# Govt increases power tariffs

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**KAMPALA.** Ugandans will have to dig deeper into their pockets to keep the lights on at home and run machines for production as the power tariffs have increased by 4.8 per cent.

According to approved tariffs, home, salon and shop owners will pay Shs718.9, up from Shs685.6, for each unit of electricity they will use between January 1 and March 30.

The new rates approved by Electricity Regulatory Authority (ERA) and officially released on Thursday, will however, apply to each unit above the 15th unit. Each of the first fifteen units will cost Shs150.

Restaurateurs, supermarket and clinic operators will pay Shs648.3 up from Shs619.1, an increase by Shs29.2 for each unit. Each unit used to run fuel pumps and for grain milling will cost Shs592.5, up from Shs568, an increase of about 4.3 per cent.

Power for large industrial purposes will cost Shs375.5 up from Shs368.1, representing a Shs7.4 increment. The extra-large industrial consumers will part with Shs371.1 up from364.6 for each unit.

## Private sector reacts

Reacting on the new development, Mr Gideon Badagawa, the Private Sector Foundation Uganda (PSFU) executive director, said the country has produced power but failed to attract industries or people to use it and the only way to recoup investors' money is to charge the few customers highly. This, he said, has left many small enterprises in a state of near collapse due to high cost of power as they cannot compete with goods produced elsewhere where power is cheaper.

"I will not be surprised six months from now; they may announce another increase because we are having a surplus of over 300megawatts. There are no power consumers yet to pay off the loans, power has to be consumed," he said.

"Government has to do two things; generate power but also attract investors and industries to consume the power. Without doing that, you are sinking the economy because you will have to allocate money in the budget to payoff bank loans acquired in the putting up dams," Mr Badagawa added.

PSFU is the apex body for the private sector. It is made up of over 200 business associations, corporate bodies and the major public sector agencies that support private sector growth.

**Compiled by Paul Tajuba**

**150**

AMOUNT OF MONEY TO BE PAID FOR EACH OF THE FIRST FIFTEEN UNITS

The City authority and municipalities will pay Shs701, which is Shs32.4 more, for each unit they will use for street lighting.

This is however, the first increment in the last six months.

Umeme's media manager Stephen Ilungole, told *Saturday Monitor* that "it is not just the retail price of electricity which has increased, the prices of fuel, bread, sugar, among other basic items, have gone up."

"Consumers have to appreciate that at some point there will be an increment of the tariffs. The cost of supplying electricity has gone up," he added.

The regulator [ERA], which sets the tariff after considering the investment recoverable costs of Uganda's power generation, transmission and distribution companies, attributes the increment to mainly three factors; the provision for the transaction costs of refinancing Bujagali hydropower plant (HPP); the depreciation of the shilling against the US dollar and the increase in power distribution investment related costs.

President Museveni has time-to-time said his government would lower the retail tariff for industrial users to boost industrialization and job creation in the country.

In order for Uganda to become a middle-income country, Mr Museveni in June 2016 tasked ministers to lower power tariffs as one of the obstacles in the 2020 road to middle income status.

To achieve the target, government decided to refinance Bujagali hydropower plant, which generates close to 50 per cent of the power on the national grid and accounts for a significant chunk of the sector's costs.

The refinancing of Bujagali is meant to ensure that the tariff does not increase above 12 US cents.

However, even with Bujagali power, for manufacturers, consumers and other categories to get the lower tariffs they want, they will have to wait until the Isimba and Karuma hydropower plants are commissioned in late 2018 and 2019 respectively.

The two plants should charge not more than US¢5 (Shs181) per unit. But with Isimba and Karuma loan repayments, there are fears in the sector that the lower retail tariffs might not materialise on the day the government commissions the two plants.