



H. E. Gen Y.K. Museveni
President of the Republic of Uganda

Congratulations!

The Board, Management and Staff of Uganda Electricity Generation Company Ltd congratulates His Excellency the President Gen. Yoweri Kaguta Museveni and the people of Uganda as we celebrate 30 years of the NRM sustained development.

1.0 UGANDA VISION 2040 AND THE NATIONAL DEVELOPMENT PLAN 2015 - 2020

Uganda Vision 2040 and the National Development Plan (NDP) identify the Energy Sector as one of the key priority sectors and driver of Uganda's socio-economic transformation. The Energy Sector has undergone a series of reforms since 1999 to improve operational efficiency and reduce government's financial burden within the sector. As a country, our average per capita electricity consumption stands at about 100kwh/year. This is one-sixth of the NDP target of 674kwh/year by 2015; electricity access stands at about 15% against a target of 40% by 2025. To achieve all these targets, the generation capacity will have to be increased from the current 850MW to 5,000MW by 2025.

2.0 HISTORICAL PERSPECTIVE

Historically, power generation was confined to the Nalubaale Hydropower Plant (formally Owen Falls Dam), that was commissioned in 1954 with a total capacity of 150 MW. This was later upgraded to 180 MW. At that time, the supply exceeded demand allowing for export to the neighboring countries.



Nalubaale Hydro Power Plant: Spilling Water

In 2000, the Kiira Hydropower Plant (200 MW) was constructed next to the Nalubaale Power Plant. This was aimed at meeting the increasing demand spiraled by the advent of the NRM Government in 1986. The two dams currently have an installed capacity of 380 MW and has the lowest unit cost of power generated at 1US Cent per kWh (shs 35/KWh) in Uganda

However faced with the increased growth and development within the Country, the Government sought it prudent to liberalize the generation sub-sector by providing incentives and enacting legal and regulatory framework conducive to attract Private sector developments within the Energy sector. As a result new electricity generation facilities were installed including Bujagali Hydropower Plant (250 MW) which was developed under a Public Private Partnership arrangement and a proliferation of small hydros within the Country. However, this private sector led development resulted into increased electricity tariffs. In order to lower the tariff, government decided to take a leading role in the electricity development and management by empowering and expanding the mandate of UEGCL as the lead agency in carrying out these activities. The objective of this paradigm shift by the NRM government was to ensure affordable tariffs that are vital to increasing Uganda's competitive edge within the region as an industrial hub.

3.0 UEGCL COMPANY PROFILE

UEGCL was incorporated on 26th March 2001 under the Companies Act (Cap 110), the Laws of Uganda and in conformity with the Electricity Act, 1999 and started operation on 1st April 2001. The mandate of UEGCL is to establish, acquire, maintain and operate electricity generation facilities and to promote Research and Development in the Electricity generation sector while running the company on sound business principals.

Vision:
The Vision of UEGCL is to "Be the leading Power Producer in the Great Lakes Region".

Mission:
UEGCL's Mission is to "Sustainably Generate Reliable, Quality and affordable Electricity for Socio- Economic Development".



President Museveni Presides over the 1st Phase of the concrete pouring at the 183MW Isimba Hydro Power Project which took place on the 27th July 2015

UEGCL Strategic Direction (2015-2017)

The company's activities are currently guided by a three year Strategic Direction (2015-2017) whose key objectives are premised on the four balance score card perspectives namely the Internal Business Processes, Financial, Customer and Learning and Growth.

4.0 CURRENT INITIATIVES TO INCREASE ELECTRICITY GENERATION

In conjunction with Ministry of Energy and Mineral Development, UEGCL is currently overseeing the construction of two Hydropower projects; the 600MW Karuma power plant which is expected to be commissioned in 2019 and the 183MW Isimba power plant which is

expected to be commissioned in 2018. Both of these are public projects that will be owned and operated by UEGCL. Two other hydropower projects of Muzizi 44.7 MW and Nyagak 5.5 MW are also being developed by UEGCL with financial support from KfW and AFD and are in preparatory stages for construction. The completion of these plants will add 833 MW to the grid. The Ayago Plant (840 MW) which is currently under detailed feasibility studies will come on grid later. Other small hydro power plants of Latoro 4.2MW, Okulacere 6.5MW and Agbinika

2.2MW which was recently promised by the President in Yumbe district are under planning for development.

5.0 UEGCL STRATEGIC PRIORITIES (2015-2017)

In order to meet the expectations of the population of Uganda in regard to electricity generation, UEGCL is in the process of repositioning itself as the key player in electricity generation within Uganda. In line with its Strategic Direction (2015-2017), UEGCL will in the short run focus on the following key strategic objectives

- Increase our share of hydropower installed capacity by 50% from 380 MW to 833 MW by the year 2020
- Optimization of costs and operations to generate more electricity during peak load hours;
- Improve investment and operational efficiency with aim of being the low cost generator in the region to support government initiatives of keeping tariff affordable and competitive;
- Stepped up condition monitoring of ageing assets



UEGCL Board members (from left) Dr. Nixon Kamukama, Dr. Robert Stephen Isabalija (Board Chairperson), Ms. Zeridah Zigiti, Eng. Margaret Proscovia Njuki and the CEO Dr. Eng. Harrison Mutikanga (extreme right) at Karuma Dam for a site inspection.



UEGCL Board members inspecting the Tail water tunnel at Karuma Hydro Power Project

at Nalubaale power station for improved performance with respect to plant availability and reliability;

- Establishing an Energy Training and Vocational Centre and Professional Services Unit for sustainable energy systems
- Build local capacity for Operation and Maintenance of Karuma and Isimba Hydropower plants and support government initiatives of providing employment to the youth.
- Promote an Energy mix and reduce over dependency on hydropower.

6.0 ENERGY MIX POLICY

As part of its strategy, UEGCL is exploring Green field investments in New Renewable Energy sites as follows;

- Solar Energy: UEGCL is exploring the development of Solar Energy with HUAWEI of China. However, there still exists potential to further develop a number of other solar sites within the country.
- Geothermal: UEGCL is working closely with MEMD and will be a key player in the development of Geothermal once DGSM finalizes exploration and confirms resource potential

7.0 STRATEGIC OUTLOOK

Going forward, UEGCL's businesses will be guided by our core mandate which broadly falls in two categories, Internal capacity development depicted in the mandate by the need to establish, acquire, maintain and operate electricity generation facilities and to promote Research and Development, and secondly, in the longer term the adoption of a Business Model Framework that promotes efficiency in the operation and management of the Hydropower Plants depicted in the mandate by the need to run the Company on sound business principals.

Hydropower development – In terms of hydropower development, UEGCL will focus on efficiently and effectively delivering the power Plants under construction. In the next five years, about 846 MW of electricity will be added on to the grid and this will enhance socio-economic development. The on-going hydropower projects will further be augmented by development of new hydropower sites in line with Governments objective achieving economies of scale and affordable Tariffs. These projects will take advantage of the new Public Private Partnership Act recently enacted by Government for funding purposes. Business model for O & M – It should be noted that UEGCL's future growth is premised on the effective and efficient management of the Hydropower generation Assets that are currently under development/construction. Key among the strategic activities for UEGCL is the preparation for the Operation and Maintenance phase of the new hydropower plants.

UEGCL has already identified the requisite staff required for the two plants of Karuma and Isimba, and the staff are already being recruited. Furthermore, UEGCL plans to adopt an O&M Framework that promotes efficiency, through indigenous subsidiary companies, within the ambit of UEGCL. The O&M Business model is premised on the need to create benchmarks in hydropower management given the existence of both private and public players in the development and management of Hydropower plants. UEGCL will therefore be moving from a Business as usual mode to a model of competitive operations to ensure a competitive tariff within the region (EA power pool).

As UEGCL we look ahead into the medium Term with hope and confidence. Our resolve is to make our operations even more efficient and strengthen our financial position so that we can meet the expectations of our various stakeholders.