

# MPs reject thermal power supplementary budget

By Henry Sekanjako

The parliamentary committee on budget has protested sh106.8b supplementary budget advanced to the Ministry of Energy and Mineral Development, for payment of capacity charges for thermal power generation.

The money in question was advanced to the ministry as supplementary budget for the current financial year 2017/18.

Appearing before the committee on Wednesday to defend the supplementary request, energy state minister in charge of minerals, Simon D'ujang, told MPs that the supplementary was to meet sh44.1b for arrears carried forward to the 2017/18 financial year and sh62.7b for budget shortfall, for the 2017/18 financial year.

"The supplementary request is premised on the fact that Parliament authorised reallocation of funds amounting to sh90.5b, meant for thermal power operations, leaving only sh5.4b in the 2017/18 financial year, for that purpose," D'ujang said.

He said the thermal power generation is governed by obligations enshrined in power purchase agreements (PPA), adding that capacity charges for thermal plants had to be paid as agreed in the PPA.

Explaining the operation of the thermal generators, D'ujang told the MPs that the Electro-Maxx contract will expire on September 30 and would revert to an energy deal under the merit order dispatch.

## Queries on Jacobsen company

D'ujang also told the legislators that the Namanve-based thermal power plant currently operated by Jacobsen Uganda Power Plant Company Limited, is a government-owned plant which is pending full settlement of the outstanding loan. "The outstanding loan balance to Nordea Bank is euros11,440,733 as at December 2017 and outstanding value added tax of sh57.8b," D'ujang said.

The MPs, however, expressed dissatisfaction with the minister's explanation, saying the money should have been allocated to the Petroleum Authority of Uganda to meet its budget demands such as the sh16.28b needed for recruitment of staff, payment of wages and procurement of office equipment and computer software.

The legislators also questioned Jacobsen company, which some MPs alleged was a broker in the project.

"We now have excess power. Why still process thermal power, yet we have hydro power?" Richard Okoth Othieno, the Budama County North MP, asked.

Questioning the supplementary budget, James Kakooza, the Kabula County MP, said: "In the last Parliament, we rejected this money, why did the finance ministry release it to the energy ministry?"

However, Vianney Mutyaba, the manager pricing Electricity Regulatory Authority, explained to the MPs that the ministry needed the money to pay for costs such as security for securing the plant and salary and wages for the workers, among other costs.