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**MEDIA STATEMENT**  
**ON THE CHANGES TO THE ELECTRICITY TARIFF STRUCTURE AND THE**  
**ANNOUNCEMENT OF THE APPLICABLE END USER ELECTRICITY TARIFFS FOR 2022**

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- i. The Hon. Minister of Energy and Mineral Development;
  - ii. The Executive Director & Staff of the Uganda Media Center
  - iii. Management and Staff of Electricity Regulatory Authority;
  - iv. Members of the Press;
  - v. Ladies and Gentlemen.
1. I am pleased to welcome you to this media briefing as we announce a revised Electricity tariff Structure that will be effective 1<sup>st</sup> January 2022.
  2. I would like to thank the Honorable Minister for accepting to address the media on this particular matter and tirelessly supporting the electricity supply industry.
  3. Hon. Minister, and members of the press, ERA's aspiration for the next five years is to be ***a recognizable institution in the promotion of sustainable electricity supply for socio-economic transformation.*** To this end, we are focusing on strategic thematic areas of **affordability, reliability, demand growth, and accessibility** of electricity supply. The Authority's aspirations are directly derived

from the government's Vision 2040, NDP III, and the NRM manifesto.

4. Under the Electricity Act, 1999, Section 10 (f) and (g) and Regulation 16 of the Electricity (Application for Permit, Licence and Tariff Review) Regulations, 2007, the Authority is mandated to make amendments to the existing Tariff Structure applicable to electricity customers.
5. I am pleased to inform you that ERA has made amendments to the electricity tariff structure aimed at promoting access to, and use of electricity.
6. Ladies and gentlemen, the amendments ERA has undertaken include:
  - a) Introduction of a Declining Block Tariff for Domestic Consumers also codenamed the "Cooking Tariff" aimed at encouraging Cooking with Electricity in homes;
  - b) Promotion of the Productive Use of Electricity in Industrial Parks; and,
  - c) Re-categorization of the Beneficiaries of the Lifeline (Social) Tariff.
7. The amendments have been made to cater for the current and future needs of the Electricity Supply Industry in effort to reduce the cost of electricity.
8. Hon. Minister and Members of the Press, in the determination of the electricity tariffs for 2022, the following major assumptions were taken into consideration:

- (i) The impact of the Covid-19 pandemic on the operations including, energy losses, revenue collection, industrial productivity, and its impact on demand and financial sustainability of the Electricity Supply Industry.
- (ii) The Quarterly Tariff reviews implemented by the Authority in 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021 that adjust the annual base tariff for changes in inflation, exchange rate, international fuel prices will continue to be implemented in 2022.
- (iii) Electricity demand is expected to grow at an annual rate of approximately 11.6% in 2022. The total energy purchased by UETCL is expected to increase from 5,014 GWh projected for 2021 to **5,595 GWh** in 2022.
- (iv) The average water release at Nalubaale/Kiira is projected at 1,000 Cubic meters per second (cumecs) for 2022 translating into an annual generation of 1,314GWh from Nalubaale/Kiira and 1,434 GWh from Bujagali Energy Limited.
- (v) Isimba Hydro Power Plant, commissioned in March 2019 is expected to generate 966 GWh.
- (vi) Karuma HPP is expected to be commissioned in June 2022 and shall be used to contribute to meeting the demand for the forecasted energy.
- (vii) West Nile region is expected to be connected to the National Grid effective September 2022.
- (viii) The Uganda Shilling has depreciated against the United States Dollar from Ush/USD 3,535.04 used in the determination of the retail tariffs for the fourth quarter of 2021 to Ush/USD 3,564.09 on 30<sup>th</sup> November 2021 as published by Bank of Uganda. This represents a depreciation of 0.82%. The exchange rate has an effect on the Electricity Supply Industry financing and the resultant Annual Base tariffs for 2022.

- (ix) The Authority shall continue to implement the declining block tariff structure for the Large Industrial and Extra-Large Industrial Tariff Year 2022.
- (x) Review of the lifeline tariff structure to target only the deserving low income earners given the objectives of social tariffs. The lifeline tariff is now applicable to the first 15kWHs per month for only customers who consume not more than 100kWH per month.
- (xi) Introduction of the declining block tariff to encourage domestic consumers to cook using electricity – between 81kWh and 150kWh.
- (xii) Implementation of a pilot direct purchase of electricity by consumers in Buikwe MMP and Kapeeka Industrial Parks at US cents 5/kWh. The projected revenue shortfall of Ush 12 billion in the event the consumers in Buikwe MMP and Kapeeka Industrial Parks do not respond to the tariff reduction by increasing electricity consumption shall be provided by government.

#### **APPROVED ANNUAL BASE END-USER TARIFFS FOR 2022**

9. Hon. Minister and members of the Press, in accordance with Amendment Number Two of the Umeme Limited License for Supply of electricity, the retail tariff charges for electric service shall be subject to automatic fuel cost charges, foreign exchange rate fluctuation adjustment, and an inflation adjustment that will be calculated in accordance with the Authority Quarterly Tariff adjustment Methodology, 2014.
10. The approved Annual base end-user tariffs for 2022 which also double as the applicable tariffs for quarter one of 2022 will be subjected to quarterly adjustment factor for changes in micro economic parameters across the remaining three quarters of the tariff year.

11. The approved 2022 annual base end-user tariffs, therefore, are as follows:

- a. Ush 747.5/kWh, Ush 597.1/kWh, 472.0/kWh, Ush 355.0/kWh, Ush 300.2/kWh, and Ush 370.0/kWh for Domestic, Commercial, Medium Industries, Large Industries, Extra-Large Industries, and Street Lighting respectively for the period January – March 2022. These are also presented in table 1 below.

**Table 1: Approved Annual Base tariffs for 2022 (Quarter one 2022)  
Tariffs - Ush /kWh**

	Recommended Q1 Tariffs - Ush /kWh							
	Domestic			Commercial	Medium Industrial	Large Industrial	Extra Large	Street-lights
	Lifeline	16 – 80kWh and above 150kWh	81kWh – 150kWh					
Average	250.0	745.7	412.0	597.1	472.0	355.0	300.2	370.0
Peak				784.4	642.3	472.5	395.7	
Shoulder				601.1	476.5	355.6	301.1	
Off peak				373.4	264.5	231.1	214.7	

- b. Declining Block tariff for large and extra-large industrial consumers shall be as indicated in table 2 below.

**Table 2: Declining Block tariff for large and extra-large industrial consumers**

	Large Industrial		Extra Large	
	Block 1	Block 2	Block 1	Block 2
Average	355.0	343.5	300.2	271.0
Peak	472.5	456.5	395.7	356.2
Shoulder	355.6	343.5	301.1	271.0
off peak	231.1	223.2	214.7	193.2

- c. A Preferential Tariff of Ush 451.4/kWh has been approved for institutions starting with the Mwana Mugimu Mulago National Referral Hospital cooking pilot project;

- d. A Preferential Tariff of Ush 412.0/KWh has been approved for domestic consumers for units consumed between 80KWh and 150KWh per month;
- e. A Preferential tariff for the consumers in the Buikwe MMP and Kapeeka Industrial parks has been approved as shown in Table 3 below:

**Table 3: Preferential tariff pilot tariff for industrial parks**

Time of Use	Ush/KWh	US cents /KWh
Peak	231.67	6.50
Shoulder	178.20	5.00
Off-peak	178.20	5.00

- 12. Hon. Minister, I would like to thank the Authority Members for their dedicated efforts in undertaking their oversight role, which has enabled us to review the tariff structure.
- 13. I also take this opportunity to thank the CEO, Management and staff of ERA and congratulate them for successfully reviewing the tariff structure.
- 14. I would like to once again take this opportunity to thank you, Hon. Minister and through you to thank His Excellency the President of the Republic of Uganda for prioritizing the Energy Sector and for his relentless support to the Electricity Supply Industry that has seen us achieve the noted improvements.
- 15. On behalf of the Authority, Management, and staff of ERA and My behalf, we are committed to achieving our vision of promoting sustainable electricity Supply for the Socio-economic transformation of Uganda.

Thank you, Hon. Minister.

For God and My country

Dr. Sarah Kanabi Wasagali

**CHAIRPERSON – ELECTRICITY REGULATORY AUTHORITY**

DECEMBER 16, 2021