

Umeme accused of withholding sh80b over bills

By Mary Karugaba

Umeme Limited, a private power distributor, has been accused of refusing to pay sh80b to the Government on account of failure by government institutions to pay their electricity bills.

The accusation was raised by Uganda Electricity Transmission Company Limited (UETCL) officials at Parliament yesterday.

UETCL finance manager Jenkins Miiro told MPs on the commissions state authorities and state enterprises committee that the money was part of the figure that Umeme owes for power purchased from the government transmission company.

"We have not been able to clear some of our debts we owe Rural Electrification Agency (REA) because we are financially constrained after Umeme withheld part of our revenues amounting to sh80b on account that government institutions were not paying for the power

COSASE chairperson Abdu Katuntu regretted the actions of the government team that negotiated the concession agreement, saying while Umeme walked away with a risk-free deal, the Government lost on almost all clauses.

BAD DEAL

consumed," Miiro told MPS.

However, when Umeme was asked to explain why they withheld the money, Umeme's chief corporate and regulatory officer, Blessing Nshaho, denied owing UETCL any money.

Nshaho said according to the concession agreement, the Government is both a power consumer and supplier.

In case it fails to pay for the power consumed by different ministries, departments and

agencies, the agreement gives Umeme powers to withhold the money it owes the Government through UETCL after 60 days.

"When we bill the Government and they do not pay, we conduct a temporary offset and if they do not pay after 60 days, we conduct a permanent withdraw. We used to draw from the Escrow account; unfortunately it was depleted. In case the Government pays, we reimburse the money," he said, adding that government entities owe Umeme sh34b.

However, Keith Muhakanizi, the permanent secretary of the finance ministry, asked Umeme to explain its current arrears to Government in relation to what the Government owes them.

This prompted committee chairperson, Abdu Katuntu, to demand to know the agency responsible for verifying Umeme bills to the Government.

"Who verifies Umeme's bills to the Government? While UETCL says Umeme owes them

sh80b, Umeme says they do not. Who is responsible?" Katuntu asked officials from Electricity Regulatory Authority (ERA).

Katuntu regretted the actions of the government team that negotiated the agreement, saying while Umeme walked away with a risk-free deal, the Government lost on almost all clauses.

"No reasonable commercial lawyer can negotiate such a kind of deal, unless they have interests. It is unfortunate that Umeme interests were protected while those of the Government were not," he said.

ERA's manager in charge of pricing Vianney Mutyaba told the MPs that it was Uganda Electricity Distribution Company (UEDCL) that was responsible for verifying the figures.

"Two years ago, UEDCL contracted PricewaterhouseCoopers to verify the figures. They presented a report. I do not know what has happened after that," he said.