powers of the Minister who holds the role of overseeing and developing the sector.

4. Insert a new provision immediately **after clause 4** to read as follows-

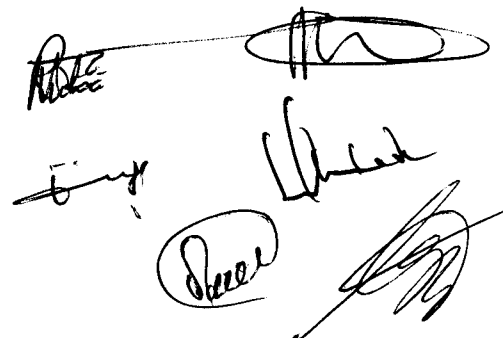
**“Insertion of a new section 17A.**

The principal Act is amended by inserting immediately after section 17, the following-

**“17A Energy policy and energy plan**

- (1) **The Minister shall in consultation with the relevant stakeholders develop and publish an energy policy**





and energy plan which shall be reviewed every five years.

- (2) The Minister shall prepare and publish a report on the implementation of the energy policy and energy plan within three (3) months after the end of each financial year.
- (3) The Minister shall, in consultation with the relevant stakeholders develop, publish and review energy plan in respect of coal, renewable energy and electricity so as to ensure delivery of reliable energy services at least cost.
- (4) The energy plans shall—
- (a) take into account the national energy policy;
  - (b) serve as a guide for energy infrastructure investments;
  - (c) take into account all viable energy supply options; and
  - (d) guide the selection of the appropriate technology to meet energy demand.”

**Justification:** To cater for the need for a multi-sectoral team to be involved in planning for the electricity sector.

#### **5. Clause 8- Amendment of Section 44 of principal Act Licensee’s application for modification**

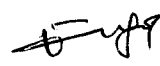
Substitute the words “twenty-one days” with “twenty-eight days”



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**Justification:** To maintain consistency with Section 43(4) of the principal Act which provides for the appeal to the Tribunal to be made within twenty-eight days after receipt of the notice.

#### **6. Clause 11-Substitution of Section 51 of the Principal Act**

Substitute the words **“by notice in the Gazette”** with the words **“by regulations”**.

**Justification:** capacity of megawatts should be determined by the authority by regulations.

#### **7. Clause 14-Substitution of section 56 of principal Act**

Amend clause 14 as follows=

- a. By deleting **sub clause (1)**

**Justification:** The provision in the principal Act is sufficient, and is captured in better legislative terms.

- b. In **sub clause (3)** by substituting the words **“or a holder of a distribution licence”** with the word **“a licensee”**

**Justification:** To remove the monopoly of a bulk supplier

- c. By inserting a new provision after sub clause (3) to read as follows-

**“(4) The regulations prescribed under subsection (3) shall not show undue preference to a specific class or category of customer”**

**Justification:** For purposes of fairness

#### **8. Insert a new clause after clause 14 to read as follows-**

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**“Amendment of section 64 of the Principal Act.**

**Section 64 of the Principal Act is amended-**

- a.** In the **headnote** by substituting the words **“Rural Electrification Fund”** with the words **“Electricity Development Fund”**

**Justification:** Rural Electrification Program has been mainstreamed into Ministry of Energy and Mineral Development.

- b.** In **subsection (1)** by substituting the words **“Rural Electrification Fund”** with the words **“Electricity Development Fund”**

**Justification:** Consequential

- c.** In **sub clause (2) by deleting paragraph (c)**

**Justification:** The Committee observed that the rural electrification levy intended for rural electrification is currently deposited in the Consolidated Fund as part of the national budget. The levy currently charged at 5% of the transmission bulk purchases of electricity from generation stations therefore need not be charged to the end-user consumer.

- d.** In **sub clause (3) (d)** by substituting the words **“rural electrification”** with the words **“development of the electricity supply industry”**.

**Justification:** Rural Electrification Program has been mainstreamed into Ministry of Energy and Mineral Development.

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e. By inserting a new sub clause immediately **after sub clause (3)** as follows-

**“The Minister shall lay before parliament approved annual estimates of revenue and expenditure drawn from the fund in accordance with section 13 of the Public Finance management Act.”**

**Justification:** For transparency and accountability

**9. Clause 15. Amendment of section 75 of principal Act**

• Insert two new paragraphs after paragraph (b) as follows-

**“(10a) An application for a distribution license shall include a net metering plan for all customer categories.**

**(10b) The application shall be granted after satisfying the requirements of metering as provided for in the regulations.”**

**Justification:** The Committee contends that net metering is a standard practice in electricity markets globally. Each distribution licensee should, upon application, make available net metering service to any electricity consumer or captive power generator that the licensee serves.

**10. Clause 18- Insertion of a new section 83A and 83B**

Amend the clause as follows-

a. In sub clause (2), by inserting the words **“under this Act”** after the words **“relevant section”**.

**Justification:** To avoid ambiguity

b. By inserting immediately **after sub clause (4)** the following new sub clauses-

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- **“Penalties imposed under this section for purpose of tariff calculation, shall not form part of the licensee’s allowable regulated costs.**
- **A licensee aggrieved by the decision of the authority, shall appeal to the Electricity Disputes Tribunal within 28 days.**

**Justification:** For the penalty to be effective, it should not form part of the allowable regulated costs for the licensee for purposes of tariff calculations.

**11. Amend the bill by inserting a new clause after clause 18 as follows-**

**“Amendment of section 85 of the principal Act.**

The principal Act is amended by substituting the wording of the penalty with the following-

**“...commits an offence and is liable on conviction to a fine not exceeding twenty thousand currency points or imprisonment not exceeding ten years of both”**

**Justification:** For consistency with the new insertions in the bill where penalties have been reviewed to match the current situations.

**12. Clause 19-**




Substitute the **headnote** and the **sharpo** to read as follows-

**“Insertion of a new section 85A**

**The principal Act is amended by inserting immediately after section 85 the following –**

**“85A. Interference with meters, works or public lamps**



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**NB: The rest of the provision should remain the same.**

**Justification:** Section 85 has been maintained in the Principal Act, and so the new provision should appear as an insertion into the bill and not as a substitution

**13. Amend the bill by inserting a new clause after clause 19 as follows-**

**“Amendment of section 86 of the principal Act.**

The principal Act is amended by substituting the wording of the penalty with the following-

**“...commits an offence and is liable on conviction to a fine not exceeding fifty thousand currency points or imprisonment not exceeding twenty years of both”**

**Justification:** Consequential

**14. Clause 20**

Substitute the **headnote** and the **sharpo** to read as follows-

**“Insertion of a new section 86A**

The principal Act is amended by inserting immediately after **section 86 the following –**

**“86A. Theft of electricity.**

NB: The rest of the provision should remain the same.

**Justification:** Section 86 has been maintained in the Principal Act, and so the new provision should appear as an insertion into the bill and not as a substitution

**15. Clause 25- Substitution of section 105 of principal Act**

Insert a new sub clause immediately after clause 105 (3) as follows-

**“(4) The vice chairperson shall preside over one of the panels constituted by the Chairperson under sub section (3).”**

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**Justification:** The chairperson cannot preside over both panels, and as such the vice chairperson should preside over one of them.

## 16. Clause 28

Amend the provision by inserting the words **‘in consultation with the public service commission’** immediately after the words **“appointed by the tribunal”**.

**Justification:** For proper procedure of appointment of staff of the registry of the tribunal

## 17. Clause 31. Substitution of section 119 of principal Act

**Amend the provision-**

(a) In sub clause (1) by inserting **“a new paragraph”** after **“paragraph (f)”** as follows-

**“net metering”**

(b) By inserting **a new sub clause** immediately after **sub clause (2)** as follows-

**“Regulations made under this section shall be laid before Parliament for information.”**

**Justification:**

- The insertion of a provision on net metering in Clause 15 of the Bill warrants empowering the authority to make regulations for the same.
- There is need for the authority to lay regulations before Parliament for information to enhance accountability and transparency.

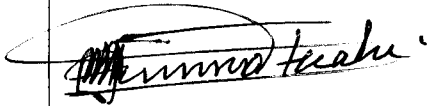

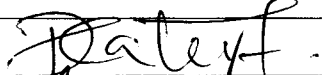
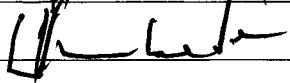
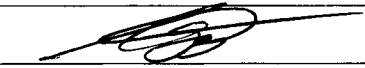
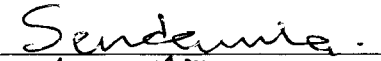
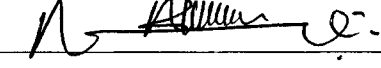

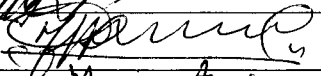
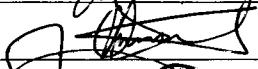
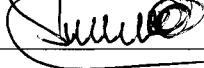

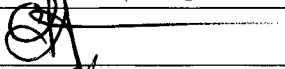



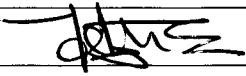

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No.	NAME	PARTY	SIGNATURE
1.	<b>Hon. Dr. Otiam Emmanuel Otaala</b> (Chair)	NRM	
2.	<b>Hon. Dr. Kugonza Emely</b> (Deputy)	NRM	
3.	Hon. Biyika Lawrence Songa	NRM	
4.	Hon. Kateshumbwa Dicksons	NRM	
5.	Hon. Wambede Seth	NRM	
6.	Hon. Agasha Juliet Bashisha	NRM	
7.	Hon. Tumwesigye Josephat	NRM	
8.	Hon. Sendawula Christine Bukenya	NRM	
9.	Hon. Akamba Paul	NRM	
10.	Hon. Mugumya Clare	NRM	
11.	Hon. Natumanya Flora	NRM	
12.	Hon. Alion York Odria	NRM	
13.	Hon. Ruhunda Alex	NRM	
14.	Hon. John Faith Magolo	NRM	
15.	Hon. Angura Fredrick	NRM	
16.	Hon. Orone Derick	NRM	
17.	Hon. Apollo Yeri Ofwono	NRM	
18.	Hon. Twinomujuni Francis Kazini	NRM	
19.	Hon. Otukol Sam	NRM	
20.	Hon. Kwizera Eddie Wa-Gahungu	NRM	
21.	Hon. Kaaya Christine Nakimwero	NUP	
22.	Hon. Kanyike Ronald Evans	NUP	

23.	Hon. Nalule Asha Aisha Kabanda	NUP	
24.	Hon. Tebandeke Charles	NUP	
25.	Hon. Aol Betty Acan	FDC	
26.	Hon. Nyakato Asinansi	FDC	
27.	Hon. Kayondo Fred	DP	
28.	Hon. Akena James Jimmy	UPC	
29.	Hon. Adidwa Abdu	INDEP.	
30.	Hon. Kamuntu Moses	INDEP.	
31.	Hon. Auma Linda Agnes	INDEP.	
32.	Hon. Musana Eric	INDEP.	