



UMEME

Powering Uganda

2018 Executive Forum on Electricity Supply in Uganda

Topic: Strategic Direction for enhanced Demand Management

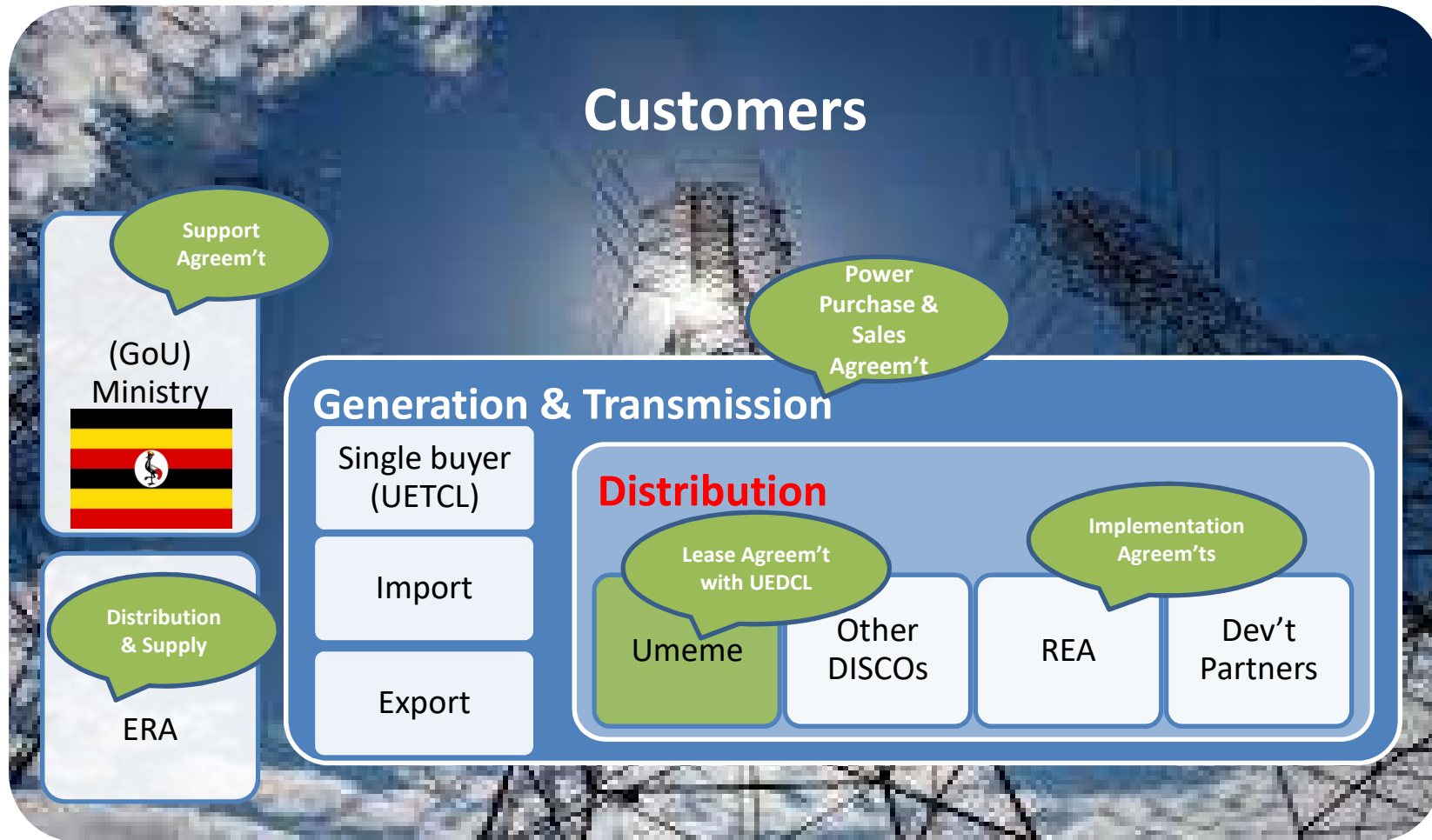
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Presentation format



- Sector structural setup
- Umeme demand perspective
- Strategic Direction for enhanced Demand Management
 - Initiatives done to match the increasing demand so far
 - Challenges faced
 - Recommendations

Sector Structural Setup



*Project Implementation managed via concession term agreements

**Umeme- Build, Operate & Transfer distribution assets

***GoU oversight via regulatory body (ERA)

Strategic Direction for enhanced Demand Management!!!



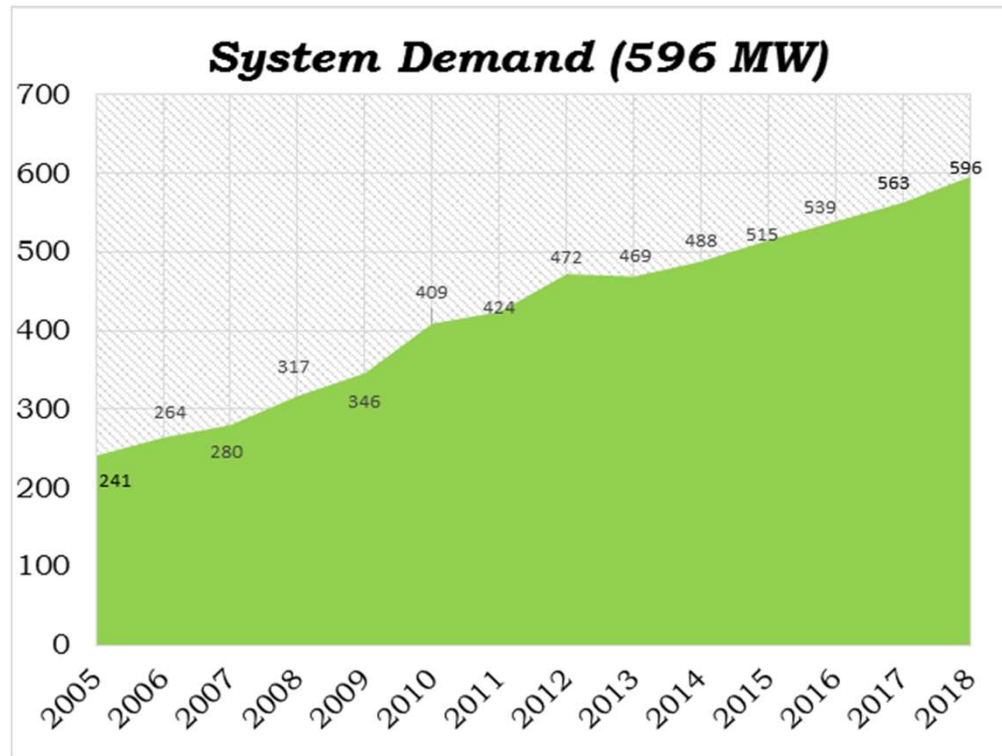
1. Matching Demand with Supply?
2. Where is this Demand?
3. How should Demand be stimulated and sustained?
4. Any Customer incentives (Demand Response)?
5. Maintaining the Demand-Supply equation in synch with strategic Tariff management!!



Electricity Demand

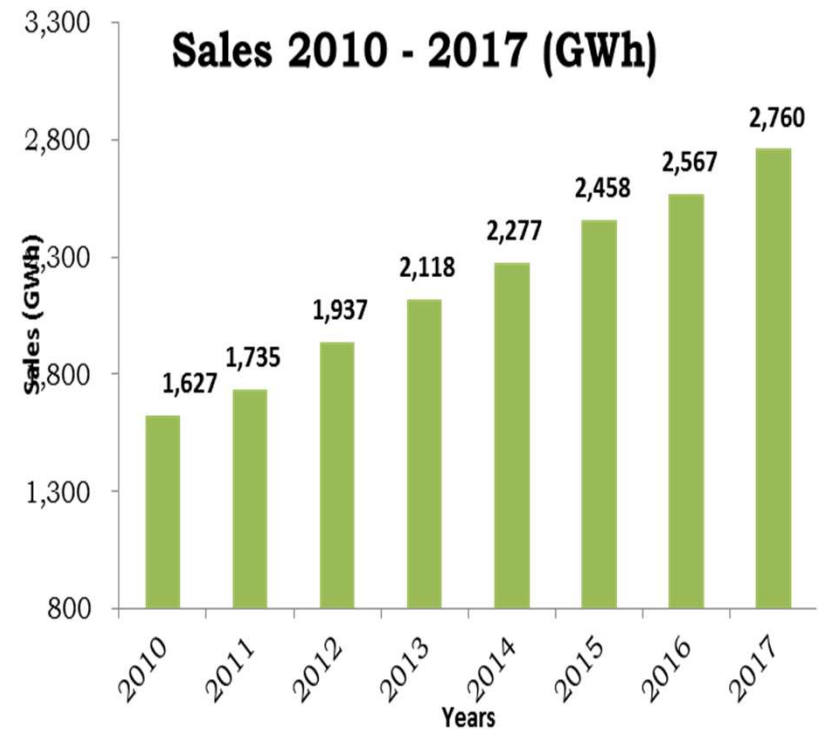
System demand 596 MW

Sales Vol. growth – 7.5%



Effective generation
estimated at 700MW

Maximum Demand CAGR at
3.6% due to reduced losses
over the period

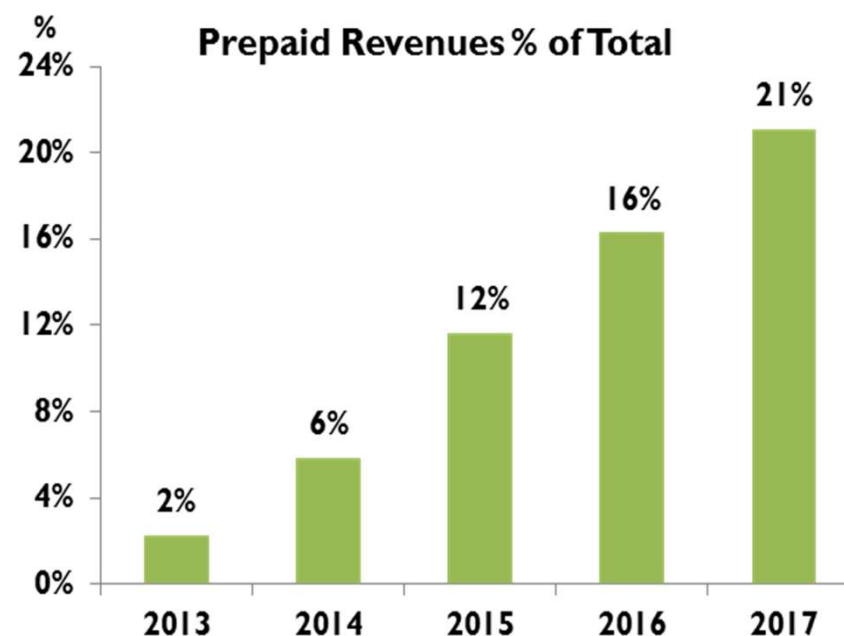
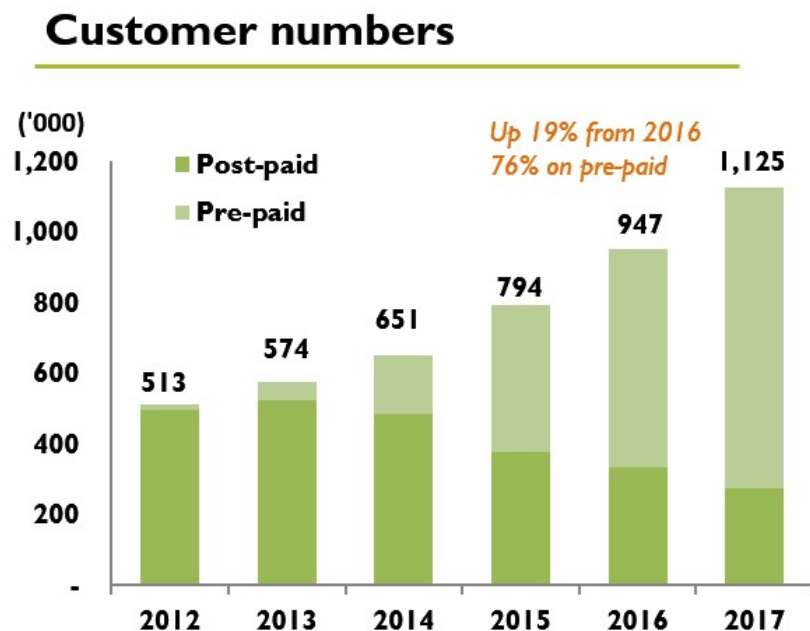


2017 GWh sales up 7.5% (FY16: 4.4%)
driven by improved industrial and
domestic demand, lower grid losses
(19.0 % to 17.2 %)

Growth in Customer Nos: +18%

Customer Connections +174,000

76% of customers on Pre-Paid



Increasing Demand & Energy sales trend

So far used strategies:

- Continuous metering installation Audits
- GoU smart metering conversions for large consumers (327 out of 469 completed)
- Community awareness mobilization efforts at districts

Other running access projects:

- **OBA** – No pole (102k customers connected to date); 9.8k added in April to June 2018
- **ESDP – Peri Urban** – up to 2-poles (3.1k customers connected to date ends in Jan 2019)

Up-coming access projects: [under ECP \$1300 acceptability]

- **ERT3 – Intensification** <= 5km (20k beneficiaries); IA level
- **KfW – Densification** <= 2km (10k beneficiaries); IA level

Initiatives done to match the increasing demand so far



- Utilization of Code 40 for Industrialists [encouraging Investors]
- Utilization of the Rebate policy implementation [more sensitization and mobilization required]
- Embracing the Accelerated Connection policy initiatives thru REA and MEMD [OBA, ESDP, Intensification (WB) and Densification projects]

Challenges:



- Reliability issues on added long rural networks
- Quality of Supply issues due to deferred Capital Investment in the Network & Systems
- Lack of Customer mix policy for Industries and domestic consumers
- Inadequate/delayed UETCL backbone infrastructure leading to suppressed Demand (eg Bombo, Tororo & Namanve areas)
- Uncertainty of connected Access-agenda rural poor to sustainably meet their bills

Recommendations to enhance demand



- REA projects should be aligned with strong economic zones while meeting social connections obligations
- Funding of last mile must be clear to enable 100% rollout of connection policy (Determination of \$1300 criteria for Rural & Urban settlements)
- Network construction backbone is critical. (REA should consider smaller substations in their plans)
- Consideration of an agricultural tariff. (High loss area with potential demand)
- Provide incentives to distribution companies to grow demand, create marketing functions, ...

Ctd: Recommendations to enhance demand



- Scrapping of service charge for life line customer category
- **Economic Demand stimulation**
 - Need for a policy to pre-finance SME start ups
 - Localize Agro-processing units into geo-electrification zones
 - Different incentivized tariffs for Industrial and rural poor settlements
 - Prioritization of least-cost off Grid solutions
 - Gov't strategy should provide for all basic Utility services to designated parks to increase the Investor appetite



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Thank you