

SCHEDULE OF ELECTRICITY END-USER (RETAIL) TARIFFS FOR THE THIRD QUARTER OF 2018

Pursuant to the provisions of Section 10 of the Electricity Act, 1999, (Chapter 145, Laws of Uganda), the Electricity Regulatory Authority has approved the applicable Tariff Adjustment Factors to be applied by Umeme Limited for the supply of electrical energy for the Third Quarter (July to September) of 2018 in accordance with the Quarterly Tariff Adjustment Methodology.

The Quarterly Tariff Adjustment Methodology provides for adjustment of the Annual Base Tariffs in line with changes in Inflation, Foreign Exchange rate and Fuel Prices. The applicable adjustment factors for the Third Quarter of 2018 are discussed below:-

Inflation Adjustment Factor (IRAF)

The Core Consumer Price Index (CPI) increased from 164.15 in the Base Period to 165.07 in the month of May 2018 as published by the Uganda Bureau of Statistics. The United States Producer Price Index (PPI) increased from 200.7 in the Base Period to 202.7 in the month of May 2018 as published by the United States Bureau of Labor Statistics. The resultant effect is a positive Inflation Adjustment Factor of **Ush 2.2/kWh** for Domestic

consumers, **Ush 1.6/kWh** for Commercial consumers, **Ush 1.0/kWh** for Medium Industrial consumers, **Ush 0.4/kWh** for Large Industrial consumers, **Ush 0.3/kWh** for Extra - Large Industrial consumers and **Ush 2.0/kWh** for Street Lighting.

Exchange Rate Adjustment Factor (FERFAF)

The Uganda Shilling depreciated by 3.5 percent against the United States Dollar from Ush 3,634.92/USD in the Base Period to Ush 3,763.00/USD as at the end of May 2018. The Exchange Rate is the mid-rate of the Uganda Shilling against the United States Dollar as published by Bank of Uganda on 31st May 2018. The resultant effect is a positive Foreign Exchange Rate Adjustment Factor of **Ush 62.3/kWh** for Domestic consumers, **Ush 44.5/kWh** for Commercial consumers, **Ush 29.2/kWh** for Medium Industrial consumers, **Ush 15.3/kWh** for Large Industrial consumers, **Ush 12.5/kWh** for Extra - Large Industrial consumers and **Ush 56.5/kWh** for Street Lighting.

Following the modification of the Bujagali Energy Limited Licence, the Government of Uganda finalized the debt refinancing of the Bujagali Hydro Power Plant. The benefits arising from the debt refinancing of the Bujagali Hydro Power

Plant have been allocated to the Extra-Large Industrial consumers through the Exchange Rate Adjustment Factor. This is intended to increase demand for electricity by the Extra-Large Industrial consumers. The impact of increased demand will be allocated to the other consumer categories in a phased manner during subsequent Tariff reviews. The resultant effect of the debt refinancing of the Bujagali Hydro Power Plant is a **minus 62.9/kWh** for the Extra-Large Industrial consumers. The overall Exchange Rate Adjustment Factor for the Extra-Large Industrial consumers is **Minus 50.4/kWh**.

Fuel Adjustment Factor (FFAF)

The Fuel Adjustment Factor is the sum of two components: i.e. changes in the International Fuel Prices and changes in the Energy Generation Mix. The International Fuel Price increased from US \$60.74 per barrel used in the determination of the Base Tariffs to US\$ 74.11 per barrel as at the end of May 2018, resulting into a positive Fuel Adjustment Factor of **Ush 11.2/kWh** for Domestic consumers, **Ush 5.4/kWh** for Commercial consumers, **Ush 5.4/kWh** for Medium Industrial consumers, **Ush 5.3/kWh** for Large Industrial consumers, **Ush 5.1/kWh** for Extra - Large Industrial consumers and **Ush 5.5/kWh** for Street Lighting.

The Energy Generation Mix changed resulting into a negative dispatch Adjustment Factor of **minus Ush 23.5/kWh** for Domestic consumers, **minus Ush 12.8/kWh** for Commercial consumers, **minus Ush 12.8/kWh** for Medium Industrial consumers, **minus Ush 12.7/kWh** for Large Industrial consumers, **minus Ush 12.0/kWh** for Extra - Large Industrial consumers and **minus Ush 13.1/kWh** for Street Lighting. The overall Fuel Adjustment Factor is **minus Ush 12.3/kWh** for Domestic consumers, **minus Ush 7.4/kWh** for Commercial consumers, **minus Ush 7.4/kWh** for Medium Industrial consumers, **minus Ush 6.9/kWh** for Extra - Large Industrial consumers and **minus Ush 7.6/kWh** for Street Lighting.

The overall impact of the above adjustment factors is a **weighted average increment of 1.7 percent** in the End-User (Retail) Tariffs relative to the Tariffs of the Second Quarter of 2018.

Arising from the above adjustments, the applicable Quarterly Adjustment Factors for the Third Quarter of 2018 are as shown in the table:-

APPLICABLE ADJUSTMENT FACTORS (USH/KWH) FOR THE PERIOD JULY TO SEPTEMBER 2018								
Customer Category	2018 Base Tariffs (1 st Quarter of 2018)	Retail Tariffs for the 2 nd Quarter of 2018	Approved Adjustment Factors for the period July to September 2018				Resultant Retail Tariffs for the 3 rd Quarter of 2018	Percentage change relative to the 2 nd Quarter of 2018
			Inflation Adjustment Factor (IRAF)	Exchange Rate Adjustment Factor (FERFAF)	Fuel Adjustment Factor (FFAF) *1	Total Adjustment Factor		
DOMESTIC CONSUMERS - CODE 10.1 Low voltage single phase supplied at 240 volts.	718.9	718.5	2.2	62.3	(12.3)	52.2	771.1	7.3%
COMMERCIAL CONSUMERS - CODE 10.2 Three phase low voltage load not exceeding 100 Amperes.	648.3	647.6	1.6	44.5	(7.4)	38.7	687.0	6.1%
MEDIUM INDUSTRIAL CONSUMERS - CODE 20 Low voltage 415Volts, with maximum demand up to 500 kVA.	592.5	591.5	1.0	29.2	(7.4)	22.8	615.3	4.0%
LARGE INDUSTRIES - CODE 30 High Voltage 11,000V or 33,000V, with maximum demand exceeding 500kVA but up to 1,500 kVA	375.5	374.4	0.4	15.3	(7.4)	8.3	383.8	2.5%
EXTRA LARGE INDUSTRIES - CODE 40*2 High Voltage 11,000V or 33,000V, with maximum demand exceeding 1,500kVA and dealing in Manufacturing.	371.1	369.5	0.3	(50.4)	(6.9)	(57.0)	314.1	(15.0%)
STREET LIGHTING - CODE 50	701.9	701.5	2.0	56.5	(7.6)	50.9	752.8	7.3%

Notes:

*1The Fuel Adjustment Factor is the sum of the adjustment factors in respect to; changes in International Fuel Prices, and changes in the Energy Generation Mix.

*2 The effect of the debt refinancing of the Bujagali Hydro Power Plant has been allocated to the Extra-Large Industrial consumer category through the Exchange Rate Adjustment Factor of the Extra-Large Industrial consumers.

The Adjustment Factors shall be applicable at Peak, Shoulder and Off-Peak Time of Use periods.

The Adjustment Factors and the Resultant Retail Tariffs are determined taking into account the cost allocation across the different customer categories. The detailed Tariff Order Paper is available at www.era.or.ug.

This Schedule of Tariffs for the third Quarter of 2018 shall be applicable to all consumer bills raised based on meter readings taken in the period **July 2018 to September 2018**.