Energy PS cancels contract

By Mary Karugaba

A row has erupted between the Ministry of Energy and Mineral Development and the Electricity Regulatory Authority (ERA) over the proposed construction of the 330MW Kiba hydropower project across River Nile in Nwoya and Kiryandongo districts.

The row started when ERA issued a permit to China Africa Investment and Development Company (CAIDC), the contractor, to undertake feasibility studies without clearance from the ministry's permanent secretary, Stephen Isabalija.

According to correspondences between the two institutions, seen by *New Vision*, after issuing the permit, Isabalija wrote to ERA indicating that the ministry had terminated the memorandum of understanding (MOU) between the Government and the company.

In 2015, Government and the company entered into an MOU for a detailed feasibility study that would lead to a Build, Own, Operate and Transfer agreement for the Kiba hydroelectric power project.

However, in July this year, Isabalija terminated the MOU, accusing the company of failing on a number of terms of the agreement.

In a letter to the company president, Zhao Lionel, Isabalija complained about the company's failure to do significant work.

"We note that after more than 25 months, no significant work has been undertaken with respect to the development of the project with key milestones of the MOU not being fulfilled. The purpose of this letter is to inform you that in line with section 6.2, the MOU between this ministry and CAIDC regarding your development of Kiba hydropower project is hereby terminated," Isabalija said in a letter.