

Tariff

Application for Year

2023



UMEME
Powering Uganda

Inside



UMEME
Powering Uganda

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Umeme

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Our
Contribution
Since 2005

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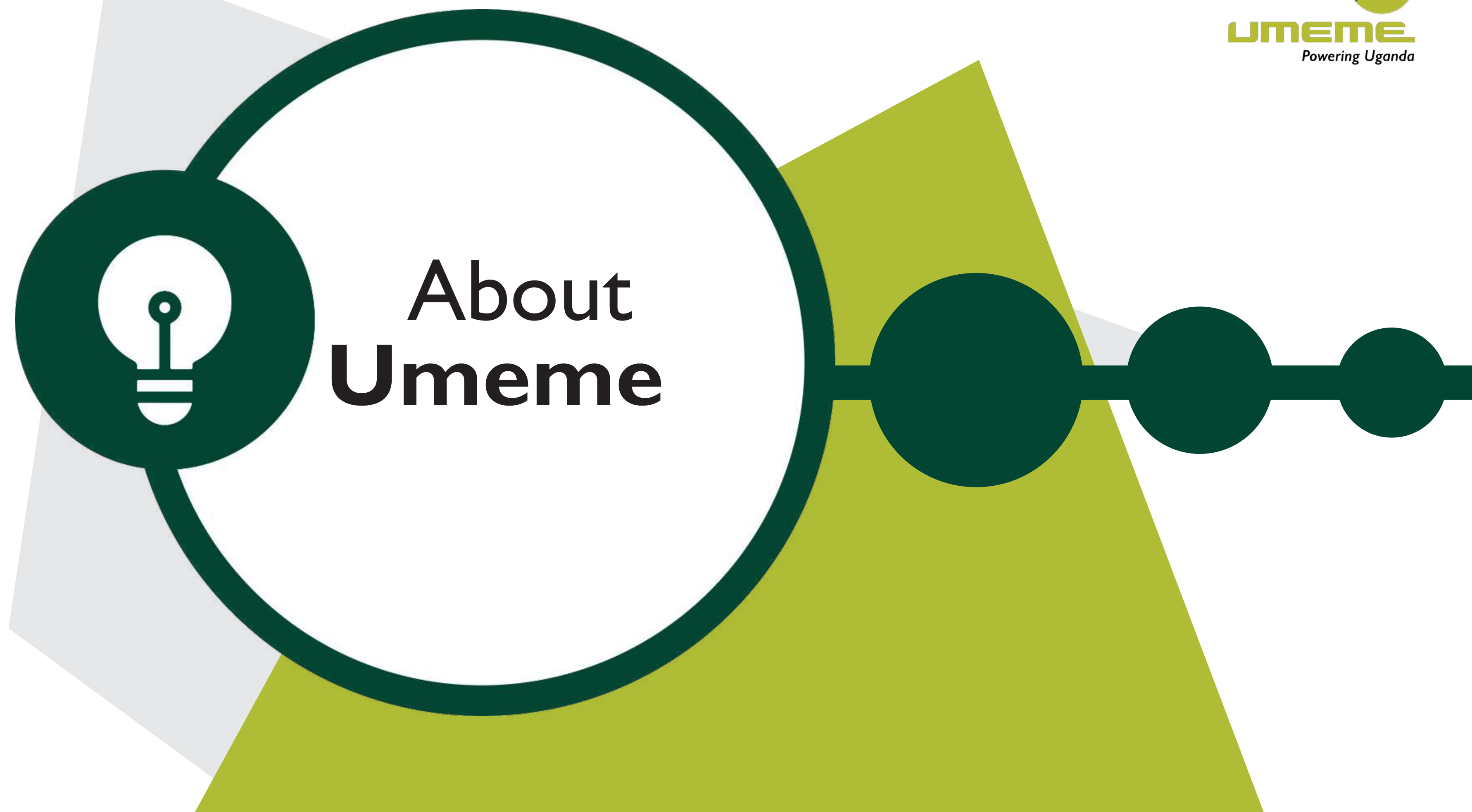


Highlights
of 2022

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Our Plans
for 2023

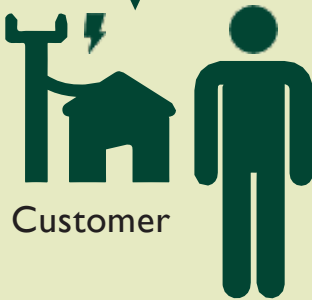
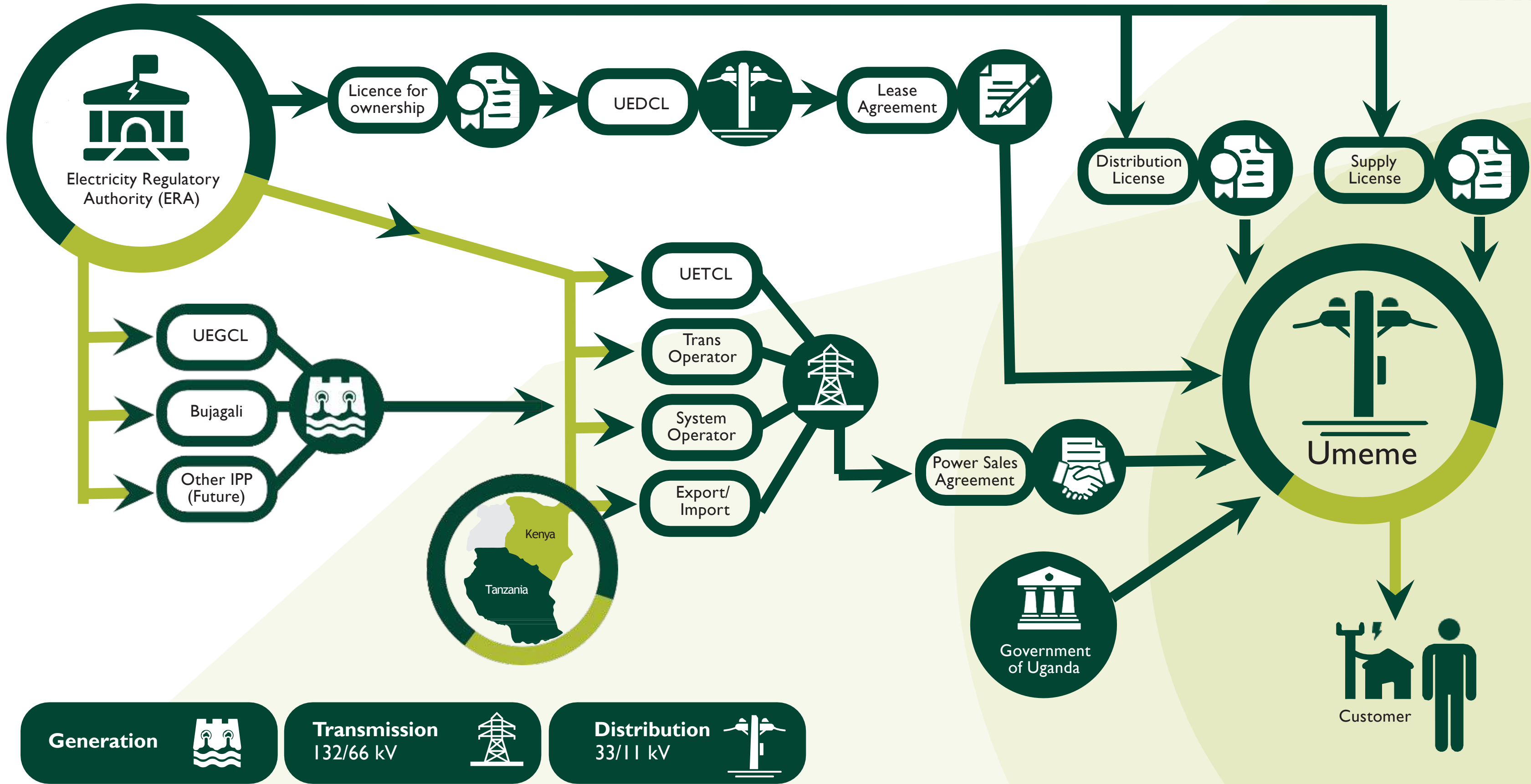


Our Place in the Electricity Value Chain



UMEME
Powering Uganda

MINISTRY OF ENERGY & MINERAL DEVELOPMENT



Customer

The Umeme Eco-system



Listed on Uganda & Nairobi Securities Exchange.
Ugandans own 35% of Umeme. 6,000 shareholders (1.5% Staff ownership).



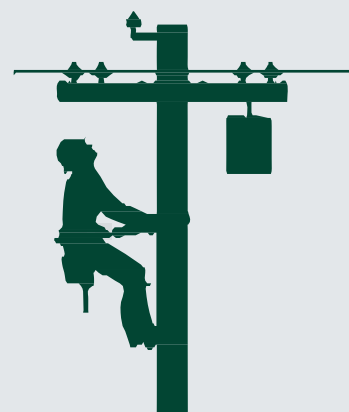
3,100 Employees
(2,300 FTE & 800 Contractors)



97% of Electricity Distribution business in Uganda



Financing Partners – IFC, FMO, SCB and Stanbic



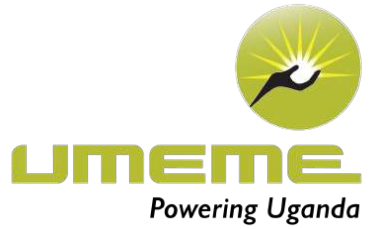
Operate and Maintain 44,000 Km of Lines
14,000 Distribution Transformers
68 Substations



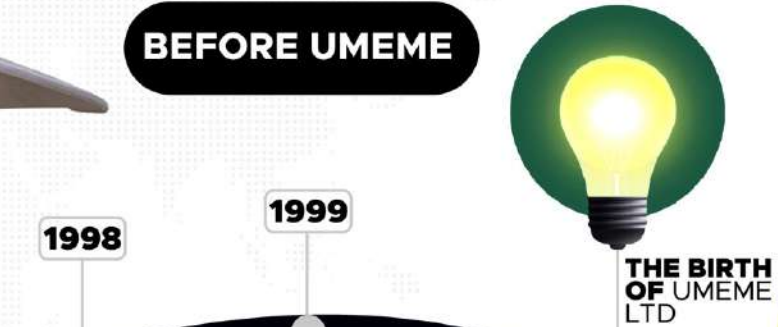
Serve 1.7 Million Customers



UMEME'S JOURNEY



17 years ago, access to electricity was a preserve of selected areas, especially the urban precincts. The service, then offered by the Uganda Electricity Board (UEB), was characterized by power outages while the Company was losing 4kWh of power it produced due to a delapidated network.



1998
A World Bank study in 1998 had concluded that Uganda's electricity system was financially not viable due to distribution inefficiency, **characterised by high energy losses (40%) and uncollected bills.** The sector was heavily reliant on Government subsidies.



Owen Falls Dam with only **180MW capacity**, was dilapidated, putting the sector in dire need of investments in generation, transmission & distribution

BEFORE UMEME

ENERGY SECTOR REFORMS

The Country was cash-tight, leading to the implementation of the Structural Adjustments Programme, Liberalization and Privatization.

INSTALLED GENERATION CAPACITY

Installed generation capacity has increased from **180MW to 1,346 MW.** Umeme facilitates upstream investments in generation as an efficient distributor.

Rehabilitated & constructed new Substations across our footprint to improve supply reliability. They now total **74**. We distribute **97%** of grid power.

74
POWER STATIONS

More than doubled network size to **44,000km**, from **16,000km in 2005** and increased transformer zones from 6,000 in 2005 to **14,833**

14,833
TRANSFORMERS



Increased the customer base six-fold from **250,000** in 2005 to **1.7 million**

1.7 MILLION CUSTOMERS

SUPPORTING BUBU
We source materials and services locally.
We employ over 3100 staff.

Improved the electricity distribution **efficiency from 50% to 85%** as of 2020, through reduction of energy losses to **17.5% from 38% in 2005.**

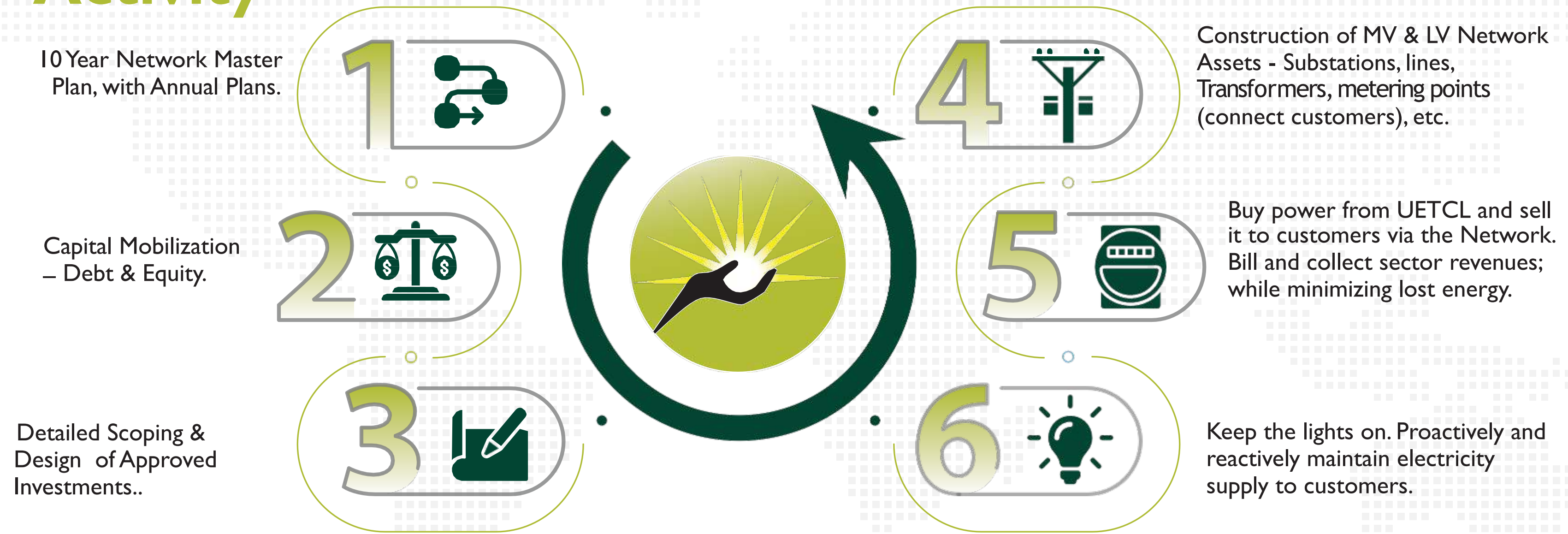
17.5% FROM **38%**

24HR SERVICE
We have 1.7 million customers on Yaka. **49 Service Centres** open to customers throughout our footprint.

SHAREHOLDER VALUE
Promoting Capital Markets through listing on the Uganda Securities Exchange. We are publically owned with over **6067** shareholders. **NSSF is majority owner at 23.34%**



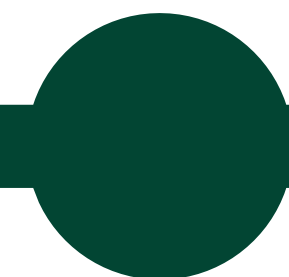
Licensed Activity



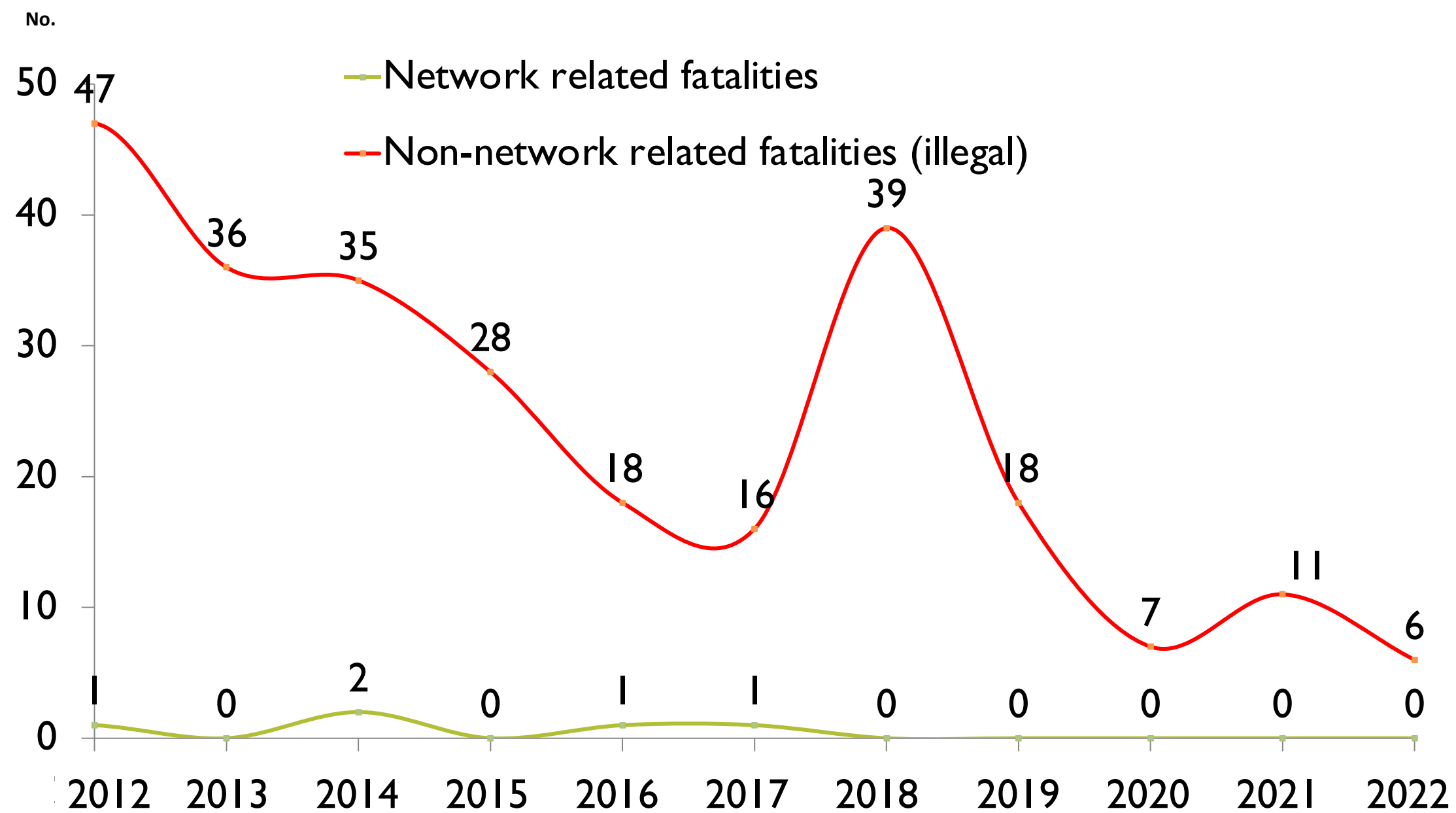
Our mandate is described in the Concession Agreements and Licenses for 20-year term since 2005



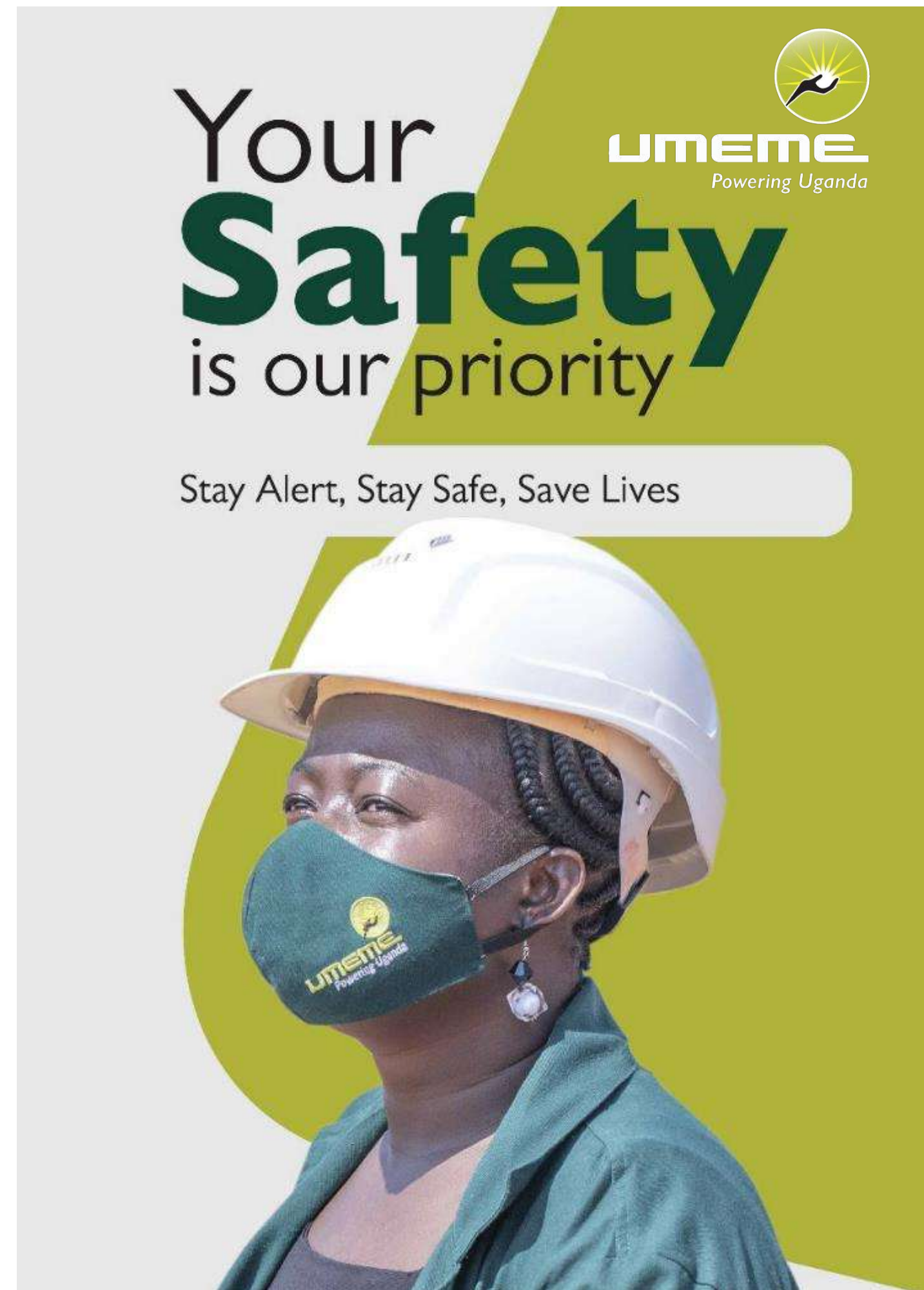
Our Contribution since 2005



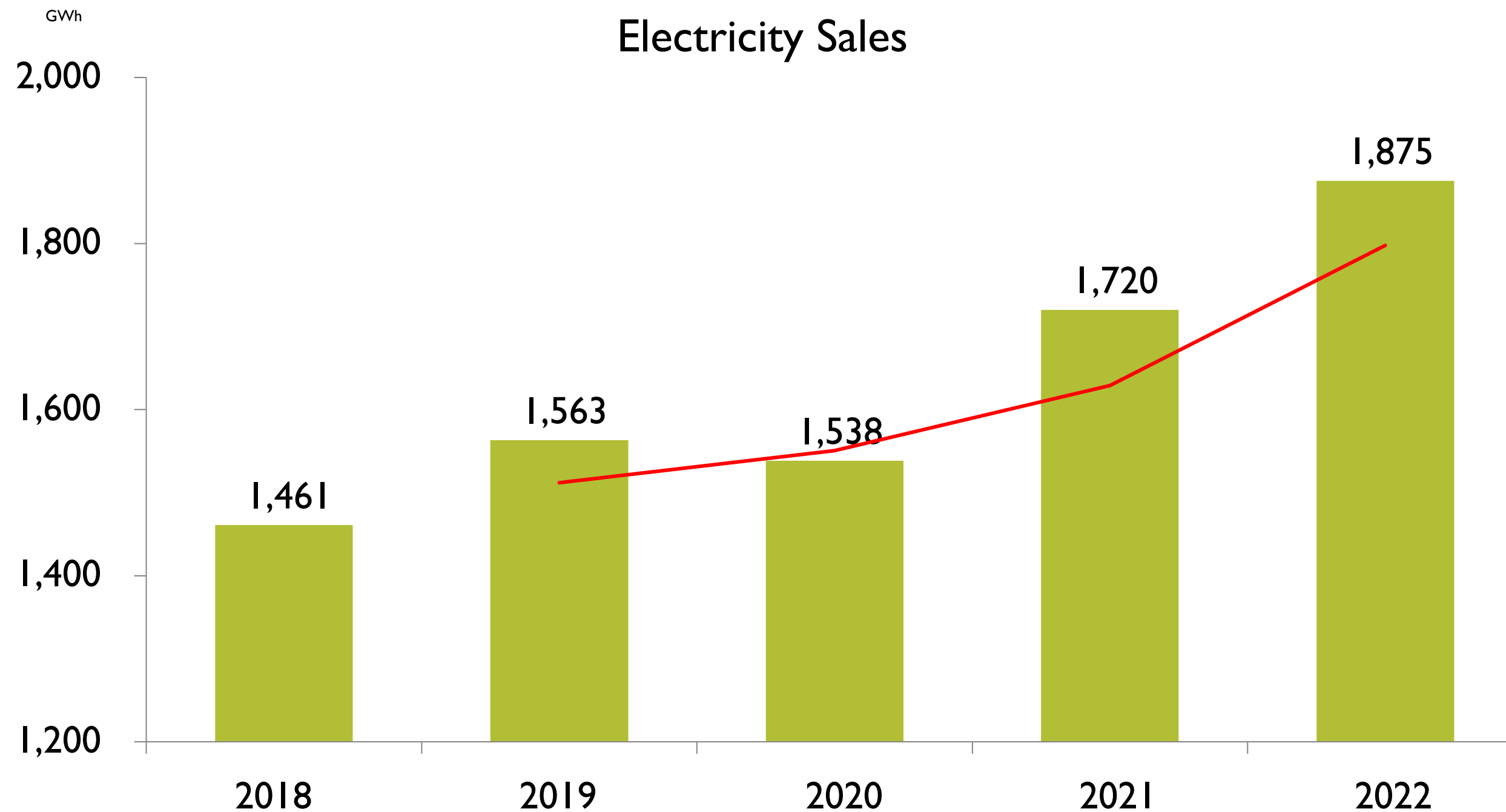
Safety Report



We recorded 6 non attributable fatalities related to network interference, power theft and unauthorized operations.



Energy Demand Resilient: +9%



- Double-digit consumption growth in domestic, commercial, medium – industrial and large-industrial customers
- Reduction in Energy Losses to 17.1% resulted in increased GWh sales

Electricity Sales

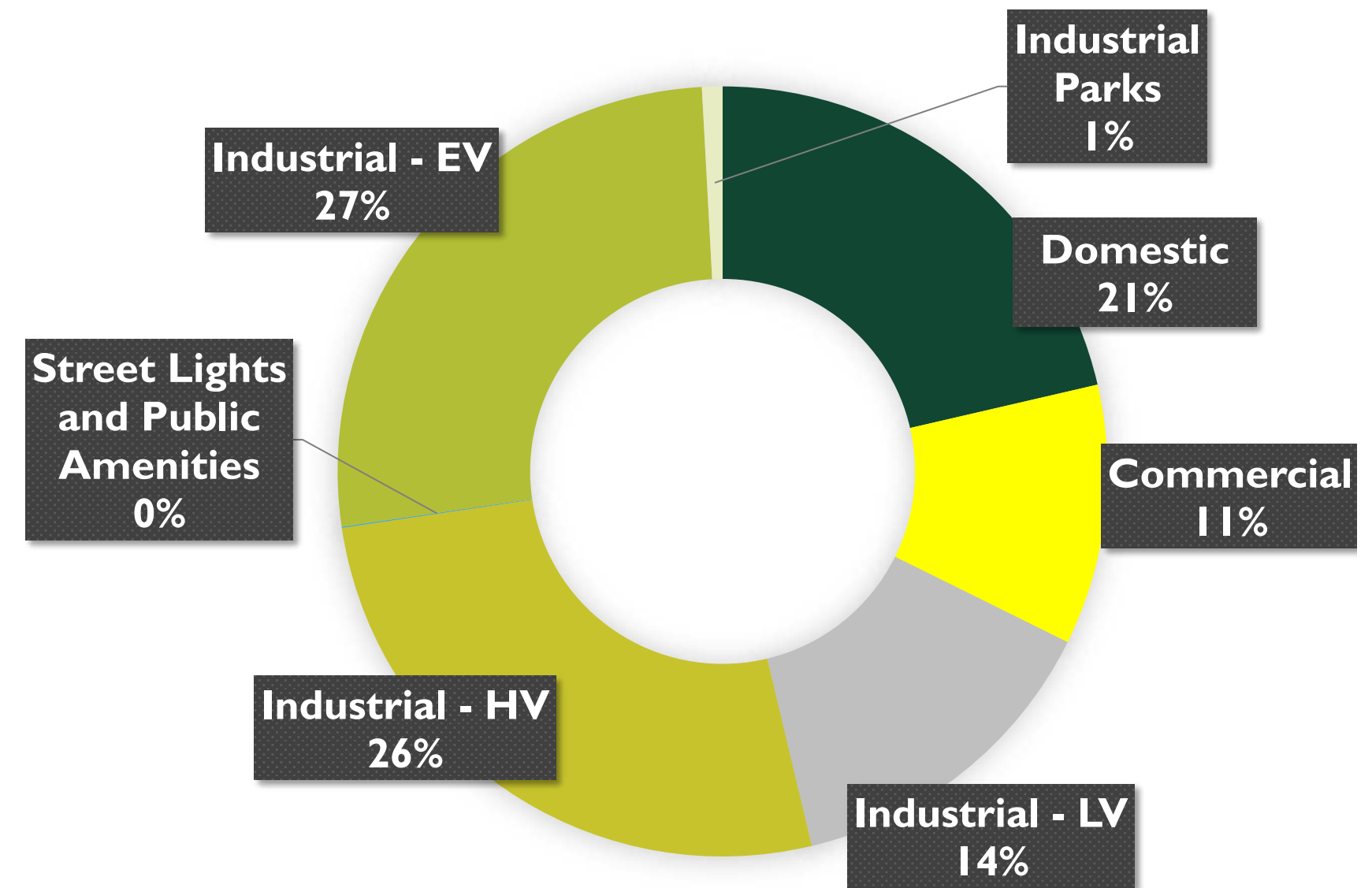
Consumption per Customer Class (Tariff Category)

Customer Category	HI 2022 (GWh)	HI 2021 (GWh)	Growth (%)
Domestic	401.0	359.7	11.5%
Commercial	205.1	183.7	11.6%
Industrial – LV	261.8	237.4	10.3%
Industrial – HV	494.6	446.4	10.8%
Industrial - EV	495.8	492.1	0.7%
Industrial Park	16.1	-	-
Street Lighting & Public Amenities	1.0	0.9	7.7%
Total	1,875.4	1,720.2	9.0%

✓ Double digit growth across higher margin consumers

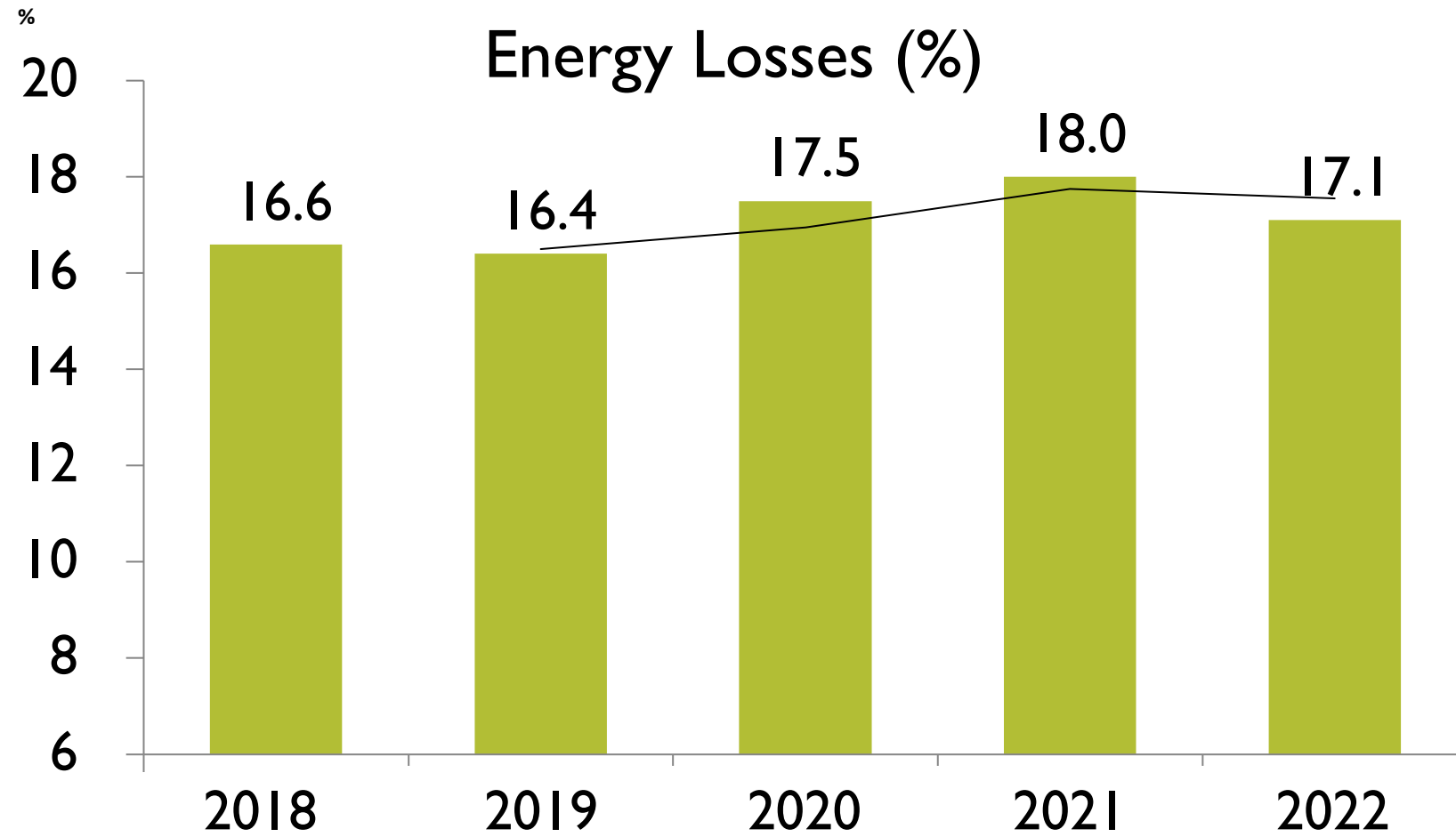


% Share of Electricity Sales



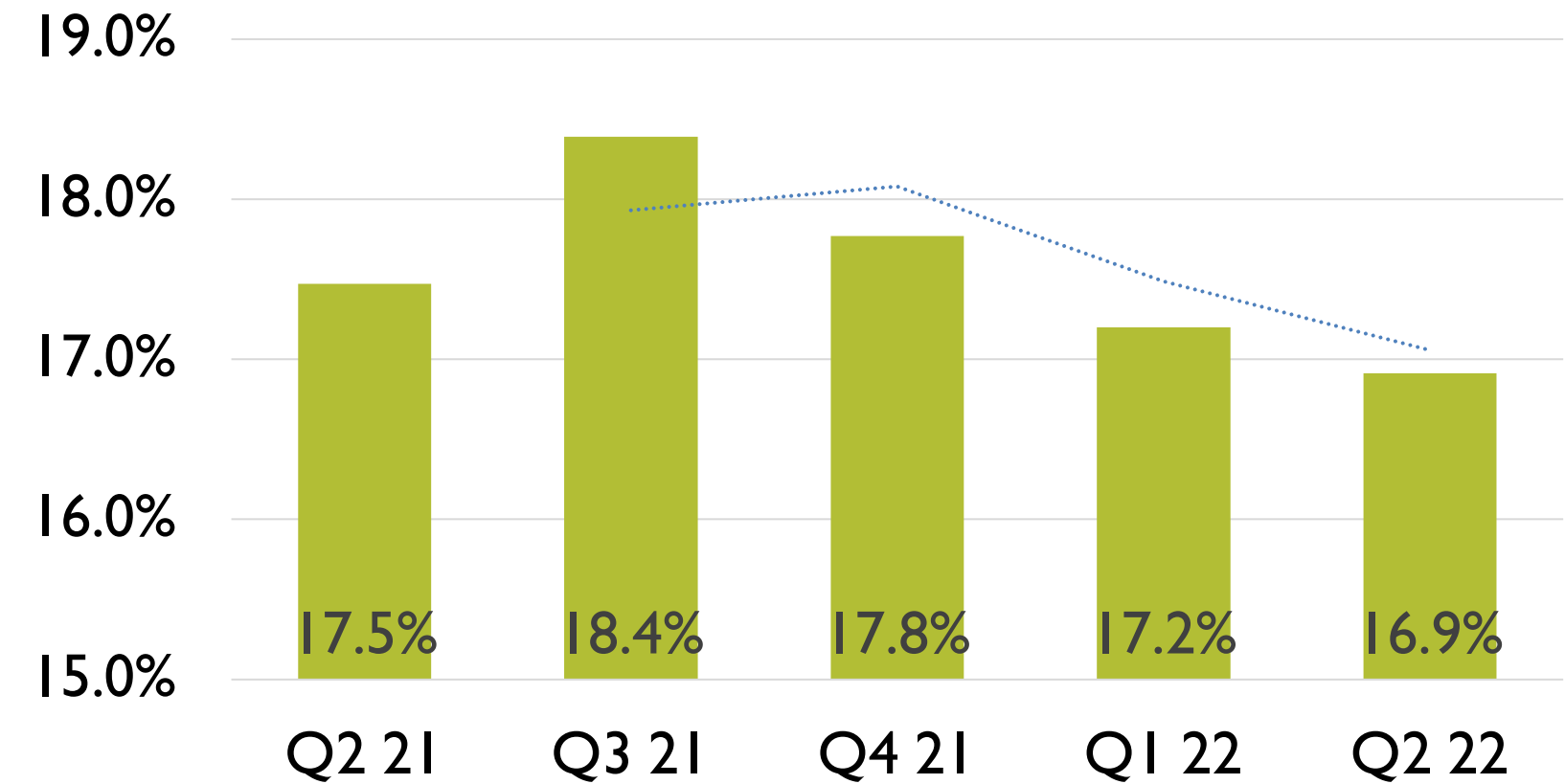
Energy Losses

Strong Energy Loss Reduction in H1



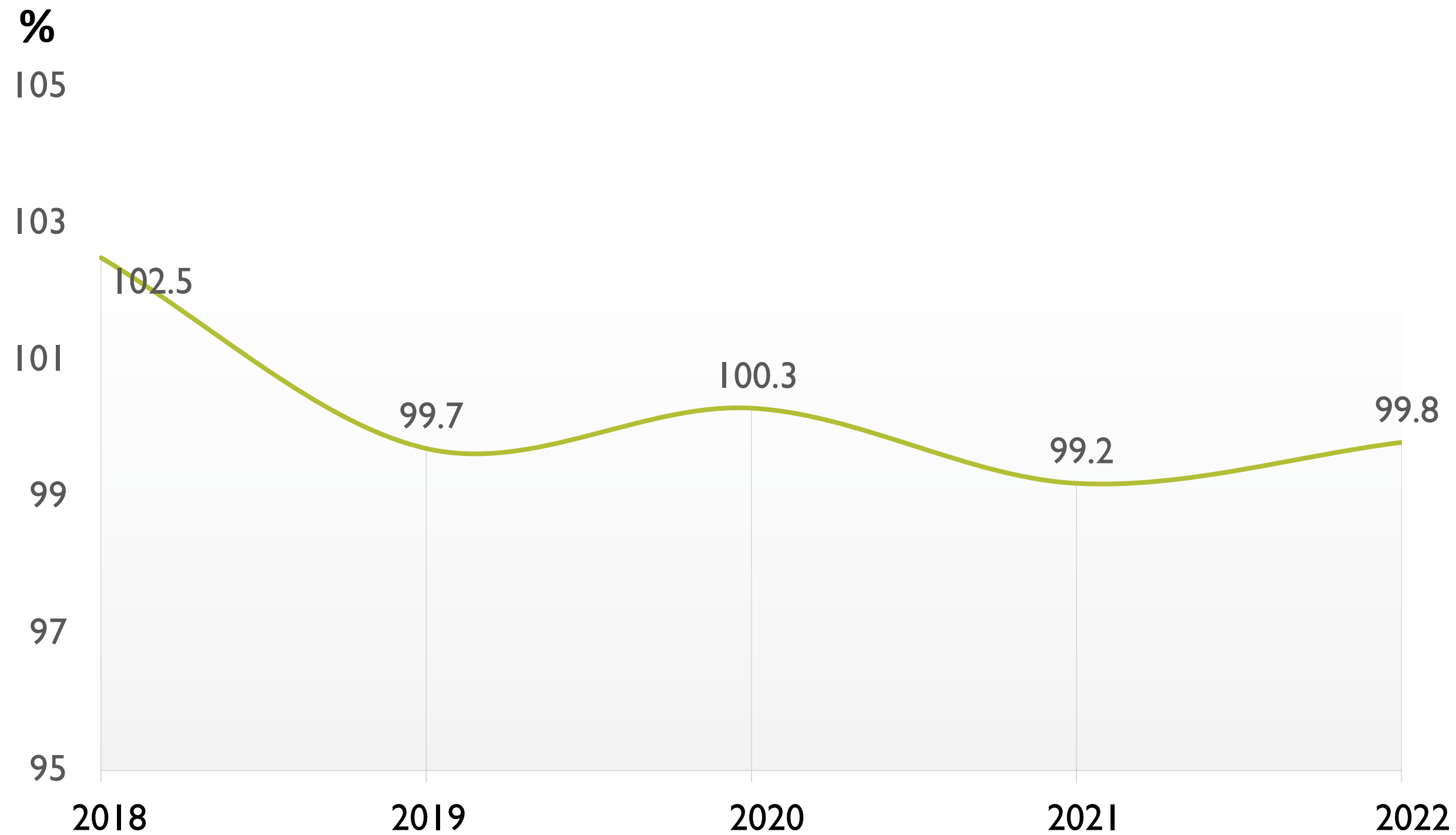
- Loss-reduction activities resumed following the re-opening of the economy.
- Piloted the use of CSR and Rolled out a CSR and community partnerships to address losses and safety records in low-income areas

Losses (Quarterly) %



- Strong quarter-on-quarter improvement in losses.
- 3 Month Moving Average of 16.3% vs 17% year-to-date

Revenue Collections

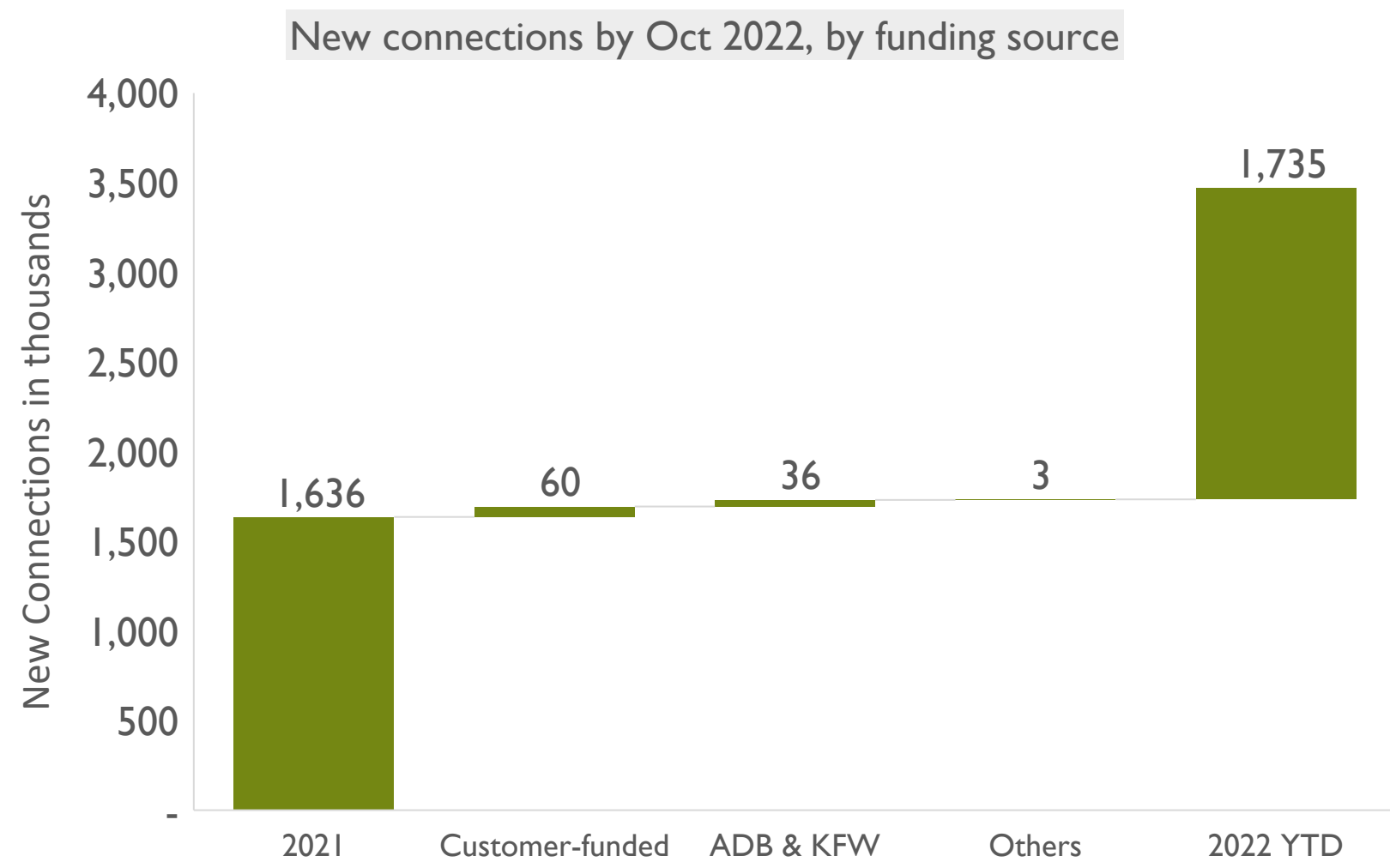


- HI 2022 revenue collection rate was **99.8%**.
- Revenue collections have remained high owing to investments in technology and payment infrastructure.

Customer Connections



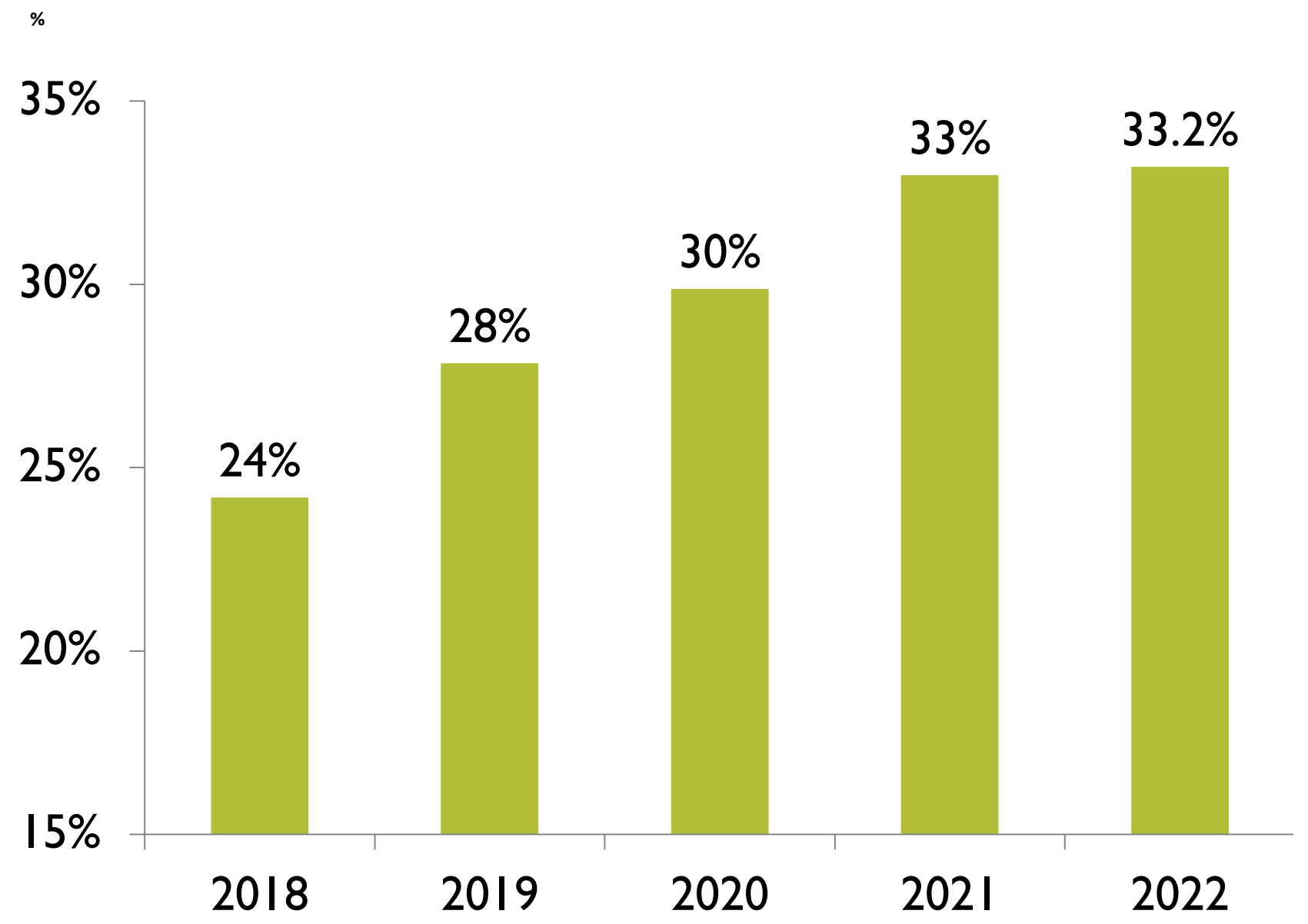
Customer Numbers



Customer connections projected to strengthen in H2 2022 following provision of ECP Funding in the tariff.

Others includes: 3-phase connections, one-pole, ERA funded and Twaake project.

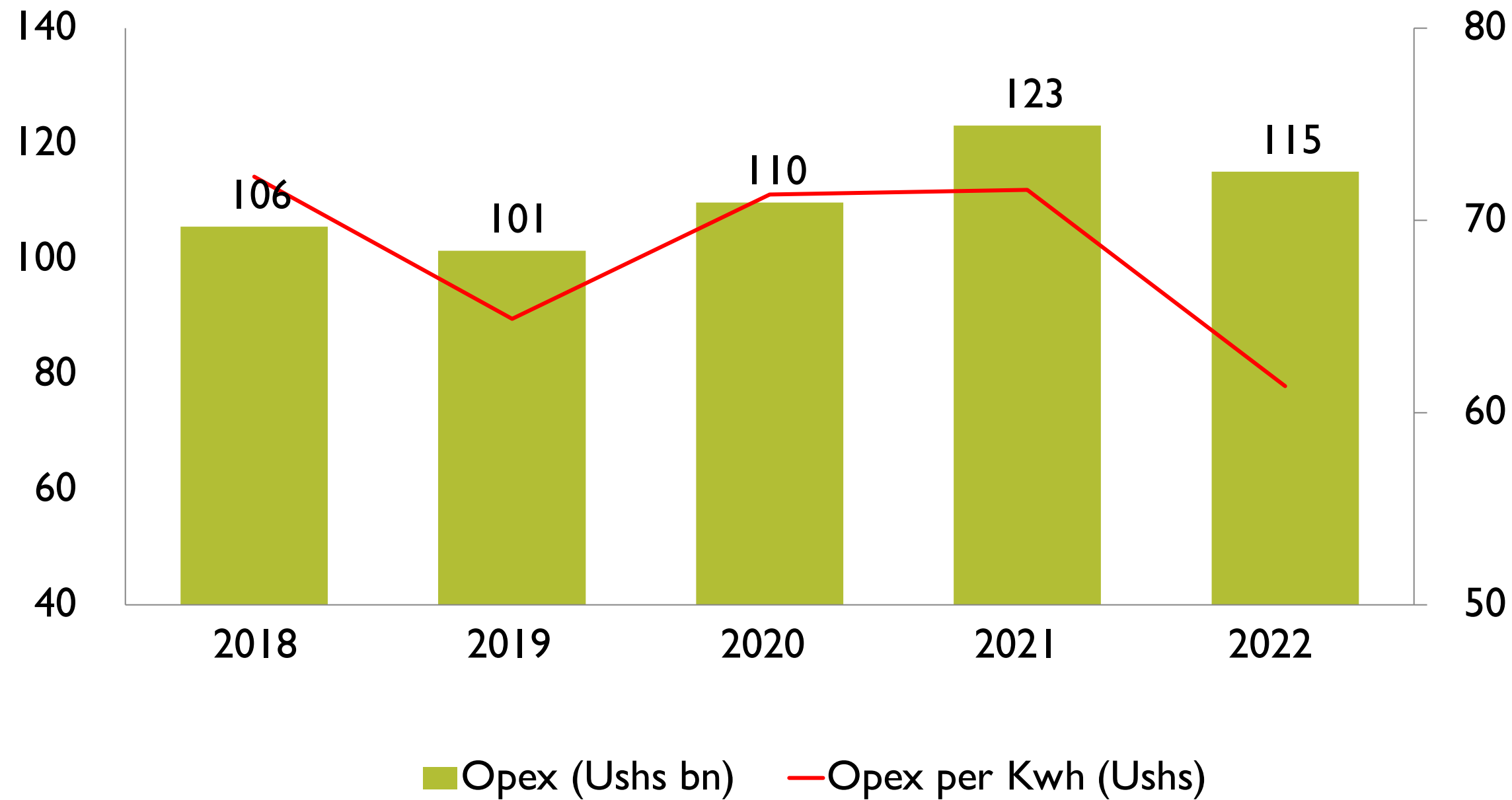
Prepaid % of Total Revenue



- 33% of revenues attributed to prepaid customers.

Drive to Cost-Efficiency

Operating Expenses declined 6.5% y/y



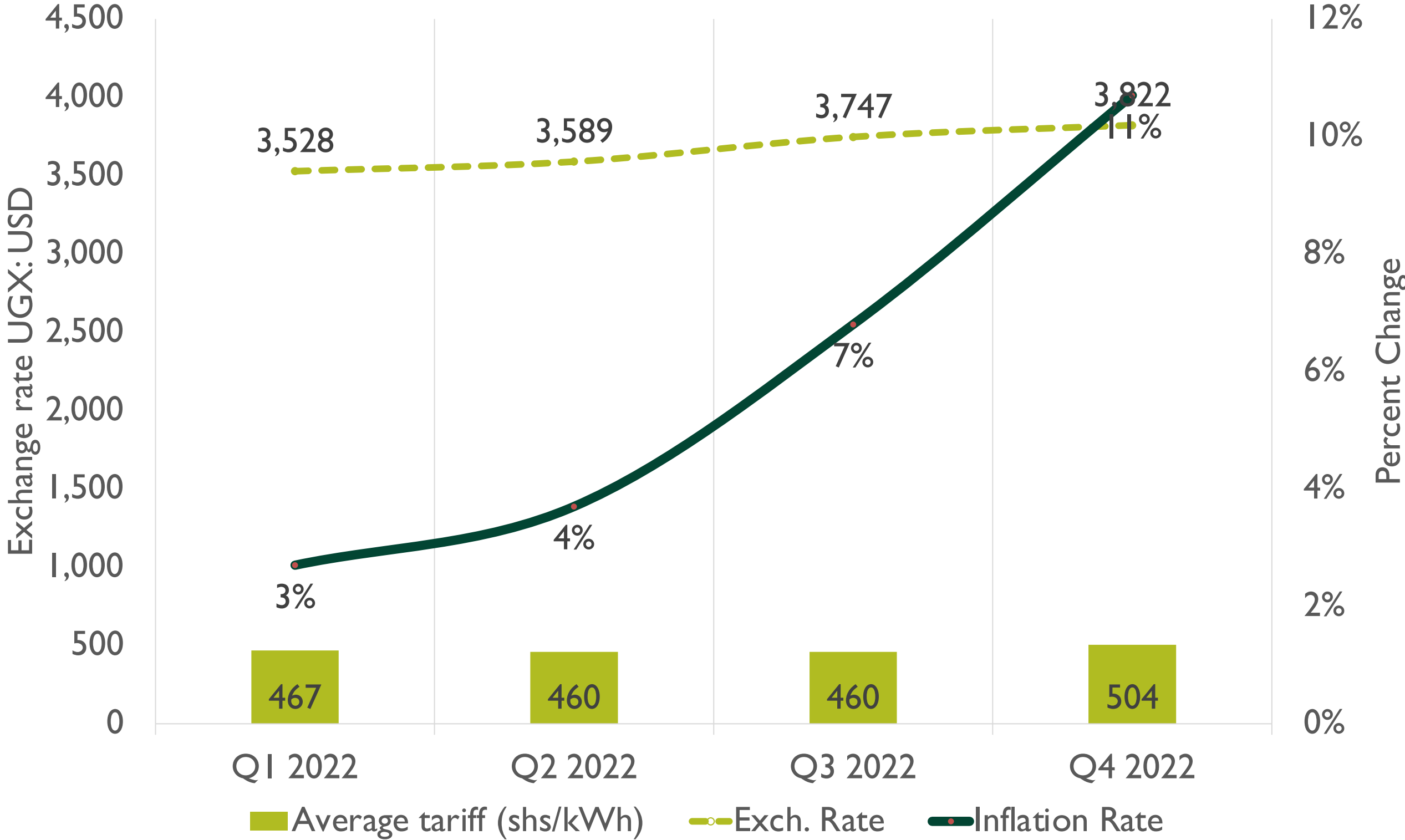
- HI Cost performance was supported by business reorganization implemented at the start of 2022
- Metering and Network Operations countrywide combined into nimbler zones
- Insourced services into the business. Contractors deployed only on capex delivery
- HI Costs at \$32m vs full-year allowance of \$63m



Highlights of 2022



Inflationary Pressure



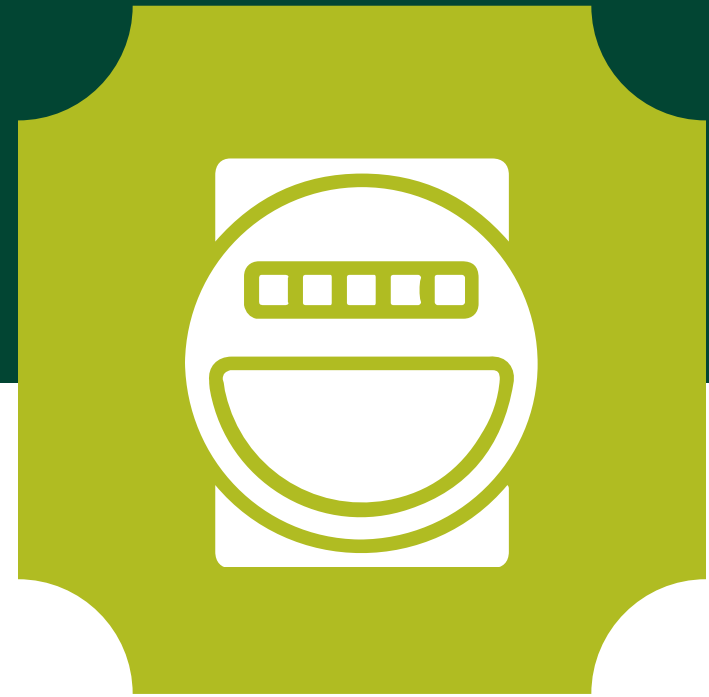
- Local inflation peaked at 11% by Oct 2022.
- BOU increased the central bank rate from 6.5% to 10% by Oct 2022.
- Uganda Shilling depreciated by 9% against the US dollar from Jan to Oct 2022.
- Approved tariffs increased in Q4 2022 by 9.6%**

Source: BOU & ERA

Highlights of Amendment of the Act



10yr imprisonment and/or
Shs 1 billion fine for
power theft and
vandalism.



Introduction of
net metering



Removal of single
buyer model

- Umeme is receptive of the amendments and will participate in the development of necessary regulations and guidelines to implement the Act for sustainability of the sector.

2022 NETWORK INVESTMENTS

PROJECT	BENEFITS
Reconfiguration of Nakulabye feeder from Kampala North and Namungoona	Improved Reliability
Kiira EV	Address Power Needs at the Plant and provide reliable power
Prepayment Retrofit	Improved service to customers
Nyamwamba Evacuation Line - Restoration	Improved Reliability
Namugongo-Najeera zonal Reliability Improvement plan	Improved Reliability
GNIS	Improved Data Quality for the network
Hoima - Kinyara Interconnection	Improved supply
150 Transformer Injections	Improved supply quality, reliability and address growth
UETCL Integration Lines (Cable Pipes - 33kV Evacuation lines)	Improved Reliability
UETCL Kasana Substation Evacuation	Improved Reliability
Nkenda - Ishaka	Improved Reliability
Kamuli at Jinja Industrial Feeder refurbishment	Improved Reliability
Feeder refurbishment (Kubuku-Iki-Iki)	Improved Reliability
Feeder refurbishment (Mbale 1-Bubulo, Bubulo-Bududa)	Improved Reliability



2022 NETWORK INVESTMENTS



UMEME
Powering Uganda

PROJECT	BENEFITS
Reliability Improvement for Kibimba 33kV feeder	Improved Reliability
Tororo Main Busia	Improved Reliability
Bulangira - Pallisa	Improved Reliability
Lugazi supply reliability improvement	Improved Reliability
Ishaka-Rukungiri 33kV feeder (Mitooma t-off) (Emergency Project)	Improved Reliability
Nagongera-Butaleja	Improved Reliability
Magigye 33/11kV S/s-Fdr refurb (Namulonge - Kawanda/Bombo)	Improved Reliability
Magigye 33/11kV S/s-Fdr refurb (Nakwero - Namugongo)	Improved Reliability
Kawempe Industrial Zone	Improved Reliability
Ntinda Zonal reliability Improvement	Improved Reliability
Nansana feeder load relief	Improved Reliability
Power transformer Upgrades (Portbell)	Improved Reliability and addressed growth
Power transformer Upgrades (Kisugu)	Improved Reliability and addressed growth
Power transformer Upgrades (Mbarara Central)	Improved Reliability and addressed growth
Reliability improvement for Referral Hospitals (Kiruddu)	Improved Reliability
10,000 One Pole connections	More customers connected to network (growth)



OPERATIONS AND MAINTENANCE

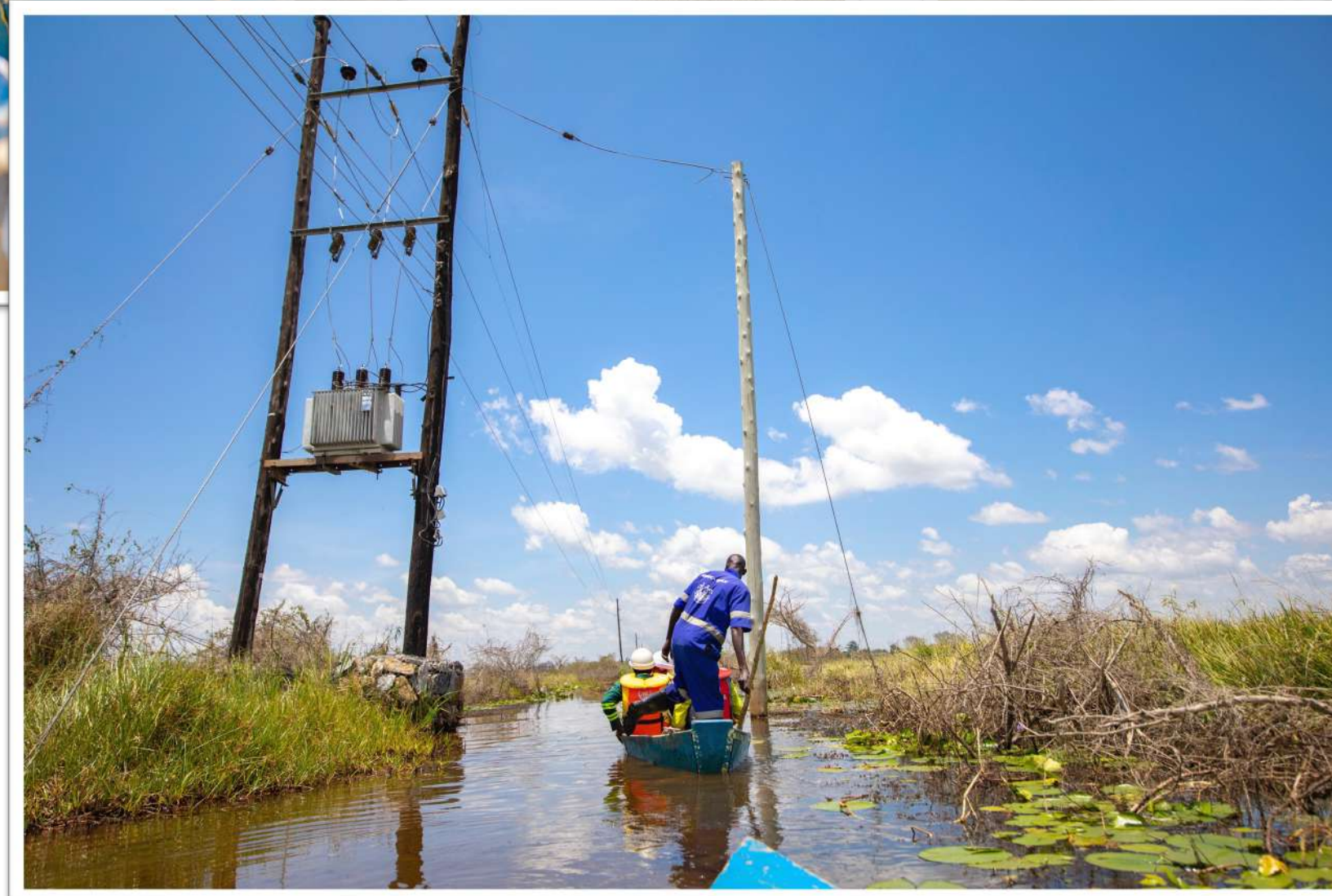
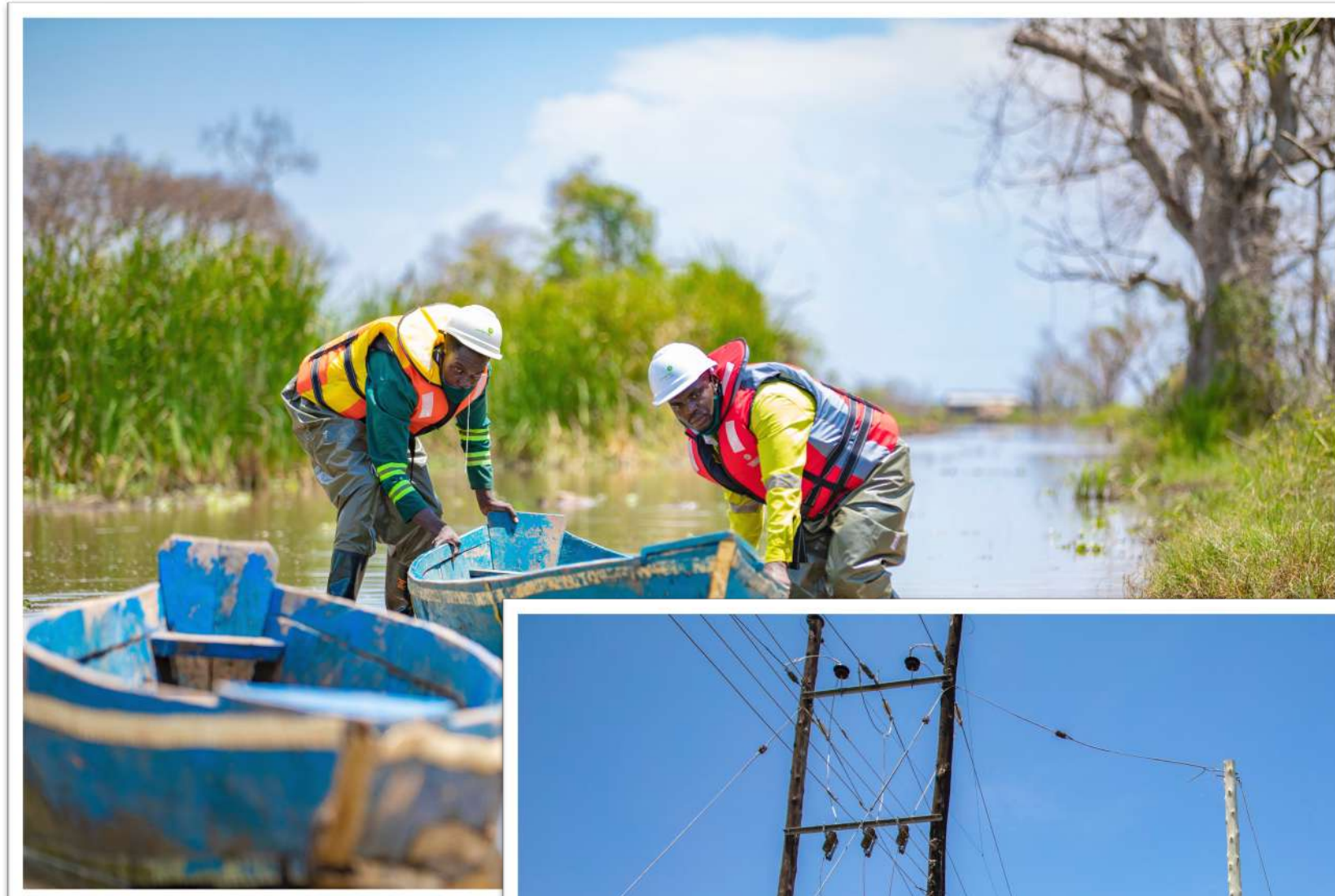


Kabale Substation



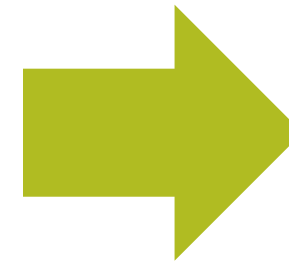
Transformer repair in Kasokoso

OPERATIONS AND MAINTENANCE



Kwania Feeder

Vandalism hinders supply reliability



Revenue Collection Rate to June 2022

Target 99.84%

Actual

99.83%



HARISS INTERNATIONAL ✓

November 3 · 🌐

Thank you UMEME Limited for recognising and appreciating our business relationship over the past years. We shall continue to be proud partners.



- 33% of revenue billed secured through prepayment system.
- Umeme acknowledges the customer who pay their bills to support the sector.

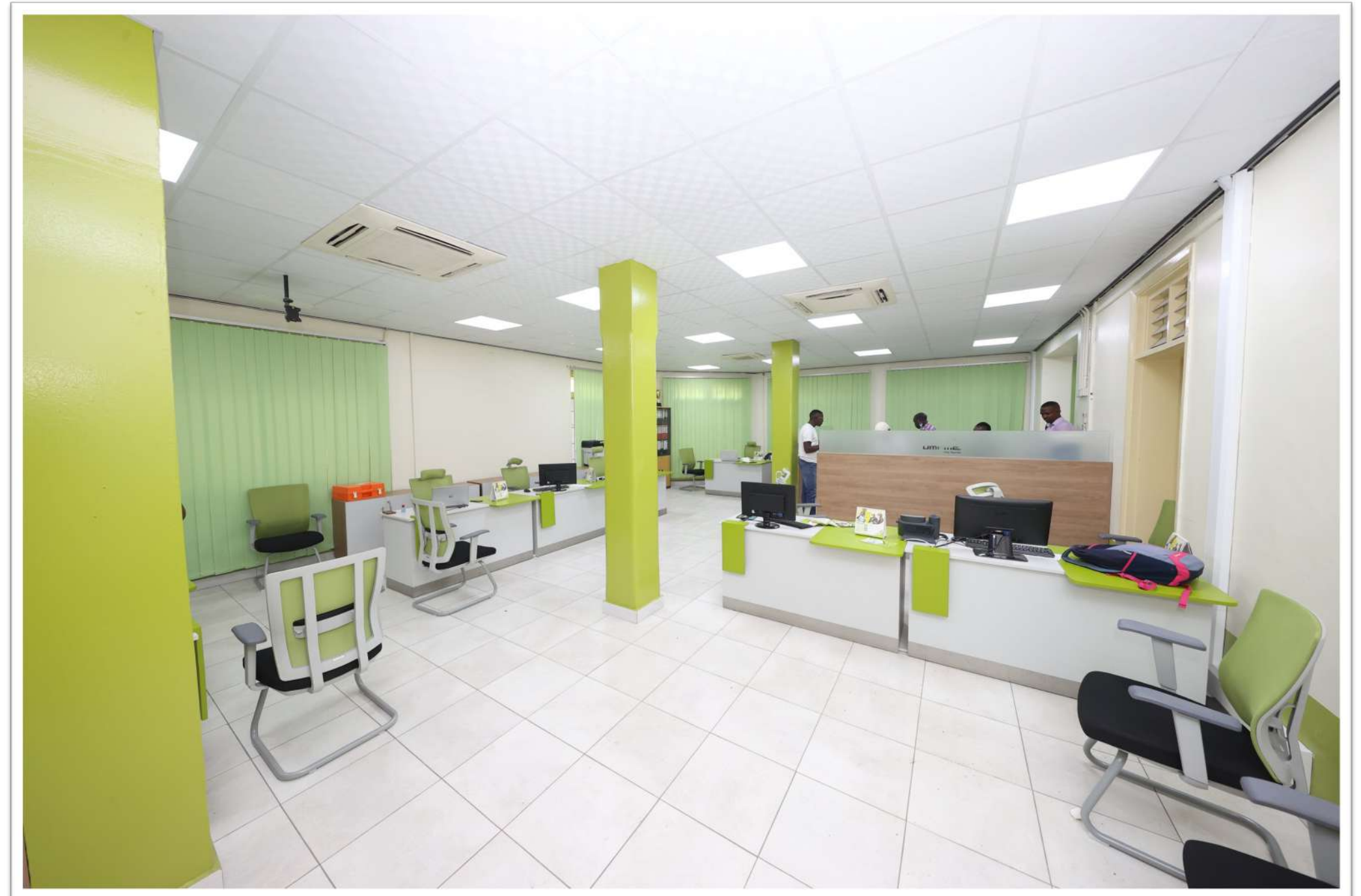
Metro Service Centre

Kampala



Refurbished Central Uganda Service Centers

Metro
Entebbe
Mukono
Mityana
Jinja



Fort Portal Service Centre

Fort Portal



Refurbished Greater Uganda Service Centers

- Masaka
- Mbarara
- Kabale
- Kisoro
- Kasese
- Kamuli

Digitization of the Customer Journey



WELCOME TO

THE digital wireman

FAST AND SECURE way of getting a **Wiring Certificate** online

Get it on **Google play** Available on the **App Store**

For more info, write to: digital.wireman@umeme.co.ug/callcentre@umeme.co.ug | call 0800 285 285/0800 385 385 or WhatsApp 0772 285 285

Energy Losses: Community Engagement

Project Pamoja “Together”

CSR-Based:

Umeme working closely with local leaders, existing institutions and artisans

Project Objectives

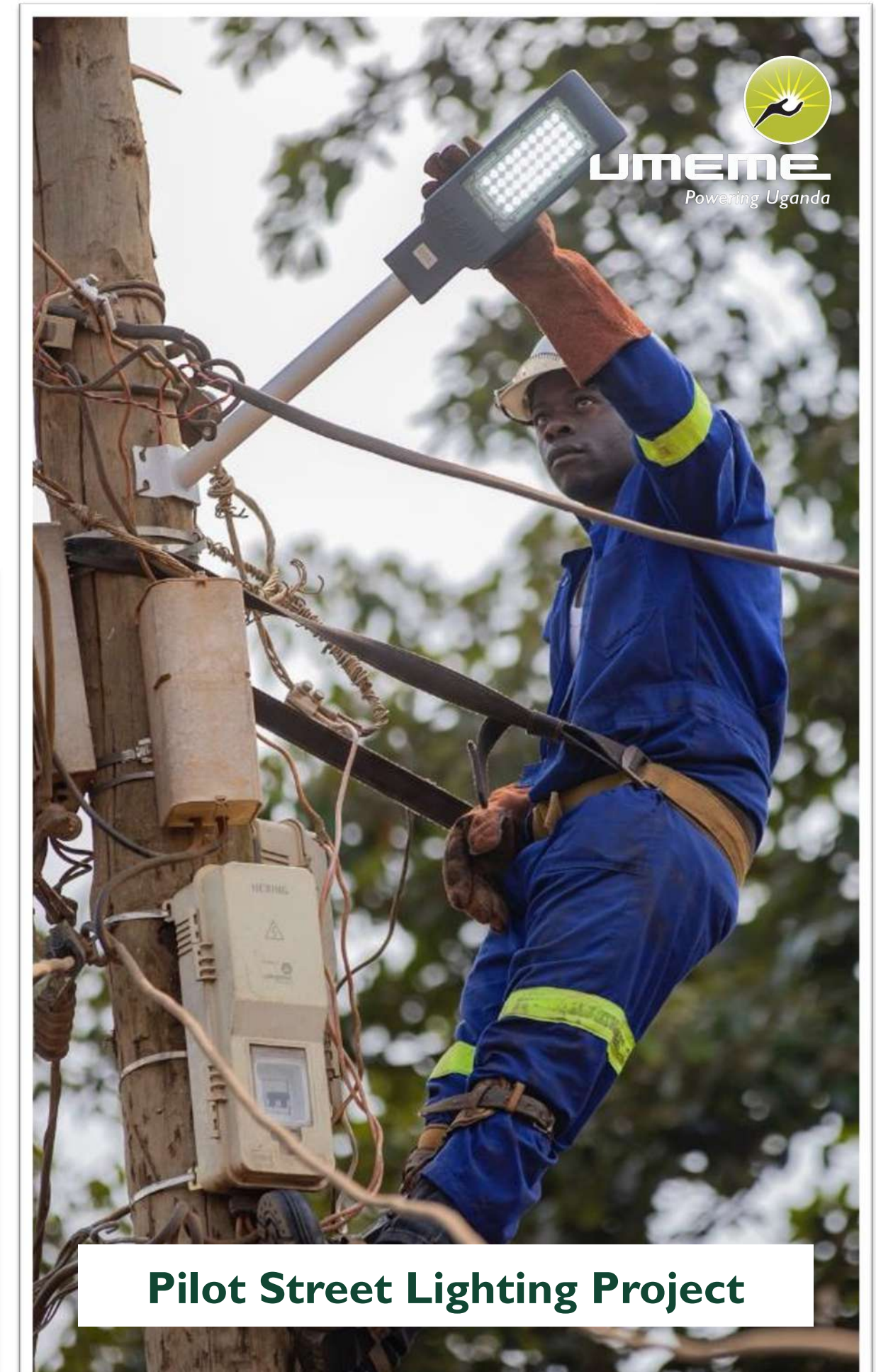
- Create trusting relationships
- Reduce losses
- Reverse illegal connections
- Improve Safety in the slums



Re-Training Uncertified Wiremen



Entrepreneurship Training



Pilot Street Lighting Project



COMMUNITY

is *where we belong, work and serve,*
We delight in being a part of it through life-changing initiatives.

In 2022, Umeme strengthened its roots within the community, undertaking several initiatives in health, education, environmental sustainability to youth empowerment as part of its ESG agenda. This is a similar path the company is envisaged to pursue in 2023—and going forward.

where we belong, work and serve

- Supported the annual surgeon's Camp for the 5th time in Bukedi subregion where 553 patients received free surgery and 1043 medical consultations.
- Staged an eye camp in Entebbe in partnership with Dr. Agarwal's Eye Hospital and IMC.
- Donated essentials for mothers and their newborns at Kawempe National Referral Hospital.
- Conducted facility maintenance at Kawaala Health Centre.

- Supported the inaugural Rwenzori Marathon for tourism and environmental sustainability.
- Joined hundreds at the Rotary Cancer Run to raise funds to increase access to cancer treatment in Uganda.
- Distributed Plastic washlines to promote safety in vulnerable communities.

- Donated beds at Situmi primary School and planted trees for environmental sustainability.
- Donated bedding materials to the Uganda School for the Deaf, Ntinda.



Collaborating for Sustainability of People and Planet

Twaake Project at Kiwumu



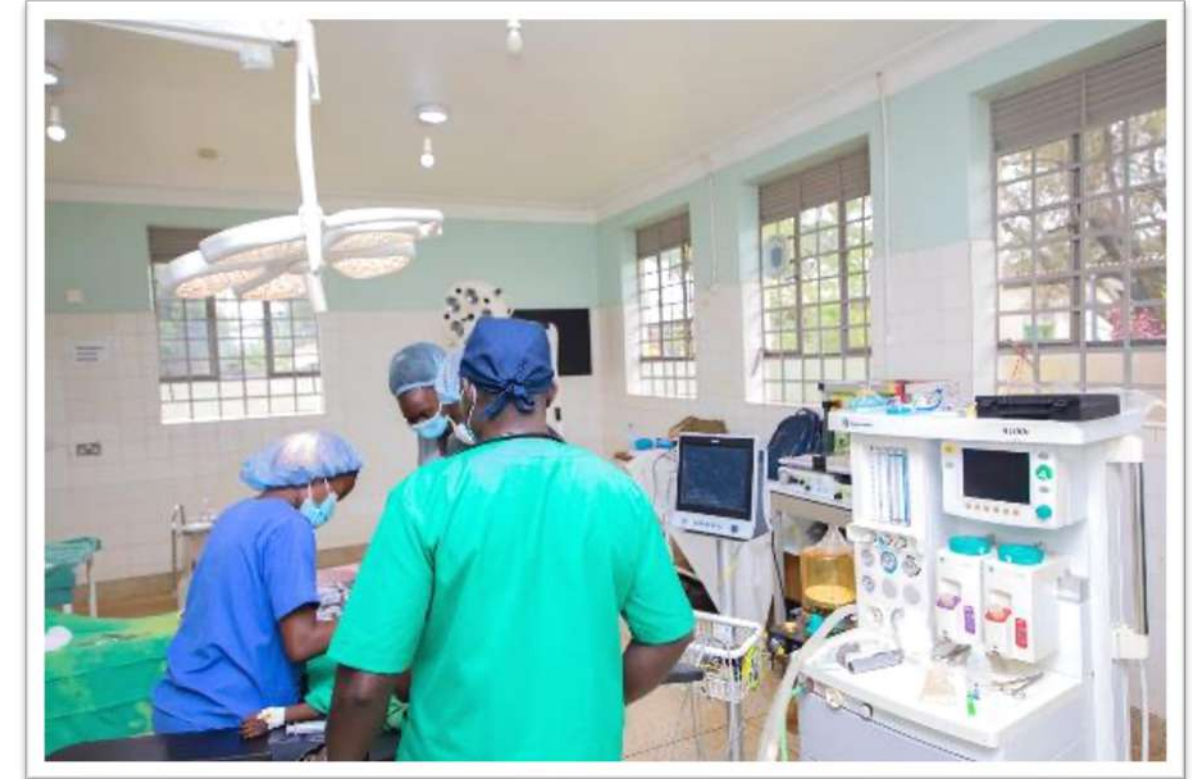
- Umeme has partnered with Equatorial power, East African Power, ERA, Makerere university, GEAPP

E-cooking Project



- Mulago E-Cooking project

Other CSR Activities



- Umeme sponsors the Surgical Camp, Cure Run, Office Medical Camps, Donations etc.



Essential supplies for mothers & their newborns
Kawempe Referral Hospital



Cure Run
Mbale



Marathon
Kasese



Uganda School For The Deaf
Ntinda, Kampala



Rotary Cancer Run
Kampala

Eye Clinic
Entebbe



Surgical Camp
Bukedi Subregion



Situmi Primary School
Sironko

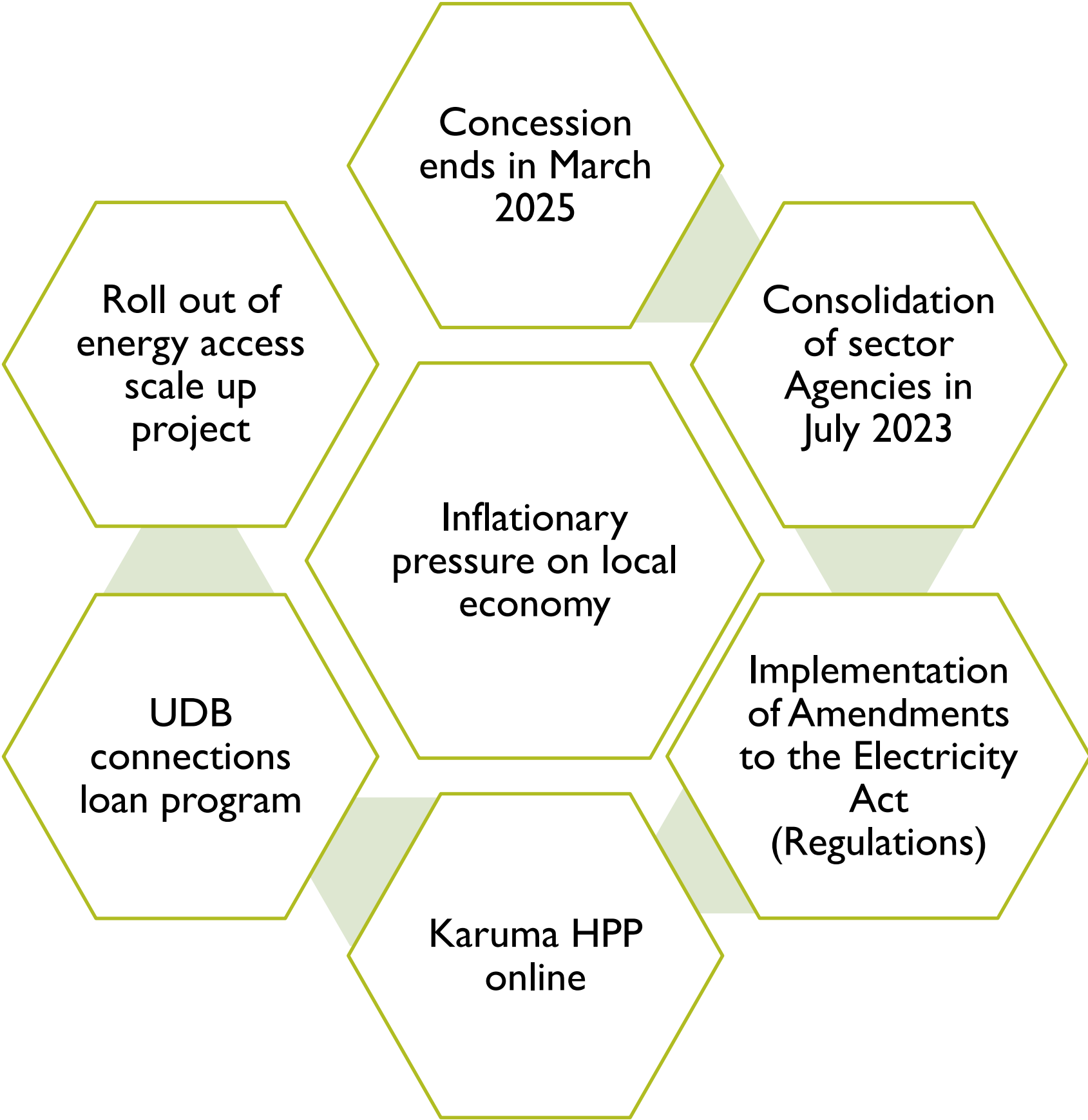




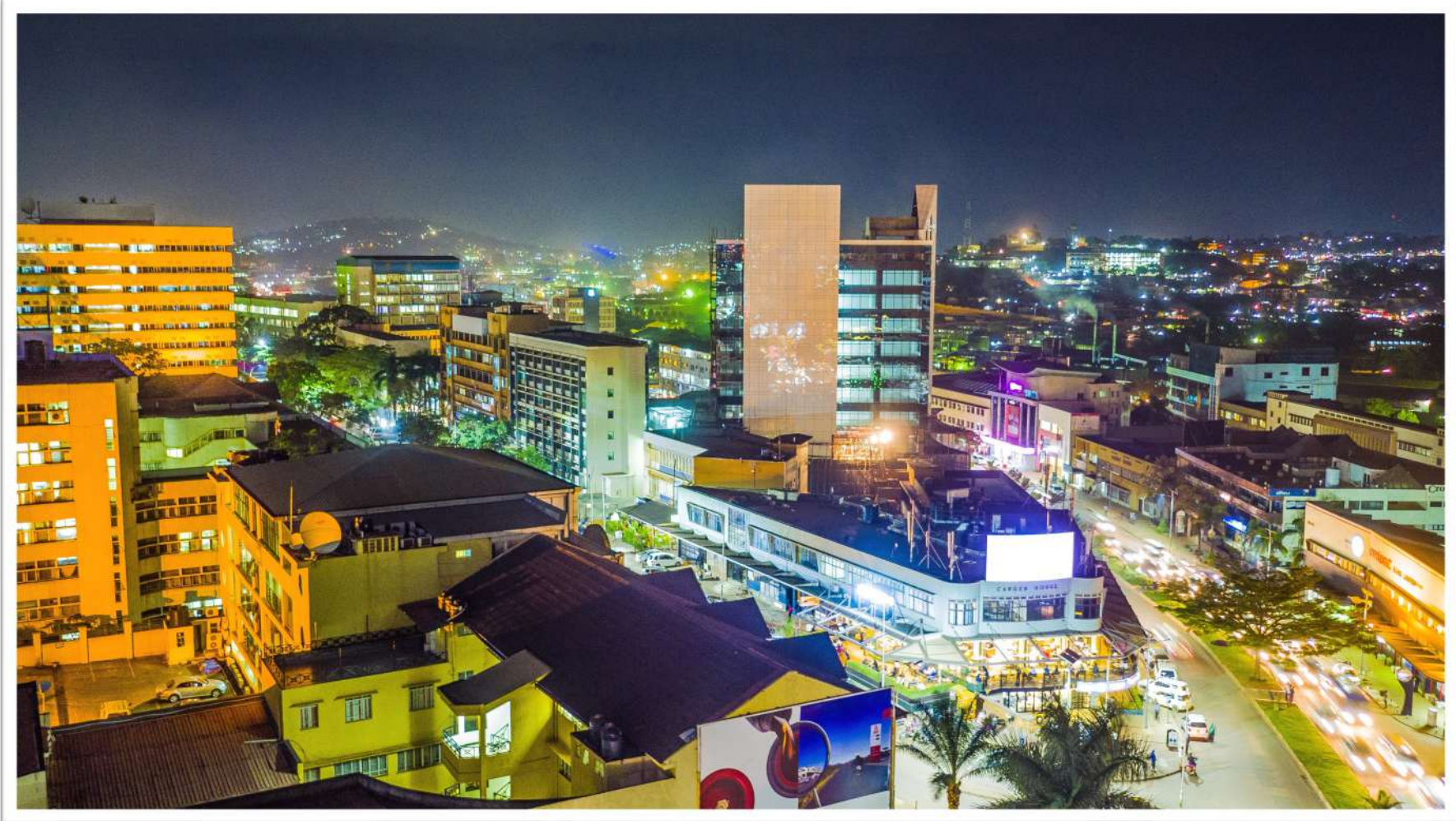
Our Plans for 2023



Evolving Operating Environment



- Umeme to focus on distribution excellence for the remaining term.



2023 Focus Areas



Public

- Maintain zero fatalities through Safety awareness campaigns.
- Community engagements.
- Corporate Social Investments.



Customer

- Connect over 300,000 customers under UDB hybrid financing and access scale up program.
- Invest in supply reliability.
- Conclude GNIS and UCIS projects.
- Open new Service Centres



Sector

- Expand the network (investment)
- Reduce losses to 13.2%.
- Collect 99.8% of revenue billed.
- Initiate smart grid technology.
- Preparation for sector transition.



People

- Consolidate zoning strategy.
- Staff capacity and capability development.
- Staff retention.
- Recruit more staff

GNIS- Geo-spatial network information system

UCIS- Utility customer information system

2023 PLANNED NETWORK INVESTMENTS



PROJECT	EXPECTED BENEFIT
Hoima substation refurbishment	Address load growth
West Bank switching station and integration lines	Improved Reliability and Quality of service
MMP Phase 2	Address load growth
Bombo reliability improvement plan	Improved Reliability
Kampala CBD network optimization	Improved Reliability and QoS
Nkenda- Ishaka and Nkenda – Kasese 33kV	Improved Reliability and QoS
150 Transformer Injections	Improved reliability and address growth
Luwero Industries Phase 1	Improved Quality of service and growth
Tororo Cement industries	Improved reliability and address growth
Integration of UETCL LUZIRA	Quality of services Improvement
Mbale substation capacity upgrade	Improved quality of service

2023 PLANNED NETWORK INVESTMENTS



PROJECT	EXPECTED BENEFIT
Establishment of Kigo substation	Address growth and improve quality of service
Security of supply for LPUs: Kampala cement, NW SC & Tian tang	Improved reliability and quality of supply
Namanve south Kireka- Port bell interconnection	Improved Quality of service
Alternative interconnect to Masaka central i.e Masaka central 33kV from Masaka West	Improved Quality of service
Kigungu alternate cable routing	Improved Quality of service
Entebbe 11kV zonal Reliability Improvement:	Improved Quality of service
Reliability and Quality of supply improvement for Lira Referral Hospital	Improved Quality of service
Reliability Improvement of Pallisa 11kV feeder from Bulangira Substation-Phase 2	Improved Quality of service
Establishment of Kigo substation	Address growth and improve quality of service
Security of supply for LPUs: Kampala cement, NW SC & Tian tang	Improved reliability and quality of supply
Namanve south Kireka- Port bell interconnection	Improved Quality of service

2023 Distribution Revenue Requirement



Revenue Requirement Component	Proposed for Base- 2023	Proposed for Base- 2023
	UGX Million	US\$ Million
Gross Investment Costs	444,318	115.3
Less: Other Costs	(57,698)	(15.0)
Net Investment Costs	386,620	100.3
Net Operating Costs	262,163	68.0
Revenue requirement	648,783	168.3

- The revenue requirement is provided for under the License to recover cost of operating and investing in the Distribution System.
- Required distribution price of shs 168 per kWh

Support Required

Regulator

- Recovery of investment costs

Government

- Recovery of ECP funds
- Financing for new connections

Customers & Public

- Report power theft and vandalism
- Pay bills on time



Thank You!