



MEDIA STATEMENT STATEMENT ON THE CHANGES TO THE ELECTRICITY TARIFF STRUCTURE

- 1) As the Minister responsible for Energy and Mineral Development, I have the pleasure to address you this morning as my ministry announces changes to the Electricity Tariff structure for the Customers served by Umeme Limited, effective January 2022.
- 2) Pursuant to its functions under Section 10 (f) and (g) of the Electricity Act, 1999, and Regulation 16 of the Electricity (Application for Permit, Licence and Tariff Review) Regulations, 2007, the Electricity Regulatory Authority (ERA) has made amendments to the existing Tariff Structure applicable to the customers served by Umeme Limited.
- 3) The changes are in line with the aspirations of the National Development Plan (III) and Sustainable Development Goal Number 7 that “calls for “affordable, reliable, sustainable and modern energy for all” by 2030.”

aimed at promoting accelerated access to clean energy for improved welfare of society for social economic transformation.

4) The tariff re-structuring is in line with the NRM Party manifesto and the 1st of the 23 directives issued by His Excellence the President of the Republic of Uganda at the beginning of His current term of leadership. The tariff re-structuring includes the following key aspects among others:

- a) Introduction of a Pilot Tariff Category to supply power to two clustered industrial parks located at Buikwe and Kapeeka to promote Productive Use of Electricity in Industrial Parks;
- b) Introduction of the Declining Block Tariff for Domestic Consumers (the Cooking Tariff) to encourage Cooking with Electricity in homes; and,
- c) Re-categorization of the Beneficiaries of the Lifeline (Social) Tariff.

THE PILOT TARIFF FOR INDUSTRIAL PARKS

- 5) In a bid to improve the competitiveness of Uganda's Manufacturing Sector, the Government will effective January 2022 Pilot the Supply of Electricity to Industrial Parks at Five (5.0) United States Cents per kilo Watt-hour.

- 6) The piloting project will commence at Two (2) Industrial Parks, namely: Lao Shen in Kapeka and MMP Industrial Park in Buikwe District.
- 7) During the piloting period, Consumption of Electricity in the Two (2) Industrial Parks is expected to increase to help offset the revenue shortfall that would result from supplying Electricity at Five (5.0) United States Cents per kilo Watt-hour. In the event that the shortfall is not covered by increased consumption of Electricity, the Government of Uganda will provide the necessary financial subsidies.

DECLINING BLOCK TARIFF FOR DOMESTIC CONSUMERS

- 8) The introduction of the Cooking Tariff is a deliberate strategy by the Government of Uganda to displace charcoal and other biomass sources of cooking fuel by making the cost of electric cooking lower than the cost of cooking using charcoal in homes. This will be associated with health benefits for communities, cost savings, and the convenience of clean cooking.
- 9) The Cooking Tariff is being introduced under a Declining Block Tariff Structure, which allows for differentiated Tariff levels based on the amount of energy consumed; whereby the units of electricity consumed by a Domestic Customer beyond a set monthly threshold has been announced by the Authority are charged at a Lower Tariff.

10) It is expected that with the lowered costs of electricity for cooking, many customers will need electric cooking equipment. Accordingly, my ministry is considering targeting big to medium-sized financial institutions to partner with the power distributor to finance household needs for electric cooking equipment. The financing model will emphasize the durability and efficiency of cooking equipment, and, therefore, the need for financiers to enroll and screen the suppliers of this equipment.

RE-CATEGORIZATION OF LIFELINE TARIFF BENEFICIARIES

- 11) A Lifeline Tariff is a price for a minimal package of Units of Electricity, aimed at helping the low-income earners access affordable electricity aimed at facilitating the Electricity consumers in the low socio-economic customer class category afford the Electricity units deemed necessary for the basic domestic use.
- 12) The above tariff restructuring government's Vision 2040, NDP III, and NRM manifesto.
- 13) I want to reiterate the commitment by the Government of Uganda to make Electricity Affordable for all and to promote the Productive Use of Electricity.

I Thank you for your attention!

For God and My Country!

Hon. Dr. Ruth Nankabirwa Ssentamu

Minister for Energy and Mineral Development

Statement delivered at the Uganda Media Center