

Business

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Low oil prices keep power tariffs at bay

Whereas other factors have played against the energy sector, international oil prices have fallen thus influencing movement of tariffs.

BY CHRISTINE KASEMIIRE

Despite an increase in all other parameters used in determining electricity, reduced international fuel prices have enabled the regulator to maintain the power tariff as it was the last quarter.

Electricity Regulatory Authority (ERA) is the regulator of electricity supply and is responsible for determining the cost of power on a quarterly basis.

For the third quarter of 2020, covering July up to the end of September, ERA has maintained the tariffs to that of the second quarter ended in June.

For instance, domestic customers will pay Shs250 for the first 15 units purchased in a month.

Thereafter, a domestic customer will continue to pay Shs750.9 per unit as it were in June.

Commercial consumers will continue paying Shs645.6 per unit while medium industrial users will pay Shs750.9.

Large industrial, extra-large industrial and street lighting have also been maintained at Shs361, Shs301.7 and Shs370, respectively.

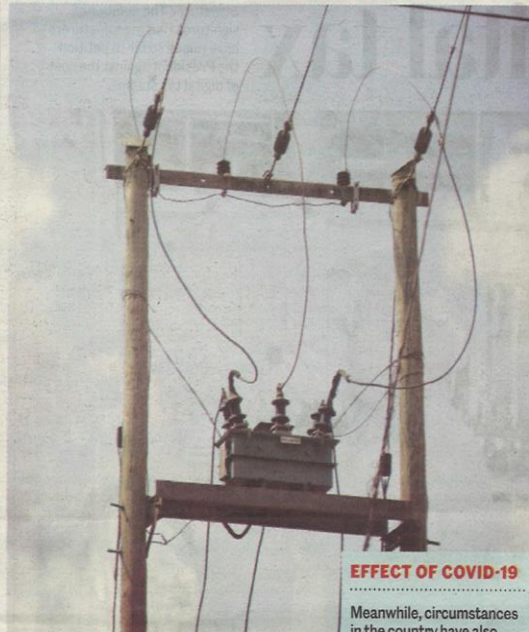
Oil price dip

This is despite the increased loss of value of the shilling to the dollar, increased core consumer price index and United States of America producer price index, which are the parameters used to determine the tariff.

International oil prices, on the other hand, lowered from \$55.4 per barrel in February to \$25.1 in May.

While all the parameters have been severely impacted by the onset of coronavirus, its effect on the fuel prices has worked for the good of the country.

The cost of fuel is important in determining the cost of electricity because



Electricity tariffs for the quarter ending September have been maintained due to low international oil prices. PHOTO | EDGAR R BATTE

there is a fuel component in power generation. The energy sector took a severe beating especially to oil prices occasioned by virus inspired lockdowns across multiple countries, affecting economic activities and paralysis of the airline industry.

A price oil war between Saudi Arabia and Russia in March also worsened the situation.

"Saudi Arabia slashed its selling prices and increased production after Russia refused to join its plan to further cut output and boost prices in early March," a report by CNBC reads.

In what *the Guardian* termed as the fastest plunge, oil prices dropped drastically to the point that producers were paying buyers to take oil off their hands.

EFFECT OF COVID-19

Meanwhile, circumstances in the country have also not been favourable on the tariff.

Demand for electricity, which is a key ingredient for low tariffs, fell by 20 per cent during the quarter because of reduced industrial activity and low disposable income.

According to Mr Julius Wandera, the ERA director for corporate and consumer affairs, while the sector has also been affected by Covid-19, the regulator is engaging government to maintain stability of the tariff.

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Transparency still lacks in infrastructure projects - report

BY JUSTUS LYATUU & RACHAEL NABISUBI

KAMPALA. At least 99 per cent of the public procurement contracts are won by Ugandan firms, according to report.

However, whereas these companies are registered in Uganda, there are no details of their origins.

Stakeholders are now questioning the secrecy and wondering whether it is indeed Ugandans benefiting from multimillion dollar contracts.

For long, there has been this belief that millions of dollars are repatriated by the companies thought to be locally owned.

Cost Uganda the infrastructure Transparency initiative (CoST Uganda) commis-

sioned a study spanning 2018 to 2020 with the objective interpreting government laws, disclosure of data and fair business practices between government and contractors.

Ms Olive Kabetweire, the CoST Uganda National Secretariat programme manager, said Ugandans do not know if these companies are owned by locals or foreigners.

The study shows that a total of 695 (99.1 per cent) companies that participated in the procurement process were from Uganda.

However, it is possible that most international companies have domesticated their businesses in Uganda.

The report also notes that there is need to analyse such contractors' ability in terms of financial, technical and personnel capac-

ity to deliver on the awarded projects.

In a country where public procurement accounts for over 65 per cent of the national budget with at least 25 per cent spent through infrastructure, CoST believes local companies should benefit more.

"Public procurement is, therefore, an avenue for the private sector to partake in the national cake, hence, procurement is a source of income for the private sector through public contracts," Ms Kabetweire said, noting "there is need for interventions geared towards boosting the contracting capability of the private sector, particularly small and medium enterprises".

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EAST AFRICA SECURITIES ALSI

	USE	NSE	DSE	RSE
ALSI	1314	132.63	3,466.1	150.19
	-1.69%	+0.13%	-0.00%	-0.00%

UGANDA SECURITIES EXCHANGE

Daily share report, July 15

Security	Shares traded	Share Price		Mkt Cap'n Br.(Shs)
		Current	Previously	
1 BATU	-	30,000	30,000	1,472.40
2 Bank of Baroda	-	113.00	113.00	282.50
3 Cent	-	834.02	839.47	554.99
4 Dfou Group	100	640.00	645.00	478.81
5 EA Breweries	-	5,447.90	5,447.05	4,308.06
6 Equity Bank	-	1,141.38	1,098.03	4,226.28
7 Jubilee Ins	-	10,325	7,894	618.47
8 KQ	-	132.27	132.04	751.48
9 KCB	-	1,175.92	1,173.87	3,509.11
10 NIC	5,400	9.00	9.00	12.74
11 NMG	-	452.41	467.14	85.30
12 New Vision	100	315.00	315.00	24.10
13 Stanbic Bank	20,000	24.00	24.00	1,228.53
14 Uganda Clays	20,000	9.00	9.00	8.10
15 Uchumi	-	12.78	11.45	2.96
16 Umeme	6,400	245.00	245.00	397.95
17 CQCIL	4,400	95.00	95.00	346.93

BOU EXCHANGE RATES

July 15		USD	PS	EURO	KSH
BOU FOREX	Buy	3,697	4,681	4,185	34.4
	Sell	3,707	4,694	4,196	34.5

FOREX BUREAU RATES

July 15		USD	PS	EURO	KSH
1 Dollar House	Buy	3,724	4,580	4,189	35.0
	Sell	3,734	4,581	4,200	35.1
2 Alpha Capital	Buy	3,690	4,400	3,800	32
	Sell	3,720	4,950	4,320	36
3 Bocco Forex	Buy	3,662	4,820	4,225	37.3
	Sell	3,682	4,670	4,200	38.0
4 City Forex	Buy	3,680	4,550	4,100	34
	Sell	3,705	4,750	4,200	35.5
5 Cashmart	Buy	3,728	4,540	4,150	34
	Sell	3,748	4,620	4,240	36
6 Klyn Cash	Buy	3,690	4,710	4,120	34.5
	Sell	3,725	4,750	4,210	36
7 Lloyds Forex	Buy	3,725	4,540	4,100	37.5
	Sell	3,745	4,830	4,320	37.3
8 Metropolitan	Buy	3,720	4,573	4,143	34.5
	Sell	3,780	4,880	4,400	37.4
9 Prime Forex	Buy	3,720	4,740	4,170	35.5
	Sell	3,740	4,780	4,220	36.5
10 Matrix Forex	Buy	3,715	4,550	4,120	33
	Sell	3,740	4,900	4,270	37
11 Shumuk Forex	Sell	3,710	4,670	4,170	35.5
	Buy	3,745	4,830	4,310	36.6

COMPLETION FROM MARKET
NOTES SUBJECT TO VARIATION