



Projects & Infrastructure

Power Guide:
Rwanda

ONE REGION
ONE VISION
ONE ALN

Introduction

This Power Guide has been prepared by ALN Rwanda | K – Solutions & Partners (**ALN Rwanda**) and provides an overview of Rwanda’s power sector. The aim of this guide is to provide useful information to investors and stakeholders on legal aspects of the industry, such as applicable regulatory standards and tariffs.

Governing Law



- The Constitution of Rwanda, 2003 (as amended in 2015).
- **Statutes:**
 - Law n° 32/2019 of 26/07/2019 Relating to Petroleum Operations.
 - Law n°21/2011 of 23/06/2011 governing electricity in Rwanda.
 - Law n°52/2018 of 13/08/2018 modifying law n°21/2011 of 23/06/2011 governing electricity in Rwanda as modified to date.
 - Law n° 27/2021 of 10/06/2021 governing land.
 - Organic Law n° 002/2022.OL of 12/12/2022 on public finance management.
 - Law n°48/2018 of 13/08/2018 on environment.
 - Law n° 027/2022 of 20/10/2022 establishing taxes on income.
 - Law n° 020/2023 of 31/03/2023 governing tax procedures.
 - Law n°37/2012 of 09/11/2012 establishing the Value added tax.
 - Law n° 02/2015 of 25/02/2015 modifying and complementing law n° 37/2012 of 09/11/2012.
 - Law n° 006/2021 of 05/02/2021 on investment promotion and facilitation.
 - Law N° 06/2017 of 19/04/2017 Relating to Public-Private Partnerships.
 - Law N° 15/2017 of 26/05/2017 Relating to Public Procurement.
- **Other laws, regulations and policies including:**
 - Regulation n° 02/r/EL-EWS/RURA/2016 governing electricity quality of service in Rwanda.
 - Regulations 002/el/energy/RURA/2012 of 04/10/2012 on electrical installations.
 - Electricity Licensing Regulations number 002/energy/EL/RURA/2013 of 25/07/2013.
 - Electricity safety regulations n°/energy/EL/RURA/2013 of 25/07/2013.
 - Regulations n°001/energy/RURA/2012 of 09/02/2012 on Rwanda renewable energy feed in tariff.
 - Ministerial Guidelines on Mini grid development, 2019.
 - Guidelines n°01/GL/EL-EWS/RURA/2015 on right-of-way for power lines.
 - Rwanda Energy Policy, 2015.
 - Rwanda Energy Group New Electricity Connection Policy.
 - National Electrification Strategy, 2019.
 - National Renewable Energy Policy, 2015.
 - Energy Efficiency and Conservation Policy, 2019.

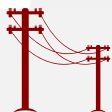
Institutional Framework

Rwanda Utilities Regulatory Authority (RURA)



RURA is mandated with regulating four energy sub-sectors namely, electricity, renewable energy, gas and downstream petroleum. RURA ensures sufficient, reliable, affordable and sustainable energy supply to all consumers.

Rwanda Energy Group Limited (REG)



REG is a state-owned company responsible for electricity generation, transmission and distribution in Rwanda. It has two subsidiaries; the Energy Utility Corporation Limited (EUCL) and the

Ministry of Environment



The Ministry is responsible for coordinating institution of Environment and Natural Resources Sector in Rwanda.

Ministry of Infrastructure



In charge of formulating energy policies, setting strategic direction, and overseeing the energy sector’s development and implementation.

Energy Development Corporation Limited (EDCL).

EUCL is charged with providing energy utility services in the country through operations and maintenance of existing generation plants, transmission and distribution network and retail of electricity to end-users. It also plays a key role in the execution of Power Purchase/Power Sales Agreements with IPPs and other regional utilities for import and export.

EDCL is mandated with: (i) increasing investment in development of new energy generation projects in a timely and cost-efficient manner to expand supply in line with the Economic Development and Poverty Reduction Strategy of Rwanda (EDPRS) and other national targets, (ii) developing appropriate transmission infrastructure to develop new power plants and deliver energy to relevant distribution nodes; and (iii) planning and executing energy access projects to meet the national access targets.

Rwanda Development Board (RDB)



Government agency responsible for promoting investment and facilitating business operations in Rwanda, including in the energy sector.

Rwanda Mines, Petroleum and Gas Board (RMB)



RMB is a regulatory body overseeing mining, petroleum and gas activities in Rwanda.

Rwanda Environmental Management Authority (REMA)



REMA is responsible for environmental management and coordination, including providing environmental impact assessments licenses for energy projects.



Power Purchase Agreement (PPA) Between the Independent Power Producer (IPP) and Off-taker (REG)

- The operating term of a PPA is typically 20 - 25 years from the Commercial Operation Date.
- Tariff structures may include capacity charges, energy charges and fuel charges.
- Tariff structures for small-scale projects may be subject to Feed-in-Tariffs (FIT) determined by the regulator.
- Payment terms and currency are specified in the PPA.
- There are no adjustments to the tariff.

Local Shareholding Requirements

- Rwanda does not impose specific local shareholding requirements for foreign investors in the energy sector. A foreign investor is also authorized to invest and purchase shares in an investment entity in Rwanda and is given equal treatment with Rwandan investors with regard to investment incentives and investment facilitation.
- With regard to land ownership, the investor enters into a concession agreement which secures land ownership for the agreed term.

Feed-in-Tariffs (FIT) System

- FIT policies are determined by RURA.
- Specific FIT rates are determined for different renewable energy sources and project sizes.
- Tariffs may be subject to indexation based on the Consumer Price Index (CPI) for operations and maintenance components.
- Guarantee of purchase, transmission and distribution of electrical energy may be applicable for certain projects based on negotiations with the off-taker.

Payments to Off-taker

The PPA may specify liquidated damages for delays in commercial operations and failure to meet availability thresholds during plant operations.

Credit Enhancements and Security Arrangements

- The Government may issue a Letter of Support to cover political risk events and termination compensation. Other credit enhancements, such as guarantees and insurance, may be available through international financial institutions and agencies.
- No sovereign guarantees are provided by the Government of Rwanda.

Key Approvals/Licenses Required to be Procured.

- Concession Agreement with Government of Rwanda and PPA with REG are required before execution.
- An IPP shall first acquire an electricity production license from RURA and secure the Grid Connection authorization from REG before commercial operation date provided for under the PPA.
- Another authorization that is required is the Surface Water Abstraction authorization before starting construction work of a Hydro power plant.
- Registration with relevant authorities, such as RDB, among others.
- Environmental Impact Assessment (EIA) License issued by RDB One Stop Centre before construction work of a hydro power plant.
- Building permissions and approvals issued by the local authorities.

Governing Law and Dispute Resolution

- PPAs and Letter of Support from the Government of Rwanda are governed by Rwandan law. Rwanda is a party to the Convention on the Settlement of Investment Disputes between States and Nationals of other States (ICSID Convention) and the New York Convention. Arbitral awards obtained under the ICSID Convention may face annulment but do not require registration to be enforceable. All other awards will be enforceable under the New York Convention upon registration with the Rwandan courts. Enforcement may be subject to challenge under the Rwandan Law on Arbitration and other applicable laws and regulations.

Power Sector Experience

ALN Rwanda has extensive power experience working on landmark transactions in the country and increasingly in East Africa. In particular, ALN Rwanda has unique on the ground experience in infrastructure and energy deals in Rwanda and other African

jurisdictions. ALN Rwanda has strong business and regulatory relationships enabling a concise understanding of structuring a deal in light of potential economic, political and financial risk.



Fortis Green Renewables Investment Management: Advising Fortis Green Renewables Investment Management, fund manager of Green Fund I, on the Rwandan law aspects of the Green Fund I's proposed acquisition of a 7.7MW AC solar power plant in Rwanda.



Contour Global: Advising Contour Global, which intended to refinance its Sub Saharan African thermal portfolio across Rwanda (26 MW KivuWatt biogas power project), Togo (100 MW gas and heavy fuel oil power project) and Senegal (86 MW Cap-des-Biches dual fuel oil and gas-fired power project), by way of a consolidated portfolio financing utilizing a capital market refinancing.



BBOXX UK: Advising BBOXX UK in connection with a proposed group investment involving the BBOXX Capital Rwanda, a company providing affordable and upgradeable solar solutions in Rwanda.



Solkiosk: Advising Solarkiosk, an operator of turnkey solar solutions and business models for off-grid frontier markets globally, in connection with an assessment of the national laws in the given sector.



Kigali Water: Advising Kigali Water in connection with the implementation of the Private Public Partnership in relation to the design, development, financing, construction, testing, commissioning, operation and maintenance of a bulk water facility located in Kanzeze, Kigali, Republic of Rwanda, between the Government of Rwanda, Water Sanitation Corporation and Kigali Water Limited.



Vivo Energy (Vivo): Advising Vivo Energy (Vivo), a company incorporated in the Netherlands and listed on the London Stock Exchange and with operations in marketing and distributing petroleum products under the 'Shell' brand and Engen brand in 23 countries across Africa, in connection with a restructuring exercise involving Vivo's acquisition of 50% of the shares in Kuku Foods East Africa Holdings, a newly created Mauritian SPV.



Aggreko Rwanda: Advising Aggreko Rwanda, a supplier of temporary power generation equipment and of temperature control equipment, in connection with the provision of company secretarial services.



VS HYDRO: Advising VS HYDRO in connection with an EPC contract in relation to the design, engineering, procurement, construction, commissioning and testing of the MUSHISHITO/RUKARARA hydro power projects.



Oman Trading International Limited: Advising Oman Trading International Limited in connection with its subscription of shares in the target and purchase of shares in HASS Petroleum Limited resulting in OTI's acquisition of 40-49% of the target.



African Infrastructure Investment Managers: Advising the lender in connection with the consideration of providing financing for the development of the Kavumu and the Nyirahindwe mini-hydro power projects by Mwange Kavumu HPP.



African Development Bank (AfDB), British International Investment Plc (BII): Advising AfDB, BII (formally known as CDC Group Plc) and other lenders (the "Senior Lenders") in connection with the consideration to provide senior financing for the development of the Ruzizi III hydropower project and associated 8.3 km transmission line, a public-private partnership project that includes the design, financing, construction, and operation of a 206 MW hydropower plant on the Ruzizi River at the border between the Democratic Republic of Congo and Rwanda.



New Bugarama Mining Company: Advising New Bugarama Mining Company in connection with their acquisition of mineral interests, including advising on mining interests of the company and negotiating a concession agreement for the Company signed with the Government of Rwanda.



Finish fund & ECC, Essential Capital Consortium: Advising FINFAN and ECC in connection with an environmental-conscious solar home system innovator,






Advising various mining companies in connection with land acquisition and expropriation matters.

in connection with their assessment of
the national laws in the given sector.

Key Contacts






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About ALN Rwanda | K – Solutions& Partners

Band 1 - General Business Law Firm in Rwanda for the year – 2018, 2019, 2020, 2021, 2022, 2023

K-Solutions & Partners (KS&P), law Firm, was established in 2007 and currently has a vast number of both domestic and international clients. The Firm employs fifteen (15) permanent staff including nine (9) Advocates as well as external Legal Consultants.

It has won numerous awards for its excellence in the provision of services such as Chambers and Partners who rank KSP among the Best law firm in general business law in Rwanda (Band 1) (www.chambersandpartners.com).

The law firm's mission and objective are to offer to the clients the resources and the expertise of an international law firm whose culture ensures the delivery of a seamless service across local teams and offices. Our commitment is to constantly improve our service to our clients.

K-Solutions & Partners is a prominent law firm in Rwanda, exceptionally well positioned to offer clients practical insights on the legal issues arising in Rwanda's dynamic economic environment. The firm has a reputation for delivering in-depth knowledge of both local and international business practice.

The law Firm has gained extensive expertise in the following areas: Banking and Finance Practice, Tax,

Projects and infrastructure, Corporate, Commercial practice, regulatory compliance practices, NGOs, Real Property Practice, Litigation & Dispute Resolution Practice, Intellectual Property Practice, Land and Natural resources, and Notary services.

Given the wide experience in the above-mentioned fields, K-Solutions & Partners has won several awards from different ranking bodies. KS&P has been ranked as Band 1 as one of the Best law firms in General Business Law in Rwanda for 11 consecutive years by Chambers & Partners.

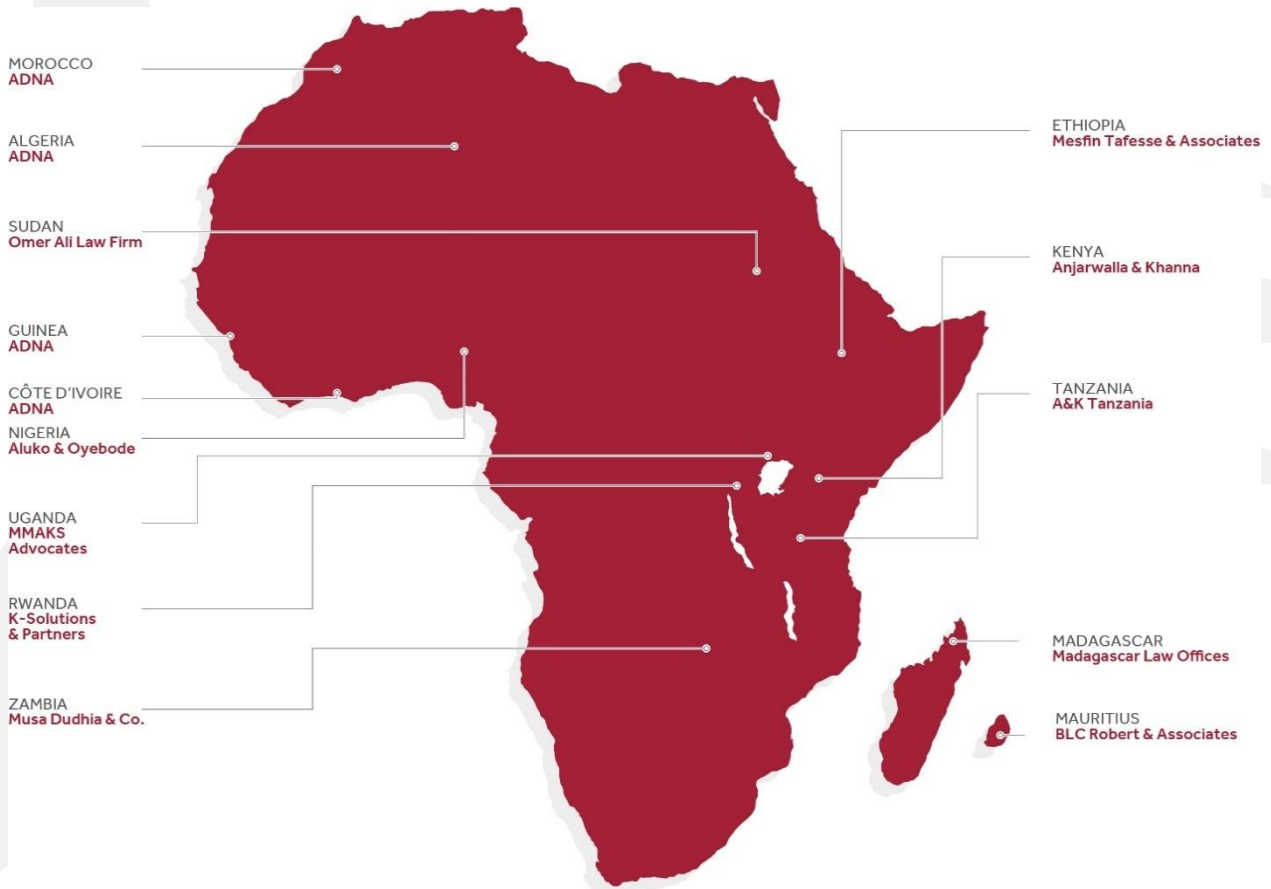
KS&P is proud to have won awards from **Corporate INTL GLOBAL AWARDS** as the Projects and Infrastructure Law Firm in Rwanda for over the last four (4) years.

KS&P is proud to have won award from **Global Law Experts Annual Awards** as the Projects and Infrastructure Law Firm in Rwanda for the past 5 years as well as the Commercial Property Law Firm of the Year, 2021 and 2022.

Additionally, The Lawyer Network has awarded KS&P as the best Project and Infrastructure Law Firm of the Year for over 4 years.



About ALN



ALN is an integrated alliance of the preeminent full-service corporate law firms in 14 African countries: Algeria, Côte d'Ivoire, Ethiopia, Guinea, Kenya, Madagascar, Mauritius, Morocco, Nigeria, Rwanda, Sudan, Tanzania, Uganda and Zambia. ALN also has a regional office in Dubai, UAE, which serves as a gateway to the Gulf region and beyond.

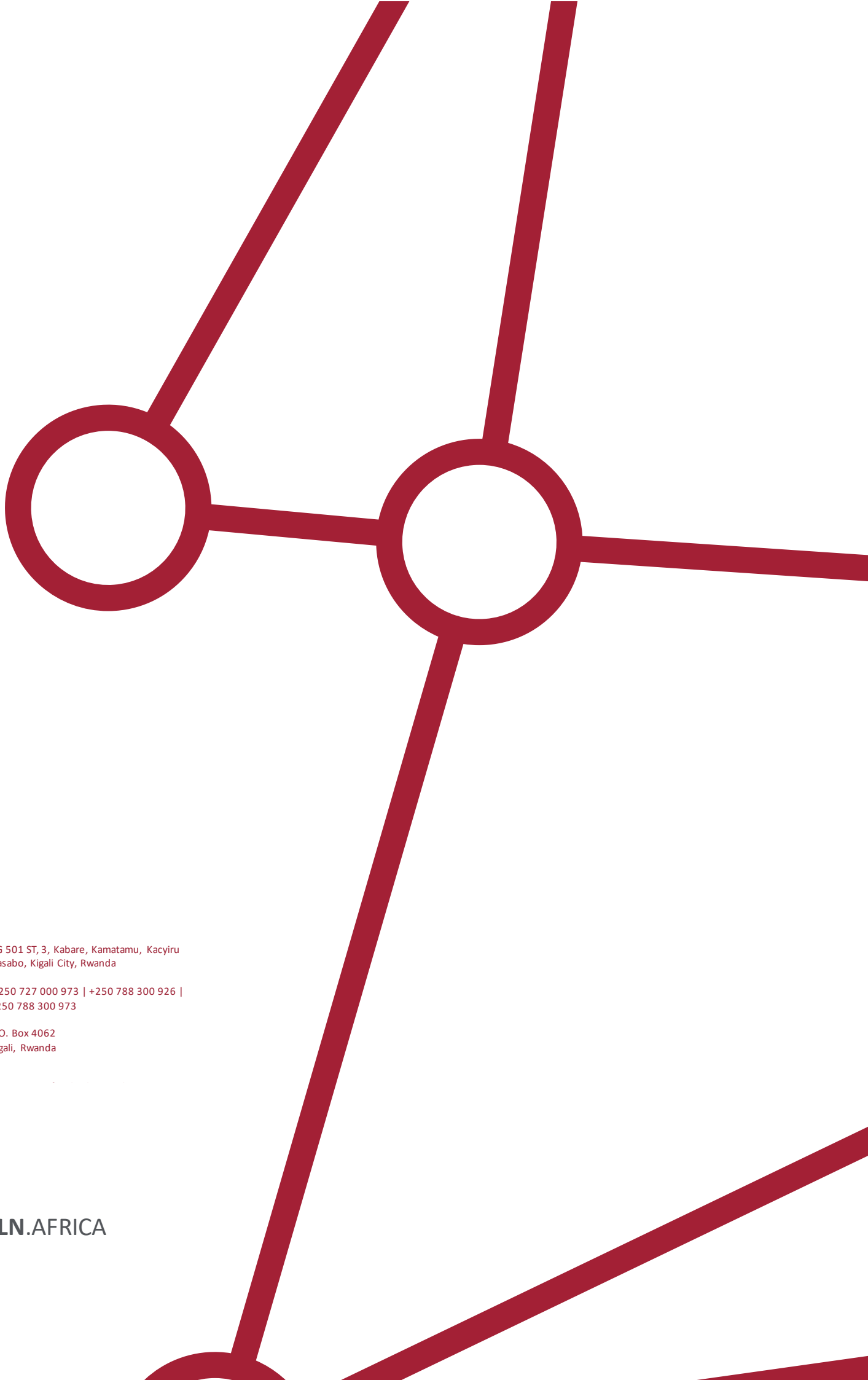
Vision

ALN seamlessly connects the African continent. It brings its global expertise, continental reach and deep local know-how to help its clients navigate the multitude of opportunities and risks in Africa, holistically combining legal, tax, regulatory and commercial advice.

Mission

ALN is dedicated to its clients' success. ALN achieves this by providing world class legal, tax and regulatory advice in a commercial context. ALN's lawyers are aware of the trends and events shaping the continent, deeply networked and respected in their communities as thought leaders and opinion shapers. ALN's lawyers have a Pan African mindset, are down to earth, pragmatic, responsive, innovative and relentlessly determined.





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