

Oil firms get exclusive rights to generate gas power

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Firms that had expressed interest to invest in exploiting Uganda's potentially lucrative gas reserves have to wait until 2020 before they can be allowed to generate gas power.

It follows the decision by the energy ministry to give exclusive rights to upstream oil companies involved in oil exploration, development and production to invest in exploiting the country's gas reserves.

In a policy directive published in the Uganda Gazette, energy minister

Irene Muloni allowed upstream oil firms to produce electricity to meet their power needs.

The policy direction to the Electricity Regulatory Authority (ERA), asked it to permit companies involved in oil exploration, development and production to undertake the necessary studies with a view of utilising the indigenous petroleum resources to generate power.

She noted that companies that had been licensed or permitted under the Electricity Act, 1999 to develop power plants, should utilise the indigenous

BETWEEN THE LINES:

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petroleum resources as their feed fuel, stating that the indigenous petroleum reserves will be available after 2020.

Muloni urged ERA to take note of the revised Petroleum Production

Plan in issuing permits and licences to companies than proposing to utilise indigenous petroleum resources for power generation.

The directive is a blow to electricity firms that had been licensed by ERA to investigate the possibility of putting up gas power plants.

Some of the companies included Albatross, Lake Albert Infrastructure Services Limited and Jacobsen Elektro, among others.

It should, however, be noted that at the time when some of the companies were pushing for licences about

three years ago, the energy ministry directed ERA to stop issuing licences until a study that informed the Government on how best to exploit the gas reserves had been done.

Deep Earth International claim that some companies that had received licences like Albatross used their political muscle to push for a generation license. However, quoting government sources, Deep Earth International said technocrats did not believe Albatross had the capacity to undertake a 230MW gas power plant as the company had earlier promised.