

GRIDWORKS & THE GOVERNMENT OF UGANDA ANNOUNCE PILOT-PROJECT FOR PRIVATE INVESTMENT IN COUNTRY'S ELECTRICITY TRANSMISSION

Gridworks and the Government of Uganda announce pilot project for private investment in the country's electricity transmission sector

LONDON, UNITED KINGDOM, June 24, 2022 /EINPresswire.com/ -- The agreement was announced today by the UK Prime Minister, Boris Johnson at the Commonwealth Heads of Government Meeting in Kigali.

Gridworks is a development and investment platform founded and wholly-owned by British International Investment (BII), the UK's development finance institution and impact investor. Created in 2019, BII established the platform with a mandate to provide patient capital to develop on-grid and off-grid electricity transmission and distribution infrastructure across Africa.

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THE PROJECT:

The project will consist of the upgrade of substations, to solve the capacity constraints at 4 key nodes of the grid:

Tororo, in the East, close to the Kenyan border,
Nkenda, in the West, at the interconnection point to DRC,
Mbarara & Mirama, in the southwest.

Each has been identified as a priority by Uganda's national transmission utility (UETCL) in its latest Grid Development Plan.

Gridworks will develop and finance the project - providing up to US\$90m equity funding - with



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Uganda's Minister of Energy and Mineral Development

Siemens undertaking the upgrade work on the four substations.

Investment in the transmission sector is critical to realise the Ugandan government's development plans. Network expansion, increased capacity, and increased resilience are necessary in order to ensure that power generation is effectively delivered to customers.

The improvements are expected to enable UETCL to allow the evacuation of power generated to supplying large

industrial customers and provide adequate capacity to support regional trade in the East (Kenya) and to the West (Democratic Republic of Congo, Rwanda and North-West Tanzania)

Uganda has a well organised energy sector with a strong track record. The country has taken significant steps over the years to ensure security of supply and to set it on a path towards delivering least cost electricity to end users to drive industrialisation and economic growth. This project will be the first of its kind in Uganda. It demonstrates the growing interest in private participation in the sector as governments look for complementary and alternative means to fund critical infrastructure.

GRIDWORKS' VIEW OF THE SECTOR:

A partner to governments, utilities, and companies in the energy sector, Gridworks aims to connect Africa's people and its businesses to reliable, affordable power

There's a growing recognition amongst all stakeholders that sustainable business models are vital to the transformation of transmission infrastructure in Africa. Other markets in Europe, North America, Latin America and Asia have used these tools to drive economic development in the past.

According to World Bank figures, from 2010-2020, only 7.5% of global private electricity infrastructure investment was targeted at sub-Saharan Africa. Of this, 98.2% funded electricity generation projects, with less than 0.3% funding transmission projects. We want private investment in transmission to be a recognisable asset class in Africa and for Gridworks to be at the forefront of the market.

The Honourable Ruth Nankabirwa, Uganda's Minister of Energy and Mineral Development, welcomed the agreement and said:

“It is a pleasure to announce our pilot project with Gridworks that will bring new, private investment to Uganda’s transmission sector.

“The Government of Uganda wants to promote safe, reliable and sustainable electricity supply and facilitate stable regional electricity trade. By increasing investment in our electricity grid, we will be able to unlock suppressed demand; boost industrialisation and power our export sector.

“The upgrade of these substations will enable us to supply industrial users with increasing amounts of power in line with the aspirations of the Government’s National Development Plan to improve the competitiveness of Uganda’s manufacturing sector.

“This pilot will be helpful in establishing a successful model that can be duplicated to catalyse further investments in the sector.”

Speaking at the African Energy Forum in Brussels, Simon Hodson, CEO of Gridworks added:

“I’m proud of our work with the forward-thinking Ugandan government to deliver the country’s first privately financed transmission project. Transmission infrastructure is essential for economic growth, electricity access, sustainable power networks and a green energy transition.

“Our pilot project has taken several years to develop and will demonstrate that this model can be used to unlock critical projects. It will benefit households and businesses in Uganda and ensure that high quality renewable power is available to drive economic development.

“There is a huge need for funding of Africa’s electricity networks. That need will be met more quickly if we create sustainable business models that attract private sector capital and expertise.”

Kate Airey, UK High Commissioner to Uganda said:

“Today’s agreement signals an important strengthening of the already close partnership between the UK and Uganda. Transmission infrastructure plays a vital role in boosting economic growth and enabling Africa’s clean energy potential.

“I’ve witnessed the important collaboration between Gridworks and the Government of Uganda that has led to this first-of-its-kind project to bring private investment to the transmission sector. This investment signals the continuing ambition of the UK to be a good investment partner to Uganda and to support its plans to deliver effective infrastructure for its people and businesses.”

Nick O’Donohoe, Chief Executive of British Investment International said:

"I am thrilled by the progress achieved on this project through the partnership between Gridworks and the Government of Uganda. This collaboration reflects the spirit of our ambition when we established Gridworks in 2019, as a platform that will work alongside governments and stakeholders to improve access to reliable least-cost energy in order to drive economic development.

This first-of-its-kind transmission project will support productive, sustainable and inclusive growth in Uganda. It will also demonstrate a replicable model for further transmission investment in Uganda as well as other countries in Africa"

ENDS

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About Gridworks:

Gridworks develops and invests in Africa's electricity networks. We provide long-term capital to transmission, distribution and distributed renewable energy businesses, both on and off-grid. A partner to governments, utilities, and companies in the energy sector, we aim to connect Africa's people and its businesses to reliable, affordable power.

Owned and funded by the UK government, our shareholder is British International Investment, the UK's development finance institution.

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