

Business

Stanbic Bank gives Electro-Maxx \$35m for expansion

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Electro-Maxx, the first locally-owned power producer, has received \$35m (sh91b) loan from Stanbic Bank Uganda to expand its Tororo-based heavy-fuel thermal plant, demonstrating long-term partnerships needed to resolve Uganda's energy crisis.

The money will be used to double the plant's capacity to 50 megawatts (MW) from the current 20MW. This will increase electricity supply to the national grid that will reduce load-shedding.

Patrick Bitature, the Electro-Maxx board chairman said the expected project completion date is slated in the first three month on next year as the engines have already been procured.

"The beginning of this project was not easy. If we had banks like Stanbic –aggressive and willing to take risks –I think our society will have transformed fast. Ugandans own Stanbic making this deal a double win for Uganda."

"Everyone wants to make reasonable profits. They want pay dividends to shareholders but we need to move together. Stanbic Bank has shown to us that it means business when it comes to partnerships."

He thanked all stakeholders including fuel suppliers, electricity regulators and joint investors for the support and tolerance.

"The money we lend out is from our depositors. We must be careful about where money goes. We lend the money to people who have the capacity to pay and willingness to pay," Philip Odera, the Stanbic managing director, explained.

"Electro-Maxx has demonstrated capacity and willingness to pay and we pledge to support them. If it works well and they (Electro-Maxx) come back to us, we will not hesitate. It is about the cash flow not about the collaterals."

The loan comes shortly after Electro-Maxx received ISO 9001:2008 quality management system certification position it to compete with international independent power producers.

The beauty of the Tororo plant is that it will utilize the discovered crude oil in the Lake Albert basin, a move that will solve the rapid changes in the world fuel prices that have an adverse cash-flow impact on operations and tariff.

Analysts predict that the new plant is likely to catapult local investor interest and banks in the power generation business which was lacking in the past and reduce money that is paid to foreign independent power producers.

Independent Power Producers and Power Distribution Company are owned by foreigners and have in the past five years reaped billions of shillings from Uganda.

Among the foreign companies include Aggreko PLC, Eskom, Umeme, Jacobsen, Tronder among others.