

Experience with CTCN Technical Assistance

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Formulation of Geothermal Energy Policy,
Legal and Regulatory Framework in Uganda

CTCN Request: 2015-022/UGA

**GEOHERMAL RESOURCES DEVELOPMENT
POLICY AND ACT (Final Draft)**



**9th meeting of the
CTCN Advisory Board
Bonn, Germany 3-5 April**

The Genesis of the CTCN intervention

1. Formulation of Geothermal Energy Policy, Legal and Regulatory Framework in Uganda (completed)
2. Adaptation to climate change through improved information and planning tools for Lake Victoria (*Response plan formulated*)
3. A strategy for national pay-as-you-go policies and mechanisms for the household sector and social institutions to enhance (i) rural related impacts on the environment and human health.
4. Foreign Currency PPA Risk Analysis and Assessment of Local Currency financing options for Renewable Energy Development in Uganda



Issues for which assistance was requested

Overall goal of the Request

Accelerating geothermal resource development for the benefit of all Ugandans.

While there is growing interest from the government, development partners and private companies to engage in geothermal energy development in Uganda, there are mainly four major barriers that the government sought to address through the request:

- (i) Resource development risk;
- (ii) Large up-front investment;
- (iv) Weak of institution and;
- (iii) Lack of legal and regulatory regime;

The government had sought to urgently address the barriers in vain and yet investors had expressed interest in geothermal energy generation in Uganda

Uganda government priority in the energy sector.

- ✧ Securing the supply of energy is therefore a top priority for Uganda's energy policy (2002).
- ✧ Considers a secure and sustainable energy mix as one of the central challenges which Uganda faces
- ✧ Uganda mostly relies on hydropower with current generation capacity at 849.5 MW including 100MW from thermal (MEMD,

Interventions sought and relevance to key *national strategies* (notably NDC)

1. **Adaptation to climate change**

Uganda is working on reducing vulnerability in the following priority sectors:

- ✦ agriculture and livestock,
- ✦ forestry,
- ✦ infrastructure (with an emphasis on human settlements, social infrastructure and transport),
- ✦ water,
- ✦ **energy and**
- ✦ health.
- ✦ Disaster risk management is crosscutting for adaptation.

Energy (power supply)

- ✦ **Promoting renewable energy and other energy sources**

Increasing the efficiency in the **modern energy sector**, mainly of electricity
Climate proofing investments in electricity power sector

Development of the electricity sector holds great mitigation potential for Uganda due to the potential offsetting of wood and charcoal burning, and the consequential deforestation

2. **Mitigation of climate change**

Uganda aims to build on existing **Clean Development Mechanism (CDM)** projects and Programmes of Activities pipeline,
Uganda commits to undertaking a number of **policies and measures to support low-carbon development in key priority sectors**

Expected impact

- ✦ **increase confidence** around technical viability,
- ✦ **reinvigorate** interest in geothermal resource, and
- ✦ **stimulate** a new wave of investment and technical expertise from both the private sector and development partners.

The policy sets out ambitious objectives for resource development, and a coherent implementation plan through which to achieve the ambition.

It includes a **Communication Programme** through which the policy will be widely disseminated and popularised, and **identifies a near-term need for a Geothermal Resources Master Plan** that can help to guide our approaches to geothermal resource development in the coming years.

The intended impacts of the technical assistance

- An Act to regulate geothermal exploration, development and production;
- ✦ to empower the Geothermal Resources Department of the Ministry of Energy and Mineral Development to participate in the development of geothermal resources and to regulate the licensing and participation of private entities in geothermal activities;
 - ✦ to provide for an open, transparent and competitive process of licensing; to create a conducive environment for the promotion of exploration, development and production of Uganda's geothermal resources potential;
 - ✦ to provide for efficient and safe geothermal activities; to provide for the cessation of geothermal activities and decommissioning of infrastructure;
 - ✦ to provide for the payments arising from geothermal activities and for related matters.

- ✦ Draft policy to be presented to Cabinet for approval
- ✦ Principles of the bill
- ✦ Presentation of the Bill to parliament
- ✦ Enactment of the law

Lessons learned

- ✦ A national counterpart facilitates implementation of requests
- ✦ NDE availability to guide the process
- ✦ M&E still a challenge



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