

REPUBLIC OF RWANDA



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**REGULATIONS N°001/ENERGY/RURA/2012 OF 09/02/2012  
ON RWANDA RENEWABLE ENERGY FEED IN TARIFF**

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**PREAMBLE**

The Regulatory Board of the Rwanda Utilities Regulatory Agency, RURA,

Given the Law n° 39/2001 of 13 September 2001 establishing the Rwanda Utilities Regulatory Agency, especially in its article 1: b;

Given the law n°21/2011 of 23/06/2011 governing Electricity in Rwanda especially in its articles 30, 31,32 and 33;

Considering the validation workshop held in Kigali City on the 9<sup>th</sup> December 2011 on Regulations on Rwanda Renewable Energy Feed;

And whereas upon a due consideration and deliberation in its Session of 09/02/2012;

Hereby issues the following regulations on Rwanda Renewable Energy Feed in Tariff;

**Article 1: Purpose**

These regulations determine the applicable feed in tariff to hydropower and mini hydropower plants in the Republic of Rwanda.

**Article 2: Scope**

2.1 These Regulations shall apply to any person intending to construct and operate any Hydropower Plant that produces a minimum of 50 kw and a maximum of 10 MW.

2.2 The projects in sizes that fall outside the above ranges, which have acceptable proximity to the Grid with low loss features may be presented to the off-taker for consideration provided that no such projects are obtrusive to system stability, and shall have attractive economies of scale.

2.3 These regulations shall not apply to off grid development projects.

**Article 3: Objectives of these Regulations**

3.1 To fulfill the purpose as laid out herein, the specific objectives and key principles of these regulations are to:

- i. create an enabling environment for renewable electricity power generation in Rwanda;

- ii. establish a guaranteed price for electricity generated from renewable for a fixed period of time that provides a stable income stream and an adequate return on investment;
- iii. create a dynamic mechanism that reflects market and economic developments;
- iv. provide access to the grid and an obligation to purchase power generated;
- v. establish an equal playing field with conventional electricity generation;
- vi. create a critical mass of renewable energy investment and support the establishment of a self sustaining market.

#### **Article 4: Definitions**

4.1 Unless the context otherwise requires, the terms used in these regulations shall have the same meaning, if any, as they have in the Law Governing Electricity.

4.2 The following terms in these regulations shall have the meanings provided below. Any references to the singular includes the plural and vice versa and any references in the masculine refer to feminine and vice versa.

- a. **“Concession Agreement”** means an agreement between a developer and the Government providing for the rights and obligations of the two sides with reference to a concession granted by the Government to the developer to develop and operate a Plant;
- b. **“Feed-in Tariff (FIT)”** means the tariffs provided under Article 5 of these Regulations;
- c. **“Government”** shall mean the Government of Rwanda
- d. **“Grid”** means the national electricity transmission system connected to the Point of Delivery and owned and controlled by the Transmission System Operator;
- e. **“Independent Power Producer (IPP)”** means any legal entity that is organized to own and, either directly or through subcontracting or leasing, operate and maintain a Plant for the purpose of generating electricity.

- f. **“Installed Capacity”** for any given Plant and its associated Power Purchase Agreement (PPA) means the installed electricity producing capacity, to reach and maintain, within tolerance margins agreed by the Parties to such PPA, as certified prior to the Completion Date by an independent certified engineer, according to the provisions of such PPA;
- g. **“kw”** means kilowatt;
- h. **“kwh”** means kilowatt-hours;
- i. **“MW”** means Mega watt one thousand kw;
- j. **“New Project”** means a project involving the construction of a Plant that does not yet have a PPA signed;
- k. **“Off-taker”** means the transmission system operator or any other buyer of electricity produced by an Independent Power Producer;
- l. **“Party”** means either the Seller or the Buyer, as the case may be;
- m. **“Plant”** for a given PPA means the plant including all the equipment, civil works, and auxiliary facilities and lines necessary to generate the contracted electricity and deliver it to the Point of Delivery, all owned, operated, and maintained by the Seller;
- n. **“Point of Delivery”** means the point at which the Seller makes the Energy Output available to the Offtaker;
- o. **“Power Purchase Agreement (PPA)”** means an agreement, as amended from time to time, entered into between a Transmission System Operator and an IPP in accordance with the provisions of these Regulations.
- p. **“Producer Price Index (PPI)”** means the US\$ inflation index;
- q. **“Regulations”** means these regulations;
- r. **“Regulatory Authority”** means the Rwanda Utilities Regulatory Agency (RURA);
- s. **“Renewable Energy Feed-in Tariff (REFIT)”** means the tariffs provided under these Regulations;
- t. **“Seller”** for any given PPA means an Independent Power Producer that is a Party to that PPA and undertakes to generate and sell the Energy Output contracted under that PPA.

- u. **“Transmission System Operator”** means the National Power Utility in its authorized capacity to exercise system control over the national transmission lines and operate the public Grid and that is the Energy, Water and Sanitation Authority (EWSA).

### **Article 5: Tariff Schedule**

The tariff schedule, that is the Feed-In-Tariffs for Hydro-Power Plant is in Appendix 1 to these regulations.

### **Article 6: Conditions for the Power Purchase Agreement**

- 6.1 A person shall first acquire an electricity production license from the Regulatory Authority before he enters into Power Purchase Agreement with the Transmission System Operator.
- 6.2 Any negotiation and a conclusion thereafter in relation any Power Purchase Agreement shall comply with these regulations and the provisions of the Electricity Law.
- 6.3 The Regulatory Authority determines from time to time the technical, legal, environmental, financial and other criteria or requirements for any Independent Power Producer.

### **Article 7: Application Process**

- 7.1 Applications to qualify as a Renewable Energy Generator shall be made to the Regulatory Authority in accordance with the established Licensing Regulations.
- 7.2 The Regulatory Authority will constantly monitor the whole arrangements and the implementation of these regulations for the benefit of the sector.

### **Article 8: Freedom to enter into Power Purchase Agreement**

- 8.1 An Independent Power Producer has the right to enter into willing buyer - willing seller arrangements with off-takers other than the Transmission System Operator;
  - 8.1.1 Provided that the above is done at mutually agreed price levels, irrespective of REFIT levels in Appendix 1.
  - 8.1.2 And provided further that a License for electricity production is duly issued by the Regulatory Authority with only one off-taker in each Power Purchase Agreement.

**Article 9: Condition for the application of Feed in Tariff**

- 9.1 The Feed in Tariff set forth in these Regulations shall only apply to projects that are within 10 km of the grid at the time the Power Purchase Agreement is signed without any penalty or reward for the distance from such grid.
- 9.2 The Transmission System Operator shall negotiate discount on the REFIT price for the project beyond the 10 km.
- 9.3 The projects that are beyond 10 km of the grid may be eligible to the tariffs set in these regulations provided that the developer funds or build the line beyond the 10 km.
- 9.4 Any person who is denied connection to the grid may file a complaint with the Regulatory Authority.

**Article 10: Transmission Connection Cost recovery**

- 10.1 The Transmission System Operator shall be allowed a pass-through of any Transmission Connection costs associated with concluded REFIT projects for recovering the transmission connection costs incurred from its customers.
- 10.2 The Regulatory Authority shall, prior to issuing a Power Generation License, after consultations with all concerned parties, assess whether a project, given its size and distance from grid, is feasible to avoid burden to the consumers with its connection costs before issuing a Power Generation License to any Independent Power Producer.

**Article 11: Impact of Right of way on the REFIT prices**

- 11.1 Project to be built on Government owned sites shall be passed on free of charge to the developer under a Build-Own-Operate-Transfer arrangement, if the appropriate concession rights to build such project and the Power Generation License are duly obtained by the developer.
- 11.2 Projects to be built on privately owned sites, with duly obtained licenses and concession rights to build such project, will be subject to an extra remuneration not exceeding 5% of the REFIT price, verified by independent appraiser valuation and as mutually agreed by Transmission System Operator and the developer.

**Article 12: Payment of the taxes**

All projects paid under these REFIT provisions shall be subjected to the applicable laws on taxes unless otherwise agreed in the Concession Agreements.

**Article 13: The currency of REFIT**

- 13.1 Unless otherwise agreed by the concerned parties, REFITs shall be payable in US\$, provided that projects financed in local currency for any part of the financing required shall be payable in local currency for that proportion of the due payment.
- 13.2 Nonetheless, the total invoice will be made and paid only in local currency at the prevailing equivalent Rwandan franc at the official exchange rate of the day of payment as published by the National Bank of Rwanda.

**Article 14: REFIT Indexation**

Indexation shall be applied to all projects to which these regulations are applied in a manner that price adjustments to the REFIT stated in a Power Purchase Agreement for any existing project will be applied on the basis of US\$ Producer Price Index (PPI) starting from year of Power Purchase Agreement at financial closure, and price adjustments to the REFIT tables listed in provided for in Appendix 1 of these Regulations shall be applied to New Projects, on the basis of US\$ Produce Price Index plus differential inflation to be announced by the Regulatory Authority on yearly basis.

**Article 15: REFIT Ceiling**

The initial ceiling for which these regulations are applied to is 50 MW. This ceiling may be increased from time to time by the Regulatory Authority with a view of balancing out technical intermittence problems as well as tariff impact, depending on the rate of integration of new projects into the system. Upon the reach of the set ceiling, the parties to the PPA shall be free to negotiate and set REFIT price applied to that particular agreement.

**Article 16: Carbon Credit benefit**

- 16.1 The REFITs herein set are calculated at cost plus return before any Carbon Credit benefits.
- 16.2 All Carbon Credits shall be deemed as belonging to the Government.

16.3 However, the Government, at its sole discretion, may choose to split the proceeds at some pre-negotiated proportion, if it deems such partitioning would incentivize a particularly well positioned Independent Power Producer with experience in this Carbon Credit market to collect such credits.

**Article 17: Duration of REFIT**

17.1 The Duration of REFITs shall be 3 years from the effective date of these regulations.

17.2 At the end of the 3<sup>rd</sup> year, core structural assumptions other than indexing shall be subject to review.

17.3 The Regulatory Authority reserves the right to review these REFITs in the second year anniversary of these Regulations, provided that only upward revisions and adjustments would be considered and shall be applicable to the projects falling under the scope of application of these regulations.

**Article 18: Responsibilities of the Regulatory Authority**

18.1 The responsibilities of the Regulatory Authority under these regulations shall be to:

- i. Administer these regulations;
- ii. act as the overall authority for verification of production as being renewable energy.
- iii. maintain a database for the purposes of these regulations
- iv. to be responsible for overall monitoring and review.
- v. It can propose adjustments in tariffs, duration periods and digression rates for new installations.

18.2 All other matters including but not limited to termination and dispute resolution shall be determined by the licensing regulations.

**Article 19: Repealing Provision**

All previous provisions contrary to these regulations are hereby repealed.

**Article 20: Publication**

These regulations shall be published on RURA website and in the Official Gazette of the Republic of Rwanda.



**Article 21: Coming Into Force**

These regulations shall come into force on the date of approval and signature by the Regulatory Board.

**ISSUED AT KIGALI ON THIS 09<sup>TH</sup> DAY OF FEBRUARY 2012**

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**EUGENE KAZIGE**

**CHAIRMAN OF THE REGULATORY BOARD**

**APPENDIX 1 RWANDA RENEWABLE ENERGY FEED IN TARIFF FOR  
HYDRO POWER PLANTS**

<b>No</b>	<b>TARIFF (IN \$US) PER KWH</b>	<b>PLANTS INSTALLED CAPACITY</b>
1	16.6 US cent	50 kw
2	16.1 US cent	100 kw
3	15.2 US cents	150 kw
4	14.3 US cents	200 kw
5	13.5 US cents	250 kw
6	12.9 US cents	500 kw
7	12.3 US cents	750 kw
8	11.8 US cents	1 MW
9	9.5 US cents	2 MW
10	8.7 US cents	3 MW
11	7.9 US cents	4 MW
12	7.2 US cents	5 MW
13	7.1 US cents	6 MW
14	7.0 US cents	7 MW
15	6.9 US cents	8 MW
16	6.8 US cents	9 MW
17	6.7 US cents	10 MW

Notwithstanding the above, the applicable price to a Plant with Installed Capacity that is in between those indicated and priced in each of the hydro-power plant indicated from 1. to 5. above, shall be the arithmetic price arrived at by linear interpolation between the indicated sizes.

**SEEN TO BE ATTACHED TO THE REGULATIONS  
N°001/ENERGY/RURA/2012 OF 09/02/2012 ON RWANDA RENEWABLE  
ENERGY FEED IN TARIFF**

**Kigali, on the 09<sup>TH</sup> February 2012**

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**EUGENE KAZIGE**

**CHAIRMAN OF THE REGULATORY BOARD**