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May 13, 2022

Hon. Ruth Nankabirwa,

The Ministry of Energy and Mineral Development,

P .o. Box 7270, Kampala (U).

OFFICE OF THE MINISTER
RECEIVED
13 MAY 2022
MINISTRY OF ENERGY AND MINERAL DEVELOPMENT

Dear Madam,

OPEN LETTER TO THE MINISTER OF ENERGY TO IMPLEMENT COMMITMENT'S UNDER 2016 COMPACT AGREEMENT

The above refers

On behalf of Strategic Response on Environmental Conservation (STREC) and on my own behalf, I take this opportunity to thank your ministry for efforts being undertaken to increase electricity access, reliability and affordability in the electricity sector to benefit the poor and vulnerable citizens in the country for the common good.

We also appreciate your efforts to come up with the electricity amendment bill 2022 to repeal the Electricity act of 1999 to which was assigned to Parliamentary Committee on Natural Resources.

STREC is a youth led community based not-for-profit organization whose main objective is to influence energy policies in Uganda to benefit the poor and promote equitable national and regional development.

In 2016, the government of Uganda signed the Compact Agreement in line with power Africa and Energy Africa. Under the agreement, the country committed to promoting and expanding investments in off grid solar opportunities for people as opposed to reliance on hydro and fossil fuel based grid. It was recognized that the grid electrification could not improve access to clean energy for Ugandans especially for vulnerable groups such women, youth and others where over 80% of the population remain reliant on biomass energy and other dirty sources.

As part of implementing the above agreement, the government and development partners set out to work together to put in place a solar energy policy to harmonize and streamline solar and in particular off-grid solar energy services. They also committed to put in place a rural electrification law, a solar consumer protection law, create public awareness and many other relevant tools intended to expand clean renewable energy electrification as part of Uganda's

obligations under the Sustainable Energy For All programme (SE4ALL), the Paris Climate Change Agreement, Sustainable Development Goals (SDGs) and other national, regional and international commitments aimed at promoting access to clean renewable electricity for all by 2030 as opposed to use of fossil fuel.

The agreement was a recognition that grid electricity and use of fossil fuels were the biggest obstacles to improving clean energy access to uplift the living standards of people especially for the vulnerable groups such women. Grid and fuel based electrification remained unaffordable, unreliable and consequently this undermined efforts to improve services in education, health, clean water, environmental conservation and others.

Due to the absence of laws to specifically tackle the challenges in the solar sector, the progress on access to renewable clean energy particularly off-grid solar can only be solved by implementing commitment under 2016 compact agreement.

(i) Absence of laws and policies to specifically address solar challenges in Uganda

The solar energy sector continues to face several challenges because the government of Uganda lacks laws and policies to specifically address the solar challenges such as Solar Energy Policy, consumer protection policy and others.

This is why there are several cases of low-quality solar products on the market in Uganda. This is an obstacle for the off-grid solar industry at large because the distribution of substandard products negatively affects the consumer citizens that mostly deserve access to modern and reliable energy services, such as durable and high-quality solar systems.

There is need for government to create a market space where Ugandans are aware of good quality products and are guaranteed such when they make the investment to access modern energy services. This is important because solar energy providers not only need to ensure customers enjoy their experience with solar products, but also appreciate the importance of having high-quality hardware and service.

In addition, the solar regulators need a system of checks and balances where high-quality products can be distinguished from the substandard products and these solar products denied entry into the market however, there are no clear guidelines to protect the citizens from the substandard solar products.

(ii) Lack of consumer awareness and education

The off-grid solar growth in Uganda is hampered by the lack of consumer awareness and education on various issues relating to solar such us benefits, costs and also on counterfeit and low-quality products that ruin customer experience and create poor perception of solar solutions.

Although government through the Uganda National Bureau of Standards (UNBS) has improved on the enforcement of standards and an information and awareness campaign for consumers to be empowered in knowing what to expect from a proper off grid system, there are still gaps remaining to reach out to the vulnerable rural communities that contribute to the majority of the people in addition to having no access to electricity.

Therefore, public awareness is key to solar consumers' protection and government craft strong education campaigns as well as enforcing standards for the solar products on the market.

(iii) Government's concentration on hydro and grid-based electricity.

The government of Uganda is investing heavily in hydroelectricity projects which is sending the signal to investors that other renewable energy resources like solar are of low priority. The total installed electricity capacity in Uganda currently stands at 1268.8MW of which 1236.3MW. The government also about to commission a 600MW from Karuma dam by June 2022.

It is absurd that even with the few solar power plants that were commissioned such as Tororo, Soroti, Mayuge and Kabulasoke solar power plants with approximately 50MW have been connected to the national grid which has not increased the number of Ugandans connected to the grid because of the high-power tariffs.

This has not translated into increased access to electricity because of the persistent high-power tariffs that cannot be afforded by the majority of Ugandans which has constrained the promotion of clean renewable energy in the country.

(iv) Absence of financial mechanisms.

The off-grid solar growth in Uganda remains significantly low because of the absence of financial mechanisms such as a solar fund for financing or subsiding solar energy projects is among the greatest challenge facing the clean renewable energy transition in the country.

The majority of the small enterprises and households have not benefited much since current lending conditions only allow big systems and big consumers like solar companies and industries to benefit. This has delayed the achievement of renewable clean energy access especially off-grid solar energy in Uganda for rural communities which are sparsely populated and yet they lack electricity distribution poles. It is therefore, important for government to improve the financing mechanisms to cover the majority of the population with off-grid solar power particularly those in remote areas of the country.

(iv). Poor coordination among government agencies on the implementing off-grid strategy.

The poor coordination among government agencies on implementing the off-grid strategy has deterred the progress of renewable clean energy access by creating an information vacuum for needs required and feedback.

There should be a property defined way of how government and the private sector can work together to improve off-grid connections.

In addition, an update of the off-grid electrification master plan study conducted in 2007 should be undertaken by the Government to reflect current realities and a broader scope focusing on the potential for off grid renewable micro/mini grids, micro hydro, wind farms, etc. Furthermore, key elements of the plan, particularly those focusing on market intelligence, should be updated every two or three years. Providing market intelligence, risk guarantees and capacity building in off-grid solar financing to banks (development, commercial and microfinance) would enhance their readiness to lend to off-grid solar product suppliers and consumers.

(v) Lack of an off-grid component in the Rural Electrification Strategy.

The government of Uganda's commitment to off-grid rural electrification does not match with the commitment to on-grid electrification. The rural electrification fund focusing on off-grid connectivity has very little funding from government compared to the on-grid power.

In addition, the lack of availability of long-term grid expansion plans by the Government of Uganda has resulted in a lack of confidence in the private sector for investing in micro-grid infrastructure in rural areas.

3. Recommendations

In view of the above, the following should be done:

(i) Government must put in place a solar energy policy. The government of Uganda should ensure that the solar energy policy is put in place to harmonize and streamline solar power uptake in the country. The solar framework will further help to reduce on the importation of counterfeit products in the country, provide subsidies and incentives to the manufacturers and also protect the end users from high installation costs.

(ii) Increase public awareness and education. The Government of Uganda must develop strategies in to increase public awareness on regards to solar energy in Uganda. The majority of the population are poor and can not afford the electricity tariffs.

In addition, rural households are always sparsely located and lack access to the electricity transmission poles yet they can utilize the benefits of solar energy. However, they lack sufficient information about solar energy in Uganda.

(iii) Increase financing for off-grid solar power. The government of Uganda through the ministry of Finance Planning and Economic Development should provide financing to Uganda National Bureau of Standards in order to effectively certify, monitor and enforce standards of all solar products in the country.

(iv) The Parliament should expedite the passing of the Consumer protection bill to ensure that citizens are protected from counterfeit solar products.

Thank you.

Cirrus Kabaale, CEO- STREC

CC:

- The Electricity Regulatory Authority (ERA)
- The Speaker of Parliament
- The Chairperson, Natural Resources Committee of Parliament