

»» GET FiT Uganda: Leveraging private investments in renewable energy

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Bank aus Verantwortung

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- 1 Revisited: Challenges for Private Investments in RE in Uganda in 2010
- 2 GET FiT Programme – An Innovative Approach to Facilitating Private Investment into RE
- 3 Looking forward



»» Uganda in 2010


Uganda's sector was advanced in SSA comparison, but ...

- › Uganda had one of the most advanced power sector setups in Sub-Saharan comparison:
 - Fully unbundled
 - Concession agreements with private concessionaires for generation and distribution
 - Regulator established with sufficient independency and regulatory authority
 - REFiTs, RE capacity targets, fiscal incentives for RE, various forms of governmental guarantees and support available

- › However,

»» Uganda in 2010

Uganda's sector was advanced in SSA comparison, but not generating desired outcomes

1	Incomplete/ incoherent reform	Patchy enabling environment (including standardized transaction documentation)
2	Political and commercial risks	Detrimental country risk profiles and weak offtaker structures
3	Inadequate incentives/ RE regimes	FiT levels offered inadequate commercial incentives especially for early-movers
4	Technical/ Engineering issues	Lack of interconnection policy and clear guidelines and responsibilities offering sufficient comfort for developers and investors
		Long-term debt finance and equity are hard to come by, terms and conditions are generally punitive
		Few renewable deals have come to close/ gone into implementation

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1 Background and Challenges for Private Investments in RE in Africa

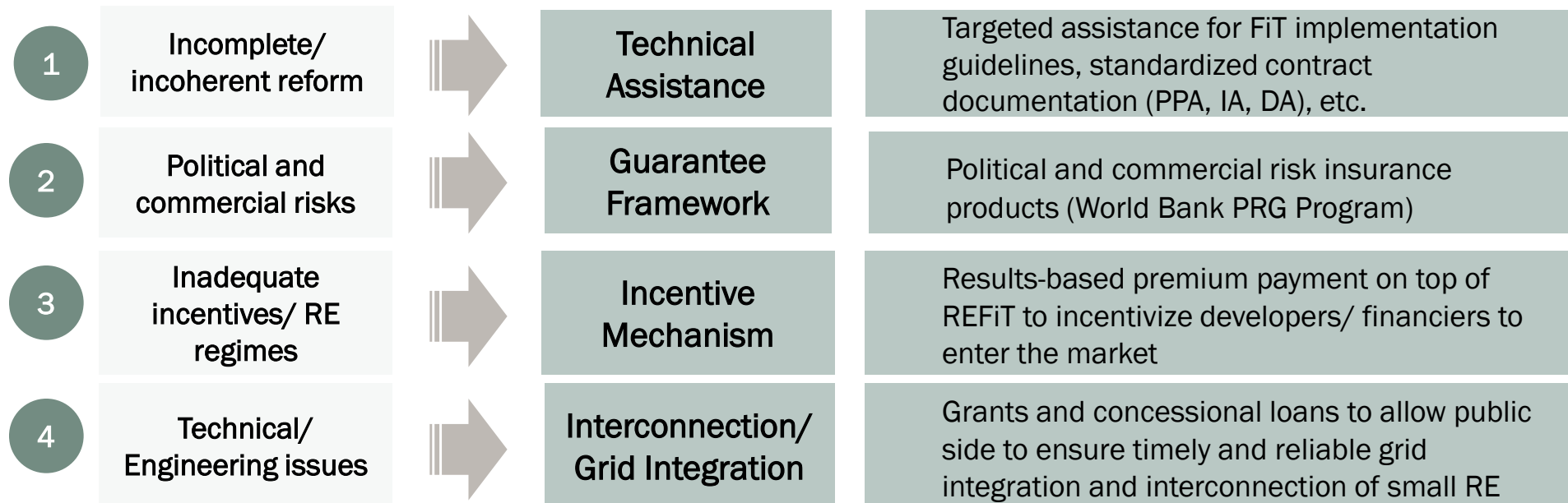
2 GET FiT Programme – An Innovative Approach to Facilitating Private Investment into RE

3 Looking forward



»» GET FiT addressed challenges for private investments comprehensively

Technical Assistance, Guarantee Framework, Incentive Mechanism



Remove legal and regulatory hurdles for private investment

Mitigate political and commercial risks

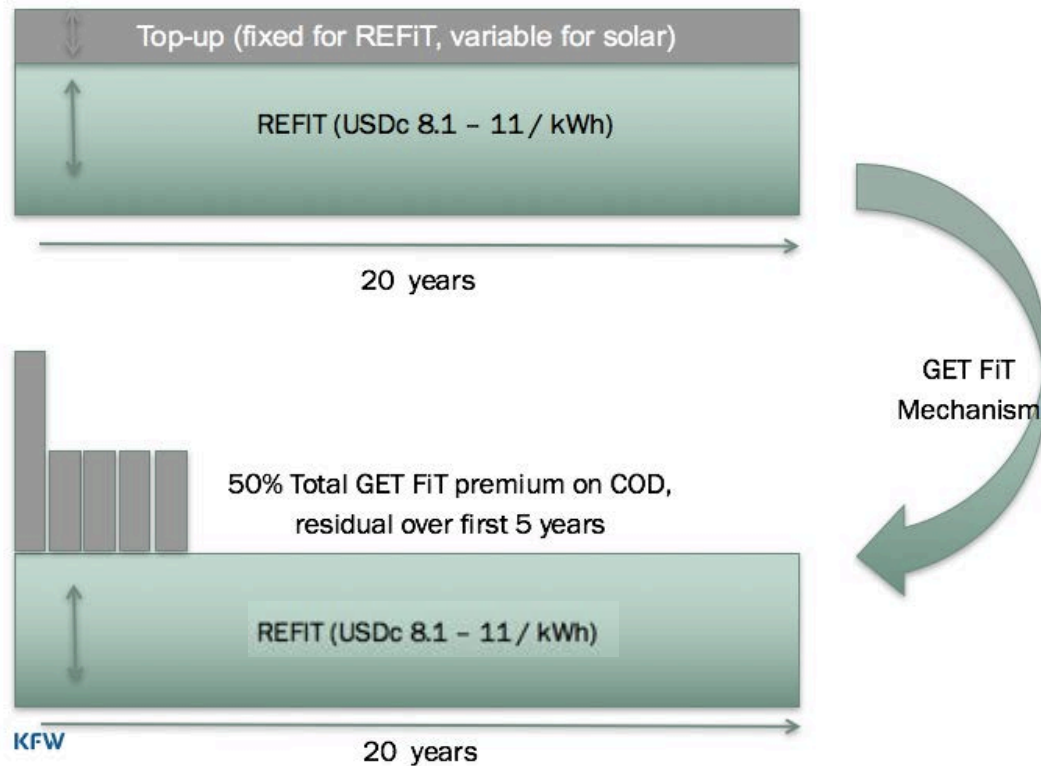
Provide an attractive risk-adjusted return for early mover investors

Unlock commercial finance for renewable energy deals

»» GET FiT Premium Payment Mechanism

Incentive mechanism

Fixed REFIT top-ups / variable viability gap payments for solar
Frontloaded, performance based over first five years of operation



»» GET FiT Uganda

Objectives

Bringing about 170 MW of RE on the grid by 2018

- › Mitigating the supply shortfall: increase generation capacity by up to 20%
- › Reducing CO2 emissions by up to 11 million tons (over 20 years project lifespan)
- › Facilitating or improving access for at least 200.000 additional consumers
- › Leveraging approximately EUR 440 million in private capital with EUR 94 million grant funding (1:4.5 leverage)
- › Grid benefits: reinforcement reduces distribution losses & decentralized generation increases grid stability
- › Diversification of energy generation: Solar and bagasse-based projects reduce dependency on large-scale hydro

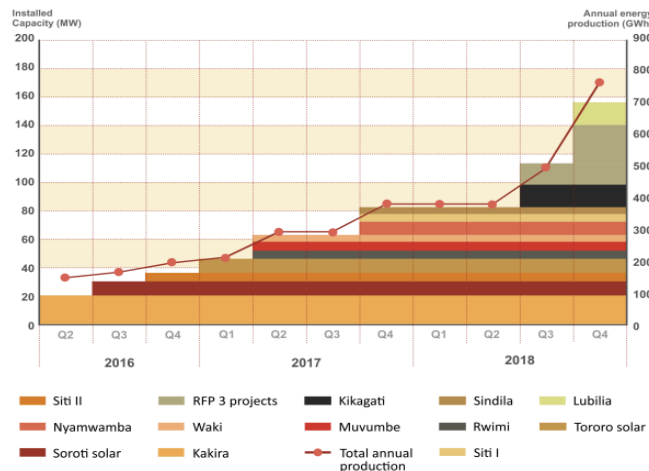


»» GET FiT –where are we?

Achievements



- 17 projects supported, 157 MW / 770 GWh clean, renewable electricity at affordable cost
- 1 project completed, 9 projects under construction, 4 projects achieved financial close
- Projects will be successively completed by 2018 and thus on time to meet expected supply shortage from 2016 to 2020
- Standardized PPAs for various RET (hydro, solar, biomass/bagasse)
- First reverse auction for solar / PV in SSA outside of South Africa
- Interconnection facility supporting investments into the grid for full evacuation of GET FiT projects
- 3 Technical Assistance components implemented, 2 new currently under procurement
- REFIT review currently underway



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»» Looking forward... (1/2)

All projects should achieve financial close and commence construction in 2016

- › Assuming no delays in PPA / IA signing
- › GET FiT and lender CP compliance pending
- › All projects are obliged to achieve COD prior to end of 2018

Implementation of GET FiT grid interconnection projects underway

Two more interconnection-focused TA components for ERA currently procured

- › Interconnection Code / Wheeling Agreement + Optimization of DISCO & TRANSCO regulation

»» Looking forward... (2/2)

For discussion during the Forum

Grid development

› Construction of key transmission infrastructure delayed with potential impacts on full evacuation of power generated by GET FiT and other projects

›Future of IPPs

› Will IPP project development have the same dynamic post GET FiT?

- › Expected excess capacity
- › UETCL balance sheet
- › Government focus on public projects

› **Commercial financing**

»» Thank you for your attention!

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