RBCF and feed-in tariffs for renewables in Uganda

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Background

- GoU has put in place the necessary policy, legal and institutional framework to enhance the country's response and action to address climate change challenge.
- The institutional arrangement for the overall coordination of climate change response and actions in the country is the Climate Change Department (CCD), Ministry of Water and Environment. This is de-facto the National Climate Change Secretariat for Uganda that is responsible among others on CDM, NAMAs, (I)NDCs, National Communications, BURs, National Green Growth Strategy, liaison with the UNFCCC Secretariat/other international organizations and future international market instruments under the Paris Agreement.

Background-2

- On the CDM, the country has performed relatively well (16 registered CDM Projects including PoAs) amongst the LDCs and African countries in leveraging results-based climate finance despite the recent crush of carbon prices. 1 NAMAs in advanced stages of implementation.
- RBCF lessons learnt/being learnt from implementation of CDM, REDD+ demonstration activities and NAMAs provide opportunities to inform evolving new market instruments under the Paris Agreement.
- Government's 5-year National Development Plan 2 (NDP2) mainstreams climate change adaptation and mitigation in key sectors of the economy which further strengthens a number of sectoral policies including in the energy sector. Examples include the Feed-in-Tariff and the Renewable Energy Policy.

Background-3

- The National Climate Change Bill is now under formulation to give full legal effect on implementing climate change mitigation actions that have considerable sustainable development benefits to the people and the economy.
- RE and EE is one of the key mitigation priorities as well as market mechanisms under our (I)NDC and hence RBCF policy instruments are crucial for the country to meet its obligations of GHG emissions reduction target.
- On Uganda's energy profile, the country with pop.of 37.8 M (2014)and GDP per capita of USD 714.5 (2015) has installed capacity of 872 MW (Dec.2015) after commissioning 2 new solar power stations.18% of the population (2015) can now access power from the national grid compared with 11% in past 5 years.

RBCF and Feed-in-tariff in Renewable Energy

- GoU has put in place the Renewable Energy Policy (2002) under which the Renewable Energy Feed-in Tariff (REFIT) has been established initially in 2007.
- The REFIT aims to promote and support private sector investments in RE technologies with installed capacity of over 0.5 MW and less than 20MW. Initial target technologies included bagasse co-generation, hydro-power generation, and PV .
- However, in late 2012 Govt revised the REFIT with 2 priorities-

Priority 1-Small hydro, geothermal, Bagasse co-generation, biogas, biomass and wind.

Priority 2- Solar PV (and possibility of Concentrated Solar Power)

RBCF and Feed-in-tariff in Renewable Energy-2

- The REFIT programme was further strengthened with th Global Energy Transfer FIT (GET-FIT) supported by the German (KfW) and British Govts that is making available top-up premium payments to eligible selected projects/ investments.
- So far 15 RE Projects with installed capacity of approximately 125 MW have been licensed in different parts of the country resulting in GHG emission reduction of about 11 MtCo2 eq.

Benefits of REFIT/GET-FIT

- Involvement of private sector in leveraging RE investments and thus contributing to greater access to grid connected electricity.
- Spurs socio-economic transformation efforts of govt.
- Creation of more jobs.
- Propelling economic growth in key sectors esp. industrial and manufacturing sector.
- Promotes increased drive to clean RE echnology innovations.
- Contribution to GHG emission reductions and adoption of cleaner technologies.

Challenges of REFIT

- The main challenge is how to make the cost of clean RE technologies competitive and affordable compared with conventional energy-wood fuel,etc.
- Absence of strong legal framework on FIT to strengthen the policy and give it the necessary durability.
- Maintenance of robust macro-economic policy environment.

Conclusion

- There is no doubt that the REFIT Strategy is one of the most effective policy instruments for harnessing the various God-given renewable energy forms.
- As countries move to implement the various provisions of the Paris Agreement and the COP 21 Decisions, FIT therefore remains a viable and relevant option for the RBF forms and will play a role in operationalizing Art.6 of the Paris Agreement.