



Projects & Infrastructure

2025 Power Guide
Uganda

**ONE REGION
ONE VISION
ONE ALN**

Introduction

Uganda continues to experience rapid population and economic growth, driving a significant increase in its energy demand. According to the Electricity Regulatory Authority (ERA), as of September 2024, the country's installed electricity generation capacity stood at 2,048 megawatts (MW), while peak demand was estimated at 987.8 MW, resulting in a surplus of 1,060.2 MW.

A major boost to Uganda's energy capacity is now the Karuma Hydropower Station which commenced commercial operations on June 12, 2024, with an installed capacity of 600 MW. This development has further strengthened the country's energy supply to support its growing industrial and domestic needs.

The **National Energy Policy for Uganda 2023** outlines a comprehensive framework to guide the country's energy transition. Its priorities include:

- Expanding electricity transmission and distribution infrastructure,

- Increasing energy efficiency,
- Promoting alternative and renewable energy sources,
- Strengthening the policy, legal, and institutional frameworks governing the sector.

Uganda has also developed several sub-sectoral policies to support this strategy, such as the **2008 National Oil and Gas Policy** (currently under review), the **2007 Renewable Energy Policy**, and the **2018 Electricity Connections Policy**.

The country's energy sector is undergoing significant transformation, with a strong emphasis on enhancing energy access, diversifying the generation mix, and integrating more renewable sources. There is growing investment interest in both on-grid and off-grid solar solutions, wind, and geothermal energy as Uganda moves towards a more sustainable and inclusive energy future.

Governing Law



- The Constitution of Uganda, 1995
 - **Statutes:**
 - Electricity Act Cap 157
 - Atomic Energy Act, Cap. 154
 - Biofuels Act, Cap. 155
 - Public Procurement and Disposal of Public Assets Act, 2003
 - Private Partnerships Act, 2015
 - **Other laws, regulations and policies including:**
 - National Energy Policy (2023)
 - Renewable Energy Feed-in Tariff (REFIT) Policy
 - Rural Electrification Strategy and Plan 2013 – 2022
 - Land Act, Cap 227
 - Petroleum (Exploration, Development and Production) Act, 2013
 - National Environment Act, 2019
 - Income Tax Act, Cap 340
 - Uganda National Bureau of Standards Act, Cap 327
 - Electricity (Primary Grid Code) Regulations, 2003
 - The Electricity (Royalties) Regulations, 2022
 - The Electricity (Supply of Electricity in Bulk to Specified Consumers) Regulations
 - National Environment (Waste Management) Regulations, 2020
 - National Environment (Environmental and Social Assessment) Regulations, 2020
 - The Electricity (Safety Code) Regulations, 2020
 - The Electricity (Isolated Grid System) Regulations, 2020
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Institutional Framework

The Ministry of Energy and Mineral Development (MEMD)



MEMD is the lead government institution responsible for overseeing Uganda's energy and mineral sectors. Its key roles include providing strategic policy direction; creating a conducive environment to attract and sustain investment; collecting, analyzing, and disseminating data on the country's energy and mineral resources; supervising sector performance; monitoring private sector activities; and overseeing the functioning of regulatory and technical institutions.

Electricity Regulatory Authority (ERA)



The Electricity Regulatory Authority (ERA) is a Statutory Body mandated by the Electricity Act, Cap. 157, to regulate the generation, transmission, distribution, sale and export/import of electricity licences, set license conditions and ensure compliance to license conditions and ensure compliance to license conditions by Licensees. ERA was established in the year 2000 and is also mandated to establish a tariff structure and to approve rates of charges.

Uganda Electricity Transmission Company Limited (UETCL)



The UETCL's existence is provided for in the Electricity Act, Cap. 157 that provided for unbundling the Uganda Electricity Board (UEB) into successor Companies and establishment of the Electricity Regulatory Authority (ERA). It manages high-voltage electricity transmission and is the single buyer of electricity in Uganda.

Uganda Electricity Distribution Company Limited (UEDCL)



UEDCL is a government agency established under the Electricity Act, Cap. 157 and is responsible for distribution of electricity. UEDCL had previously leased the electricity distribution system to a private operator, Umeme from May 2005 until March 2025 when the concession ended. As of 31st March 2025, Umeme handed over operations and assets back to UEDCL. This followed a Uganda government policy decision not to renew all concessions granted in the power sector. The foregoing notwithstanding, the electricity distribution sector remains open to private players.

Electricity Disputes Tribunal (EDT)



The EDT provides legal redress for stakeholders in the electricity sector. The EDT is composed of a chairperson, a vice chairperson and five other members. The EDT sits in panels and can therefore hear or adjudicate over different disputes simultaneously. The EDT was established by the Electricity Act, Cap. 157.

Uganda Electricity Generation Company Limited (UEGCL)



UEGCL is the state-owned utility company responsible for electricity generation infrastructure development and operations, including hydro power stations and other renewable energy projects such as the 183 MW Isimba and 600 MW Karuma Hydro Power Projects.

Atomic Energy Council



The Atomic Energy Council (AEC) is a government statutory body established by the Atomic Energy Act, Cap. 154 to regulate and promote the peaceful and safe use of nuclear energy and radioactive materials.

Uganda Investment Authority (UIA)



The Uganda Investment Authority supports Investment Promotion, Investor Facilitation and Aftercare services for investors that have already set up in the country.

Both foreign and domestic companies qualify for an investment license if they meet the threshold. Foreign investors must have a capital investment that exceeds USD 250,000 and USD 50,000 for domestic companies.

The Uganda National Bureau of Standards (UNBS)



UNBS ensures quality assurance and standardization of electrical equipment and energy-related products. In 1989, the Government of Uganda promulgated the UNBS Act, Cap. 210 to enhance the competitiveness of local industries, promote fair trade, protect the health and safety of the consumers including prevention of trade in sub-standard goods and coordinating the provision of Standards, Metrology, Conformity Assessment and Accreditation services in Uganda.

Uganda Energy Credit Capitalisation Company (UECCC)



UECC facilitates access to credit and financial products for renewable energy projects.



Power Purchase Agreement (PPA) Between the Independent Power Producer (IPP) and Off-taker (KPLC)

- The term of a PPA is typically 20 years.
- The tariff structures are based on the cost of service and affordability which can vary depending on the source of energy.
- Tariffs are set by ERA and will typically fall within 4 categories i.e., commercial, domestic, heavy industrial and medium industrial.
- Small scale renewable energy projects of prescribed technologies up to a maximum installed project capacity of 20 MW and greater than 0.5 MW may benefit from the REFIT (Renewable Energy Feed-In Tariff) program which offers pre-determined tariffs for different technologies. The PPAs and tariff structures for
- MW are subject to negotiation with UETCL.
- PPAs entered are standardised and must be approved by ERA.
- The PPAs between IPPs and the off-taker typically adopt the take or pay structure with deemed generated energy payments being made during curtailment by the off-taker.
- Payments under a PPA are typically made within 60 days of receipt of the invoice by UETCL.
- The currency for payments under the PPA is subject to negotiation between the parties.

Local Shareholding and Local Requirements

- There is currently no requirement for local shareholding in power projects in Uganda, however, under the Investment Code Act, Cap. 74 for an investor to qualify for incentives under the Act, they need to, among other things, source 70% of their raw materials locally, directly employ a minimum of 60% of citizens and introduce advanced technology or upgrade indigenous.
- It is worth noting, however, that there are restrictions relating to land ownership by foreigners in Uganda which have an impact on the land ownership arrangements for power project companies that qualify as foreigners within the meaning set out under the Land Act, Cap. 236.

Renewable Energy Feed-in-Tariffs (REFIT) Program

- REFIT program was established by the ERA in 2007 to encourage and support private sector participation in power generation from renewable energy technologies through the establishment of an appropriate regulatory framework.
- ERA established the Uganda REFIT Guidelines in 2007 to provide clarity and guidance to project developers, investors and key institutional stakeholders on the key components and operational structure of the REFIT program.
- The REFIT Guidelines are reviewed every 2 years and currently, the REFIT Guidelines Phase 5.0 (2021) are in place.
- The REFIT program applies to small scale renewable energy systems of prescribed technologies up to a maximum installed project capacity of 20 MW and greater than 0.5 MW.
- The tariffs under the REFIT program are technology-specific and are reviewed at the end of each financial year. These can be adjusted in line with projected levelized costs of production.

- The priority renewable technologies under the REFIT program are:
 - i. hydro projects greater than 10 MW and up to 20MW – USD 0.0751/kWh;
 - ii. hydro projects greater than 5 MW and up to 10 MW – a linear tariff applies;
 - iii. hydro projects greater than 500kW and up to 5 MW – USD 0.0792/kWh; and
 - iv. bagasse cogeneration plants – USD 0.0620/kWh.
- The tariffs for other technologies (i.e. biogas, waste-to-energy/biomass, landfill gas, wind power and solar) are not fixed but a ceiling price and maximum return on equity levels are

prescribed in the REFIT Guidelines Phase 5.0 (2021). This is because these technologies are yet to be tested on the national grid. Therefore, bilateral negotiations are allowed while ERA assesses each project on its merit.

- A standardised PPA is used for projects under the REFIT program, and it is a requirement for a project company to demonstrate acceptance of the approved standardized PPA in addition to complying with licensing requirements.
- For larger renewable energy projects that are outside the REFIT program, a standardised PPA is used as a basis of negotiations with the off-taker.

Payments to Off-taker

- Liquidated Damages: Project developers are typically liable to pay liquidated damages to the off-taker where:
 - i. there is failure to achieve the Commercial Operations within the agreed timeframe. The liquidated damages are paid at an agreed rate for each day that the Commercial Operations Date is delayed; or
 - ii. following achievement of the Commercial Operations Date, the project developer fails to satisfy the prescribed plant availability threshold.

- Costs related to disputed invoices: where invoices are disputed by the off-taker and such disputes are found to have merit, the project developer is liable to pay all the direct costs, incurred by the Off-taker which may arise as a result of such disputed invoices.
- In instances where the off-taker is a distributor and/or a private sector player, energy payments would apply based on the applicable tariffs.

Credit Enhancements and Security Arrangements

- The Minister of Finance, Planning and Economic Development has the power to issue guarantees for and on behalf of the Government in accordance with the Public Finance Management Act, Cap. 171.
- While government guarantees and support agreements are not uncommon, the terms thereof must be subject to approval by the Parliament of Uganda.
- Partial risk guarantees and political risk insurance have been developed for the Ugandan market by the World Bank, Multilateral Investment Guarantee Agency (MIGA), International Development Association (IDA), Africa

Development Bank (AfDB) and African Trade Insurance Agency (ATI).

- The Uganda Energy Credit Capitalisation Company (UECCC) is a government institution that was operationalised in 2009 primarily to facilitate investments in Uganda's renewable energy sector, with a particular focus on enabling private sector participation. UECCC provides financial, technical and other support for renewable energy projects
- Energy Capitalisation Trust which is a framework for pooling resources from the government of Uganda and development partners for the development of renewable energy projects.

Key Approvals/Licenses Required

- Power Purchase Agreements are approved by ERA.
- Electricity Generation Licenses are issued by ERA.
- Support Agreements are approved by the Attorney General and the Parliament of Uganda.

- Environmental Impact Assessment (EIA) approval is from the National Environment Management Authority.
- Land acquisition and necessary consents are obtained from the relevant local authorities.

Governing Law and Dispute Resolution

- PPAs are governed by Ugandan law.
- Uganda is party to the Convention on the Settlement of Investment Disputes between States and Nationals of other States 1965 (the “ICSID Convention”) and the Convention on the

Recognition and Enforcement of Foreign Arbitral Awards, 1958 (the “New York Convention”).

- Arbitral awards are enforceable in Uganda upon registration with the High Court of Uganda.

Power Sector Experience

ALN Uganda has substantial expertise in power matters, spearheading significant transactions within the Country, the region and now expanding its footprint across Africa. Notably, ALN Uganda offers unparalleled firsthand involvement in infrastructure

and energy transactions, particularly within Uganda and other African regions. With a track record including over 15 of Uganda's most substantial power deals, ALN Uganda stands as a trusted law firm in the energy sector in Uganda.



TotalEnergies Renewables SAS: Advised TotalEnergies Renewables SAS on its intended participation in an auction to acquire 100% of Uganda Hydro Holdco Ltd, a holding entity incorporated in Mauritius, from the Africa Renewable Energy Fund 1 (“AREF”) of Berkeley Energy. Uganda Hydro Holdco Ltd has five (5) subsidiaries, and these are Kikagati Power Company Limited, Bugoye Hydro Limited, ARPE Limited, Achwa Solar Limited and Berkeley Energy Uganda Limited. Our advice entailed conducting full scope due diligence on all the subsidiaries and advising Total Energies accordingly.



TotalEnergies Renewables SAS: Advised TotalEnergies Renewables SAS on its acquisition from Scatec ASA, of 100% stake in both SN Power Invest BV and the associated platform SN Power AS resulting into an acquisition of a 28.3% stake in Bujagali Energy Limited. Bujagali Energy Limited owns the 255MW Bujagali Hydro power Plant.



SN Power Invest Netherlands B.V.: Advising SN Power Invest Netherlands B.V., a subsidiary of SN Power AS, a Norwegian company that invests in clean renewable energy on a commercial basis on its acquisition of a 49.75% stake in Bujagali Energy Limited and on the disposal of 10% of its shareholding in Bujagali Energy Limited.



ResponsAbility Renewable Energy Holding (rAREH): Acting for ResponsAbility Renewable Energy Holding (rAREH), a Mauritius based investment company with a focus on small-scale renewable energy projects in East Africa. We conducted a comprehensive due-diligence on two hydropower projects which among others included a review of the respective Power Purchase Agreements, construction contracts, Operations & Maintenance agreements, land leases, governmental support agreements, financing documents, shareholder and shareholder loan agreements, and other relevant material contracts, regulatory licenses, employment contracts, insurance

arrangements etc.; to produce a red-flag due-diligence report. The transaction also involved legal advisory on the hydro power and energy regulatory landscape, consulting regulators on a no-names basis for confirmation of policies and practices.



Private Equity fund based in the UK:

Advising a Private Equity fund based in the UK, on its proposed acquisition (through an SPV incorporated by it) of shares in Bujagali Holding Power Company Limited (BHPCL), which is a shareholder in Bujagali Energy Limited (BEL), the largest hydro power station in Uganda. The transaction involved conducting a comprehensive legal due diligence on the operations and existing contractual status of both BHPCL and BEL with the Government of Uganda, completing detailed regulatory questionnaires on foreign investment and hydro power regulation in Uganda, and reviewing and commenting on the transaction agreements from a Ugandan law perspective.



FMO: Advising Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V (FMO) on a USD 10,600,000 financing for the construction of the 18MW brownfield Mpanga hydro power station and a 9.2 MW greenfield Nyamwamba hydropower station, both under the GETFit programme. The transaction involved a review of an English law facility agreement, Engineering Procurement and Construction (EPC) agreements, Operation and Maintenance (O&M) agreements, Power Purchase Agreements(PPA), drafting of security documents including mortgages, debentures and charges over shares, reviewing and commenting on the licenses and approvals to be obtained under Ugandan law for the transactions, issuing a legal opinion on the capacity, validity and enforceability of the documentation from a Ugandan law perspective. The transaction also involved a due diligence on the borrowers.



PACMECS exit: Advising the Office of the Auditor General on the special audit of Pader-Abim Community Multipurpose Electric Cooperative Society Limited's assets and operations before handover to Uganda Electricity Distribution Company Limited.

determination of the buyout amount payable by Government of Uganda and the respective obligations of the Government of Uganda and Eskom (U) Limited.



UMEME exit: Advising the Office of the Auditor General on the special audit of UMEME Limited lease of the electricity distribution network. This entailed a review of the Lease and Assignment Agreement, Support Agreement, Power Purchase Agreement and Escrow Agreement to advise on the processes, notifications and consents triggered under the agreements upon expiry of the lease to UMEME Limited, the determination of the buyout amount payable by Government of Uganda and the respective obligations of the Government of Uganda and UMEME Limited.



Global Integrated Energy Company:

Advising a global integrated energy company in an auction to acquire 100% of a sellers Uganda Hydro asset. The target had several Ugandan



Eskom exit: Advising the Office of the Auditor General on the special audit of Eskom (U) Limited concession of the Nalubaale-Kiira hydropower power plant. This entailed a review of the

subsidiaries, and the group had a portfolio of operational and development-stage hydro and solar assets in Uganda.

Concession and Assignment Agreement, Support Agreement, Power Purchase Agreement and Escrow Agreement to advise on the processes, notifications and consents triggered under the agreements upon expiry of the concession to Eskom (U) Limited, the



Middle Eastern Private Equity investor: Acting as lead local counsel to a Middle Eastern Private Equity investor in a potential acquisition of a stake in a prominent hydro power project in Uganda. The advice involves corporate governance and compliance issues, regulatory permits, environmental compliance, employment laws, property laws, insurance, etc.



FMO: Advising FMO, Norfund and Finnfund in connection with a financing worth USD 53,500,000 to a Ugandan company. The transaction involves drafting a share pledge and its accompanying documents, reviewing an English governed law facility agreement, assisting with collection of CP documents and issuing a capacity and enforceability opinion.



FMO: Advising FMO on a change of shareholding in Tororo Solar North Limited. Our role involved drafting the amended and restated share security agreement, the deed amendment and restatement, the deed of release, the power of attorney and all accompanying documents including advising on the local law aspects of the Transaction.



NORFUND and BIO: Advising Societe Belge d'investissement Pour Les Pays En Développement and Norwegian Investment Fund for Developing Countries (NORFUND) on a USD 16,900,000 financing to a local company for the development and construction of a 5.54 MW hydro power station in southwestern Uganda, under the GETFit programme. The transaction involved a review of an English law facility agreement, Power Purchase Agreements (PPA), Implementation Agreements (IA), Engineering Procurement and Construction (EPC) and Operation and Maintenance (O&M) agreements, drafting of security documents including mortgages, debentures and charges over shares, reviewing and commenting on other finance transactions to ensure compliance with Ugandan law, assisting the lender with condition precedents under the finance documents and issuing a legal opinion on the capacity, validity and enforceability of the documentation from a Ugandan law perspective.



FMO: Advising FMO on its financing of Soroti Solar Power Station in Eastern Uganda, under the GETFit programme. The transaction involved a review of an English law facility agreement, Power Purchase Agreements (PPA), Implementation Agreements (IA), EPC and O&M agreements, drafting of security documents including



FMO: Advising FMO on its financing of Tororo Solar Power Station in Eastern Uganda, under the GETFit programme. The transaction involved a review of an English law facility agreement, Power Purchase Agreements (PPA), Implementation Agreements (IA), EPC and O&M agreements, drafting of security documents including

mortgages, debentures and charges over shares, reviewing and commenting on other finance documents to ensure compliance with Ugandan law, assisting the lender with condition precedents under the finance documents and issuing a legal opinion on the capacity, validity and enforceability of the documentation from a Ugandan law perspective.



Waltersmith Petroman Oil Limited: Advising Waltersmith Petroman Oil Limited, a Nigerian company which had been shortlisted by the Ministry of Energy and Mineral Development for the issuance of the next phase of production licenses on the oil and gas sector in Uganda. This included advice on the current regulatory approvals, the applicable tax regimes and incentives and the model production sharing agreement which it will hopefully sign with the Government of Uganda.



mortgages, debentures and charges over shares, reviewing and commenting on other finance documents to ensure compliance with Ugandan law, assisting the lender with condition precedents under the finance documents and issuing a legal opinion on the capacity, validity and enforceability of the documentation from a Ugandan law perspective.

Betts Metals: Advising Betts Metals, a UK based mineral exploration company on the regulatory framework for the exploration and extraction of helium gas in Uganda.



Umeme Holdings Ltd: Advising Umeme Holdings Limited on a sale down of its shareholding in Umeme Limited, a company listed on the Uganda Securities Exchange and the sole electricity distributor in Uganda. This is the largest secondary market transaction in Uganda, worth over USD 85,000,000. The deal saw Investec Asset Management, one of Africa's largest investment funds enter the Ugandan market.



Electro-Maxx Uganda: Advising on the acquisition of a stake in Electro-Maxx Uganda (a company engaged in thermal power generation), by Ciel Capital Investments worth USD 6,000,000.

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About ALN Uganda

“MMAKS Advocates is a renowned law firm based in Kampala with extensive expertise in both domestic and cross-border matters. It is experienced in a considerable range of M&A, commercial contracts, due diligence, and finance matters, including fintech. The team further excels in litigation and arbitration cases. MMAKS also benefits from its membership of the Africa Legal Network (ALN).” - Chambers Global

MMAKS Advocates I ALN Uganda is a leading law firm in Uganda, ranked as Band 1 and Tier 1 by international legal directories such as Chambers Global, IFLR 1000, WTR and Legal 500.

The firm was formed by a ground-breaking merger of three prominent law firms in 2005 and today stands as one of Uganda’s largest law firms with a total of 35 proficiently trained legal professionals, many of whom have qualified from international universities, whilst others have worked at leading international law firms. Two of the firm’s senior partners are a Barrister and a member of the Honourable Society of the Inner Temple, as well as a qualified solicitor of the Supreme Court of England and Wales.

MMAKS has a full service offering with teams specializing in strategically carved out practice areas. The team regularly advises players in the public and private space, allowing us to amass considerable experience on the issues they face, particularly projects, infrastructure, M&A, Private equity, energy, finance and banking, investment advisory, governance and operational or regulatory issues, environment, tax, real estate, insurance, intellectual property, information technology, forensic and

criminal investigations, litigation and alternative dispute resolution and public procurement.

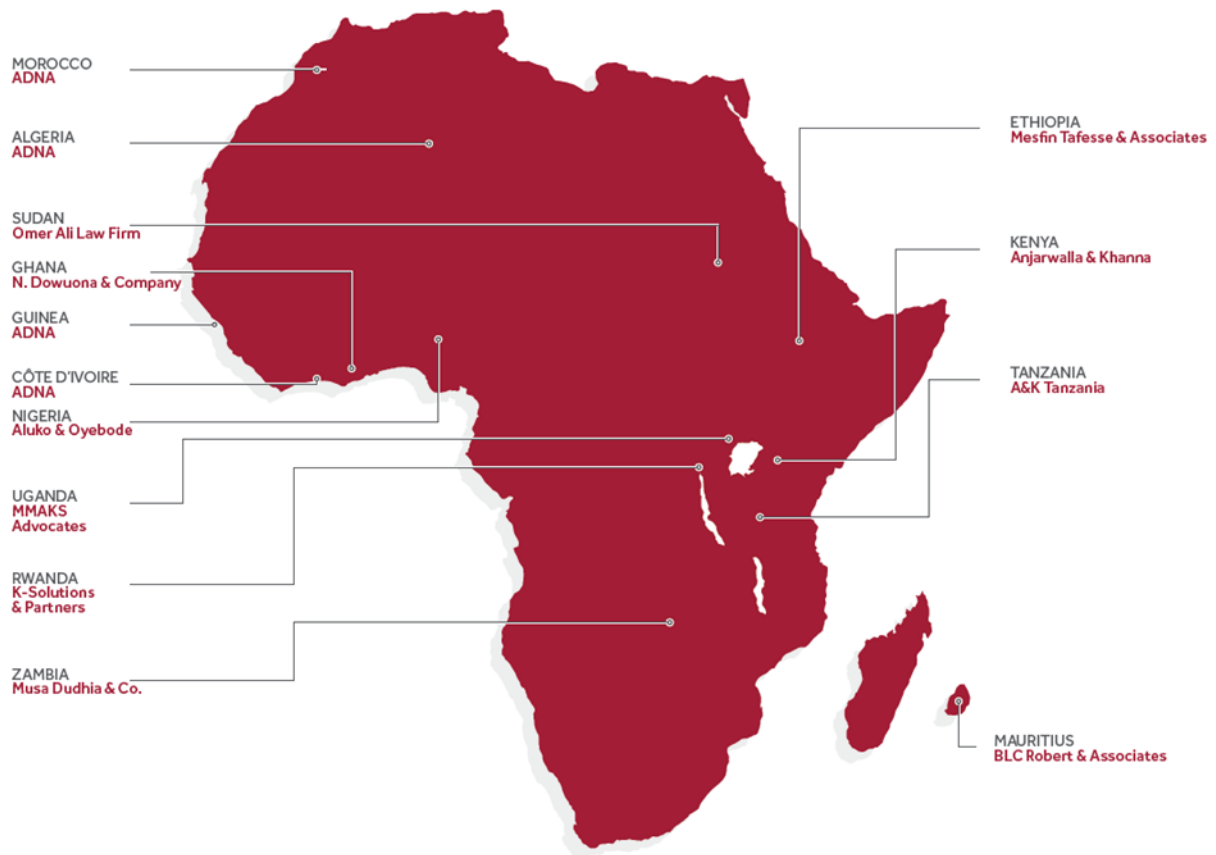
As a member of ALN, MMAKS has the ability to draw on the skills and expertise of other ALN member firms. The ALN network works on a highly integrated basis, as the member firms have worked together for many years and the partners and associates have personal relationships between them. ALN lawyers are seconded within firms, train together and routinely work together in cross border groups.

MMAKS Advocates is a member of the Employment Law Alliance (ELA), a global partner for HR Legal Solutions wherever you do business. ELA lawyers advise on, among other issues, compliance, employee benefits, discrimination, sexual harassment, or wrongful termination.

MMAKS Advocates I ALN Uganda is committed to delivering practical and quality legal services with professionalism and integrity. The firm adopts a proactive approach to high quality, timely and efficient legal services, priding itself on open communication, teamwork, and client satisfaction.



About ALN



ALN is an integrated alliance of the preeminent full-service corporate law firms in 15 African countries: Algeria, Côte d'Ivoire, Ethiopia, Ghana, Guinea, Kenya, Madagascar, Mauritius, Morocco, Nigeria, Rwanda, Sudan, Tanzania, Uganda and Zambia. ALN also has a regional office in Dubai, UAE, which serves as a gateway to the Gulf region and beyond.

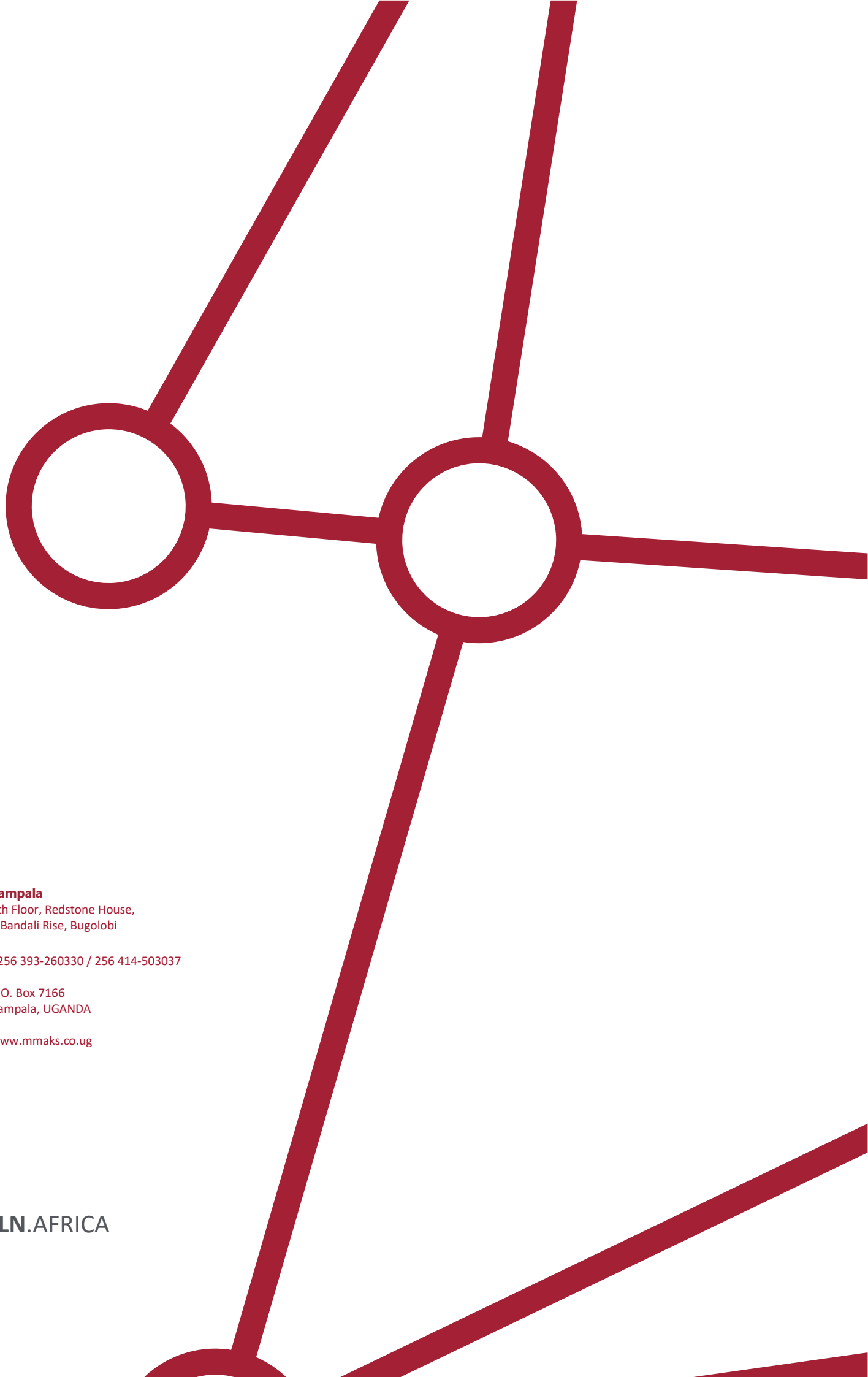
Vision

ALN seamlessly connects the African continent. It brings its global expertise, continental reach and deep local know-how to help its clients navigate the multitude of opportunities and risks in Africa, holistically combining legal, tax, regulatory and commercial advice.

Mission

ALN is dedicated to its clients' success. ALN achieves this by providing world class legal, tax and regulatory advice in a commercial context. ALN's lawyers are aware of the trends and events shaping the continent, deeply networked and respected in their communities as thought leaders and opinion shapers. ALN's lawyers have a Pan African mindset, are down to earth, pragmatic, responsive, innovative and relentlessly determined.





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