

UEGCL WANTS TO TAKE OVER NAMANVE THERMAL PLANT

THERMAL ENERGY

The Uganda Electricity Generation Company Limited has expressed interest in taking over Jacobsen Thermal Plant located in Namanve.

By Benon Ojiambo

The Uganda Electricity Generation Company Limited (UEGCL) has applied to the Electricity Regulatory Authority (ERA) expressing interest in taking over the Jacobsen thermal plant in Namanve, Mukono district.

As required by law, ERA has asked any member of the public who may have any comments or objections to the applications to write to the agency.

Thermal energy was one of the alternatives Uganda resorted to after, following a fall in Lake Victoria water levels in 2005.

The fall in water levels triggered an energy crisis that plagued the country with load shedding for about seven years until the commissioning of the Bujagali power plant in 2012.

TENDER FOR THERMAL PLANT

In 2006, Norwegian firm Jacobsen Elektro was awarded a tender to build a thermal plant at Namanve at a cost of \$66m (about sh277.2b as of today's exchange rates).

It later in 2007 signed a power purchase agreement with the Uganda Electricity Transmission Company Limited (UETCL) and the plant was commissioned in 2008.



Thermal energy was one of the alternatives Uganda resorted to after its then hydro-dominated electricity generation suffered a heavy blow following a fall in Lake Victoria water levels in 2005



In 2006, Norwegian firm Jacobsen Elektro was awarded a tender to build a thermal plant at Namanve at a cost of \$66m.

Jacobsen was to operate the plant for six years before transferring it back to the Government with the option of the latter paying off the loan and taking over the plant after that period.

The thermal plant is considered a fall back plan in case of an

emergence or requirement for extra power and has thus been since 2014 receiving a one-year renewal upon each expiry despite the plant's power not often used.

INTEREST TO TAKE OVER PLANT
UEGCL had expressed interest in

taking over the plant upon expiry of Jacobsen Elektro's agreement with the Government in September last year.

This was, however, delayed when Jacobsen Elektro, the thermal plant operator applied to the Ministry of Energy and Mineral Development for an extension of its Implementation Agreement (IA) by another year.

This period, the then energy ministry permanent secretary, Robert Kasande wrote, "we will 'enable the Government complete the due diligence study and to ensure that the power plant remains operational ready mode so as not

THERMAL ENERGY A GREAT SOURCE

Thermal plants in Uganda, the second one to the Jacobsen being Electromaxx in Tororo, are the most expensive electricity source selling their power to Uganda Electricity Transmission Company Limited (UETCL) at US\$18 (about sh640).

Currently, Uganda's installed generation capacity stands at 1,268MW. However, end of last year, thermal energy contributed only 1% of the total energy purchased by UETCL.

to disrupt the energy security of the country".

"In this respect, the ministry, through the Office of the Auditor General, is undertaking a due diligence study to ascertain the legal, financial and technical status of the power plant prior to the takeover. This process is expected to be completed within a period of up to one year," Kasande wrote last year.

"The extension is aimed at allowing the Government time to get ready to take over the plant," Julius Wandera, ERA's director for corporate and consumer affairs told the *New Vision*.

Both ERA and UEGCL confirmed that this process has been completed.

"We were waiting for the Auditor General to review the status of the asset we intended to take over and that has been completed," Eng. Dr Harrison Mutikanga, the UEGCL chief executive officer told the *New Vision* in a phone interview.

The \$66m-loan that was used to develop the plant has been fully repaid and Wandera said the Government can take over the plant at a fee of sh1,000.