



KETRACO

Kenya Electricity Transmission Company Limited

"Stable Power Grid - Mfumo Thabiti wa Umeme"

*Connecting Kenya,
empowering the
future*

2023-2024

ANNUAL REPORT AND FINANCIAL STATEMENTS

*Prepared in accordance with the International
Financial Reporting Standards IFRS*

Connecting Kenya, empowering the future

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KEY ENTITY INFORMATION

BACKGROUND INFORMATION

The Kenya Electricity Transmission Company Limited was incorporated on 2 December 2008 and registered under the Companies Act, Cap 486 pursuant to Sessional Paper No. 4 of 2004. At cabinet level, the entity is represented by the Cabinet Secretary for Ministry of Energy and Petroleum who is responsible for the general policy and strategic direction of the entity.

PRINCIPAL ACTIVITY

The principal activity of the Company is to plan, design, construct, own, operate and maintain electricity transmission infrastructure that forms the backbone of Kenya's National Transmission Grid, build interconnectors to facilitate regional power trade and wheel electricity to The Kenya Power and Lighting Company Limited and other end users from generators who produce power in bulk. The Company's vision is to develop a stable power grid that will transform lives in the region and beyond. The mission is to provide a stable power grid and facilitate power trade for sustainable socio-economic development.

DIRECTORS

The Directors who served the entity during the year/period were as follows:

NAME	POSITION	PERIOD
Capt Mohamed M Abdi	Chairman	Appointed 9.2.2024
Abdi Bare Duale	Chairman	Retired 9.2.2024
Dr. Eng John Mativo, MBS	Chief Executive Officer	Appointed 20.4.2023
Mr Alex Wachira	PS, Ministry of Energy and Petroleum	Appointed 2.12.2022
Prof. Njuguna Ndung'u, CBS	CS, National Treasury	Appointed 27.9.2022
Ms. Janerose Gatwiri Gitobu	Director	Appointed 24.2.2023
Eng Michael Malomba	Director	Appointed 24.2.2023
Ms. Mercylynate Chepkirui Rotich	Director	Appointed 24.2.2023
Ms. Judith Khamala Nyauncho	Director	Appointed 9.6.2023
Hon Kirwa Stephen Bitok	Director	Appointed 23.6.2023
Mr. Duncan Ndegwa Gathege	Alternate to CS NT	Appointed 24.2.2023
Eng. Thomas Karungu	Alternate to PS MOE	Appointed 24.2.2023

SECRETARY

CS Florence Mitey
Certified Public Secretary (Kenya)
P.O. Box 34942-00100
Nairobi

REGISTERED OFFICE

Kawi Complex, Block B, South C, Popo Lane,
Off Red Cross Road, P.O. Box 34942 – 00100,
Nairobi, KENYA

CORPORATE HEADQUARTERS

Kawi Complex, Block B, South C, Popo Lane,
Off Red Cross Road, P.O. Box 34942 – 00100,
Nairobi, KENYA

CORPORATE CONTACTS

Telephone: (254) 719 018 000/
+254 732 128 000 E-mail: info@ketraco.co.ke
Website: www.ketraco.co.ke

KEY ENTITY INFORMATION (CONT'D)

CORPORATE BANKERS

Kenya Commercial Bank Limited
Moi Avenue
P. O. Box 30081 - 00100
Nairobi

Co-operative Bank of Kenya Limited
Upper Hill
P. O. Box 48281 - 00100
Nairobi

National Bank of Kenya
Harambee Ave
P. O. Box 72866 - 00200
Nairobi

NCBA Bank Kenya
Upper Hill
P. O. Box 30437 - 00100
Nairobi

Standard Chartered Bank
Level 5, Standard Chartered at Chiromo
P.O. Box 30003-00100
Nairobi

Stanbic Bank
Stanbic Bank Centre
P.O. Box 72833-00200
Nairobi

INDEPENDENT AUDITORS

Auditor-General
The Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

PRINCIPAL LEGAL ADVISERS

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

ACRONYMS AND GLOSSARY OF TERMS

IFRS	International Financial Reporting Standards
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
AfD	Agence Française de Développement (French Development Agency)
BPR	Business Process Re-engineering
EAPP	Eastern Africa Power Pool
EPRA	Energy and Petroleum Regulatory Authority
ESIA	Environmental Social Impact Assessment
FY	Financial Year
GDC	Geothermal Development Company
GoK	Government of Kenya
GWh	Gigawatt hour
HTLS	High Temperature Low Sag
HV	High Voltage
HVDC	High Voltage Direct Current
IPP	Independent Power Producers
KenGen	Kenya Electricity Generating Company PLC
KETRACO	Kenya Electricity Transmission Company Ltd.
KTNEP	Kenya Transmission Network Expansion Project
KTNIP	Kenya Transmission Network Improvement Project
KPLC	Kenya Power and Lighting Company PLC
kV	Kilo Volt
LMCP	Last Mile Connectivity Project
LNG	Liquefied Natural Gas
M&E	Monitoring and Evaluation
MoE&P	Ministry of Energy and Petroleum
MTP	Medium Term Plan
MW	Mega Watt
NCA	National Construction Authority
NEMA	National Environment Management Authority
NSCC	National System Control Centre
NuPEA	Nuclear Power Energy Agency
PVs	Photovoltaic Systems
RAP	Resettlement Action Plan
REREC	Rural Electrification and Renewable Energy Corporation
RETNET	Reinforcement of Electricity Transmission Network
SCADA	Supervisory Control and Data Acquisition
SDG	Sustainable Development Goals
S/S	Substation
VRE	Variable Renewable Energy
WAN	Wide Area Network

THE BOARD OF DIRECTORS



Capt. Mohamed M. Abdi - Chairman

Capt. Mohamed M. Abdi was appointed Chairman of the KETRACO Board of Directors on 5th February 2024. He has over 30 years of experience in the Aviation, Government of Kenya (Kenya Air Force) Industry and is a professional member of Kenya Airline Pilots Association (KALPA).

He has a Master of Business Administration in Aviation from Moi University and an ongoing Master of Arts in Sustainable Human Development from the Catholic University of Eastern Africa. He holds a Bachelor of Arts, in Sustainable Human Development from Catholic University of Eastern Africa.

Capt. Abdi is the Executive Chairman of the Board of Directors at Skyward Express Limited. A visionary leader who is results-driven with extensive experience in Aviation, proven success in leadership and a track record of driving business growth.



Dr. Eng. John M. Mativo, MBS - Managing Director

Dr. Eng. John Mativo, MBS holds a Doctorate (PhD) Degree in Civil Engineering from Tokyo Metropolitan University (Japan), a Master's Degree in Structural Engineering from Tongji University (China), and a Bachelor's Degree in Civil Engineering from the University of Nairobi.

He has over 25 years of working experience in both the public and private sectors accumulating extensive experience in research, planning, design, construction supervision and contract management for transmission infrastructure, residential houses, office blocks and marine structures.

Prior to joining KETRACO, Eng. Mativo worked with H.P. Gauff Consulting Engineering, Ministry of Roads and Public Works and later as a Consultant for European Union-funded projects in the Local Government.

He is also a Professional Engineer with the Engineers Board of Kenya and a Fellow Member of the Institution of Engineers of Kenya.

THE BOARD OF DIRECTORS (CONT'D)



Mr. Alex Kamau Wachira

-Principal Secretary, State Department for Energy

He joins the Ministry of Energy and Petroleum with a wealth of experience from the private sector where he worked variously as an investment banker. His latest assignment was with Faida Investment Bank where he traded and structured Treasury bonds and Corporate bonds at the Nairobi Stock Exchange (NSE). Other assignments include working with Dyer and Blair Investment Bank and Genghis Capital Limited in the same capacity.

PS Wachira has served in various leadership positions since his university days. He was a founding member of the Bonds Market Association as well as a member of the Steering Committee of the Kenya Association of Stock Brokers and Investment Bankers (KASIB). His contribution to the Bond market saw him being appointed to the Central Depository Project at the Central Bank of Kenya (CBK). In 2021, the project dealt in government securities worth 900 billion, the highest turnover ever in Kenya.

The PS launched his career in the financial sector after participating in the issuance of the Safaricom IPO in 2008 where he interned. He had previously completed a BSc Degree course from the University of Nairobi. At Campus, he served as the Secretary General of NUNSA and Treasurer for the Confederation of Medical Students Association. He is currently pursuing an MA in Leadership at Pan African Christian University.

A strong believer in servant leadership through community engagement and development, in that position, the PS was able to spearhead initiatives such, as free medical camps for Cancer Screening, Tree planting, Youth Mentorship Programmes and Sports Tournaments among others. Born and bred in Kieni Constituency, Nyeri County, the PS is a family man whose strict upbringing is instrumental in shaping him into the person he is today.



Prof. Njuguna Ndung'u, CBS

- Cabinet Secretary, The National Treasury and Economic Planning

Prof. Njuguna Ndung'u is the Cabinet Secretary of National Treasury and Economic Planning. He was serving as the Executive Director of the African Economic Research Consortium (AERC), a Pan-African premier capacity-building network of researchers, trainers, students, universities, policymakers and international resource persons. He is an associate professor of economics at the University of Nairobi, Kenya and the immediate former Governor, of the Central Bank of Kenya.

Prof. Ndung'u has been a member of the Global Advisory Council of the World Economic Forum, Visiting Fellow of Practice at Blavatnik School of Government, Oxford University, Director of Training at AERC, Program Specialist at IDRC and Team Leader in Macro-modelling at the Kenya Institute for Public Policy Research and Analysis. He holds a PhD in economics from the University of Gothenburg, Sweden. He is a Member of the Brookings Africa Growth Initiative, a Member of the Advisory Committee of the Alliance for Financial Inclusion, which coordinates financial inclusion policies in Africa, Asia and Latin America, and Senior Advisor for the UNCDF-based Better Than Cash Alliance.

THE BOARD OF DIRECTORS (CONT'D)



Ms. Janerose Gatwiri Gitobu

- Independent Director

Janerose Gatwiri is a highly skilled banking and finance professional with over (9) years of experience in accounting and Finance functions. She has over (7) seven years of experience in business management, undergraduate programs lecturing, training, research and consultancy services aimed at improving education and students' performance.

She holds a Master's Degree in Business Administration, (Finance) and a Bachelors of Business Administration (Accounting and Finance) both from the Kenya Methodist University. Ms. Gatwiri is currently the Managing Director of Rosag Enterprises where she oversees building and construction, general supplies and farming. Ms. Gatwiri has also previously worked for Equity Bank in various posts including Senior Relationship Office.



Eng. Michael B. Malomba

- Independent Director

Eng. Michael Boybanda Malomba is an agriculture engineer with several years of vast experience in the storage and processing of agricultural products. As an esteemed agricultural engineer, Malomba has helped build capacities in workers under his supervision and has spearheaded various project areas in his profession including power supplies, machine efficiency, use of structures and facilities, pollution and environmental issues as well as storage and processing of agricultural products.

Mr. Malomba has previously worked as a Senior Engineer at Waridi Limited Athi-River, where he was in charge of irrigation and fertigation and as a Chief Executive Officer and Director at Uhuru Management Services (UK) Limited.

He is a Life member of the Kenya Red Cross Society (KRCS) Bungoma County Branch, Director of the Chamber of Commerce Bungoma Chapter representing people living with disabilities (PWDs), a member of the County forum PWDs and a member of the Jumbo Charge 4 by 4 - a charity organization concerned with afforestation program in Mt. Elgon Forests.

As a life Member of KRCS, Eng. Malomba has volunteered for humanitarian organizations supporting vulnerable communities in the provision of food and non-food items especially during the hit of the novel Covid 19.

THE BOARD OF DIRECTORS (CONT'D)



Ms. Mercylynate Chepkirui Rotich OGW - Independent Director

Mercylynate is a seasoned management professional with over twenty-two years of experience in strategic management, turnaround strategies, organizational change and human resources management. She has built a successful career in providing exceptional service through her effort and commitment to high performance by continuously enhancing her knowledge and best practice in leadership. She is results-oriented and with her grit and resilience, her track record is demonstrated in the successful integration of organization strategy and performance management systems.

Currently, she serves as the Managing Director of Prime Tea Limited, a member of the East African Tea Trade Association (EATTA). She is a recipient of the Presidential Award - Order of the Grand Warrior (OGW) for her dedication and distinguished service of excellence in the industry.

Earlier on, she served as a consultant in functional areas of (Strategic Planning and Implementation, Planning & Execution of Corporate Turnaround, Managing Change in Organizations, HRM and Marketing Management). She also served as the executive secretary of the Purple and Specialty Tea Association of Kenya (PSTAK) and as a Production Manager at the Kenya Tea Development Agency (KTDA).

She is actively involved in community work and supports CBOs that focus on school mentorship, the return of teenage mothers to school, teenage mothers' economic empowerment and community dialogues.

Mercylynate holds a Master of Business Administration (MBA) Degree in Strategic Management from the University of Nairobi, first class honors in Bachelor of Business Management (BBM) from the University of Mysore, Post Graduate Diploma in Marketing Management from the Kenya Institute of Management (KIM) and Certificate in HRM-International Business Management institute from Berlin, Germany. She also attended and completed the Strategic Leadership and Development Program (SLDP) at the Kenya School of Government.

She is a Member of the Institute of Human Resources Management (IHRM), the International Association for Strategy Professionals, the Women on Boards Network and the Institute of Directors Kenya.

THE BOARD OF DIRECTORS (CONT'D)



Mr. Duncan Ndegwa Gathege- Alternate Director to the Cabinet Secretary, National Treasury and Economic Planning

Mr. Duncan Ndegwa is currently the Personal Assistant to the Cabinet Secretary, of National Treasury and Economic Planning. He has previously worked at Kenya Revenue Authority (KRA) as a Senior Statistical Analyst from 2016. During his time there, he gained invaluable knowledge in data mining and advanced data analytics to aid management in decision-making.

Additionally, Mr. Duncan has played a significant role in the entrenchment of the devolution process in Kenya where he worked as a Programme Officer in charge of Capacity Building at Transition Authority (TA) from 2013-2016. Transition Authority facilitated and coordinated the transition to a devolved system of government as provided under section 15 of the Sixth Schedule to the Constitution.

He holds a Master of Business Administration (Strategic Management) from the University of Nairobi, School of Business and a Bachelor's Degree in Arts and Social Sciences (Economics and Sociology) from Egerton University. Additionally, he has been trained in the field of advanced data analytics where he has developed a deep passion for the application of analytics for predictive modeling and analyzing complex market dynamics to help organizations make strategic decisions.



Ms. Judith Khamala Nyauncho - Independent Director

Judith Khamala Nyauncho has a wealth of experience in Business Management and Finance spanning over 25 years in both private and development sectors. She is particularly passionate about finance transformation.

Locally, Ms. Nyauncho has served as a Business Analyst at the Nairobi Hospital and as Finance Manager at the Federation of Women Lawyers in Kenya. At the global level, Judith has supported the Kenya diplomatic mission by fostering diplomatic relations with Germany, Bulgaria and Romania as well as African countries.

Ms. Nyauncho holds a Master's in Business Administration from the Eastern and Southern African Management Institute (ESAMI) and a Bachelor of Commerce (double Major in Accounts and Business Management) from Daystar University.



Eng. Thomas Karungu (Alternate Director to Alex Kamau Wachira)

Eng. Thomas Karungu holds a Bachelor of Science Degree in Mechanical Engineering from the University of Nairobi and a Masters Degree in Infrastructure Management from Yokohama National University, Japan. He joined the Ministry of Energy and Petroleum in 2017 having previously worked at the Ministry of Roads and Public Works and in the Ministry of Industrialization.

He is a corporate member of the Institution of Engineers of Kenya and is registered as a Professional Engineer by the Engineer's Board of Kenya.

THE BOARD OF DIRECTORS (CONT'D)



CPA, CS, Hon. Kirwa Stephen Bitok- Independent Director

Hon. Kirwa Stephen Bitok is a highly accomplished professional with a remarkable track record in policy formulation and implementation, development and implementation of internal control systems and human resource management. He is adept in audit skills and management, strategic and business planning and financial management and analysis.

Hon Bitok possesses solid academic qualifications, including an ongoing Ph.D. in Finance at Kabarak University, a Master's Degree in Business Administration in Finance and a Bachelor of Business Administration in Accounting & Finance from Kenya Methodist University.

Hon. Bitok has had an impressive career that spans various sectors. He has held leadership positions, demonstrating exceptional decision-making skills and driving organizational success. He has previously served as a Council Member at Kisii University and represented Mosop Constituency in the 11th Parliament of the Republic of Kenya. In addition, he has served as the Principal Finance Officer at Eldoret National Polytechnic where he played a major role in the Implementation of financial/accounting systems for the institution in compliance with the Ministry of Higher Education reporting standards. He was in charge of overseeing and guiding the implementation of projects from a financial perspective including monitoring, analyzing performance and facilitating audits.

Hon. Bitok is a Certified Public Accountant (K), Certified Secretaries (K) as well as a Certified Credit Professional (2).



CS. Florence Mitey Company- Secretary & General Manager Legal Services

Ms. Florence Mitey is an Advocate of the High Court of Kenya, a holder of a Master of Business Administration Degree from Strathmore University, a Bachelor of Laws degree (LLB) from the University of Nairobi and a Diploma in Law from the Kenya School of Law.

Ms. Mitey has a strong Legal and Corporate Governance background with rich experience in Corporate Law and Company Secretarial practice having served at the helm of legal services divisions in various organizations.

She has previously served as Company Secretary and Legal Services Manager at East African Portland Cement PLC, as Manager of Legal and Litigation at the National Police Service Commission, Head of Legal and Regulatory Affairs at KTDA Management Services Limited and a Legal Officer at Telkom Kenya Limited.

Ms. Mitey is a member of the Law Society of Kenya (LSK), the Chartered Institute of Arbitrators and the Institute of Certified Secretaries (ICS).



THE MANAGEMENT TEAM



Dr. Eng. John M. Mativo, MBS

- Managing Director

Dr. Eng. John Mativo, MBS holds a Doctorate (PhD) Degree in Civil Engineering from Tokyo Metropolitan University (Japan), a Master's Degree in Structural Engineering from Tongji University (China), and a Bachelor's Degree in Civil Engineering from the University of Nairobi.

He has over 25 years of working experience in both the public and private sectors accumulating extensive experience in research, planning, design, construction supervision and contract management for transmission infrastructure, residential houses, office blocks and marine structures.

Prior to joining KETRACO, Eng. Mativo worked with H.P. Gauff Consulting Engineering, Ministry of Roads and Public Works and later as a Consultant for European Union-funded projects in the Local Government.

He is also a Professional Engineer with the Engineers Board of Kenya and a Fellow Member of the Institution of Engineers of Kenya.



CS. Florence Mitey

- Company Secretary & General Manager Legal Services

Ms. Florence Mitey is an Advocate of the High Court of Kenya, a holder of a Master of Business Administration Degree from Strathmore University, a Bachelor of Laws degree (LLB) from the University of Nairobi and a Diploma in Law from the Kenya School of Law.

Ms. Mitey has a strong Legal and Corporate Governance background with rich experience in Corporate Law and Company Secretarial practice having served at the helm of legal services divisions in various organizations.

She has previously served as Company Secretary and Legal Services Manager at East African Portland Cement PLC, as Manager of Legal and Litigation at the National Police Service Commission, Head of Legal and Regulatory Affairs at KTDA Management Services Limited and a Legal Officer at Telkom Kenya Limited.

Ms. Mitey is a member of the Law Society of Kenya (LSK), the Chartered Institute of Arbitrators and the Institute of Certified Secretaries (ICS).



Eng. (CPA) Antony Wamukota, OGW

– General Manager Design and Construction

Eng. Wamukota holds a Bachelor's Degree in Civil Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and is knowledgeable in accounting matters, having attained the CPA (Final) certificate.

He has twenty (20) years cumulative working experience in the public sector where he has gained extensive experience in the management of projects mainly funded by foreign development partners in the electricity subsector. He has previously worked with the Ministry of Roads and Public Works from 1998 to 2009 before joining KETRACO in 2010. He is registered by the Engineers Board of Kenya, (EBK) as a Professional Engineer and is a Corporate Member of the Institution of Engineers of Kenya, (IEK).

THE MANAGEMENT TEAM (CONT'D)



Eng. Anthony Mwendwa Musyoka, CE

-General Manager, Project Development Services

Eng. Anthony Musyoka is the General Manager, Project Development Service at Kenya Electricity Transmission Company (KETRACO). Anthony is a Professional Engineer and Consulting Engineer with the Engineers Board of Kenya and a member of the Institution of Engineers of Kenya (IEK). He has over thirty (30) years working experience in the public sector gaining wealth of experience in planning, project preparation, system studies, design, construction supervision and contract management, commissioning and operation and maintenance in generation, transmission and distribution infrastructure.

He holds a Bachelor's Degree in Electrical and Electronic Engineering from the University of Nairobi (1989), a Master's in Business Administration (MBA) from the University of Nairobi (2010) and a Master's Degree in Electrical Power Systems from the University of Bath (UK) (2016).

Eng. Anthony Musyoka has been involved in various capacities in the planning, design and construction of 6,000km of high voltage transmission lines, 48 new substations and extension of 28 existing substations. The projects include the transmission interconnectors to Ethiopia, Tanzania and Uganda.

Eng. Musyoka has undertaken a large number of transmission infrastructure projects financed by the World Bank, African Development Bank, JICA, French Development Agencies and KfW among others.

Anthony is a Certified Public Private Partnership Professional (CP3P) and is currently involved in two transmission infrastructure PPP transactions for six (6) projects.

CPA Tom Imbo

- General Manager, Finance



CPA Tom Odhiambo Imbo is a Finance Management professional with over 19 years of experience in both private and public sectors. He has diligently served the Company in various capacities for the last 10 years within the Finance and Strategy functions and as the General Manager Finance.

Prior to joining KETRACO, he was the Head of Management Accounts at the United States International University (USIU). He holds a Master's in Business Administration (MBA-Finance) and BED (Economics) both from Kenyatta University. CPA Imbo is a Certified Public Accountant (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

THE MANAGEMENT TEAM (CONT'D)



Dr. Njogu Kimando, Ph.D

- General Manager, Strategy Research and Compliance

Dr. Njogu Kimando Ph.D is a highly experienced Strategic Management professional with more than twenty years of hands-on experience in strategic analysis, research, entrepreneurship, monitoring and evaluation, among others.

He has previously worked in ICT Authority as the Head of Corporate Planning, Research and Innovation as well as the National Sports Fund and Goodit International Limited. He has published in several academic journals and is a holder of a Doctorate of Philosophy (Ph.D) in Entrepreneurship, Master of Science (MSc) in Entrepreneurship and Master of Business Administration (MBA - Strategic Management) from JKUAT. He is also a holder of a Bachelor of Education (B.Ed) in Business Studies and Mathematics from the University of Nairobi.

Dr. Kimando is also a full member of the Kenya Institute of Management (KIM) and the Society of Educational Research and Evaluation in Kenya (SEREK)



CHRP(K) Reginah Kemboi

- General Manager, Human Resource and Administration (May 2024)

Reginah is a Certified Human Resource Professional with over 20 years of experience. She has served the Company for over 8 years as Manager Administration, Ag. General Manager, Human Resource and Administration from 2019 to April 2021 when she was substantively appointed to the position.

Prior to joining the Company, she worked as a Senior Administrative Officer at the Kenya Urban Roads Authority (KURA), Human Resource and Administration Officer at the Kenya Civil Aviation Authority (KCAA) and Kenya College of Communications and Technology (KCCT-Mbagathi) currently Multimedia University.

She holds a Master of Business Administration (MBA - HR) from Moi University, a Bachelor of Business Administration from Kenya Methodist University, a Certified Human Resource Professional (CHRP) from the Human Resource Management Professional Examination Board (HRMPEB), a Higher Diploma in Human Resource Management from the Institute of Human Resource Management (IHRM) and Advance Management Programme (AMP) from Strathmore University.

She is a licensed Human Resource Practitioner and member of the Institute of Human Resource Management (IHRM)

THE MANAGEMENT TEAM (CONT'D)



CPA, Moses M. Mulonzia

- General Manager, Internal Audit

CPA Mulonzia holds a Master of Business Administration (MBA) Strategic Management Degree from Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Commerce in Finance from the Catholic University of Eastern Africa. He also holds an Advance Management Program (AMP) certification from Strathmore University among other Leadership certificates.

Before joining KETRACO, he served as the Head of Internal Audit at Kenya Wildlife Service, as an Internal Auditor at Jubilee Insurance Company (K) Limited and worked at United Insurance Ltd where he served in the Finance and Internal Audit Departments.

He is a member of the Institute of Certified Public Accountants Kenya (ICPAK), the Institute of Internal Auditors (IIA-K) and the Information Systems Audit and Control Association (ISACA).



Eng. Kipkemoi Kibias

- General Manager, System Operation & Power Management

Eng. Kipkemoi Kibias is a seasoned Engineer with over 17 years in the Power Sector. His expertise includes design and construction, power system planning, operation and maintenance. He is passionate about Power Systems and Renewable energy.

He holds a Bachelor of Science in Electrical and Electronics Engineering from the Jomo Kenyatta University of Agriculture, a Master's in Business Administration (Strategic Mgt.) from the Catholic University of Eastern Africa, a Master's in Nuclear Power Plant Engineering from KEPCO International Nuclear Graduate School – KINGS, Ulsan, South Korea and currently pursuing Doctor of Philosophy in Energy Studies at Moi University. He is registered with the Engineers Board of Kenya as a professional engineer, a member of the Institution of Engineers of Kenya (IEK), and an alternate member of the inspection and acceptance committee.

Prior to joining Kenya Electricity Transmission Company Limited, (KETRACO) as General Manager, System Operations and Power Management, he worked in various capacities including Design and Construction, Power System Planning, Operation and Maintenance and Regional Coordination at Kenya Power.



Mr. Peter M. Njehia

Senior Manager, Supply Chain

Mr. Njehia holds a Master's in Business Administration and a Bachelor of Arts Degree from Egerton University, a Post Graduate Diploma in Supply Chain Management from Jomo Kenyatta University of Agriculture and Technology as well as a professional Procurement and Supply Management Diploma (CIPS).

He has previously worked as the Head of Supply Chain at Laikipia University and Head of Supply Chain Management at the National Environment Management Authority (NEMA) and as a Procurement Officer at Egerton University.

He is a Licensed Supply Chain Management Practitioner by the Kenya Institute of Supplies Management (KISM) and is a Member of KISM and Member of the Chartered Institute of Procurement and Supply (MCIPS).

FIDUCIARY MANAGEMENT

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	Dr. (Eng.) John M. Mativo, CE, FIEK
2.	Company Secretary & General Manager Legal Services	CS. Florence Mitey
3.	General Manager, Design & Construction	Eng. (CPA) Antony Wamukota, OGW
4.	General Manager, Finance	CPA Tom Imbo
5.	General Manager, Project Development Services	Eng. Anthony Musyoka
6.	Senior Manager Supply Chain Management	Mr. Peter Njehia
7.	General Manager System Operation and Power Management	Eng. Kipkemoi Kibias
8.	General Manager, Human Resources&Administration	CHRP(K) Reginah Kemboi(Up to May 2024)
9.	General Manager, Internal Audit	CPA, Moses M. Mulonzia

FIDUCIARY OVERSIGHT ARRANGEMENTS

Audit and Risk Committee

The purpose of the Audit Committee is to provide a structured, systematic oversight of the organization's governance, risk management and internal control practices. The Committee assists the Board and Management by providing advice and guidance on the adequacy of the organization's initiatives for:

- Governance structure.
- Risk management.
- Internal control framework.
- Oversight of the internal audit activity, external auditors and other providers of assurance.
- Values and ethics.
- Financial reporting.

The Audit Committee reviews each of the items noted above and provides the Board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

Finance, Strategy & Risk Committee

The Committee is responsible for overseeing the strategic direction, financial performance, operations, risk management, technology, and innovation of the Company. It is responsible for developing and overseeing the Company's strategic plan, maintaining a collaborative relationship with management, evaluating the Company's operational objectives and corporate strategy, and overseeing environmental, social, and governance matters. The Committee also reviews and recommends corporate strategy, external factors, corporate developments, policies, and guidelines. It reviews annual plans, advises the Board on strategies to enhance the Company's performance, reviews public reporting on ESG matters, and ensures alignment of Company project plans with goals, strategies, and government programs.

In addition to strategic functions, the Committee is involved in finance functions, operations functions, risk management functions and the Company's Technology and innovation functions. It reviews and monitors financial performance, recommends investment and borrowing decisions, evaluates funding proposals, and reviews capital expenditures. The Committee also oversees operations, reviews procurement plans, and monitors compliance with statutory provisions. It reviews and assesses risk exposure, develops and implements risk management programs, and reviews business continuity planning. Finally, the Committee reviews and oversees technology capabilities and innovation strategies.

Overall, the Committee plays a crucial role in ensuring the Company's strategic direction, financial health, operational efficiency, risk management, and technological advancement. It provides oversight, guidance, and recommendations to the Board of Directors, helping the Company achieve its objectives and navigate a complex and dynamic business environment.

Technical Committee

The primary purpose of the Committee is to assist the Board in providing oversight on project planning, construction, operations, maintenance and system control / load dispatch in accordance with the national policies, priorities and best engineering practices.

The Committee also oversees project implementation, guarantees grid asset availability and reliability, advises the Board on strategies, reviews project proposals, and ensures project success. It identifies and manages project risks, monitors project progress, and ensures project outcomes align with strategic goals.

Staff Remuneration Committee

The Committee is responsible for overseeing organizational culture, diversity, talent management, human capital planning, performance management, and human resource policies. It collaborates with the Managing Director to establish Human Resource and remuneration policies, creates an enabling environment for organizational effectiveness, and handles disciplinary cases. The Committee reviews and recommends compensation and benefits strategy, organizational structure, people strategies, executive talent management, industrial relations strategy, employee engagement surveys, organizational culture initiatives, harassment policies and adherence to Human Resource laws and regulations. It informs the Board of issues requiring immediate intervention, prepares reports, supports a high-performing culture, and performs other activities as necessary.

NOTICE OF THE 15TH ANNUAL GENERAL MEETING FOR THE YEAR ENDED 30TH JUNE 2024

Board of Directors & Shareholders
NAIROBI

NOTICE is hereby given that the **15th Annual General Meeting** of Kenya Electricity Transmission Company Limited (KETRACO) will be held at **Kawi Complex, Block B, 4th Floor, South C, off Red Cross Road, Nairobi, on 10th June, 2025 at 10.00 a.m.** to transact the following business:

1. To read the notice convening the meeting.
2. To receive and consider the Company's Audited Financial Statements for the year ended 30th June, 2024 together with the Chairman's, Directors' and Auditors' reports thereon.
3. To note that Directors do not recommend payment of a dividend for the period under review.
4. **Election of Directors:** To note that there will be no election or rotation of Directors for the following reasons: -

Whereas the Company was incorporated under the Company's Act Cap 486 (now Repealed) as a private Company limited by shares, the Government wholly owns it. The Company is therefore governed under the provisions of the State Corporations Act, Cap 446 by virtue of Section 2(c) of the Act. Further, Article 2 of its Memorandum and Articles of Association provides that "The appointment and removal of Directors shall be governed by the provisions of the State Corporation Act, Cap 446, of the Laws of Kenya as amended from time to time. Each Director shall hold office until he is removed or replaced as above provided." KETRACO has also complied with Cap 446 Section 6, which provides for the composition and appointment of Directors. Under the circumstances, there will be no election or rotation of Directors.

5. **Appointment of Auditors:** To note that the audit of the Company's books of account will be undertaken by the Auditor General in accordance with Section 14(3) of the State Corporations Act, and Section 35 of the Public Audit Act, 2015. The Office of the Auditor General carried out the audit for the period ended 30th June, 2024.
6. To authorize the Directors to fix the Auditors' Remuneration.
7. **Directors' Fees:** To approve Directors' fees of Kshs. 420,000.00 (less withholding tax where applicable) for each Director who served during the period.

By Order of the Board



CS. FLORENCE MITEY
COMPANY SECRETARY

TANGAZO LA MKUTANO MKUU WA 15 WA KILA MWAKA KWA MWAKA ULIOISHA TAREHE 30 JUNI 2024

Waheshimiwa: Baraza la Wakurugenzi na Wanahisa
NAIROBI

TAARIFA inatolewa kwamba **Mkutano wa 15 wa Kila Mwaka** wa Kampuni ya Kenya Electricity Transmission Company Limited (KETRACO) utafanyika katika **Jengo la Kawi, Kitalu B, Ghorofa ya 4, South C, Barabara ya Red Cross, Nairobi, tarehe 10/6/2025 saa 10:00** asubui kwa lengo la kufanya biashara ifuatayo:

1. Kusoma tangazo la mkutano.
2. Kupokea na kujadili Taarifa za Fedha za Kampuni zilizokaguliwa kwa mwaka ulioishia tarehe 30 Juni, 2024 pamoja na ripoti za Mwenyekiti, Wakurugenzi, na Wakaguzi wa hesabu.
3. Kutambua kwamba Wakurugenzi hawapendekezi malipo ya mgao kwa kipindi kilichopitiwa.
4. **Uchaguzi wa Wakurugenzi:** Kutambua kwamba hakutakuwa na uchaguzi au mabadiliko ya Wakurugenzi kwa sababu zifuatazo: - Mahali ambapo Kampuni ilisajiliwa chini ya Sheria ya Kampuni, Cap 486 (ambayo sasa imefutwa) kama Kampuni ya Kibinafsi inayopunguzwa na hisa, Serikali inaimiliki kikamilifu. Kwa hivyo, Kampuni inasimamiwa chini ya masharti ya Sheria ya Mashirika ya Serikali, Cap 446 kwa mujibu wa Sehemu ya 2(c) ya Sheria hiyo. Zaidi ya hayo, Kifungu cha 2 cha Hati ya Maelewano na Makala ya Muungano wa Kampuni kinaeleza kwamba, "Uteuzi na kuondolewa kwa Wakurugenzi kutaongozwa na masharti ya Sheria ya Mashirika ya Serikali, Cap 446, ya Sheria za Kenya inayorekebisha mara kwa mara. Kila Mkurugenzi atashikilia wadhifa wake hadi pale atakapoondolewa au kubadilishwa kama ilivyoelezwa hapo juu." KETRACO pia imetii Sehemu ya 6 ya Cap 446, ambayo inatoa masharti kuhusu muundo na uteuzi wa Wakurugenzi. Kwa hali hiyo, hakutakuwa na uchaguzi au mzunguko wa Wakurugenzi.
5. **Uteuzi wa Wakaguzi wa Hesabu:** Kutambua kwamba ukaguzi wa vitabu vya hesabu vya Kampuni utafanywa na Mdhhibiti Mkuu wa Hesabu kulingana na Sehemu ya 14(3) ya Sheria ya Mashirika ya Serikali, na Sehemu ya 23 ya Sheria ya Ukaguzi wa Umma, 2015. Ofisi ya Mdhhibiti Mkuu wa Hesabu ilifanya ukaguzi kwa kipindi kilichoishia tarehe 30 Juni, 2024.
6. Kuwapa mamlaka Wakurugenzi kuamua malipo ya Wakaguzi wa hesabu.
7. **Malipo ya Wakurugenzi:** Kuidhinisha malipo ya Kshs. 420,000.00 (bila kutozwa ushuru unapohitajika) kwa kila Mkurugenzi aliyetoa huduma wakati wa kipindi hicho.

Kwa amri ya Bodi:



CS. FLORENCE MITEY
KATIBU WA KAMPUNI



Connecting Kenya, empowering the future

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CHAIRMAN'S STATEMENT



I am pleased to present to you the Annual Report of Kenya Electricity Transmission Company Limited (KETRACO) for the fiscal year ended June 30, 2024. This report represents not only our performance over the past year, but also the resilience, ingenuity and commitment that have kept our company moving forward in a dynamic and challenging operating environment.

As a Company, we have continued to support the Bottom-up Economic Transformation Agenda, as well as the country's Vision 2030, in terms of strengthening and extending the national power transmission grid to enhance the quality, reliability and security of electricity supply in Kenya. This is due to the fact that electricity is regarded as a critical

infrastructural enabler of the nation's economic growth.

Successes

The year under review was marked by significant milestones in our ongoing journey towards increasing electricity access throughout the country as well as promoting power exchange and trade in the East Africa region. Despite the global economic headwinds, our team has demonstrated remarkable agility and dedication, ensuring the delivery of uninterrupted electricity transmission across the region.

Our key achievements this year have been the completion of several critical transmission projects, which have significantly enhanced the capacity and reliability of our national grid. We have successfully completed several transmission projects. The company managed to complete and energize the 132kV Isinya (Kajiado)-Namanga transmission line and associated substation, the 220kV Turkwel-Ortum line and Ortum Substation and the 220/66kV Kimuka substation. This brings the total completed transmission infrastructure owned by KETRACO to 5,638km and 42 high-voltage substations. Additionally, construction of the following transmission projects has been Completed and currently undergoing commissioning tests; 400/220kV Mariakani substation, 220kV Ortum-Kitale Transmission line, 400kV Kenya-Tanzania Interconnector, 132kV Sultan-Hamud-Loitoktok TL and associated substation and the 132kV Awendo-Isebania(Masaba) TL and associated substation.

These projects are meant to enhance the reliability of power supply, reduce transmission losses, address cases of low voltage, and enhance regional power trade. We are also excited about integrating renewable energy sources into the grid.

Governance and Leadership

February 2024 marked an important point in my career, as I was appointed chairman of the Board of Directors of KETRACO by H.E. The President of Kenya. I would like to express gratitude to the President for placing his trust and confidence in this board. The selection of this new team exemplifies our company's high standards of excellence, integrity and commitment. It demonstrates our confidence that as new members, each of us has distinct talents, experiences and perspectives that will be invaluable to KETRACO.

Strategic Direction

During the year under review, we successfully developed and launched the company's fourth 2023-2027 Strategic Plan. This Strategic Plan focuses on expanding the electricity transmission infrastructure, effective grid operation and maintenance, operationalizing system operations and growing organization capacity for sustainable growth.

As a Board, we commit ourselves to KETRACO's growth. Our strategic plan prioritizes key focus areas for the next five years. The core areas of focus include;

1. Development and optimization of electricity transmission infrastructure.

CHAIRMAN'S STATEMENT (CONT'D)

2. Operating and maintaining the national transmission grid.
3. Undertaking the system operator function.
4. Enhancing organizational capacity and governance.

The strategic plan will need to be implemented with adequate resources. As a board, we will work closely with the Kenya government and forge public-private partnerships to provide the needed resources.

Performance Review

Our performance this year reflects both the opportunities and challenges we faced. KETRACO achieved an income growth of 63%, driven by the successful commissioning of new transmission lines and substations. The total income during the year under review amounted to Kshs 10,241 millions, while the total operating expenses was Kshs 6,646 millions compared to Kshs 6,270 millions and Ksh 10,353 millions, respectively, in 2022–2023. The company's asset base has continued to grow and rose from Ksh. 239,303 millions in 2023 to 243,907 millions in 2024.

The Future

As we look into the future, we will remain focused on expanding the electricity transmission infrastructure in the country and developing regional interconnectors to ensure a reliable and stable electricity supply and regional power trade in the Eastern Africa region. The energy sector is continuously shifting and we are committed to staying ahead of the curve by leveraging innovative technologies and leveraging public-private partnerships to meet the growing demand for electricity in Kenya and the region.

Appreciation

On behalf of the Board of Directors, I wish to express our heartfelt appreciation to the management, staff and all stakeholders. Also, I appreciate the goodwill and support the company has continued to receive from the Ministry of Energy and Petroleum, the National Treasury and Planning, other government ministries and agencies, development partners and other stakeholders who have gone a long way towards fulfilling the company's mandate.

Together, we have overcome challenges and achieved great successes. Your resilience and creativity continue to be our driving force and I want to express my deepest appreciation for your loyalty.

Thank you.



Capt. Mohamed M. Abdi

Chairman of the Board of Directors

TAARIFA YA MWENYEKITI



Nina furaha kuwasilisha Ripoti ya Mwaka ya Shirika la Uhamishaji Umeme la Kenya (KETRACO) kwa mwaka wa fedha uliomalizika Juni 30, 2024. Ripoti hii inaonyesha sio tu utendaji wetu katika mwaka uliopita, bali pia uvumilivu, ubunifu, na kujitolea ambavyo vimeweka kampuni yetu mbele katika mazingira yanayobadilika na yenye changamoto.

Kama kampuni, tumeendelea kusaia Ajenda ya Mabadiliko ya Uchumi wa Chini-chini, pamoja na Dira ya Taifa ya 2030, kwa kuimarisha na kupanua gridi ya kitaifa ya uhamishaji umeme ili kuboresha ubora, uaminifu na usalama wa usambazaji wa umeme nchini Kenya. Hii ni kwa sababu umeme unachukuliwa kuwa nyenzo muhimu ya miundombinu kwa ukuaji wa uchumi wa taifa.

Mafanikio

Mwaka uliopita umeashiria hatua muhimu katika safari yetu endelevu ya kuongeza upatikanaji wa umeme kote nchini pamoja na kukuza ubadilishanaji wa umeme na biashara katika eneo la Afrika Mashariki. Licha ya changamoto za kiuchumi za kimataifa, timu yetu imeonyesha ustadi na kujitolea kwa hali ya juu, kuhakikisha utoaji wa huduma za umeme zisizo na vipingamizi katika eneo hili.

Mafanikio yetu muhimu mwaka huu yamekuwa kukamilika kwa miradi kadhaa muhimu ya uhamishaji umeme, ambayo imeongeza kwa kiasi kikubwa uwezo na uaminifu wa gridi yetu ya kitaifa. Tumekamilisha kwa mafanikio miradi kadhaa ya uhamishaji umeme. Kampuni ilifanikiwa kukamilisha na kuingiza umeme kwenye laini ya 132kV Isinya (Kajiado)-Namanga na kituo chake, laini ya 220kV Turkwel-Ortum na kituo cha Ortum, na kituo cha 220/66kV Kimuka. Hii inaleta jumla ya miundombinu ya uhamishaji umeme iliyokamilika inayomilikiwa na KETRACO kuwa Kilomita 5,638 na vituo vya juu vya volti 42. Aidha, ujenzi wa miradi ifuatayo ya uhamishaji umeme umekamilika na hivi sasa inapitia majaribio ya uthibitisho; kituo cha 400/220kV Mariakani, laini ya 220kV Ortum-Kitale, kiunganishi cha 400kV Kenya-Tanzania, laini ya 132kV Sultan-Hamud-Loitoktok na kituo chake na laini ya 132kV Awendo-Isebania (Masaba) na kituo chake.

Miradi hii inalenga kuboresha uaminifu wa usambazaji wa umeme, kupunguza hasara za uhamishaji, kushughulikia visa vya volti ya chini, na kuongeza biashara ya umeme wa kanda. Pia tunafurahia kuhusu kuingiza vyanzo vya nishati mbadala kwenye gridi ya taifa.

Uongozi na Uendeshaji

Februari 2024 ilikuwa hatua muhimu katika taaluma yangu, nilipoteuliwa mwenyekiti wa Bodi ya Wakurugenzi ya KETRACO na Mhe. Rais wa Kenya. Ningependa kutoa shukrani kwa Rais kwa kuweka imani na ujasiri wake katika bodi hii. Uteuzi wa timu hii mpya unaonyesha viwango vya juu vya ubora, uadilifu, na kujitolea vya kampuni yetu. Inaonyesha imani yetu kwamba kama wanachama wapya, kila mmoja wetu ana vipaji, uzoefu na mitazamo tofauti ambayo itakuwa na thamani kubwa kwa KETRACO.

Mwelekeo wa Kimkakati

Katika mwaka uliopita, tulifanikiwa kuandaa na kuzindua Mpango wa Nne wa Mkakati wa kampuni wa 2023-2027. Mpango huu wa Mkakati unalenga kupanua miundombinu ya uhamishaji umeme, uendeshaji mzuri wa gridi na matengenezo, utekelezaji wa operesheni za mfumo na kukuza uwezo wa shirika kwa ajili ya ukuaji endelevu.

Kama bodi, tunajitolea kwa ukuaji wa KETRACO. Mpango wetu wa kimkakati unaangazia maeneo muhimu kwa miaka mitano ijayo. Maeneo makuu ya kuzingatia ni:

1. Maendeleo na uboreshaji wa miundombinu ya uhamishaji umeme,
2. Uendeshaji na matengenezo ya gridi ya kitaifa ya uhamishaji,

3. Kutekeleza kazi ya mratibu wa mfumo, na
4. Kuongeza uwezo wa shirika na utawala. Mpango wa kimkakati utahitaji kutekelezwa na rasilimali za kutosha.

Kama bodi, tutafanya kazi kwa karibu na serikali ya Kenya na kuunda ushirikiano wa umma na binafsi ili kutoa rasilimali zinazohitajika.

Mapitio ya Utendaji

Utendaji wetu mwaka huu unaonyesha fursa na changamoto tulizokumbana nazo. KETRACO ilipata ongezeko la mapato la asilimia 63%, lililochochewa na kufanikiwa kwa kuanzisha laini mpya za uhamishaji umeme na vituo vya umeme. Jumla ya mapato katika mwaka wa mapitio ilikuwa Kshs milioni 10,241, wakati jumla ya gharama za uendeshaji zilikuwa Kshs milioni 6,646 ikilinganishwa na Kshs milioni 6,270 na Ksh milioni 10,353, mtawalia, katika mwaka wa 2022-2023. Msingi wa mali wa kampuni umeendelea kukua na uliongezeka kutoka Ksh. milioni 239,303 mnamo 2023 hadi milioni 243,907 mnamo 2024.

Mustakabali

Tunapoangalia mustakabali, tutaendelea kuzingatia kupanua miundombinu ya uhamishaji umeme nchini na kuendeleza viunganishi vya kanda ili kuhakikisha usambazaji wa umeme wa kuaminika na thabiti, na biashara ya umeme wa kanda katika eneo la Afrika Mashariki. Sekta ya nishati inaendelea kubadilika, na tumejitolea kukaa mbele kwa kutumia teknolojia za kibunifu na kushirikiana na sekta ya umma na binafsi ili kukidhi mahitaji yanayoongezeka ya umeme nchini Kenya na eneo hili.

Shukrani

Kwa niaba ya Bodi ya Wakurugenzi, napenda kutoa shukrani za dhati kwa uongozi, wafanyakazi, na wadau wote. Pia, ninashukuru nia njema na msaada ambao kampuni imeendelea kupokea kutoka Wizara ya Nishati na Petrol, Hazina ya Taifa na Mipango, wizara nyingine za serikali na mashirika, pamoja na washirika wa maendeleo na wadau wengine ambao wameenda mbali katika kutimiza mamlaka ya kampuni.

Pamoja, tumeshinda changamoto na kufanikiwa kwa kiwango kikubwa. Uvumilivu na ubunifu wenu vinaendelea kuwa nguvu yetu ya kuendesha, na ninataka kutoa shukrani zangu za dhati kwa uaminifu wenu.

Asante..



Capt. Mohamed M. Abdi

Mwenyekiti wa Bodi ya Wakurugenzi

REPORT OF THE CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED 30TH JUNE 2024



KETRACO was incorporated in December 2008 under the Company's Act Cap 486 as a state corporation wholly owned by the Government of Kenya, with the mandate of planning, designing, building, owning, operating, and maintaining high voltage transmission lines (132kV and above) in the country and regional power interconnectors in line with the Kenya Vision 2030. The transmission projects developed meet different objectives, including power evacuation from generation points to load centres, strengthening existing power grid connections, enhancing reliability, and connection of previously unserved load centres in the country. Further, pursuant to Section 138 of the Energy Act, 2019, the KETRACO was designated as the System Operator Vide Gazette Notice No. 155 in December 2021 by the

Energy Petroleum Regulatory Authority (EPRA).

The Financial year 2023/2024 has been a significant period for the company, with key milestones being achieved in expanding and strengthening the Country's transmission infrastructure. The completion and energization of the 220/66kV 400 MVA Kimuka Substation, 132kV Turkwel Ortum and the 132kV Isinya-Namanga transmission line and associated substations, will stabilize power supply in Namanga and Ortum areas. Energization of the 220kV Kimuka Substation will strengthen the security of supply on the 66kV network connected to the Nairobi North Substation and the Magadi feeder besides de-loading the Suswa-Nairobi North 220kV line. A stable and more reliable power supply in these regions is expected to attract more industrial investments and other economic activities. These accomplishments have consequently increased the cumulative circuit length of KETRACO's transmission infrastructure to 1,282km of 500kV, 2,479km of 400kV, 671km of 220kV, and 1,206km of 132kV, totalling 5,638km, 42 associated substations and 31 bay extensions as of June 2024.

Other transmission projects that are in advanced stages of implementation include the 400kV Kenya-Tanzania interconnector, the 220/132kV Kitale substation, the 400/220kV Mariakani substation, System improvement and expansion projects, and System reinforcement substations. Completion of the 220/132kV Kitale substation will provide an alternative evacuation route for Turkwel Hydro generation to the North Rift and Western Kenya regions, thereby enhancing overall system security. Energization of the 400/220kV Mariakani substation will enable the operation of the 400kV Isinya-Mariakani line at 400kV, enhancing supply reliability at the coast.

The company aims to construct an additional 2,574km in circuit length of transmission lines and 3,565MVA of transformation capacity of substations by 2027. This is expected to increase to 8,958km by 2043. To meet these targets, securing requisite financing is crucial. Various financing options, ranging from Public Private Partnerships (PPP), increased development support, additional exchequer funding, and climate financing opportunities are expected to be considered to meet this target.

Figure 1 below highlights the KETRACO transmission network developed over the last five financial years.

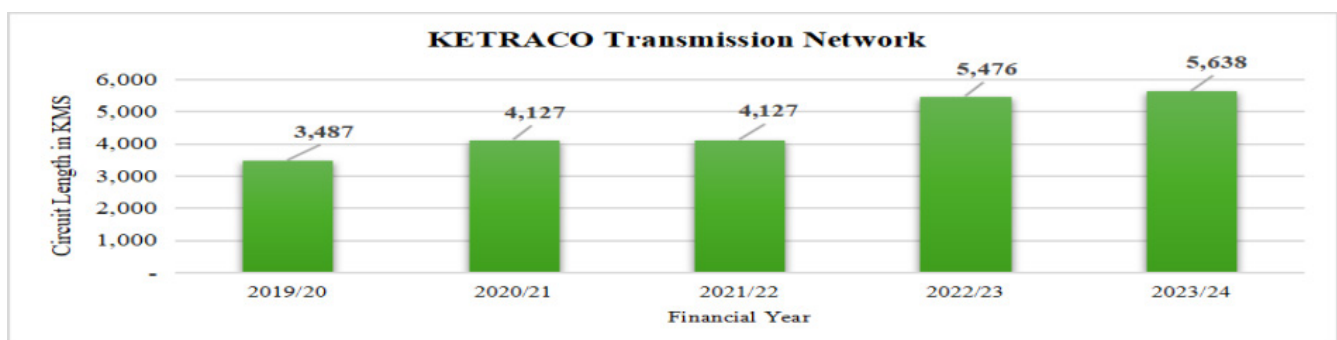


Figure 1 KETRACO's existing transmission network

REPORT OF THE CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED 30TH JUNE 2024 (CONT'D)

KETRACO generated Kshs. 5,920.90 million in the form of Appropriation in Aid, more than the target of Kshs. 5,545.94 million in the year ending June 2024. The revenue was from wheeling payments, fibre services and the development budget allocated by the National Treasury among other income sources. The annual absorption rate of GoK and internally generated funds was at 80.26% while that of externally mobilized resources was at 84.57%.

A highlight of the implementation progress of various ongoing transmission projects as of June 2024 is provided below.

1. System Strengthening Projects

a) Nairobi Ring Associated Substations

The pending project scope entails the construction of 220/66kV Malaa 2x200MVA substation which is at 96% completion rate and is scheduled to be completed by June 2025. After completion, the substation will provide an alternative power supply to the Nairobi metropolitan region.

b) 400/220kV Mariakani Substation

Construction of the 400/220kV Mariakani substation is 99% complete. Commissioning tests are underway, and the Substation is scheduled for energization by December 2025. Upon completion, the project is expected to link the 400kV Isinya substation via an upgraded 400kV Isinya-Mariakani transmission line and ensure efficient utilization of imported power from Ethiopia through the 400kV Suswa-Isinya transmission line.

2. Regional Interconnection Projects

96 km 400kV Kenya-Tanzania Interconnector

Construction of the 96km 400kV double circuit line from Isinya to Namanga has been completed and commissioning tests are currently ongoing. It is expected that the project will be energized in the year 2024/25 and will enable power trade in the Eastern Africa Power Pool, and thereafter connect to the SAPP and also enhance security of supply between Kenya and Tanzania.

Electricity Access Projects

a) 210km 132kV Power Transmission System Improvement Projects

These projects include 65km Lessos-Kabarnet, 79km Nanyuki-Rumuruti and 66km Kitui-Wote single circuit lines with substations at Kabarnet, Kitui, Wote and Rumuruti. The projects will connect load centers of Rumuruti, Kabarnet, Kitui and Wote to the national grid to improve access to reliable power. They are approximately 94% complete and are scheduled to be completed by 2025.

b) 69km 132kV Sondu – Ndhiwa (Homa Bay/Ndhiwa) Single Circuit project

The project is 79% complete and it is expected to address the voltage challenges in South Nyanza and the Central Rift Region, as well as relieving the overload on the 132kV Kisumu-Muhoroni and Muhoroni-Chemosit transmission lines once complete. It will also facilitate the full decommissioning of Muhoroni Gas Turbines, lowering the cost of power. The project is expected to be complete by 2025.

REPORT OF THE CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED 30TH JUNE 2024 (CONT'D)

c) 21km 132kV Nanyuki-Rumuruti and Nanyuki-Isiolo Underground cable

The project aims at enabling the energization of the Nanyuki-Rumuruti and Nanyuki-Isiolo projects, connecting the load centers of Isiolo and Rumuruti to the National Grid. This will improve the quality of power supply, meet growing demand and increase power access in Nanyuki, Isiolo and its environs. The project is in the initial stages of implementation and scheduled for completion by 2025.

d) 70km 132kV Nanyuki – Isiolo Single Circuit Project

The line, with 132/33kV substations at Nanyuki and Isiolo will connect Isiolo to the National grid and provide an alternative transmission supply route to Nanyuki. The project is 70% complete and is scheduled to be completed in July 2025.

e) 120km 132kV Sultan Hamud –Loitoktok single circuit project

The project line, which has a new 132/33kV substation at Oloitoktok is 99% complete and is expected to connect the load centre of Loitoktok, providing access to reliable power. Commissioning tests are currently ongoing.

f) 67km 132kV Rabai-New Bamburi-New Kilifi project

The scope is to upgrade the 132kV single circuit line between Rabai and New Kilifi to a double circuit line and construct a new 132/33kV substation at Kilifi and Bay extensions at Rabai and Bamburi. Project implementation is at 77%, and once completed by 2025, it is expected to increase power access through reinforcement of the grid in the coastal region.

g) 50km 132kV Awendo- Isebania (Masaba) single circuit

Construction of the 50km line and a 132/33kV substation at Masaba is complete, pending testing and commissioning. It is expected to be energized by 2025 and will enhance electricity access around Migori County and its surroundings.

h) 45km 400kV Isinya-Konza double circuit Project

The transmission line, with a 400/132kV substation at Konza and is 91% complete and scheduled for completion by 2025. Once complete, it is expected to increase access to reliable power at Konza, Isinya and environs.

3. Planned Projects

KETRACO, in line with the Least Cost Power Development Plan (LCPDP), has developed a Transmission Masterplan indicating the sequence of investment for transmission projects over a 20-year period. The plan identifies the need to expand the grid by 8,958km in circuit length of transmission lines and 15,261 MVA of transformation capacity at an estimated total cost of MUSD 5,286. Approximately MUSD 305 has been secured/committed through development partners' assistance and GoK, implying a financing gap of approximately MUSD 4,981. This financing gap has necessitated the company and the government of Kenya to consider alternative financing options such as Public Private Partnerships (PPPs) and assets monetization among other alternatives to help finance the planned projects.

Some of the projects that have been considered under Public Private Partnership financing are the 220kV Kisumu-Kakamega-Musaga, 400kV Lessos-Loosuk, 400kV Gilgil-Thika-Malaa-Konza, 220kV Rongai-Keringet-Chemosit, 132kV Menengai-Ol Kalou- Rumuruti lines, 132kV Thurdibuoro and 400/220kV substations at Rongai and Lessos and are at advanced stages of project development.

In addition, the company plans to undertake power management operations to ensure power system operational safety, minimum energy losses, system stability and reliability. This will enhance the capacity of the company to coordinate and facilitate power exchange and trade through the national grid and the regional power interconnectors. To make this possible,

REPORT OF THE CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED 30TH JUNE 2024 (CONT'D)

plans are underway to develop an ultra-modern National System Control Centre (NSCC) by 2027. Tendering, bid opening and evaluation of proposals for an EPC Contractor was undertaken, and the contract was awarded in June 2024. Due diligence and the initialing of the negotiated contract have been completed, pending the final approvals from the Attorney General's office and the Financier before the contract is signed.

Lastly, in the quest to maintain high availability and reliability levels of existing transmission infrastructure, KETRACO has continuously recruited staff in the operations and maintenance section and invested in capacity building processes for both existing and new staff.

KETRACO remains a key player in the role of energy as an enabler to the Kenya Vision 2030 objectives and realization of key objectives of the Bottom-up Economic Transformation Agenda. The Company will endeavor to provide stable and reliable national grid that will transform lives in the country and beyond.



DR. (ENG.) JOHN MATIVO, MBS

MANAGING DIRECTOR & CEO



RIPOTI YA AFISA MTENDAJI MKUU KWA MWAKA ULIOISHIA JUNI 30, 2024



KETRACO ilianzishwa mnamo Desemba 2008 chini ya Sheria ya Kampuni Cap 486 kama shirika la serikali linalomilikiwa kikamilifu na Serikali ya Kenya, likiwa na jukumu la kupanga, kubuni, kujenga, kumiliki, kuendesha, na kudumisha njia za uhamishaji wa umeme za juu (132kV na zaidi) nchini na viunganishi vya umeme vya kanda kwa mujibu wa Dira ya Kenya 2030. Miradi ya uhamishaji umeme iliyobuniwa inakidhi malengo mbalimbali, ikiwemo kuhamisha umeme kutoka vituo vya uzalishaji hadi vituo vya mizigo, kuimarisha miunganisho ya gridi ya umeme iliyopo, kuboresha uaminifu, na kuunganisha vituo vya mizigo ambavyo havikuwa vikihudumiwa awali nchini. Aidha, kwa mujibu wa Kifungu 138 cha Sheria ya Nishati, 2019, KETRACO ilituliwa kama Mratibu wa Mfumo kupitia Gazeti la

Serikali Na. 155 mnamo Desemba 2021 na Mamlaka ya Udhhibiti wa Nishati na Petrol (EPRA).

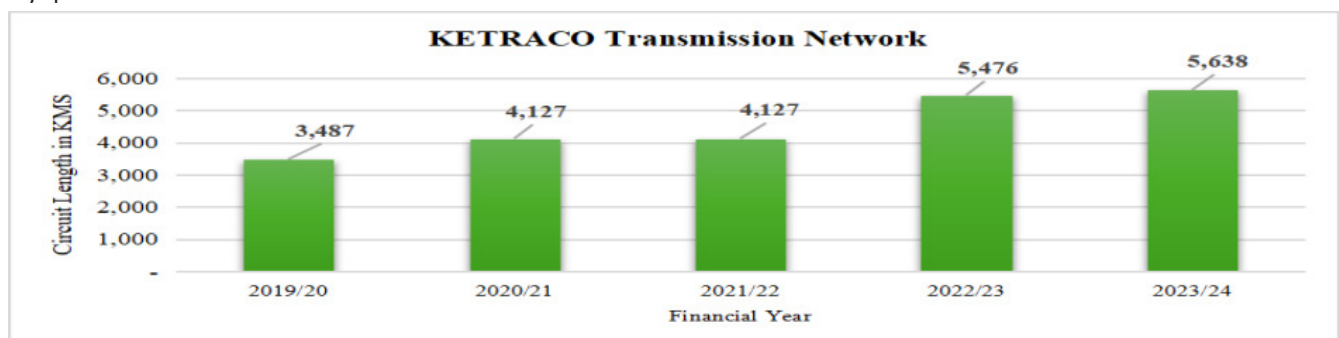
Mwaka wa fedha wa 2023/2024 umekuwa kipindi muhimu kwa kampuni, huku hatua muhimu zikifikwa katika kupanua na kuimarisha miundombinu ya uhamishaji umeme ya Nchi. Kukamilika na kuingizwa kwa umeme kwenye kituo cha 220/66kV 400 MVA Kimuka, 132kV Turkwel-Ortum na laini ya 132kV Isinya-Namanga na vituo vyake vinavyohusiana, kutaimarisha usambazaji wa umeme katika maeneo ya Namanga na Ortum.

Kuingiza umeme kwenye kituo cha 220kV Kimuka kutaimarisha usalama wa usambazaji kwenye mtandao wa 66kV unaounganishwa na Kituo cha Umeme cha Nairobi Kaskazini na kipakiaji cha Magadi na pia kupunguza mzigo wa laini ya 220kV Suswa-Nairobi Kaskazini. Usambazaji wa umeme thabiti na wa kuaminika zaidi katika maeneo haya unatarajiwa kuvutia uwekezaji zaidi wa viwanda na shughuli zingine za kiuchumi. Mafanikio haya yameongeza kwa hivyo urefu wa mzunguko wa miundombinu ya uhamishaji umeme ya KETRACO hadi Kilomita 1,282 ya 500kV, Kilomita 2,479 ya 400kV, Kilomita 671 ya 220kV, na Kilomita 1,206 ya 132kV, jumla ya Kilomita 5,638, vituo 42 vinavyohusiana na viendelezi 31 vya bay hadi Juni 2024.

Miradi mingine ya usambazaji ambayo iko katika hatua za juu za utekelezaji ni pamoja na kiunganishi cha 400kV kati ya Kenya na Tanzania, kituo cha 220/132kV Kitale, kituo cha 400/220kV Mariakani, miradi ya kuboresha na kupanua mfumo, na vituo vya kuimarisha mfumo. Kukamilika kwa kituo cha 220/132kV Kitale kutatoa njia mbadala ya kutoa umeme kutoka kwa kituo cha kuzalisha umeme cha Turkwel Hydro kwenda kanda za North Rift na Magharibi mwa Kenya, hivyo kuimarisha usalama wa jumla wa mfumo. Kuwasha kituo cha 400/220kV Mariakani kutawezesha uendesaji wa mstari wa 400kV Isinya-Mariakani kwa 400kV, hivyo kuimarisha uaminifu wa usambazaji pwani.

Kampuni inakusudia kujenga urefu wa mzunguko wa Kilomita 2,574 za mistari ya usambazaji na uwezo wa mabadiliko wa MVA 3,565 wa vituo vya kubadilisha umeme kufikia mwaka 2027. Hii inatarajiwa kuongezeka hadi Kilomita 8,958 kufikia mwaka 2043. Ili kufikia malengo haya, kupata ufadhili unaohitajika ni muhimu. Chaguzi mbalimbali za ufadhili, kuanzia Ubia kati ya Sekta ya Umma na Binafsi (PPP), msaada wa maendeleo ulioongezeka, fedha za ziada za exchequer, na fursa za ufadhili wa hali ya hewa zinatarajiwa kuzingatiwa ili kufikia lengo hili.

Mchoro 1 hapa chini unaonyesha mtandao wa usafirishaji wa KETRACO uliotengenezwa katika miaka mitano ya kifedha iliyopita.



Mchoro 1 Mtandao wa Usambazaji wa KETRACO uliopo.

KETRACO ilipata Kshs. 5,920.90 milioni katika mfumo wa Fungu la Bajeti la Kufadhili (Appropriation in Aid), zaidi ya lengo la Kshs. 5,545.94 milioni katika mwaka unaoishia Juni 2024. Mapato yalitokana na malipo ya wheeling, huduma za nyuzinyuzi na bajeti ya maendeleo iliyotolewa na Hazina ya Taifa miongoni mwa vyanzo vingine vya mapato. Kiwango cha matumizi cha mwaka cha fedha za serikali na fedha zilizopatikana ndani kilikuwa asilimia 80.26% huku kile cha rasilimali zilizotafutwa nje kilikuwa asilimia 84.57%.

Maelezo ya maendeleo ya utekelezaji wa miradi mbalimbali ya uhamishaji umeme inayoendelea kufanyika hadi Juni 2024 yanatolewa hapa chini.

1. Miradi ya Kuimarisha Mfumo

a) Vituo vya Umeme vya Nairobi Ring

Kipimo cha mradi unaosubiri kinajumuisha ujenzi wa kituo cha umeme cha 220/66kV Malaa chenye 2x200MVA ambacho kimefikia kiwango cha asilimia 96% ya kukamilika na kinatarajiwa kukamilika ifikapo Juni 2025. Baada ya kukamilika, kituo hicho kitatoa chanzo mbadala cha umeme kwa eneo la mji mkuu wa Nairobi.

b) Kituo cha Umeme cha 400/220kV Mariakani

Ujenzi wa kituo cha umeme cha 400/220kV Mariakani umekamilika kwa asilimia 99%. Vipimo vya kuthibitisha vinaendelea, na kituo kinatarajiwa kuwekwa umeme ifikapo Desemba 2025. Baada ya kukamilika, mradi unatarajiwa kuunganisha kituo cha umeme cha 400kV Isinya kupitia laini ya uhamishaji umeme ya 400kV Isinya-Mariakani iliyoboreshwa na kuhakikisha matumizi bora ya umeme uliyoingizwa kutoka Ethiopia kupitia laini ya 400kV Suswa-Isinya.

2. Miradi ya Kuunganisha Kanda

Kiunganishi cha 400kV cha Kenya-Tanzania chenye urefu wa Kilomita 96

Ujenzi wa laini ya 400kV yenye mizunguko miwili kutoka Isinya hadi Namanga umekamilika na vipimo vya kuthibitisha vinaendelea. Inatarajiwa kwamba mradi utawekwa umeme katika mwaka wa 2024/25 na utawezesha biashara ya umeme katika Hifadhi ya Umeme ya Afrika Mashariki, na baadaye kuunganisha na SAPP na pia kuongeza usalama wa usambazaji kati ya Kenya na Tanzania.

Miradi ya Kuongeza Upatikanaji wa Umeme

a) Mradi wa Kuboresha Mfumo wa Uhamishaji Umeme wa 132kV wenye urefu wa Kilomita 210

Miradi hii inajumuisha laini za mzunguko mmoja za 65km Lessos-Kabarnet, 79km Nanyuki-Rumuruti na 66km Kitui-Wote na vituo vya umeme katika Kabarnet, Kitui, Wote na Rumuruti. Miradi hii itaunganisha vituo vya mizigo vya Rumuruti, Kabarnet, Kitui na Wote na gridi ya kitaifa ili kuboresha upatikanaji wa umeme wa kuaminika. Mradi huu umekamilika kwa asilimia 94% na unatarajiwa kukamilika ifikapo 2025.

b) Mradi wa Mzunguko Mmoja wa 132kV Sondu – Ndhiwa (Homa Bay/Ndhiwa) wenye urefu wa Kilomita 69

Mradi huu umekamilika kwa asilimia 79% na unatarajiwa kushughulikia changamoto za voltage katika Nyanza Kusini na Eneo la Rift ya Kati, pamoja na kupunguza mzigo kwenye laini za uhamishaji za 132kV Kisumu-Muhoroni na Muhoroni-Chemosit mara utakapokamilika. Pia itasaidia kusitishwa kabisa kwa Turbini za Gesi za Muhoroni, na hivyo kupunguza gharama ya umeme. Mradi unatarajiwa kukamilika ifikapo 2025.

c) Mradi wa Nyaya za Chini ya Ardhi za 132kV Nanyuki-Rumuruti na Nanyuki-Isiolo wenye urefu wa Kilomita 21

Mradi huu unalenga kuwezesha kuwekwa umeme kwenye miradi ya Nanyuki-Rumuruti na Nanyuki-Isiolo, na kuunganisha vituo vya mizigo vya Isiolo na Rumuruti na Gridi ya Taifa. Hii itaboresha ubora wa usambazaji wa umeme, kukidhi mahitaji yanayoongezeka na kuongeza upatikanaji wa umeme katika Nanyuki, Isiolo na maeneo yake jirani. Mradi huu uko katika hatua

za awali za utekelezaji na unatarajiwa kukamilika ifikapo 2025.

d) Mradi wa Mzunguko Mmoja wa 132kV Nanyuki – Isiolo wenye urefu wa Kilomita 70

Laini hii, yenye vituo vya umeme vya 132/33kV katika Nanyuki na Isiolo itaunganisha Isiolo na gridi ya taifa na kutoa njia mbadala ya usambazaji wa umeme kwenda Nanyuki. Mradi huu umekamilika kwa asilimia 70% na unatarajiwa kukamilika ifikapo Julai 2025.

e) Mradi wa Mzunguko Mmoja wa 132kV Sultan Hamud – Loitokitok wenye urefu wa Kilomita 120

Mradi huu wenye kituo kipya cha umeme cha 132/33kV katika Oloitokitok umekamilika kwa asilimia 99% na unatarajiwa kuunganisha kituo cha mizigo cha Loitokitok, hivyo kutoa upatikanaji wa umeme wa kuaminika. Vipimo vya kuthibitisha vinaendelea.

f) Mradi wa 132kV Rabai-New Bamburi-New Kilifi wenye urefu wa Kilomita 67

Kipimo cha mradi ni kuboresha laini ya mzunguko mmoja ya 132kV kati ya Rabai na New Kilifi hadi laini ya mzunguko miwili na kujenga kituo kipya cha umeme cha 132/33kV huko Kilifi na viendelevi vya Bay huko Rabai na Bamburi. Utekelezaji wa mradi umekamilika kwa asilimia 77%, na mara utakapokamilika ifikapo 2025, unatarajiwa kuongeza upatikanaji wa umeme kupitia kuimarisha gridi katika eneo la pwani.

g) Mradi wa Mzunguko Mmoja wa 132kV Awendo-Isebania (Masaba) wenye urefu wa Kilomita 50

Ujenzi wa laini yenye urefu wa Kilomita 50 na kituo cha umeme cha 132/33kV huko Masaba umekamilika, ukisubiri vipimo na kuidhinishwa. Unatarajiwa kuwekwa umeme ifikapo 2025 na utaongeza upatikanaji wa umeme katika Kaunti ya Migori na maeneo yake jirani.

h) Mradi wa Mzunguko Miwili wa 400kV Isinya-Konza wenye urefu wa Kilomita 45

Laini hii ya usafirishaji umeme, yenye kituo cha umeme cha 400/132kV huko Konza imekamilika kwa asilimia 91% na inatarajiwa kukamilika ifikapo 2025. Mara itakapokamilika, inatarajiwa kuongeza upatikanaji wa umeme wa kuaminika huko Konza, Isinya na maeneo yake jirani.

3. Miradi Iliyopangwa

KETRACO, kwa kuzingatia Mpango wa Maendeleo wa Gharama ya Chini (LCPDP), imeunda Mpango Mkuu wa Usambazaji unaoonyesha mpangilio wa uwekezaji wa miradi ya usambazaji kwa kipindi cha miaka 20. Mpango huo unaonyesha hitaji la kupanua gridi kwa urefu wa kilomita za mzunguko wa usambazaji wa kilomita 8,958 na uwezo wa kubadilisha wa MVA 15,261 kwa gharama ya jumla iliyokadiriwa ya MUSD 5,286. Takriban MUSD 305 imepatikana/kuthibitishwa kupitia msaada wa washirika wa maendeleo na GoK, ikimaanisha kuwa kuna pengo la fedha la takriban MUSD 4,981. Pengo hili la fedha limeifanya kampuni na serikali ya Kenya kuzingatia chaguzi mbadala za ufadhili kama vile Ubia kati ya Sekta ya Umma na Binafsi (PPPs) na uhamasishaji wa mali miongoni mwa chaguzi nyingine za kusaidia kufadhili miradi iliyopangwa.

Baadhi ya miradi ambayo imezingatiwa chini ya ufadhili wa Ubia kati ya Sekta ya Umma na Binafsi ni mistari ya 220kV Kisumu-Kakamega-Musaga, 400kV Lessos-Loosuk, 400kV Gilgil-Thika-Malaa-Konza, 220kV Rongai-Keringet-Chemosit, mistari ya 132kV Menengai-Ol Kalou-Rumuruti, 132kV Thurdibuoro na vituo vya kubadilisha vya 400/220kV katika Rongai na Lessos na viko katika hatua za juu za maendeleo ya mradi.

Kwa kuongeza, kampuni inapanga kufanya shughuli za usimamizi wa umeme ili kuhakikisha usalama wa uendeshaji wa mfumo wa umeme, hasara za chini za nishati, utulivu wa mfumo na kugegemea. Hii itaongeza uwezo wa kampuni kuratibu na kuwezesha kubadilishana na biashara ya umeme kupitia gridi ya kitaifa na viunganishi vya umeme vya kikanda. Ili kuwezesha hili, mipango inaendelea ya kuendeleza Kituo cha Kitaifa cha Udhambi wa Mfumo wa kisasa kabisa (NSCC) kufikia 2027. Utoaji wa zabuni, kufungua zabuni na tathmini ya mapendekezo ya Mkandarasi wa EPC yalifanywa, na mkataba ulitolewa mnamo Juni 2024. Uhakiki na awali ya mkataba uliowekwa yamekamilika, ikisubiri idhini ya mwisho kutoka kwa ofisi ya Mwanasheria Mkuu na Mfadhili kabla ya mkataba kusainiwa.

Hatimaye, katika jitihada za kudumisha viwango vya juu vya upatikanaji na kuegemea kwa miundombinu ya usambazaji iliyopo, KETRACO imeendelea kuajiri wafanyakazi katika sekta ya uendeshaji na matengenezo na kuwekeza katika mchakato wa kujenga uwezo kwa wafanyakazi waliopo na wapya.

KETRACO inabaki kuwa mchezaji muhimu katika jukumu la nishati kama kiwezesaji cha malengo ya Kenya Vision 2030 na kutambua malengo muhimu ya Ajenda ya Mabadiliko ya Uchumi wa Chini-up. Kampuni itajitahidi kutoa gridi ya kitaifa thabiti na ya kuaminika ambayo itabadilisha maisha nchini na nje ya nchi.



DR. (ENG.) JOHN MATIVO,

MBS MKURUGENZI MKUU & MKURUGENZI MTENDAJI





www.ketraco.co.ke

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE YEAR ENDED 30 JUNE 2024

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include a statement of the National Government entity's performance against predetermined objectives in the financial statement.

During the period under review, KETRACO had 4 strategic themes and objectives within the Strategic Plan for 2023/24-2027/28. These strategic themes are as follows:

- Theme 1: Develop and Optimize Electricity Transmission Infrastructure
- Theme 2: Operate and Maintain the National Transmission Grid
- Theme 3: Undertake System Operator Functions
- Theme 4: Enhance Organizational Capacity and Governance

KETRACO developed its annual work plans based on the above 4 themes. The Company's performance against its annual work plan was assessed quarterly. KETRACO's performance during the financial year 2023/2024 period for its 4 strategic themes is as indicated in the Table below:

Strategic Theme	Objective	Key Performance Indicators	Activities for FY 2023/2024	Achievements
Develop and Optimize Electricity Transmission Infrastructure	To develop and complete 15 transmission line projects to attain 1159km circuit length and 12 substations	KM of route surveyed	Undertake route survey and collect cadastral data for 285 km for new transmission lines	Route survey and Cadastral data for 317km of new transmission lines undertaken; 1. 132kV Narok-Bomet - 81km, 2. 132kV Dongo Kundu-Mariakani - 50.5km 3. 132kV Kabarnet-Rumuruti - 95km 4. 400/132kV Makindu LILO -8.5km 5. 220kV Malindi-Weru -82.5km
		KM valuation undertaken	Undertake RAP (valuation of land, structures, and crops) for 285 km of transmission lines and substations	Valuation of crops/trees, land and affected structures undertaken; 1. Valuation of crops/trees: 28.85km 2. Valuation of land: 5.5km 3. Valuation of structures: 307km Validation of structures: 86.5km

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

Strategic Theme	Objective	Key Performance Indicators	Activities for FY 2023/2024	Achievements
		No. of reports	Undertake Environmental Social and Impact Assessment (ESIA) studies for 4 transmission lines and substations	ESIA and EIA studies undertaken for 5no projects; 1. Mariakani Dongo Kundu transmission Line and associated Substation (NEMA/EIA/VC/2123) 2. 132/66/33kV Mai Mahiu (Uplands) variation of ESIA license (NEMA/EIA/VC/2035) 3. 400kV Suswa substation and 220kV Rabai substation STATCOM 4. 132kV Narok-Bomet transmission line (NEMA/EIA/PSL/23283) 132kV Dongo-Kundu Mariakani (NEMA/EIA/PSL/8001
		No. of Gazettements	Undertake gazettelement of affected parcels of land for 3no transmission projects	Gazettelement of affected land parcels for 5 Transmission projects undertaken; 1. 132kV Narok-Bomet TL 2. 132kV Dongo-Kundu Mariakani TL 3. 132kV Kabarnet-Rumuruti TL 4. 400/132kV Makindu LILO 132kV Malindi-Weru
		No. of updated standardized specifications	Annually review and update standardized technical specifications for transmission lines and Substations.	Review and update of standardized technical specifications for transmission lines and substations undertaken within the year
		No. of renewed/upgraded system study tools & Licences	Renew/Upgrade 3 system planning tools and 7 Licences	Renewed/upgraded 9 system planning tools and licenses such as PSCAD, PSS/E licenses and CiGRE subscription
		No. of Study reports	Undertake at least 3 power system simulation studies in the year	EKT-Dynamic system simulations and stability studies completed and finalized. Completed steady-state simulations study for EKT
		Updated Transmission Masterplans	Update Transmission Master Plan annually	Review and update of the 2024-2043 Transmission Masterplan was undertaken

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

Strategic Theme	Objective	Key Performance Indicators	Activities for FY 2023/2024	Achievements
		No. of feasibility study reports	Develop project concepts and carry out/update feasibility studies for 3No transmission lines projects	Feasibility studies for 3no transmission projects undertaken and reports drafted; 1. 132kV Meru-Maua 2. 132kV JuJa-Ruaraka upgrade 3. 132kV Musaga-Webuye upgrade and 132kV Webuye-Kitale
		KM of transmission lines (circuit length) and No. of substations	Construct and commission transmission lines projects to attain 1,159km circuit length and 12 substations	Stringing of 462kms of TL projects completed, awaiting commissioning. 1. 132kV Awendo-Isebania 132kV - 28.66Km 2. Isinya Namanga 132kV - 94.804km 3. 400kV Kenya-Tanzania 400kV -96.00km (double circuit) 4. 132kV Sultan Hamud - Loitoktok 132kV - 107.82km 5. 220kV Turkwel-Ortum-Kitale 220kV -135km 23kms of 132kV Kitui-Wote and 62kms of 132kV Lessos -Kabarnet strung 5no Substations completed awaiting energization: 132/33kV Namanga, 400/220kV Mariakani, 132/33kV Ortum, 132/33kV Isebania, 132/33kV Kimuka
		Projects with contract documents prepared	Prepare contract documents	132kV Narok- Bomet Contract signed. 132kV Sondu-Ndhiwa TL Contract signed with Elemec. Makindu Digital Substation 400/132kV consultant contract signed with JV of Decon & Colenco.

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

Strategic Theme	Objective	Key Performance Indicators	Activities for FY 2023/2024	Achievements
Operate and Maintain the National Transmission Grid	To effectively and efficiently schedule periodic operation and maintenance of the transmission network	% implementation	Prepare, review and implement annual maintenance plans for transmission infrastructure and report monthly for continuous improvement	<ol style="list-style-type: none"> 1. Transmission lines and substation transformers were available at 99.60% and 94.03% in the year 2. Routine Maintenance of Circuit Breakers and annual maintenance of transformers undertaken 3. Replacement of Emergency Restoration Tower (ERT) with permanent Lattice towers. 4. Repair of leaking Cable Seal End (CSE) Protection normalization on relays at various stations and transmission lines.
		No. of reports	Undertake daily operations of the infrastructure in accordance with the grid code while maintaining all logs and records in liaison with the system operator	Daily logs recorded in all the substations
		% increase of O&M tools, equipment, and machinery acquired	Equip the three types of O&M teams with adequate tools, equipment, and machinery in the 5 regions	<p>The following tools were procured for KETRACO regional teams,</p> <ol style="list-style-type: none"> 1. SFG gas imaging camera, 2. Spare protection relays, 3. Portable transformer oil dissolved gas analysis kit, 4. 23MVA 132/33kV Power Transformer with On-Load Tap Changer (OLTC) Switch, 5. SF6 Optical Gas Imaging Camera calibrated, LED Security Flood Lights "

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

Strategic Theme	Objective	Key Performance Indicators	Activities for FY 2023/2024	Achievements
		% of completed transmission infrastructure commissioned	Test, Commission and take over 19 completed transmission lines and 16 substations	Commissioning tests undertaken for the following projects; <ol style="list-style-type: none"> 1. 132kV Isinya Namanga 2. 220kV Turkwel-Ortum 3. 400/220kV Mariakani 4. 132/33kV Oloitoktok 5. 220/66kV Kimuka substations,
Undertake System Operator Functions	To manage the grid and facilitate power exchange effectively and efficiently	% of planned activities implemented	Carry out power market operations and related activities	<ol style="list-style-type: none"> 1. Members of the Power Market Committee attended a study visit to Copenhagen, Denmark in August 2023. 2. Participated in the workshop on Power market development organized by EPRA in January 2024 3. Participated in virtual meetings to prepare a country position paper on the Market Operator under EAPP in preparation Council of Ministers' meeting held in February 2024. 4. Participated in workshop on the development of Draft Market Rules and Legal Documents in Dar es Salaam in May 2024 5. Participated in a workshop to review Draft Power Market Rules and Other Agreements in Kigali, Rwanda in June 2024. 6. Contractor to develop NSCC procured. Draft Contract submitted to AG's Office, awaiting no objection from Financier(AFD)
Enhance Organizational Capacity and Governance	To strengthen capacity for effective organizational development and good governance	% of staff trained	Undertake TNA and ensure capacity building for each staff at least once per year	Staff training projection for the year 2023/24 approved. 331 No of staff trained Out of 516No staff establishment

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

Strategic Theme	Objective	Key Performance Indicators	Activities for FY 2023/2024	Achievements
		Level of compliance	Periodic financial audits and ascertain compliance level	Reviewed draft financial statement for the period end 30th June 2023
		No. of almanac	Develop and implement board work plan and calendar of activities	The Board workplan and calendar of activities was developed and approved for FY 2023/24
		% level of compliance	Undertake Bi-annual legal and governance audit to ascertain compliance and performance	Consultants procured and undertook the bi-annual legal and governance audits.
		No. of board sensitizations	Undertake 4 Board sensitization on the structure system of rules, practices, and processes of the company	Board members were sensitized on the structure system of rules, practices, and processes of the company during their quarterly meetings.
		No of board sensitization	Undertake 4 Board capacity sensitization on good corporate governance to reinforce best practice on stewardship, leadership, direction and control	Board members were sensitized on a quarterly basis on corporate governance & audit, risk, and PPPs.
		% of resources mobilized	Explore climate investment and green climate fund and target to attain Kshs. 70 million per year	1. Climate investment Fund Proposal developed to tap into Renewable Energy Integration program which was approved with estimated Funding of MUS\$2.5 in phase one and leveraged Financing of MUS\$13 in phase two 2. Rabai and Suswa STATCOM. 400/220kV Kimuka substation and its LILO financed by The World Bank under green Fund with an estimate of 104,951 Euros.
		% of resources mobilized	Mobilize Kshs. 36,687 million of External financial resources from PPP, Monetization, Exchequer and Development partners	External Financial resources of Kshs. 14,112 million Mobilised (Exchequer -Kshs 3,831.00 Million, Development Partner Kshs 10,281.00 Million)

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

Strategic Theme	Objective	Key Performance Indicators	Activities for FY 2023/2024	Achievements
		% of resources mobilized	Mobilize Internal financial resources from fibre optic, wheeling revenue and other incomes to attain Kshs. 5,711 million	Revenue of Kshs.5,904 million (Fibre optics of Kshs. 280 million, wheeling revenue of Kshs. 5,216 million and other incomes of Kshs. 408 million)
		No. of reports	Enhance all activities on corporate communication, branding, company image/reputation and report monthly	<p>4 reports received from Edge and Motion group PR Agency on Corporate communication, branding activities, company image and reputation.</p> <p>Corporate communication; EnM provided media relations services during Commissioning of Kimuka substation, Nairobi ring aerial tour, and Digitally Fit Awards.</p> <p>Branding: EnM provided event management where branding, content development, catering and hospitality, and media support services were provided.</p>
		% level of implementation	Develop and build organizational capacity on implementation of stakeholder engagement plan	<p>Held a meeting with Ag. Marsabit County Commissioner and large power consumers in Marsabit County in May 2024 at the County commissioner's office.</p> <p>Participated in the Engineering Partnerships convention held at Dedan Kimathi University of Technology in Nyeri in May 2024</p>

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

Strategic Theme	Objective	Key Performance Indicators	Activities for FY 2023/2024	Achievements
		% level of implementation	Enhance and implement Enterprise Risk Management (ERM) system	<p>Finalized the Enterprise Risk Management Policy and Risk Management framework and submitted to the Board for approval.</p> <p>Reviewed departmental risk registers.</p> <p>Undertook project risk assessments for Mariakani substation and Rabai-Bamburi-Kilifi TL.</p> <p>Sensitized the Board and Risk Management Committee on ERM</p>
		% level of implementation	Develop and maintain ICT business systems and infrastructure	Undertook a baseline assessment on level of automation and digitalization in the company
		% level of enhancement	Enhance, Digitize, and build organizational capacity on knowledge and records management.	Indexed 507 easements and scanned 4,598 personnel records. Managed various mail transactions including 721 outgoing mails and 1,890 internal mails, Scanned and uploaded 1,967 documents from Finance onto the Integrated Location Intelligence System.



CORPORATE GOVERNANCE STATEMENT

KETRACO is committed to upholding strong Corporate Governance practices across its operations. Our governance framework defines the structure and processes by which the Company is managed, ensuring transparency and accountability in decision making. This framework establishes fundamental principles that enable the Board to effectively oversee the Company's activities, ensuring that ethical decision-making and controls are in place. This approach helps balance the interests of all stakeholders, promoting the long-term sustainability and success of the company,

Appointment and Removal of Directors

As a Government-owned entity, KETRACO's Board appointments are made in accordance with Article 27 of the Constitution of Kenya and pursuant to paragraphs 2 and 3 of the Articles of Association of the Company which refers to the provisions of the State Corporations Act and which stipulates that the Board shall consist of the following persons:

- A non-executive Chairman appointed by the President.
- The Chief Executive appointed by the Cabinet Secretary for the time being responsible for Energy.
- The Principal Secretary for the time being responsible for Energy or his representative.
- The Cabinet Secretary in the Ministry for the time being responsible for Finance or his representative.
- Five other members from the private sector appointed by the Cabinet Secretary for the time being responsible for Energy.

Roles and Functions of the Board

The primary role of the Board is to ensure the long-term wealth and prosperity of the Company for the benefit of shareholders, customers, employees and other stakeholders. Other functions of the Board are as outlined within the Board Manual and the Mwongozo Code of Governance. The Directors' powers are exercised within the framework of the laws and regulations regulating State Corporations. The Board exercises leadership and good judgment in directing the Company so as to achieve the Company's objectives and is always obligated to act in the best interest of the Company. The Board is responsible for ensuring that the Company is financially viable and properly managed so as to protect and enhance the interests of the Company from time to time.

Board Meetings

As per the Annual Work Plan, the Board meets Quarterly or when necessary to consider matters relating to the overall control of the business. The Board's work plan and Calendar are prepared at the beginning of the year to ensure adequate notice, agenda and Board papers are circulated within the stipulated timelines.

The following tables show the number of board meetings held during the year and the attendance of individual directors.

Table 1: Board of Directors Meetings

No.	Name	Classification	Attendance
1	Mr. Abdi Duale	Chairperson	3
2	Capt. Mohamed M. Abdi	Chairperson	1
3	Dr. Eng John Mativo, MBS	Managing Director	4
4	Eng Thomas Karungu	Alternate to PS, State Department for Energy	4
5	Eng. Duncan Ndegwa Gathege	Alternate to CS National Treasury & Economic Planning	4

CORPORATE GOVERNANCE STATEMENT (CONT'D)

No.	Name	Classification	Attendance
6	Ms. Janerose Gatwiri Gitobu	Independent Director	4
7	Ms. Mercylynate Chepkirui Rotich	Independent Director	4
8	Ms. Judith Khamala Nyauncho	Independent Director	4
9	Hon. Kirwa Stephen Bitok	Independent Director	4

Table 2: Technical Committee Meetings

No	Name	Classification	Attendance
1.	Eng Michael B Malomba	Chairperson	6
2.	Ms. Judith Khamala Nyauncho		6
3.	Eng Thomas Karungu		6
4.	Dr. Eng John Mativo, MBS - MD		6

Table 3: Finance, Strategy & Risk Management Committee Meetings

No	Name	Classification	Attendance
1.	Ms. Janerose Gatwiri Gitobu	Chairperson	6
2.	Mr. Duncan Ndegwa Gathege		6
3.	Eng Michael B Malomba		6
4.	Dr. Eng John Mativo, MBS - MD		6

Table 4: Staff & Remuneration Committee Meetings

No	Name	Classification	Attendance
1.	Ms. Mercylynate Chepkirui Rotich	Chairperson	8
2.	Eng Thomas Karungu		8
3.	Ms. Janerose Gatwiri Gitobu		8
4.	Dr. Eng John Mativo, MBS - MD		8

Table 5: Audit & Risk Assurance Committee Meetings

No	Name	Classification	Attendance
1.	Hon. Kirwa S. Bitok	Chairperson	5
2.	Ms. Mercylynate Chepkirui		5
3.	Mr. Duncan Gathege		5

Board Charter

The Company Board is guided by the Board Charter that guides the Board members by defining their respective roles, responsibilities, and authority in setting the direction and control of the Company.

KETRACO has put in place mechanisms for a Corporate Governance framework that is outlined in the Board and Committee Charters approved by the Board. The framework ensures separation of functions and duties of the Board and shareholders, the duties of the Board and Management and the duties of the Chairman and Managing Director. The Charter further stipulates the individual and collective responsibilities, powers, duties, obligations and the liabilities of the Directors. The Charter provides policy direction on issues of accountability, transparency, value addition, legitimacy and overall credibility and business operations of the Company.

Induction and Capacity Building

Upon appointment to the Board and its Committees, all Directors undergo a comprehensive tailored induction program. This Program covers the Company's business, operations and regulatory framework ensuring that Directors acquire the skills and knowledge necessary to be effective in their roles. These skills are regularly updated through ongoing training, designed by the Company Secretary in consultation with the Chairperson. Where appropriate, benchmarking initiatives are conducted with the approval of the Ministry of Energy & Petroleum, providing the Board with the necessary exposure to effectively carry out the Company's mandate.

Board and Member Evaluation

The Board of Directors evaluates its performance by use of the criteria set out and provided by the State Corporations Advisory Committee (SCAC) in the standard tools for evaluation of Chairpersons, Directors the Chief Executive Officer & the Company Secretary annually.

Board Self Evaluation for the year 2023/2024 was undertaken within the 2023/24 Financial Year on 6th August 2024 through the State Corporations Information Management System platform. This was in respect of Directors who served during the period 2023/24.

Conflict of Interest

Directors are prohibited from placing themselves in a position where there is a conflict (actual or potential) between their duties to the Company and their personal interests (including the interest of a family member), the interest of any associated organization or person, or their duties to third parties. All Board members are required to declare their interest in any matter before the Board which might create a potential conflict of interest before such matter is considered and deliberated upon. Where a conflict of interest is declared, a Director is required to exclude himself/herself from any discussion or decision over the subject matter.

Board Remuneration

The Board of Directors are paid fees and allowances as remuneration for conducting official Company business that they may be called upon to undertake. The Directors' remuneration rates are as outlined in the State Corporations Act, the Salaries and Remuneration Commission and periodic government circulars. The fees are paid upon shareholders' approval at the Annual General Meeting.

Ethics and Conduct

The Company understands the importance of conducting its business in compliance with relevant legal and regulatory principles in order to imbed high ethical standards of business practice. At KETRACO, observation of the code and high standards of integrity is a mandatory requirement and employees are expected to observe the highest standards of professionalism. Each employee understands the need to embrace and practice good governance of the Company and to

CORPORATE GOVERNANCE STATEMENT (CONT'D)

maintain its standing for integrity both within and outside the workplace.

The Company's Code of Conduct underscores the essential values and strategies that govern the ethical and legal obligations of all employees and the Board of KETRACO. The Code of Conduct is premised on the Constitutional Provisions of Chapter Six (Leadership and Integrity), National Values, Public Officers Ethics Act and other relevant legislation governing the conduct of Public Officers.

Corporate Governance, Legal and Compliance Audit

To adhere to the global Corporate Governance practices the Company conducts Corporate Governance audits by an accredited external governance auditor in compliance with the applicable rules and regulations.

The Corporate Governance Audit generally entails a review of the following elements of corporate governance parameters: -

1. Ethical leadership and strategic management
2. Transparency and disclosure
3. Compliance with laws and regulations
4. Financial reporting
5. Board independence and governance
6. Board policies, systems, practices, and procedures
7. Consistent shareholder and stakeholder value enhancement
8. Corporate social responsibility and investment
9. Sustainability

Whistle-blowing Policy

KETRACO has a Whistle Blowing Policy which is designed to enable employees, stakeholders and the general public to raise concerns without fear of suffering retribution. The Policy provides for a transparent, reliable, and confidential process for dealing with concerns regarding malpractice or any unethical behavior.

MANAGEMENT DISCUSSIONS AND ANALYSIS FOR THE YEAR ENDED 30 JUNE 2024

KETRACO signed a performance contract with the Government of Kenya through the Ministry of Energy and Petroleum for the financial year ending June 2024. The targets align with the country's Vision 2030 goals, MTP IV and the Company's Strategic Plan for the period 2023/24-2027/28. This section highlights the Company's operations performance and achievements in the reporting period.

FINANCIAL STEWARDSHIP AND FISCAL DISCIPLINE

Absorption of Government of Kenya and Internally Generated Funds

The Company's absorption rate of Government of Kenya and Internally generated funds was 80.26% at Kshs 3,151.87 million against a target of Kshs. 3,927.07 million. Absorption was largely affected by wayleave acquisition challenges, court cases and delays in disbursement of funds by the National Treasury.

Absorption of Externally Mobilized Resources

The Company utilized Kshs. 12,127.22 million with an absorption rate of 84.57% against a target of Kshs. 14,339.86 million for the reporting period. The low absorption was mainly caused by delays in the disbursement of funds from the National Treasury, litigations that led to suspension of works, and underperformance by the contractors in some projects.

Appropriation-in-Aid

KETRACO's revenue is generated from development budget, operation and maintenance revenue and fiber optic leasing revenues. In the reporting period, the company generated revenue of Kshs. 5,920.9 million, against a target of Kshs. 5,545 million.

Pending Bills

KETRACO had an outstanding pending bill of KES 22,170 million, with a target not to incur additional pending bills of more than 1% of the approved budget. At the end of the financial year, KETRACO successfully managed to reduce the pending bills and close up at KES 22,044 Million.

SERVICE DELIVERY

Implementation of Citizens' Service Delivery Charter

The citizen's service delivery charter for the company was displayed, both in English and Kiswahili at all reception points of the company offices. The Charter was also customized to unique needs and convenient access of the customers by translating the Charter into braille, deploying sign language interpreters, providing audio recordings, and uploading the Charter on KETRACO'S online platforms. Continuous sensitization to staff about the charter was undertaken throughout the year.

Digitization of Government Services

KETRACO established a Digitization Committee to Identify and prioritize citizen-facing and back-office services that qualify for digitalization. The Company has also re-engineered the Supplier invoice management module, Supplier onboarding registration module, Visitors management platform and business processes to achieve improvements in productivity, cycle times, quality, and employee and customer satisfaction. The Company also digitized at least 25% of the identified services, including the Integrated Location Intelligence System, supplier performance and supplier feedback management, and supplier onboarding.

MANAGEMENT DISCUSSIONS AND ANALYSIS FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

Resolution of Public complaints

In the year under review, KETRACO addressed several public complaints and attained a score of 99% on the resolution of public complaints as evaluated by the Commission of Administrative Justice (CAJ). Quarterly reports on resolving public complaints were timely submitted to the Commission.

CORE MANDATE

Vision 2030 Flagship Projects/Big Four Agenda Initiatives/Priority Projects

KETRACO made progress in the implementation of key ongoing projects. Below is a summary of the progress status of ongoing projects.

1. Vision 2030 Flagship Projects/Big Four Agenda Initiatives/Priority Projects

a. Electricity transmission network expanded and upgraded: Transmission Lines Completed

Project name	Target (FY 2023/24)	Achievement in the FY
431km 132kV Power Transmission System Improvement Projects	To string 46km	-
96km, 400kV double circuit Kenya-Tanzania Power Interconnection Project	To string 31km	31km
96km 132kV single circuit Isinya-Namanga TL	To string 24km	24km
70km 132kV Nanyuki-Isiolo Transmission line	To string 15km	18km
107km 132kV Sultan Hamud-Oloitoktok	To string 38km	38km

b. Electricity transmission network expanded and upgraded: Substation Constructed

Project name	Target (FY 2023/24)	Achievement in the FY
220/66kV Malaa Substation	100%	96%
400/220kV Mariakani Substation	100%	99%
220/132kV Turkwel Substation	100%	100%
220/33kV Ortum Substation	100%	100%
220/132kV Kitale Substation	100%	50%

c. Other Priority projects

Project name	Target (FY 2023/24)	Achievement in the FY
17km 132kV Nanyuki Underground Cable	65%	18.08%
National System Control Centre	5.5%	5.25%
400kV Makindu Substation	5%	3.50%
Kenya Power Transmission Expansion Project Constructed (Isinya-Konza, Awendo-Masaba, Sultan Hamud-Oloitoktok)	7%	5.83%
100km 132kV Sondu-Homabay (Ndhiwa)-Awendo	9%	8.17%

MANAGEMENT DISCUSSIONS AND ANALYSIS FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

d. Bottom-up Economic Transformation Agenda (BETA) Project

Project name	Target (FY 2023/24)	Achievement in the FY
61km 132kV Rabai-Bamburi-Kilifi Transmission project	13.00%	12%
53km 220kV Dongo Kundu-Mariakani Transmission project	10.00%	4.81%
132kV Narok-Bomet Transmission project	10%	9%

2. Substation and transmission lines technical specifications updated

Standard technical specifications for substations and transmission lines were reviewed and updated within the year.

3. Project Feasibility Studies Completed

Feasibility studies for 132kV Meru-Maua, 132kV Juja Rd-Ruaraka upgrade, 132kV Musaga-Webuye upgrade and 132kV Webuye-Kitale transmission projects were undertaken, and reports drafted and signed.

4. Transmission System Availability

Transmission lines and substation transformers were available at 99.84% and 99.75% respectively throughout the year, higher than the annual target of 99.50%.

The average annual number of forced outages on all the transmission lines was 0.02 which was within the annual target of 0.025. SCADA, telecommunications, and fiber network availability was 98.28% which was below the industry best practice of 99.50%, primarily caused by some of the substations being offline at different times of the year.

Telecommunications and Fiber Network availability target was also not met majorly because of the fiber cuts on the Loiyangalani-Suswa and Ethiopia-Kenya links.

5. Strategic Plan Developed

During the reporting period, the Company developed a five-year plan Strategic Plan 2023-2027 and uploaded the document on the Company website. The Strategic Plan was officially launched on 21st December 2023.

6. Science, Technology and Innovation (STI) Mainstreaming

A Science, Technology, and Innovation (STI) strategy was implemented using the template provided by the National Commission for Science, Technology and Innovation (NACOSTI). Sensitization of staff on mainstreaming STI was undertaken and a workshop to build capacity for focal point persons held in the year. The annual work plan for STI mainstreaming was developed and implemented. Quarterly and annual reports were submitted to the Commission using the STI mainstreaming reporting template.

7. Project Completion Rate

The Company committed to implementing two non-core projects including the construction of three housing Units for Critical Infrastructure Policing Unit officers at Athi River, Garsen and Mwingi substations and the construction of a perimeter wall at Athi River substation by June 2024. A perimeter wall was constructed at Athi River Substation during the year. The construction of housing Units is 62.50% complete.

MANAGEMENT DISCUSSIONS AND ANALYSIS FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

8. Implementation of Presidential Directives

KETRACO constituted a tree planting implementation committee to plan, monitor and evaluate the presidential directive of the national tree growing and restoration campaign to grow 15 billion trees for restoration of 10.6 million hectares by 2032. KETRACO oversaw the planting of 210,000 tree seedlings in the year under different initiatives such as the National Tree Planting Day, Jumbo Charge eco-drive, and the World Environment Day/week at Kabunda Forest, Mt. Elgon Black A, Ontulili Forest, Kibwezi forest, Aberdare forforest, Kawi Complex, Londiani Forest, Kiptogot Forest, Mt Elgon and KETRACO substations such as Narok, Bomet, Sotik, Awendo, Ndhiwa, and Kibos.

In addition, KETRACO has been promoting public sector for locally manufactured textiles as a presidential directive by encouraging staff to wear locally produced garments at least once a week.

9. Access to Government Procurement Opportunities (AGPO)

KETRACO awarded Kshs. 280.831 million of the total procurement budgets to Youth, women, and persons with disabilities, against an annual target of Kshs. 243.21 million.

10. Promotion of Local Content in Procurement

KETRACO committed to the allocation and actual award of at least 40% of the procurement budget worth Kshs 1,323.1 million in the year ending June 2024 for goods and services produced locally as provided in the annual procurement plan. The company surpassed this target by procuring goods and services worth Kshs.1,697.9 million throughout the year for different activities in the company.

CROSS-CUTTING ISSUES

1. Asset management

The Company, through its Board of Directors, is committed to the implementation of effective asset management structures and systems to ensure responsible handling of public assets, maximizing their economic and social benefits. In this regard, the Company maintained and updated asset registers as prescribed by the templates issued by the National Treasury and Economic Planning. Quarterly and annual reports were submitted to the Ministry of National Treasury and Planning.

2. Youth Internships/Industrial Attachments/Apprenticeships

KETRACO continues to support educational and professional development among tertiary students. In the year ending June 2024, the company offered 192 industrial attachments to students, against an annual target of 170 attachments.

3. Competence Development

During the reporting period, the company prepared annual staff training projections. The company executed the interventions to address the identified skills gaps and training needs by recruiting staff and approving different trainings for staff. The Company also approved 138 staff to attend various CPD trainings for various professional bodies such as ICPAK, EBK/IEK and KISM. Staff performance appraisal for employees for the year ending June 2023 was also undertaken.

4. National Values and Principles of Governance

KETRACO undertook various activities to fulfill the 2022 Annual President's Report on National Values and Principles of Governance. These include implementation of various measures to support the five pillars of the government plan as outlined in Bottom-up Economic Transformation Agenda (2022-2027); enhanced adherence to the provisions of Article 10 of the Constitution through civic education, training, and sensitization and mainstreaming of national values and principles of governance; Environmental and Social Impact Assessment (ESIA) before project implementation for Mariakani-Dongo Kundu

MANAGEMENT DISCUSSIONS AND ANALYSIS FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

Transmission project, monitoring the implementation of Environmental and Social Management Plan (ESMP) during the implementation process of Kenya-Tanzania, Sondu-Homabay, and Nanyuki-Isiolo-Meru transmission lines.

5. Road Safety Mainstreaming

During the reporting year, the Company developed and implemented an annual road safety implementation plan based on the road safety policy. Some of the key achievements include improvement in the safety of the staff members by installing/ updating the speed governors on 8 company vehicles and replacing worn-out seatbelts in 10 company motor vehicles. Besides, 8 company commercial motor vehicles underwent annual inspection by NTSA to guarantee safety. Quarterly reports were also submitted to the National Transport and Safety Authority in the prescribed format within 15 days after the end of each quarter.



ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Kenya Electricity Transmission Company Limited (KETRACO) is mandated to plan, design, construct, own, operate and maintain the country's high-voltage electricity grid and regional power interconnectors. This primary objective must; however, be twinned with positive impacts on societies that such businesses operate in. These positive impacts include the creation of employment opportunities, provision of goods and services, contribution to the economy by paying taxes, contribution towards the development of infrastructure and improvement of quality of life for the people.

KETRACO, being an obliging and proactive Company, has mainstreamed environmental stewardship and corporate social responsibility (CSR) in its operations. Beyond grid matters, the Company has expanded its jurisdiction to improve the well-being of humanity, impact society to be better, and conserve the environment.

This deliberate move is necessary because humanity saps from the environment and it is the society that gives us a "license to operate." This license is necessary for continued security and room to operate long after our transmission projects construction are over.

Our approach

KETRACO's approach as stewards of nature and mainstream of CSR is focused on identifying and formulating projects guided by principles of internal policies, national legislation and international best practice. To this end, the Company consulted widely internally and beyond on best practices in order to make sustainability an integral part of its undertakings. During the financial year under review, social, economic and environmental issues were addressed.

Below is a brief highlight of our achievements in each pillar: -

1. Sustainability strategy and profile

KETRACO ensured that its operations were carried out professionally and in a humane manner, considering that the implementation of electricity transmission projects involves the acquisition of land for substations and wayleaves for the lines. This necessitates compensation and at times resettlement of the Projects Affected Persons (PAPs) hence the need to expedite the process harmoniously. In addition, KETRACO actively participated in several engagements with various stakeholders towards ensuring environmentally acceptable, socially sound projects that place communities and nature at the center of decision-making.

This was evident in key areas such as education, health and environmental conservation. In addition, KETRACO offered youth internship opportunities to fresh graduates and industrial attachments to ongoing University students to transfer skills and future career preparation.

2. Environmental and Social Sustainability

Environmental and Social Compliance

KETRACO is committed to sustainable operations in alignment with relevant legislation, including the Environmental Management and Coordination Act (EMCA) 1999 (2015 revision), the Climate Change Act 2016 (2023 revision), the Sustainable Waste Management Act 2021, the Land Act 2012 among other relevant regulations. To ensure adherence to these laws and promote responsible environmental stewardship, the company has undertaken the following initiatives.

Between July 2023 and June 2024, KETRACO completed twelve (12) Environmental and Social Impact Assessment (ESIAs), ensuring that new projects meet environmental and social requirements.

The company conducted 20 Environmental and Social Management Plan monitoring activities for projects under construction and four (4) environmental audits for completed and commissioned projects to track compliance and assess the effectiveness

ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)

of its sustainability measures.

Development of an operational framework

KETRACO has developed and reviewed its Environmental and Social Management Framework to enhance its sustainability practices and compliance with current regulations.

Wayleave Compensation Regulations development

The Company contributed to the development and review of the Draft Public Rights of Way Compensation Regulations 2023, aiming to address land-related concerns in project implementation.

Integration of Environmental and Social Considerations

Environmental and social considerations have been integrated into several feasibility studies, including the proposed transmission lines for Meru-Maua, Musaga-Webuye-Kitale, Sotik Kilgoris, Juja Ruaraka, and Kieni Chogoria.

Community Sensitization and Awareness

The Company recognizes the importance of community engagement in promoting environmental awareness. A total of 105 community sensitization meetings were held across various projects, fostering greater understanding and involvement of local communities in environmental issues.

Climate Change Mainstreaming

KETRACO is actively involved in climate change mitigation and adaptation efforts through several key initiatives:

Tree Planting Activities: The company has participated in the National Tree Planting and Restoration Program in collaboration with the State Department for Forestry. Notably, 211,000 seedlings were planted across Kabunda Forest, Mt. Elgon, Ontulili Meru County, Kibwezi Forest, Aberdare Forest, and Bungoma. Additionally, 3,000 seedlings were distributed to staff for home planting.

Land Allocation for Tree Growing: 330 hectares of land were allocated to KETRACO within Londiani Forest for the growth of 330,000 indigenous trees by end of 2025, contributing to reforestation and habitat restoration efforts.

Climate Workshops and Training: KETRACO took part in the Climate Adaptation for Infrastructure Development workshop at the Wangari Maathai Institute and a multi-agency workshop on Carbon Markets convened by NETFUND.

Corporate Social Responsibility (CSR) Integration

The Company has integrated Corporate Social Responsibility (CSR) into the conceptualization of the KTNIP projects. This includes:

- Offering scholarships for Technical and Vocational Education and Training (TVET) to potential students from project areas, thereby supporting local education and skill development.
- Incorporating tree-growing initiatives into project plans (at least 90,000 trees), with contractors required to implement these plans and KETRACO providing oversight and supervision to ensure successful execution.

Renewable Energy Contribution

In line with its commitment to sustainable energy practices, the Company facilitated the evacuation of energy supplied to the national grid from renewable sources. Between July and December 2023, the Company's contribution to Kenya's energy mix

ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)

reached an impressive 84.94%, underscoring its role in advancing the country's renewable energy goals.

3. Safety and Security Measures

During the year ended 30 June 2024, the Company achieved the following;

- Promotion of safe work through effective incident and accident investigations, OSH inspections /audits, robust risk assessment and monitoring implementations of corrective actions for both operational sites and sites under construction. Contributing towards sustainability of KETRACO projects and mandate including public safety
- Sensitized/trained staff and contracted personnel on workplace safety and health measures in the offices and substations. As well as dissemination of vital OSH information to employees.
- Enhanced public safety by listening to safety and health concerns of employees and other stakeholders and guiding appropriately.
- Reviewed and developed the Company's Occupational Safety and Health Policy.
- The Section played a key role in ensuring safety and health during the completion and energization of the Sabaki River crossing restoration work.



REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2024

The Directors have the pleasure of presenting their report together with the audited financial statements of Kenya Electricity Transmission Company Limited (the "Company") for the year ended 30 June 2024 which show its state of affairs.

i) Principal activities

The principal activity of the Company is to plan, design, construct, own, operate and maintain electricity transmission infrastructure that forms the backbone of Kenya's National Transmission Grid, build interconnectors to facilitate regional power trade, and to wheel electricity to The Kenya Power and Lighting Company Limited and other end users from generators who produce power in bulk.

ii) Results

The results of the entity for the year ended June 30, 2024, are set out on page 74 Below is a summary of the profit or loss made during the year.

	2024	2023
	KShs'000	KShs'000
Profit before taxation	3,583,459	(4,110,382)
Taxation credit/(charge)	629,855	223,468
Profit/(Loss)for the year transferred to retained earnings	2,953,604	(3,886,914)

iii) Dividends

The Directors do not recommend the payment of a dividend in respect of the financial year 2023/2024. No dividend was paid in the previous financial year, 2022/2023.

iv) Directors

The members of the Board of Directors who served during the year and to the date of this report are set out on page 4.

v) Auditors

The Auditor-General is responsible for the Company's statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board



Corporate Secretary/Secretary to the Board

23/12/2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the Kenyan Companies Act require the Directors to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that the entity keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the entity. The Directors are also responsible for safeguarding the assets of the entity.

The Directors are responsible for the preparation and presentation of the KETRACO financial statements, which give a true and fair view of the state of affairs of the entity for and as of the end of the financial year (period) ended on June 30, 2024. This responsibility includes:

1. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
2. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity.
3. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.
4. Safeguarding the assets of the entity.
5. Selecting and applying appropriate accounting policies.
6. Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the KETRACO financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the Kenyan Companies Act.

The Directors are of the opinion that the KETRACO financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2024, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

KETRACO financial statements were approved by the Board on 23/12/2024 and signed on its behalf by:



Capt. Mohamed M. Abdi – Chairman



Dr Eng. John Mativo – Managing Director



REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY TRANSMISSION COMPANY (KETRACO) LIMITED FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

Report of the Auditor-General on Kenya Electricity Transmission Company Limited for the year ended 30 June, 2024

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS (CONT'D)

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Electricity Transmission Company Limited set out on pages 1 to 48, which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Electricity Transmission Company Limited as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Material Uncertainty Relating to Going Concern

The statement of financial positions reflects a balance of Kshs.35,784,651,000 in respect of current liabilities. The current liabilities balance exceeds the current assets of Kshs.19,727,070,000 by Kshs.16,057,581,000, an indication that the Company was in a net liability position and may not be able to settle liabilities when they fall due. This condition indicates material uncertainty regarding the Company's ability to continue as a going concern.

In addition, Management did not disclose the material uncertainties in the financial statements as required by the International Accounting Standard (IAS) 1 - Presentation of Financial Statements.

In the circumstances, the Company's ability to continue operating as a going concern could not be confirmed.

2. Trade and Other Receivables

2.1 Unsupported Down Payments and Advances

The statement of financial position reflect a balance of Kshs.8,258,629,000 in respect of trade and other receivables and as also disclosed in Note 16(a) to the financial statements. Included in the balance are down payments amounting to Kshs.6,384,664,871. However, bank guarantees for down payments amounting to Kshs.2,923,455,706 had expired as at 30 June, 2020.

Report of the Auditor-General on Kenya Electricity Transmission Company Limited for the year ended 30 June, 2024

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS (CONT'D)

In the circumstances, the recoverability of trade and other receivables balance of Kshs.2,923,455,706 could not be confirmed.

2.2 Expenditure on Stationery and Office Supplies, Transmission Line Spares and Mortgage

The statement of financial position reflect a balance of Kshs.8,258,629,000 in respect to trade and other receivables as also disclosed in Note 16(a) to the financial statements. Included in the balance is Kshs.587,443,853 incurred as purchase of stationery and office supplies, transmission line spares and mortgage payments which do not form part of the receivables.

In the circumstances, the accuracy and completeness of trade and other receivables of balance of Kshs.8,258,629,000 could not be confirmed.

3. Long Outstanding Related Party Balances

The statement financial position reflects amount due to related parties balance of Kshs.3,360,264,000. The balance arose from services rendered and grant allocation by Kenya Power and Lighting Company (KPLC) as disclosed in Note 22 (a) to the financial statements. Further, Note 22 (b) to the financial statements reflects an amount payable to KPLC of Kshs.1,560,463,000 in relation to construction of Kisii – Chemosit line which was transferred to KETRACO in 2016.

In the circumstances, validity of the long outstanding related party balance of Kshs.1,560,463,000 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Electricity Transmission Company Limited Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1.0 Trade and Other Payables

As previously, reported, Note 26 to the financial statements reflects trade and other payables balance of Kshs.28,888,291,000. Included in the balance is an arbitrational award of Kshs.9,204,024,000 issued in favor of a contractor engaged by Management to undertake construction of a transmission line. The award if unsettled may further adversely affect the liquidity of the Company and is likely to negatively impact on service delivery. In addition, on 15 May, 2024, a creditor filed an insolvency petition against the Company at the Commercial and Admiralty Division of the High Court of Kenya in Nairobi. The matter was awaiting the Court determination.

Report of the Auditor-General on Kenya Electricity Transmission Company Limited for the year ended 30 June, 2024

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS (CONT'D)

2.0 Contingent Liability

As previously, Note 30 to the financial statements discloses that the Company's estimated contingent liabilities consist of ongoing court cases relating to contractors' claims and to acquisition of wayleaves amounting to Kshs.7,019,789,000 up from (2023 Kshs.1,732,862,000). According to Management, the status of these exposures is evaluated on a regular basis to assess the probability of incurring related liabilities. However, if these contingent liabilities crystalize, the Company may be exposed to unforeseen cost overruns, resulting in inability to meet its obligations when they fall due, which may impact on service delivery capacity.

My opinion is not modified with respect to these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Issues

In the audit of the previous year, several matters were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources and Report on effectiveness of Internal Controls, Risk Management and Governance. Although Management has indicated as having resolved some of those matters in Appendix 1 to the financial statements, no evidence was provided to support that status.

Other Information

The Directors are responsible for the other information set out on page iii to Li which comprise of Key Entity Information, The Board of Directors, Key Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Company's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

Report of the Auditor-General on Kenya Electricity Transmission Company Limited for the year ended 30 June, 2024

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS (CONT'D)

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Way-Leave Compensation

1.1 Long Outstanding Wayleave Compensation

The statement of financial position reflects a balance of Kshs.28,888,291,000 in respect to trade and other payables as further disclosed in Note 26 to the financial statements. Included in the balance is an amount of Kshs.1,632,215,959 in respect of land given to the Company for use as part of the power corridor. However, no compensation has been made in respect of the land since 2012. This is contrary to Regulation 23 (1) of Public Finance Management (National Government) Regulations, 2015 which requires adequate allocation of resources to programs.

In addition, project development services reports indicated that some of the wayleaves payable related to complete and commissioned projects for which no funds were being budgeted for. Similarly, delays in wayleaves compensation contributed to the delays and stalling of projects which resulted in escalation of project costs, litigations and contractor extension of time claims.

In the circumstances, Management was in breach of the law.

1.2 Double Wayleave Compensation

The statement of financial position reflects trade and other receivable balance of Kshs.8,258,629,000 as disclosed in Note 16(a) to the financial statements. The amount includes recoverable expenses of Kshs.10,407,658 being double payments to People Affected by Projects (PAPs) made between July, 2015 to June, 2022. Although Management has made full provision for the amount, the circumstances in which the double payments were made could not be confirmed. In addition, apart from a communication to the bank requesting reversal of the transactions, management has not provided evidence of any attempts to recover the money from the beneficiaries of the payment.

In the circumstances, the recoverability of the expenditure amounting to Kshs.10,407,658 and value for money could not be confirmed.

Report of the Auditor-General on Kenya Electricity Transmission Company Limited for the year ended 30 June, 2024

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS (CONT'D)

2. Non-Compliance with Loan Novation Agreement

The statement of financial position reflects current and non-current borrowings amounting to Kshs.1,831,760,000 and Kshs.1,895,448,000 respectively as disclosed in Note 25 to the financial statements. Review of the borrowings revealed long outstanding loan of RMB YUAN 145,669,690.02 (Kshs.2,823,136,860) arising from novation agreement between KETRACO, Kenya Power and Lighting Company Limited (KPLC) and the Government of the Republic of Kenya, on 19 October, 2016 for transfer of Kamburu – Meru and Kisii – Chemosit 132 KV transmission lines. As at 30 June, 2024, the loan had accumulated an interest totaling to Kshs.467,084,822.27.

The novation agreement provided that KETRACO would pay the principal amount of the subsidiary loan and interest on the drawn and outstanding loan amount at a rate of two and half (2.5%) per annum; and pay a commitment fee calculated at the rate of 0.25% per annum on the undrawn and uncanceled balance of the subsidiary loan. However, no payments had been made to honor the agreement which continues to accumulate interest.

Although management has written to both the energy sector regulator, Energy and Petroleum Regulatory Authority (EPRA) and The National Treasury for additional tariff consideration to be used in repaying the loan and a change of loan terms respectively, no response had been received at the time of the audit.

In the circumstances, the ability of the Company to meet obligations set out in the novation agreement could not be ascertained.

3. Non-Submission of Car Loan and Mortgage Scheme Financial Statements

During the year under review, the Company operated a car loan and mortgage scheme administered by a Savings and Credit Cooperative (SACCO). As at 30 June, 2024 the Company had transferred a total of Kshs.583,729,500 to the SACCO for the Mortgage and Car Loans facility as part of the trade and other receivables balance of Kshs. 8,258,629,000. However, financial statements of the Scheme were not submitted for audit as required by the Salaries and Remuneration Commission circular issued on 17 December, 2014 on car loan and mortgage schemes for state officers and other public officers of Government of Kenya.

In the circumstances, Management was in breach of the law.

4. Excess Board Meetings

During the year under review, the Company Board of Directors held twenty-six (26) full board meetings instead of a maximum of six (6) provided for in Office of the President Circular reference number OP/CAB.9/1A dated 11 March, 2020. No approval of Cabinet Secretary was provided for the 20 additional meetings for which an expenditure of Kshs.3,120,000 was incurred.

In the circumstances, Management was in breach of the law.

Report of the Auditor-General on Kenya Electricity Transmission Company Limited for the year ended 30 June, 2024

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS (CONT'D)

5. Non-Contribution Energy Environment and Social Responsibility Program Fund

Management had committed to make a contribution of Kshs.5,000,000 annually towards the Kenya Energy Environment and Social Responsibility Programme Fund in 2019 within a period of 10 years. As at 30 June, 2024, the expected contribution for five (5) was Kshs.2,500,000. However, Management did not make any contribution towards the Fund.

In the circumstances, the management was in breach of the Fund contribution agreement terms.

6. Projects Field Verification

6.1 Nanyuki-Rimuruti Underground Cable Project

Management contracted a consortium of foreign companies on the 24 March, 2022 to undertake design, supply and erection of 132KV underground cable for Approximately 16.8 Km section of Nanyuki - Rumuruti Transmission Line and 4.2 Km section of Nanyuki - Isiolo Transmission Line at a contract price of USD 14,307,500 foreign component (FC) and Kshs.393,930,589 Local Component (LC) with a duration of 12 months from the effective date 22 May, 2022. Review of loan ledger revealed an advance payment to one of the Consortium Companies amounting to Kshs.421,105,644 between April and November, 2023. The project commencement period was indicated as 23 May, 2023 with a revised completion date given as 30 June, 2025.

Project status report provided indicated the project is 19.65% completed. A site visit in December, 2024 revealed that the contractor had mobilized equipment, civil works had started and trench of around 700 meters had been done. However, cable laying had not started. In addition, the project verification revealed the contractor had stopped works due to registration hitches with the Engineering Board of Kenya (EBK). With the completion date set for 30 June, 2025, it was not unclear if the contractor will meet the targeted completion timelines.

In the circumstances, value for money on expenditure made in respect of the project could not be confirmed.

6.2 Stalled Lessos - Tororo Kenya Uganda Interconnector Line

Management contracted a foreign Company to undertake construction of 400KV Lessos - Tororo Transmission Line and extension of an existing substation at Lessos on 16 April, 2013 for contract price of EURO15,474,158.00 (FC) and Kshs.581,311,169 (LC) for Lot A and EURO.8,745,846 (FC) and Kshs.357,846,741.10 (LC) for Lot B involving construction of 400KV the Lessos Tororo electricity transmission line and extension of an existing substation at Lessos respectively.

The contract was terminated on 25 April, 2016, after which the matter was referred to arbitration where the contractor was awarded EURO.30,887,820.39 (Kshs.4,262,519,213) plus interest of EURO.6,477,870.77 (Kshs.893,946,166). The loan continues to attract further interest of 12% per annum from the date of award on 30 September, 2019 until full payment. The project status report as at 30 June, 2024

Report of the Auditor-General on Kenya Electricity Transmission Company Limited for the year ended 30 June, 2024

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS (CONT'D)

indicated that the transmission line overall completion was at 37% while the substation works were 55% complete. In addition, 98% of transmission materials had been manufactured and shipped while manufacturing and shipping of substation materials were 87% complete.

Field inspection carried in December, 2024, revealed the project has remained stalled. At the time of audit in December 2024, eight (8) years from the date of termination of the contract, Management was yet to secure a new contractor to complete the project.

In the circumstances, the value for money incurred in the project could not be confirmed.

6.3 Namanga Substation

Field verification carried out in December, 2024 revealed that there was lack of an access road to Namanga sub-station which poses significant challenges and risks. Similarly, there was no reliable route for which routine maintenance and emergency response leading to potential delays in addressing technical faults or security incidents. This situation increases the vulnerability of the sub-station to extended downtime, disruptions. Additionally, the absence of proper access road affected transportation of essential equipment and materials needed for repairs,

In the circumstances, the existence and sufficiency of effective measures to respond to emergencies could not be confirmed security breaches, or natural disasters, which can lead to prolonged service interruptions.

7. Land Without Titles

Review of a fixed asset register revealed that substations are carried at a cost of Kshs. 14,337,478,859. However, the substations were constructed in land owned by related entities.

In the circumstances, effective control and use of the facilities located in land owned by other entities could not be confirmed.

8. Delays in Transfer of Energy Dispatch System Operator

As previously reported, on 14 January, 2022, the Energy and Petroleum Regulatory Authority through a gazette notice designated the Kenya Electricity Transmission Company Limited (KETRACO) as the System Operator, responsible for matching consumer's requirements or demand with electrical energy availability or supply, maintaining electric power system security and arranging for the dispatch process. However, as at the time of concluding the in December 2024, KETRACO was yet to take over the role from Kenya Power and Lighting Company, more than two years after the gazette notice was published and does not look to take over its mandate within the near future.

Further it was noted that the Company may not have the capacity to take over the role as it lacks the infrastructural and technical capacity to perform the role as presently constituted.

Report of the Auditor-General on Kenya Electricity Transmission Company Limited for the year ended 30 June, 2024

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS (CONT'D)

In the circumstances, the entity was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect(s) of the matter(s) described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Security of Transmission Assets

Review of Management reports on security of KETRACO assets for the year under review revealed that the Company had recorded an exposure risk of vandalism and theft. Despite the company owning critical assets, adequate funds had not been allocated to mitigate identified security and vandalism threats.

In addition, Management had not put in place an integrated security system to monitor the security risks identified.

Further, it was noted that most substations were not guarded by Critical Infrastructure Police Unit (CIPU) officers, CCTV Surveillance system not in all substations and the company lacked Biometric access controls. Due to this weakness, KETRACO has experienced numerous vandalisms and theft in the year under review. In the circumstances, the existence and adequacy of appropriate security controls and response mechanisms could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Companies Act, 2015, I report, based on my audit, that:

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. The information given in the Directors' report on pages XXV to XXVIII is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on pages 31 has been properly prepared in accordance with the Companies Act, 2015.

The Companies Act, 2015 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Company's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors are responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance

Report of the Auditor-General on Kenya Electricity Transmission Company Limited for the year ended 30 June, 2024

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS (CONT'D)

and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024





STATEMENT OF PROFIT/LOSS & OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30TH JUNE 2024

		2024	2023
REVENUE	Notes	KShs' 000	KShs' 000
Revenue from contracts with customers	3	5,495,840	3,144,090
Grants from National Government	4 (a)	4,291,028	2,736,711
Other income	5	869,441	7,214
TOTAL REVENUE		10,656,309	5,888,015
OPERATING EXPENSES			
Administration costs	6 (a)	2,056,428	6,936,638
Distribution costs	7 (a)	915,696	364,978
Net movement in credit loss expense on financial assets	7 (b)	(165,174)	(899,597)
Depreciation of property and equipment	13	4,608,952	3,871,630
Amortization of intangible assets	14	37,769	42,042
TOTAL OPERATING EXPENSES		7,453,671	10,315,691
OPERATING (LOSS)/PROFIT		3,202,638	(4,427,676)
Finance income	9	425,058	382,419
Finance costs	10	(44,237)	(65,125)
(LOSS)/PROFIT BEFORE TAXATION		3,583,459	(4,110,382)
Income (tax expense)/credit	11(a)	(629,855)	223,468
(LOSS)/PROFIT FOR THE YEAR		2,953,604	(3,886,914)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year net of tax		2,953,604	(3,886,914)
Earnings per share – basic and diluted (KShs)		147.680	194.346

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	2024	2023
ASSETS		KShs'000	KShs'000
Non-current assets			
Property and equipment	13	223,455,619	217,371,537
Intangible assets	14	465,814	7,550
Right of use assets	15	224,717	212,084
Deferred tax asset	27	522,093	1,046,620
		224,668,243	218,637,791
Current assets			
Trade and other receivables	16(a)	8,258,629	10,592,580
Inventory	17	3,714	2,290
Corporate tax recoverable	11(c)	399,141	225,975
Amounts due from related parties	22(a)	3,360,264	2,580,592
Cash and bank balances	18	7,705,322	7,263,584
		19,727,070	20,665,021
TOTAL ASSETS		244,395,313	239,302,812
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	19	2,000	2,000
Retained earnings	20	- 1,599,547	- 5,411,496
		- 1,597,547	- 5,409,496
Non-current liabilities			
Deferred grant income	21(c)	207,194,588	201,795,644
Amount due to related parties	22(b)	816,608	816,608
Deferred revenue	23	155	155
Lease liabilities	24	301,410	297,813
Borrowings	25	1,895,448	2,683,022
		210,208,209	205,593,242
Current liabilities			
Borrowings	25	1,831,760	1,456,447
Deferred grant income	21(c)	4,291,028	2,736,711
Amount due to related parties	22(b)	743,855	743,855

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024 (CONT'D)

	Notes	2024	2023
Lease liabilities due within one year	24	29,717	28,457
Trade and other payables	26	28,888,291	34,153,596
		35,784,651	39,119,066
TOTAL EQUITY AND LIABILITIES		244,395,313	239,302,812

The financial statements were approved by the Board on 23/12/2024 and signed on its behalf by:



Capt. Mohamed M. Abdi
– Chairman



Dr Eng. John Mativo
– Managing Director



CPA Tom Imbo
General Manager Finance ICPAK M/No. 7039



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Share Capital	Retained Earnings	Revaluation Reserves	Total Equity
	KShs'000	KShs'000	KShs'000	KShs'000
At 30 June 2022	2,000	(1,524,582)	0	(1,522,582)
Total comprehensive loss for the year (restated)	0	(3,886,914)	0	(3,886,914)
At 30 June 2023	2,000	(5,411,496)	0	(5,409,496)
Total comprehensive income for the year	0	2,953,604	858,345	3,811,949
At 30 June 2024	2,000	(2,457,892)	858,345	(1,597,547)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024	2023
		KShs'000	KShs'000
Cash flows from operating activities			
Cash generated (used in)/generated from operations	28	- 1,014,268	6,230,395
Cash flows from investing activities			
Purchase of property and equipment	13	- 9,716,568	-15,005,828
Proceeds from sale	5	-	222
Net cash used in investing activities		- 9,716,568	-15,005,606
Cash flows from financing activities			
Grants received	21(b)	11,244,289	9,522,657
Payment of lease liability	24	- 24,085	-42,497
Repayment of borrowings	25	- 47,630	-43,230
Net cash generated from financing activities		11,172,574	9,436,930
Increase in cash and cash equivalents		441,738	661,719
Cash and cash equivalents at beginning of year		7,263,584	6,601,865
Cash and cash equivalents at end of year		7,705,322	7,263,584
Represented by:			
Cash and bank balances	18	7,705,322	7,263,584



STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

FOR THE PERIOD ENDED 30 JUNE 2024

	Details	Original Budget	Adjustments	Final Budget	Actual on Comparable basis	Budget Utilization Difference	% of Utilization	Remarks
		a	b	c	d	e=c-d	f=d/c %	
	Kshs.	000'						
	Revenue							
1	Wheeling Revenue	2,668,667	1,163,947	3,832,614	5,215,614	1,383,000	36%	Wheeling revenue was reviewed upwards by Energy Regulatory Authority
2	Government grants -Recurrent	-		-		-	0%	
3	Other Incomes -Fibre Optic	176,812	-	176,812	280,226	103,414	58%	New customers were onboarded during the year which lead to increase fibre revenue. For instance, Bandwith cloud services, Airtel
4	Other incomes - Interest Income and other income	153,521		153,521	1,294,499	1,140,978	743%	Increase in balances of monies held in company revenue and project accounts. The average interest rate for financial year 2023/24 was 6.4%. Unrealized foreign exchange gains due to strengthening of Kes against major currencies.
5	Amortization of grants	-	-	-	4,291,028	4,291,028		Amortization of grants not a budgetable item

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

FOR THE PERIOD ENDED 30 JUNE 2024 (CON'T)

	Details	Original Budget	Adjustments	Final Budget	Actual on Comparable basis	Budget Utilization Difference	% of Utilization	Remarks
		a	b	c	d	e=c-d	f=d/c %	
6	Total Revenue	2,999,000	1,163,947	4,162,947	11,081,368	6,918,421		
7	Expenses							
8	Bank charges	3,373		3,373	2,207	1,167	35%	The Company did not undertake all the planned activities
9	Directors fees and Expenses	30,000	-	30,000	29,842	158	1%	
10	Staff Costs	1,166,930	89,926	1,116,589	1,141,153	(24,564)	-2%	
11	Staff Traveling	49,597	143,640	193,238	187,655	5,583	3%	
12	Staff Training	50,983		50,983	21,707	29,276	57%	The Company did not undertake all the planned activities
13	Rent	17,000		17,000	247	16,753	99%	Reclassification of rent expense during computation of lease liability
14	Motor vehicle running cost	77,277	33,679	110,956	108,308	2,648	2%	
15	Depreciation	-		-	4,646,721	(4,646,721)		Depreciation not a budgetable item
16	Professional fees and consultancy	33,406	110,300	143,706	33,404	110,302	77%	The Company did not undertake all the planned activities
17	Administration and other operating costs	220,851	135,493	356,345	298,111	58,234	16%	Provision for bad debts are not budgetable items
18	Operation and maintenance costs	1,313,261	556,023	1,869,285	1,028,553	840,731	45%	The Company did not undertake all the planned activities
	Total Expenditure	2,962,680	1,069,062	3,891,475	7,497,908	(3,606,433)	70%	
	Surplus/Deficit	36,320	94,885	271,472	3,583,459			

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Statement of compliance

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 1. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity, and all values are rounded off to the nearest Kenya shillings. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (including any other applicable legislation), and the International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

(b) Application of New and Revised International Financial Reporting Standards (IFRS)

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	<p>The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.</p> <p>The Company does not issue insurance contracts. / The company is an insurance company. The adoption of IFRS 17 has not had any effect.</p>	Effective for annual periods beginning on or after 1st January 2023.
IAS 8- Accounting Policies, Errors, and Estimates	<p>The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.</p> <p>(Entity to state the effect of amendments on their financial statements for the year ended.)</p>	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Application of New and Revised International Financial Reporting Standards (IFRS (Cont'd))

Title	Description	Effective Date
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies. (entity to state whether this has brought about changes to the accounting policies disclosed)	The amendments are effective for annual periods beginning on or after January 1, 2023.

i) New and amended standards and interpretations in issue and effective in the year ended 30 June 2023)

Title	Description	Effective Date
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	The amendments are effective for annual periods beginning on or after January 1, 2023.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Title	Description
Amendments to IAS 16 - Property, Plant and Equipment-Proceeds before intended use	<p>These are amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.</p> <p>This amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Early application is permitted.</p> <p>An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The Directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Adoption of new and revised International Financial Reporting Standards (continued)

ii) New and revised standards that have been issued but are not yet effective (continued)

<p>Amendments to IFRS 3: Reference to the Conceptual Framework</p>	<p>The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.</p> <p>The changes in Reference to the Conceptual Framework are as follows;</p> <p>a) Update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;</p> <p>b) Add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and</p> <p>c) Add to IFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.</p> <p>The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references at the same time or earlier.</p> <p>The Directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.</p>
<p>Amendments to IAS 37: Onerous Contracts-Cost of Fulfilling a Contract</p>	<p>The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract)</p>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Adoption of new and revised International Financial Reporting Standards (continued)

ii) New and revised standards that have been issued but are not yet effective (continued)

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the Company's financial statements.

(c) Early adoption of standards

The Company did not early-adopt any new or amended standards in the year ended 30 June 2023.

(d) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenya Shillings, which is also the functional currency.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Revenue recognition

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of preparation (Cont'd)

1. Revenue from the sale of goods and services is recognized in the year in which the entity delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
2. Grants from the National Government are recognized in the year in which the entity actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
3. Finance income comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
4. Dividend income is recognized in the income statement in the year in which the right to receive the payment is established.
5. Rental income is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
6. Other income is recognized as it accrues.

In-kind contributions

In-kind contributions are donations that are made to the entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the entity includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

Property and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by National Treasury policy on assets depreciation are:

Capital work in progress	Nil
Transmission lines	2.5%
Substations	2.5%
Aircraft	7%
Machinery	12.5%
Tools and Equipment	12.5%
Furniture, fittings and office equipment	12.5%
Motor vehicles	25%
Computers and accessories	33.3%
Buildings	2.5%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of preparation (Cont'd)

Depreciation is not charged to land.

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

Revaluation of Property Plant and Equipment

The following categories of property plant and equipment are stated at fair value. IT Equipment, Office Furniture and Fittings, IT Software and Aircraft. Revaluations are performed by professional valuers at sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date. At the reporting date, the carrying amount of revalued property, plant and equipment and apply judgment to determine that these do not differ materially from that which would be determined using independent valuers at 30 June 2024.

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets
- Changes in the market in relation to the asset

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortization and impairment of intangible assets

Amortization is calculated on a straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition,

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of preparation (Cont'd)

investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Right of Use Asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. These bonds are measured at amortized cost/ at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL).

Quoted investments

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value through profit or loss (FVTPL).

Unquoted investments

Unquoted investments are measured at fair value through profit or loss (FVTPL).

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Trade and other receivables

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of preparation (Cont'd)

Taxation

i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of preparation (CONT'D)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorized public officers and/or institutions that were not surrendered or accounted for at the end of the financial year.

Borrowings

Interest-bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of the contractual value of the consideration to be paid in the future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees from July 1, 2023. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time per employee per month.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of preparation (CONT'D)

Provision for staff leave pay

Employees' entitlements to annual leave are recognized as they accrue at the employees. A provision is made for the estimated liability for annual leave at the reporting date.

Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Budget Information

The original budget for FY 2022/2023 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Appendix I of these financial statements.

Service Concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 29.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable to your organization e.g. provisions for bad debts, provisions of obsolete stocks and how management estimates these provisions).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2024	2023
	KShs'000	KShs'000
Wheeling revenue	5,215,614	2,970,101
Fibre revenue	280,226	173,989
	5,495,840	3,144,090

Wheeling revenue is based on a fixed amount approved by the Energy and Petroleum Regulatory Authority (EPRA).

4. GRANTS FROM NATIONAL GOVERNMENT

	2024	2023
	KShs'000	KShs'000
Capital grants realized (note 21(b))	4,291,028	2,736,711
	4,291,028	2,736,711

Capital grants recognized above relates to amortization of grants from National Government.

Recurrent grants	-	-
Project funding grants (note 21 (a))	940,140	1,264,750
	940,140	1,264,750

5. OTHER INCOME

Other income	31,340	7,214
Forex exchange gains	838,101	
	869,441	7,214

Other income mostly relates to staff housing rental income at Suswa and Isinya substation and insurance compensations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6.(a) ADMINISTRATION COSTS

	2024	2023
	KShs'000	KShs'000
Staff costs (note 6(b))	1,116,589	1,048,600
Directors' emoluments	29,842	22,826
Depreciation of right of use assets (note 15)	20,953	14,327
Electricity and water	33,204	13,608
Insurance costs	211,526	101,864
Other maintenance costs*	72,516	46,914
Rent and rates expenses	5,902	8,678
Security	116,046	104,553
Corporate communication, postage, telephone, printing and internet	4,503	3,923
Motor vehicle expenses and transport	108,308	63,772
Advertising, printing, stationery and photocopying	24,331	6,906
Staff training expenses	21,707	11,610
Hospitality supplies and services	13,455	12,877
Bank charges and commissions	2,207	1,995
Auditors' remuneration	6,552	13,043
Legal fees	-	111
Consultancy and Professional fees	26,124	7,205
Realized foreign exchange losses	47,362	257,377
Interest on arbitral award	-	2,393,203
Unrealized foreign exchange losses	-	2,643,058
Other operating expenses	195,301	160,188
	<hr/>	<hr/>
	2,056,428	6,936,638
	=====	=====

*Other maintenance costs include computer maintenance, building maintenance, generator maintenance, tools and equipment maintenance.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6.(b) STAFF COSTS

	2024	2023
	KShs'000	KShs'000
Salaries and allowances for permanent staff	953,601	933,174
Wages for temporary staff	7,366	2,673
Compulsory national social security schemes	6,206	2,527
Other pension contributions	66,860	40,955
Leave pay and gratuity provisions	40,237	44,583
Staff welfare	42,319	24,688
	_____	_____
Total	1,116,589	1,048,600
	_____	_____
The average number of staff at the end of the year was:		
Permanent staff – Management	492	438
Permanent staff – Support	74	81
	_____	_____
Total	566	519
	=====	=====

7.(a) DISTRIBUTION COSTS

	2024	2023
	KShs'000	KShs'000
Maintenance costs for transmission lines	838,921	320,049
Other maintenance costs**	76,775	44,929
	_____	_____
	915,696	364,978
	=====	=====
** Other Maintenance costs relates to maintenance of substation and fibre		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7.(b) CREDIT LOSS EXPENSES ON FINANCIAL ASSETS

	2024	2023
	KShs'000	KShs'000
Provision for ECL –Third parties	(9,498)	(17,024)
Provision for ECL –Cash and Bank	175	(517)
Provision for ECL – Related party	(155,851)	(882,056)
	(165,174)	(899,597)
	=====	=====

8. OPERATING PROFIT/(LOSS)

	2024	2023
	KShs'000	KShs'000
Profit for the year has been arrived at after charging:		
Directors' emoluments – fees (note 6(a))	29,842	22,826
Staff costs (note 6(b))	1,116,589	1,048,600
Depreciation of property and equipment (note 13)	4,608,952	3,871,630
Amortisation of intangible assets (note 14)	41,435	42,042
Depreciation of right of use assets (note 15)	20,953	14,327
Auditors' remuneration	6,552	13,043
Net foreign exchange loss	47,362	2,900,435

9. OPERATING PROFIT/(LOSS)

	2024	2023
	KShs'000	KShs'000
Interest income on bank balances	425,058	382,419
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. FINANCE COSTS

	2024	2023
	KShs'000	KShs'000
Interest expense on lease liability (note 24)	35,400	31,372
Interest expense on borrowings	8,837	33,753
	<u> </u>	<u> </u>
	44,237	65,125
	=====	=====

11. TAXATION

		2024	2023
		KShs'000	KShs'000
a	Income tax expense		
	Current tax	105,329	351,059
	Deferred tax:		
	Relating to origination and reversal of temporary differences	524,526	(574,527)
		<u> </u>	<u> </u>
		629,855	(223,468)
		=====	=====



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. TAXATION (CONT'D)

		2024	2023
		KShs'000	KShs'000
b	Reconciliation of taxation charge to expected taxation based on profit before taxation		
	Profit/(Loss) before taxation	3,583,459	(4,110,382)
	Tax calculated at the applicable income tax rate of: 30% (2022: 30%)	1,075,038	(1,233,115)
	Tax effect of:		
	Expenses not deductible for tax purposes	(445,183)	1,009,647
		_____	_____
	Taxation charge	629,855	(223,468)
		=====	=====
c	Corporate tax recoverable		
	At 1 July	225,975	320,142
	Charge for the year	(105,329)	(351,059)
	Paid during the year	278,189	256,892
	Prior Year Opening balance adjustments	306	
		_____	_____
	At 30 June	399,141	225,975
		=====	=====

12. EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit after tax of Kshs.2,953,604,000

(2023: loss after tax of Kshs. (3,886,914,000) by the average number of ordinary shares in issue during the year (note 18), There were no dilutive or potentially dilutive ordinary shares as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Transmission lines	Substation	Aircraft	Motor vehicles	Machinery	Furniture and fittings	Computer accessories	Tools and equipment	Buildings	Capital Work in- Progress*	Total
Cost	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
At 1 July 2023	1,093,747	136,962,104	25,694,714	804,368	309,980	216,995	172,313	204,273	324,873	427,502	67,574,072	233,784,941
Additions	-	3,671,757	-	-	17,080	-	-	-	-	-	6,566,865	10,255,702
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from CWIP	-	-10,697,957	20,962,866	-	-	-	-	-	-	-	-10,264,909	-
Revaluation	-	-	-	82,320	-	20,046	-118,168	-121,841	-	-	-	-137,642
Restated from advances										-		
At 30 June 2024	1,093,747	129,935,904	46,657,580	886,688	327,060	237,041	54,145	82,432	324,873	427,502	63,876,028	243,903,000
Depreciation												
At 1 July 2023	-	14,381,696	1,179,268	229,819	185,509	42,011	146,130	198,439	28,264	22,267	-	16,413,403
Charge for the year	-	3,531,953	916,629	15,834	48,073	30,128	4,060	8,835	42,753	10,688	-	4,608,952
Revaluation	-	-	-	-229,819	-	-587	-146,130	-198,439	-	-	-	-574,975

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land	Transmission lines	Substation	Aircraft	Motor vehicles	Machinery	Furniture and fittings	Computer accessories	Tools and equipment	Buildings	Capital Work in- Progress*	Total
Transfer		-1,942,413	1,942,413		-							
At 30 June 2024	-	15,971,236	4,038,310	15,834	233,582	71,552	4,060	8,835	71,017	32,955	-	20,447,381
Net carrying amount												
At 30 June 2024	1,093,747	113,964,668	42,619,270	870,854	93,478	165,489	50,085	73,597	253,856	394,547	63,876,028	223,455,619
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

*Capital work in progress relates (CWIP) to transmission lines and sub- stations whose construction had not been completed as at year end. There were no assets pledged as security for liabilities.

** Transfer from WIP relates to the transfer of the cost of land, transmission lines, substations and buildings previously reported under Capital work in progress.

***For the purposes of statement of cash flows, the additions of property and plant amounting to KShs 9,716,568,000 (2023: KShs 15,005,828,000) that had already been paid for have been disclosed as purchases.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land	Transmission lines	Substation	Aircraft	Motor vehicles	Machinery	Furniture and fittings	Computer accessories	Tools and equipment	Buildings	Capital Work in- Progress*	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cost												
At 1 July 2022	1,093,747	105,336,119	7,241,026	804,368	166,764	34,924	170,066	204,915	-	427,502	100,287,222	215,766,652
Additions	-	20,327	-	-	-	182,071	-	-	7,658	-	14,795,772	15,005,828
Disposals	-	-	-	-	-	-	-	-641	-	-	-	-641
Transfer from CWIP	-	31,922,873	18,453,688	-	143,216	-	2,247	-	-	-	-50,522,024	-
Transfer from TL	-	-317,215	-	-	-	-	-	-	317,215	-	-	-
Restated from advances										-	3,013,101	3,013,101
At 30 June 2023	1,093,747	136,962,104	25,694,714	804,368	309,980	216,995	172,313	204,274	324,873	427,502	67,574,072	233,784,940
Depreciation												
At 1 July 2022	-	11,204,760	656,119	172,365	153,772	13,098	138,624	191,943	-	11,579	-	12,542,260
Charge for the year	-	3,176,936	523,149	57,455	31,736	28,914	7,506	6,982	28,264	10,688	-	3,871,630
Disposal	-	-	-	-	-	-	-	-487	-	-	-	-487

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land	Transmission lines	Substation	Aircraft	Motor vehicles	Machinery	Furniture and fittings	Computer accessories	Tools and equipment	Buildings	Capital Work in- Progress*	Total
Transfer	-	-			-							
At 30 June 2023	-	14,381,696	1,179,268	229,820	185,508	42,012	146,130	198,438	28,264	22,267	-	16,413,403
Net carrying amount												
At 30 June 2023	1,093,746	122,580,408	24,515,446	574,548	124,472	174,984	26,183	5,836	296,609	405,235	67,574,072	217,371,537
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Property and equipment include the following items that are fully depreciated:

2024	Motor vehicles	Computer accessories	Office equipment, furniture, and fittings	Total
	KShs'000	KShs'000	KShs'000	KShs'000
Cost	166,764	0	0	166,764
	=====	=====	=====	=====
Nominal depreciation charge	48,073	0	0	48,073
	=====	=====	=====	=====
2023				
Cost	166,764	184,330	112,265	463,359
	=====	=====	=====	=====
Nominal depreciation charge	41,691	61,437	14,033	117,161

14. INTANGIBLE ASSETS -COMPUTER SOFTWARE AND LICENSES

	2024	2023
	KShs'000	KShs'000
COST		
At beginning of year	599,968	599,968
Revaluation	(96,385)	
	_____	_____
At end of year	503,583	599,968
	_____	_____
ACCUMULATED AMORTIZATION		
At beginning of year	592,417	550,375
Charge for the year	37,769	42,042
Revaluation	(592,417)	
	_____	_____
At end of year	37,769	592,417
	_____	_____
NET BOOK VALUE	465,814	7,550
Intangible assets relate to computer software and licenses. The title of intangible assets is not restricted or pledged as security for liabilities. There are no contractual commitments for acquisition of intangible assets.		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. RIGHT OF USE ASSETS

The Company leases office and storage space as well as certain parcels of land for its various uses. Information about leases in which the Company is a lessee is presented below:

	2024	2023
	KShs'000	KShs'000
COST		
At 1 July	285,865	265,478
Additions	33,586	20,387
	_____	_____
At 30 June	319,451	285,865
	_____	_____
ACCUMULATED DEPRECIATION		
At beginning of year	73,781	59,454
Charge for the year	20,953	14,327
	_____	_____
At end of year	94,734	73,781
	_____	_____
NET CARRYING AMOUNT	224,717	212,084
	=====	=====

16.(a) TRADE AND OTHER RECEIVABLES

	2024	2023
	KShs'000	KShs'000
Trade receivables	121,965	192,636
Deposits and prepayments	6,399,347	8,383,881
Staff receivables (note16 (b))	3,977	12,730
VAT recoverable	56,996	29,728
Other receivables	1,695,887	2,028,398
	_____	_____
Gross trade and other receivables	8,278,172	10,647,373
Provision for impairment	(19,543)	(54,793)
	_____	_____
Net trade and other receivables	8,258,629	10,592,580

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16.(a) TRADE AND OTHER RECEIVABLES (CONT'D)

The average credit period on sales of services is 30 days. Deposits and prepayments were made in the ordinary course of business with regard to advance payment to the various projects. Staff receivables mainly relate to per diem advanced to the staff in the normal course of business outstanding at as close of period.

Trade and other receivables are carried net of expected credit losses (ECLs)/impairment losses. The movement in expected credit losses/impairment losses is as set out below:

	2024	2023
	KShs'000	KShs'000
At the beginning of the year	54,793	71,817
Provision for expected credit losses	(35,250)	(17,024)
	—————	—————
	19,543	54,793
	=====	=====

16.(b) STAFF RECEIVABLES

	2024	2023
	KShs'000	KShs'000
Gross staff per diem	3,977	12,730
	—————	—————
Amounts due within one year	3,977	12,730
Amounts due after one year		
	—————	—————
	3,977	12,730
	=====	=====

17. INVENTORY

	2024	2023
	KShs'000	KShs'000
Inventory	3,714	2,290
	—————	—————
	3,714	2,290
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. CASH AND BANK BALANCES

	2024	2023
	KShs'000	KShs'000
Cash at bank	7,704,650	7,262,737
Cash in hand	1,000	1,000
Expected credit loss	(328)	(153)
	_____	_____
	7,705,322	7,263,584
	=====	=====

19. SHARE CAPITAL

Authorised, issued and fully paid:		
20,000 fully paid ordinary shares of KShs 100 each	2,000	2,000
	=====	=====

The ordinary shares carry one vote each.

20. RETAINED EARNINGS

The retained earnings represent amounts available for distribution to the entity's shareholders. Undistributed retained earnings are utilized to finance the entity's business activities.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. DEFERRED GRANT INCOME

The Company receives grants from the Government of Kenya for the construction of transmission lines. The grants are amortised to profit or loss over the useful lives of the related assets.

		2024	2023
		KShs'000	KShs'000
a	Deferred grant income reconciliation		
	Direct component*		
	Deferred grant income brought forward	74,153,758	74,110,351
	Additions in the year	940,140	1,264,750
	Amortisation	(2,326,199)	(1,221,343)
	Deferred grant income carried forward	72,767,699	74,153,758
		=====	=====
	Indirect component**		
	Deferred grant income brought forward	130,378,597	123,636,058
	Received in the year	10,304,149	8,257,907
	Amortisation	(1,964,829)	(1,515,368)
	Deferred grant income carried forward	138,717,917	130,378,597
		=====	=====
	Total direct and indirect components (note 21(b))	211,485,616	204,532,355
		=====	=====
b	Total reconciliation		
	Deferred grant income at 1 July	204,532,355	197,746,409
	Additions:		
	Direct component	940,140	1,264,750
	Indirect component	10,304,149	8,257,907
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. DEFERRED GRANT INCOME (CONT'D)

		2024	2023
		KShs'000	KShs'000
	At 30 June 2023	215,776,644	207,269,066
		=====	=====
	Amortization:		
	Direct component	(2,326,199)	(1,221,343)
	Indirect component	(1,964,829)	(1,515,368)
		_____	_____
		(4,291,028)	(2,736,711)
		_____	_____
	Deferred grant income carried forward	211,485,616	204,532,355
		=====	=====
c	(c)Amounts will be amortised as below:		
	Grant income to be amortised within one year	4,291,028	2,736,711
	Grant income to be amortised after one year	207,194,588	201,795,644
	At the end of the year	211,485,616	204,532,355
		=====	=====

*The direct component relates to grant received directly from Government of Kenya.

**Indirect grants are those grants given to the government of Kenya by the various donors to fund projects executed by KETRACO. The grant agreements are between the Government and the donors with KETRACO acting as the executing body on behalf of the government.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. AMOUNT DUE FROM/TO RELATED PARTIES

The Government of Kenya is the principal shareholder in Kenya Electricity Transmission Company Limited holding 100% equity interest. The Government also holds 50.1% and 70% of the equity interest in The Kenya Power and Lighting Company Limited (KPLC) and Kenya Electricity Generating Company Limited (KenGen), respectively. The Company is, therefore, related to KPLC and KenGen through common shareholding.

The following transactions were carried out with related parties:

(a) Outstanding balances arising from services rendered and grant allocation:

	2024	2023
	KShs'000	KShs'000
Kenya Power and Lighting Company Limited	3,485,768	2,836,194
Provision for expected credit losses	(125,504)	(255,603)
	<u> </u>	<u> </u>
	3,360,264	2,580,592
	=====	=====

The Company wheels electricity from the power producers to KPLC for onward transmission to end users. The significant decrease in Company related party balances is mainly due to collection of KPLC balances brought forward and wheeling revenue charged in the period.

The movement in expected credit losses/impairment losses is as set out below:

	2024	2023
	KShs'000	KShs'000
At the beginning of the year	255,603	1,137,667
Provision for expected credit losses	130,099	(882,064)
	<u> </u>	<u> </u>
	125,504	255,603
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. AMOUNT DUE FROM/TO RELATED PARTIES (CONT'D)

(b) Payables to related party

	2024	2023
	KShs'000	KShs'000
Kenya Power and Lighting Company Limited	1,560,463	1,560,463
	=====	=====
Current Portion	743,855	743,855
	=====	=====
Non-current Portion	816,608	816,608

The current portion relates to maintenance cost carried out on the transmission lines by Kenya Power and Lighting Company Limited (KPLC) on behalf of Kenya Electricity Transmission Company Limited (KETRACO). The non-current component relates to the partial cost incurred by KPLC in the construction of Kisii- Chemosit line which was transferred to KETRACO.

(c) Services rendered and government grants

(i) The Kenya Power and Lighting Company Limited (KPLC)

	2024	2023
	KShs'000	KShs'000
Sales of services – Wheeling revenue	5,215,614	2,970,101
	=====	=====
Purchase of services - Operating and maintenance expense	915,696	364,978
	=====	=====

(ii) Government of Kenya

	2024	2023
	KShs'000	KShs'000
Grants received during the year	940,140	1,264,750
	_____	_____
	940,140	1,264,750
	=====	=====

The Company receives funds from Government of Kenya for its recurrent and development expenditure. The Government finances the various projects implemented by KETRACO through non-refundable interest free grants.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. AMOUNT DUE FROM/TO RELATED PARTIES (CONT'D)

(iii)Key management Compensation

		2024	2023
		KShs'000	KShs'000
a	Directors' emoluments		
	Fees for services as directors	3,360	3,360
	Other emoluments	26,482	19,085
		—————	—————
		29,842	22,445
		=====	=====
b	Compensation to CEO		
	Short term employee benefits	9,463	8,807
	Other long-term benefits	2,306	3,335
		—————	—————
		11,769	12,142
		=====	=====
c	Compensation to key management		
	Short term employee benefits	82,258	105 726
	Other long-term benefits	14,415	4,310
		—————	—————
		96,673	110,036
		=====	=====

23. DEFERRED REVENUE

The balance relates to performance guarantee that was recalled for the construction of the Nairobi Ring Substations - Lot A and B. It arose because the contractor (Iberdrola Ingenieria) was in breach of its obligations as specified in the contract. KETRACO received the cash after recalling of the performance guarantee. The case was concluded in 2019 and the balance utilized to settle part of the award to the contractor.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. LEASE LIABILITIES

	2024	2023
	KShs'000	KShs'000
The movement in the lease liabilities is as follows:		
Balance at 1 July	326,270	268,642
Additions	27,864	27,508
Payment of lease liabilities	(24,085)	(42,497)
Interest on lease liabilities	35,400	33,753
Unrealized foreign exchange losses	(34,322)	38,864
At 30 June	331,127	326,270
Amounts due for settlement within 12 months	29,717	28,457
Amounts due for settlement after 12 months	301,410	297,813
At the end of year	331,127	326,270
	=====	=====

The maturity analysis of the undiscounted lease payments is summarized below:

Year 1	34,254
Year 2	25,675
Year 3	26,345
Year 4	27,625
Year 5	25,668
Onwards	191,560
Lease liabilities	331,127
	=====

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's Finance function. The lease obligations are for the office and storage space as well as certain parcels of land. The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

The Company is not committed to any arrangements that are short-term as of year-end. The total cash outflow for leases amounts to KShs. 38 million (2023: KShs. 36 million). There are no restrictions or covenants imposed by lessors and the Company did not enter into any sale and leaseback transactions during the year (2023: KShs. nil).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. BORROWINGS

	2024	2023
	KShs'000	KShs'000
Balance at 1 July	4,139,469	3,791,711
Repayments of external borrowings during the year	(47,631)	(43,230)
Unrealized foreign exchange losses	(364,630)	368,007
Accrued interest		22,981
Balance at 30 June	3,727,208	4,139,469
	=====	=====
Maturity analysis:		
Amounts due within one year (current portion)	1,831,760	1,456,447
Amounts due after one year (non-current portion)	1,895,448	2,683,022
	3,727,208	4,139,469
	=====	=====
The analysis of both external borrowings are as follows;		
External borrowing; -		
Renminbi denominated loan from Exim Bank of China	3,034,323	3,264,432
Japanese yen denominated loan from Japan Bank for International Corporation	692,885	875,037
	3,727,208	4,139,469
	=====	=====

The Company finalized novation agreements transferring ownership of the Sondu-Miriu, Kisii-Chemosit and Kamburu-Meru transmission lines from KPLC and KenGen to KETRACO, the loans used to construct the lines are payable to the Japan International Co-operation Agency and the Export-Import Bank of China. Both facilities are repayable in 60 biannual installments at an interest rate of 0.75% and 2.5%, respectively. The loans are guaranteed by the Government of Kenya.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. TRADE AND OTHER PAYABLES

	2024	2023
	KShs'000	KShs'000
Trade payables	19,756,286	28,494,825
Provisions	9,132,005	5,658,771
	<hr/>	<hr/>
	28,888,291	34,153,596
	=====	=====

Trade payables mainly relate to domestic and foreign trade creditors, wayleaves and goods received/invoice received payables.

Included in trade and other payables is Kshs 9,132,005,000 relating to an arbitral award against the Company. The accruals mainly relate to amounts payable to the contractors in relation to the construction of transmission lines.

27. DEFERRED TAX ASSET

Deferred income taxes are calculated on all temporary differences under the liability method using the applicable tax rate of 30% (2022 – 30%). The make-up of the deferred tax asset in the year and the movement thereon is presented below:

	2024	2023
	KShs'000	KShs'000
Movement in the deferred tax account is as follows:		
At start of year	1,046,620	472,094
Deferred tax credit/(charge) recognized in profit or loss	(524,527)	574,526
	<hr/>	<hr/>
	522,093	1,046,620
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. DEFERRED TAX ASSET (CONT'D)

	1 July 2023	Profit or loss	30 June 2024
	KShs'000	KShs'000	KShs'000
The net deferred tax asset is attributable to the following items:			
Excess depreciation over capital allowances	74,750	17,458	92,208
Leave pay provision	23,092	6,883	29,975
Staff gratuity provision	8,765	(1,666)	7,099
Provision for directors' fees	3,024	(819)	2,205
Allowance for expected credit losses	93,165	(49,552)	43,613
Unrealized exchange loss	790,782	(539,353)	251,429
Right of Use	53,042	42,522	95,564
	_____	_____	_____
	1,046,620	(524,527)	522,093
	=====	=====	=====

	1 July 2022	Profit or loss	30 June 2023
	KShs'000	KShs'000	KShs'000
The net deferred tax asset is attributable to the following items:			
Excess depreciation over capital allowances	61,658	13,092	74,750
Leave pay provision	18,334	4,758	23,092
Staff gratuity provision	8,617	148	8,765
Provision for directors' fees	2,016	1,008	3,024
Allowance for ECL	363,044	(269,879)	93,165
Unrealized exchange loss	(361)	791,143	790,782
Right of Use	18,786	34,256	53,042
	_____	_____	_____
	472,094	574,526	1,046,620
	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. CASH GENERATED FROM OPERATIONS

	2024	2023	2023 Restated
	KShs'000	KShs'000	KShs'000
Profit Before Tax	3,583,459	(4,110,382)	(4,110,382)
Adjusted for:			
Depreciation Charge	4,608,952	3,871,630	3,871,630
Amortization of Deferred grant Income	(4,291,028)	-2,736,711	(2,736,711)
Unrealized forex	(838,101)	403,697	1,296,913
Amortization of intangible assets	37,769	42,042	42,042
Depreciation of right of use	20,953	14,327	21,446
Expected credit loss	(165,174)	(153)	(899,597)
Finance cost	19,543	65,125	65,125
Gain on disposal of assets	-	(85)	(85)
Interest Received	-	(382,419)	-
Changes in working capital			
(Increase)/Decrease in Trade and other receivables	2,333,951	2,840,889	2,841,101
(Increase)/Decrease in Inventory	(1,424)	-	(2,290)
Adjustment due to reclassification	-	(3,013,100)	(3,013,100)
(Increase)/Decrease due from related party	(779,673)	675,221	675,221
Increase/(Decrease) in Trade and other payables	(5,265,305)	8,414,127	8,414,127
(Increase)/Decrease due to related party	-	20,660	21,847
Cash generated from operations	(736,078)	6,104,868	6,487,287
Tax paid	(278,190)	(256,892)	(256,892)
Interest Received	-	382,419	-
Net Cash Generated from Operating Activities	(1,014,268)	6,230,395	6,230,395

Note 28 on cash generated from operations restated as per recommendations of 2022/2023 audit report.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. CAPITAL EXPENDITURE COMMITMENTS

	2024	2023
	KShs'000	KShs'000
Authorised and contracted for	10,304,149	8,257,907
Authorised but not contracted for	940,140	1,264,750
	—————	—————
	11,244,289	9,522,657
	=====	=====
Authorised and contracted for commitments relates to donor funded contract balances for the construction of transmission lines as at 30 June 2024.		
Authorised but not contracted for commitments relates to Government of Kenya contract balances for the construction of transmission lines as at 30 June 2024.		

30. CONTINGENT LIABILITY

	2024	2023
	KShs'000	KShs'000
Legal claims	7,019,789	1,732,862
	=====	=====
Contingent liabilities consist of ongoing court cases relating to acquisition of wayleaves and contractors' claims. The management evaluate the status of these exposures on a regular basis to assess the probability of incurring related liabilities.		

31. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currencies. The Company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effects of such risks on its performance by setting acceptable levels of risk. The Company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Company's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. The board of directors sets the Company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. However, Kenya Power Lighting Company Limited's debts are analyzed based on country credit rating as the Company is

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Credit risk (cont'd)

partially owned by the Government of Kenya. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and other receivables are written off after all collection efforts have been exhausted.

The amounts that best represent the Company's maximum exposure to credit risk as at 30 June 2024 were as follows:

	Fully performing	Past due	Impaired	Total
	KShs'000	KShs'000	KShs'000	KShs'000
At 30 June 2024				
Trade receivables	121,965	-	(322)	121,643
Other receivables	1,695,887	-	(19,221)	1,676,666
Amounts due from related parties	3,485,768	-	(125,504)	3,360,264
Bank balances	7,705,650	-	(328)	7,705,322
	_____	_____	_____	_____
	13,009,270	-	(145,375)	12,863,895
	=====	=====	=====	=====
At 30 June 2023				
Trade receivables	192,636	-	(54,793)	137,843
Other receivables	2,028,398	-	-	2,028,398
Amounts due from related parties	2,836,194	-	(255,603)	2,580,592
Bank balances	7,263,737	-	(153)	7,263,584
	_____	_____	_____	_____
	12,320,965	-	(310,549)	12,010,416
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Credit risk (cont'd)

The customers under the fully performing category are paying their debts as they continue trading.

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Company has a significant concentration of credit risk on amounts due from KPLC. However, the Company has no collateral holdings.

Ultimate responsibility for liquidity risk management rests with the Company's directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

(ii) Liquidity risk management

The table below represents cash flows payable by the Company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant. The liabilities will, however, be disposed of when funding is received.

	Less than 1 month	Between 3-12 months	Over 12 months	Total
	KShs'000	KShs'000	KShs'000	KShs'000
At 30 June 2024				
Trade payables	28,888,291	-	-	28,888,291
Payables to related party	-	743,855	816,608	1,560,463
Borrowings	-	1,831,760	1,895,448	3,727,208
Lease liability	-	29,717	301,410	331,127
	<u>28,888,291</u>	<u>2,605,332</u>	<u>3,013,466</u>	<u>34,507,089</u>
	=====	=====	=====	=====
At 30 June 2023				
Trade payables	34,153,596	-	-	34,153,596
Payables to related party	-	743,855	816,608	1,560,463
Borrowings	-	1,456,447	2,683,022	4,139,469
Lease liability	-	28,457	297,813	326,270
	<u>34,153,596</u>	<u>2,228,759</u>	<u>3,797,443</u>	<u>40,179,798</u>
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Market risk

The Board has put in place an internal audit function to assist it in assessing the risk faced by the Company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rates, equity prices and foreign exchange rates which will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

(a) Foreign currency risk

The Company has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and translation at the time of payment is done using the prevailing exchange rate. The following table demonstrates the effect on the Company's profit before tax and equity of applying the sensitivity for a reasonable possible change in the exchange rate of the main transaction currencies, with all other variables held constant.

		Effect on profit before tax	Effect of equity
	Change in USD rate	KShs'000	KShs'000
2024	16%	(78,342)	(34,456)
	-16%	78,342	34,456
2023	19%	(80,089)	(36,926)
	-19%	80,089	36,926
	Change in YEN rate		
2024	9%	(49,976)	(22,654)
	-9%	49,976	22,654
2023	10%	(51,567)	(23,776)
	-10%	51,567	23,776
	Change in YUAN rate		
2024	11%	(41,332)	(19,302)
	-11%	41,332	19,302
2023	12%	(42,084)	(19,404)
	-12%	42,084	19,404

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Market risk (Cont'd)

(b) Interest rate risk

Interest rate risk is the risk that the Company's financial condition may be adversely affected as a result of changes in interest rate levels. The interest rate risk exposure arises mainly from interest rate movements on the Company's deposits and borrowings. This exposes the Company to cash flow interest rate risk.

Management of interest rate risk

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interest rates. Interest on Yuan and Yen-denominated loans are fixed at 0.25% and 0.75%, respectively.

Sensitivity analysis

The Company analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

	Carrying amount
30 June 2024	KShs'000
Assets	
Bank balances	7,705,322
Interest rate sensitivity gap	7,705,322
30 June 2023	
Assets	
Bank balances	7,263,584
Interest rate sensitivity gap	7,263,584

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(iv) Capital management

Capital managed by the Company is the equity attributable to the equity holders. The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders. No changes were made in the objectives, policies, or processes during the years ended 30 June 2023 and 30 June 2022.

The Company monitors capital using a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total of interest-bearing loans and borrowings, trade and other payables less cash and cash equivalents.

	2024	2023
	KShs'000	KShs'000
Share capital	2,000	2,000
Retained earnings	(1,599,547)	(5,411,496)
	_____	_____
Equity	(1,597,547)	(5,409,496)
	_____	_____
Total borrowings	3,727,208	4,139,469
(Less): cash and cash equivalents (Note 18)	7,705,322	(7,263,584)
	_____	_____
Net debt	2,380,567	(2,285,381)

The major factors that impact on the equity of the Company include the following:

- Revenue received from wheeling
- Operation and maintenance cost
- Cost of operating the transmission business
- Cost of expanding the business to ensure that capacity growth is in line with electricity demand
- Taxation
- Dividends

The Company uses Power System Development Planning process, which forecasts long-term growth in electricity demand; evaluates the alternative means to meet and manage that demand and comes up with a Least Cost Power Development Plan. The planning process determines a forward electricity cost curve (the Long Run Marginal Cost), which will give an indication of the size of the price increases that the Company requires in order to be sustainable over the medium and long term. Adjustment of the tariffs for the electricity business is regulated and is subject to the process laid down by the Energy and Petroleum Regulatory Commission (EPRA).

The electricity business is currently in the growth phase driven by a rise in demand and Government policy. The funding of transmission capacity is to be obtained from exchequer funding, donor funding from Local and international institutions and cash generated from wheeling business. The adequacy of electricity tariffs allowed by the regulator and the level of Government support are key factors in the sustainability of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. GOING CONCERN

The Company's current liabilities exceed the current assets by KShs. 16.05 billion (2023: KShs. 15.6 billion). The Company may, therefore, not meet its short-term obligations as and when they fall due. However, the Company is 100% owned by the Government of Kenya which secures financing for various projects for implementation by KETRACO. In addition, KETRACO, receives funding from the exchequer through budgetary allocation. The Directors, therefore, are confident of continued support from the Government of Kenya and other development partners for the foreseeable future. Consequently, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern. The financial statements have been prepared on the basis of accounting policies applicable to a going concern.

33. INCORPORATION

The Company is incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya.

34. REEVALUATION OF PROPERTY PLANT AND EQUIPMENT

IT Equipment, Office Furniture and Fittings, IT Software and Aircraft were last revalued as at 30 June 2024, on a depreciated replacement cost basis which represents the revalued asset classes' highest and best-use value. The valuation was undertaken as at 30 June 2024 by Elrons Limited.

The values have been incorporated in the financial statements for the year ended 30 June 2024.

35. CURRENCY

These financial statements are presented in Kenya Shillings (KShs '000')



APPENDICES

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS

No	Issue	Observation from Auditor Report on the Financial Statements	Management comment	Status	Time frame
1.0	Inaccuracies in the Financial Statements	Management should amend the financial statements for accuracy and completeness.	The restatement adjustments was done in the financial statements as per IAS 8. The interest income is earned on current account hence classification as operating activity.	Resolved	June 2024
2.0	Unsupported inventory balance	(i) The method adopted for the costing of inventory was not disclosed, and the basis of valuation was not provided for review. (ii) Management was yet to fully utilize the system in the issuance of materials in all stores.	(i)The method adopted for costing of inventory is weighted average cost method. This has been improved in the disclosure note. (ii) Management is implementing automation of inventory management system to all its stores, this will operationalize the inventory management.	Resolved Ongoing	June 2024 December 2024
3.1	Presentation and Disclosure of Property, Plant and Equipment	(i) Management should disclose separately transmission lines and substations in the financial statements (ii) Management should provide a disclosure in the financial statements on assets hosted by other entities.	(i) The separation has been effected in the FY 2023/2024. (ii) The Company has engaged the Ministry of Energy and Petroleum for policy direction on the shared assets.	Resolved Ongoing	June 2024 June 2025
3.2	Fully Depreciated Motor Vehicles in Use	Management should consider reviewing the useful life of the motor vehicles or apply the revaluation model to revalue the motor vehicles to their fair value.	The Company has engaged the chief government mechanical engineer to undertake revaluation of all motor vehicles.	Ongoing	November 2024

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS (CONT'D)

No	Issue	Observation from Auditor Report on the Financial Statements	Management comment	Status	Time frame
3.3	Expensed items of property plant and Equipment	Management should include expensed air conditioning units amounting to Kshs.12,306,141 as part of PPE as per IAS 16.	Air conditioners are consumables in the substations as such they do not qualify as plant,property and equipment under IAS 16.8 (Spare parts and servicing equipment are usually carried as inventory and recognized in profit or loss as consumed)	Resolved	June 2024
4.0	Unsupported clearance Account Balance	Goods Received and Invoice Received (GR IR) account had an amount of Kshs.147,476,099 representing the value of goods receipts awaiting invoices and the reasons for non-clearance were not provided.	All outstanding issues have since been cleared the current balances represents outstanding items as at June 2024.	Resolved	June 2024
5.0	Fully Amortized Intangible Assets	The Company held several intangible assets which included various software which had been fully amortized but were still in use. This was contrary to provisions of IAS 38 on intangible assets.	The Ccompany revalued intangible assets and therefore the revalued amount in the asset class has been reflected in 2023/24 financial statements.	Resolved	June 2024

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS (CONT'D)

No	Issue	Observation from Auditor Report on the Financial Statements	Management comment	Status	Time frame
		Emphasis of Matter			
1.0	Material Uncertainty Relating to Going Concern	The Company was in a net liability position and may not be able to settle liabilities when they fall due. These conditions indicate material uncertainty regarding the Company's ability to continue as a going concern.	Disclosure has been made in the financial statements relating to going concern as per note 34. The company's liabilities are largely funded by Government grants which arise from project implementation.	Ongoing	June 2025
2.0	Trade and other Payables	Included in the trade and other payables is an arbitral award of Kshs.9,204,024,000 issued in favour of a contractor engaged by management to undertake construction of transmission line which matter was awaiting the Court determination.	Negotiations to settle the arbitral award has started and are being spearheaded by EPRA with support of appointed committee members from KETRACO, MoE, NT and Attorney General Office. (Minutes for negotiation committee provided)	Ongoing	June 2025
3.0	Contingent Liability	The Company's contingent liability amounting to Kshs.1,732,862,000 consisting of ongoing court cases relating to acquisition of wayleaves and contractor's claims.	Based on the risk assessment most of the cases can be managed. Management will continue to analyze the risks and probability of occurrence.	Ongoing	June 2025
		Report on Lawfulness and effectiveness in use of public resources			

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS (CONT'D)

No	Issue	Observation from Auditor Report on the Financial Statements	Management comment	Status	Time frame
1.0	Non-Compliance with Car Loan and Mortgage Scheme Reporting Requirements	The financial statements were not prepared for the car loan and Mortgage scheme funds as required by the Salaries and Remuneration Commission circular issued on 17 December, 2014 on car loan and mortgage schemes for state officers and other public officers of Government of Kenya.	Management has noted and car loan and mortgage scheme accounts have been prepared in the financial year 2023/2024.	Ongoing	December 2024
2.0	Irregular Staff Insurance Premium Advances	Payment of the insurance advances was not included in the Company's human resource policy and had no approval of the Board of Directors.	The Company is no longer facilitating insurance premium for employees who are not on car loan.	Resolved	June 2024
3.0	Way-Leave Compensation				
3.1	Double Wayleave Compensation	The trade and other receivable balances includes recoverable expenses of Kshs.10,407,658 which relate to double payments to People Affected by Projects (PAPs) and had not been recovered.	Recall to the bank were processed and the Company has also put mechanism to recover the amounts in question through sending affected PAPS demand letters and initiating recovery through debt collectors.	Ongoing	June 2025

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS (CONT'D)

No	Issue	Observation from Auditor Report on the Financial Statements	Management comment	Status	Time frame
3.2	Long Outstanding Wayleaves Compensation	The trade and other payables balance, included wayleave compensation payable amount to Projects Affected Persons (PAPs) of Kshs.6,430,579,671 which have been long outstanding some dating back to 2012.	The organizations has continuously made budgetary requests to the National Treasury for wayleave settlement. However, the allocation provided by the National Treasury from time to time has been insufficient.	Ongoing	June 2025
4.0	Non- Compliance with Loan Novation Agreement	The borrowings include a long outstanding loan of RMB YUAN 145,669,690.02 (Kshs.2,823,136,860) arising from novation agreement which management is yet to make payments.	In FY 2019/2020 Ministry of Energy and Petroleum formed a Task Force to address energy sector emerging issues. From the Task Force report, the implementing agencies in the energy sector were to be given a moratorium on repayment of government on lent loans for 24 months. The loan mentioned above was part of the loans considered for the moratorium.	Not Resolved	June 2025
5.0	Unprocedural procurement of Air tickets	The standard quotation documents were not used in the procurement and Asset Disposal Act, 2015.	Management has put in place proper processes in regard to procurement of air tickets.	Resolved	June 2024
6.0	Irregular procurement of catering and conference service	The procurement method used to identification of suppliers was not confirmed as no documents were provided to support the procedure specified in the Public Procurement and Asset Disposal Act 2015 and regulations 2020 in respect of procurement methods.	For conference facilities, the Company has engaged service providers based on framework agreement as per regulations sec 101(1) and 102(1). The process of onboarding prequalified service providers included more than seven providers as detailed in the evaluation report attached.	Resolved	June 2024

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS (CONT'D)

No	Issue	Observation from Auditor Report on the Financial Statements	Management comment	Status	Time frame
7.0	Unprocedural Procurement of a Commercial Data Centre	The procurement for data centre had not been included in the Company's annual procurement plan for 2021/2022 financial year, and no evidence of revision of the plan was provided for audit.	The management having reviewed the process of this procurement, identified gaps and recommended for termination of the contract which was approved by the accounting officer. KETRACO referred the matter to EACC and Public Procurement Review Board.	Ongoing	June 2025
8.0	Unaccounted for Project Motors Vehicles	Review of project records revealed that over the years, several motor vehicles procured for projects which have since been completed and capitalised were not transferred to the Company and their whereabouts were unknown.	A schedule of the transferred vehicles and supporting documents were provided. The process of transfer of the vehicles from the contractor to the Company commenced prior to the audit period and transfer of vehicles has been done.	Resolved	June 2025
9.0	Unprocedural Procurement of Broadband Commercialization Services on Ethiopia-Kenya Transmission line	Management was in breach of the law and was yet to realize intended benefits of the partnership long after the signing of the contract.	The consultancy service has not commenced because it requires an investment to connect the Kenyan network and the Ethiopian network.	Ongoing	June 2025
10.0	Irregular Procurement of Security Services	Management procured security services through a restricted tender. The evaluation committee amended the mandatory requirements of the bid in order to fit the bidders' due to non-responsiveness of prequalified suppliers.	Based on the business model of Ketraco, security is considered a fundamental requirement for its operations. At the time of tendering the company did not have a security firm hence the minor deviations.	Resolved	June 2024

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS (CONT'D)

No	Issue	Observation from Auditor Report on the Financial Statements	Management comment	Status	Time frame
11.0	Irregular Use of Direct Procurement Method	During the year under review, Management engaged an airline company to provide hired helicopter services through direct procurement which was breach of the law.	The procurement met the conditions for direct procurement outlined under section 103(2) (a) of Public Procurement and Asset Disposal Act 2015.	Resolved	June 2024

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS (CONT'D)

No	Issue	Observation from Auditor Report on the Financial Statements	Management comment	Status	Time frame
12.0	Claims on Delayed Commissioning of Eastern Electricity Highway Project (EEHP)- Project	i. Management should put in place appropriate measures, including but not limited to allocation of sufficient resources; efficient and effective contract management and effective monitoring of performance of contractors, to ensure contracts are executed efficiently and without delay.	Management has put in place effective contract management measures to ensure that issued raised have been addressed and value for money has been achieved.	Resolved	June 2024
13.0	Avoidable Custom Storage and Warehouse Costs Kitale Ortum Project			Ongoing	June 2025
14.0	Losses on Implementation of Lessos – Tororo (Kenya Uganda Interconnector) Line			Ongoing	June 2025
15.0	Stalled Projects	ii. Management should take appropriate measures including negotiating for new financing to ensure that the project starts.			
15.1	Unrecovered Advance Payment for Gilgil -Thika – Nairobi – Loiyangalani - Marsabit Isiolo - Marsabit project	iii. Management should ensure all conditions are ready for projects to commence before advance payments are made and sufficient and updated advance payment guarantee are obtained to avert loss public funds.		Ongoing	June 2025
15.2	Stalled Garsen Bura-Hola - Garissa Single Circuit Transmission Line and Associated Substations	iv. Management should engage The National Treasury secure funds for stalled projects to ensure their completion to ensure intended benefits are realized by the public.		Ongoing	June 2025

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS (CONT'D)

No	Issue	Observation from Auditor Report on the Financial Statements	Management comment	Status	Time frame
15.3	Stalled Kamburu-Embu-Kibirigwi-Gilgil- Thika 220kV and Associated Substations works project			Ongoing	June 2025
16.0	Delayed Completion of Projects				
16.1	Sondu Homabay Awendo Electrification Project			Resolved	June 2024
16.2	Rabai - New Bamburi - Kilifi and New Bamburi – Bamburi Cement Power Generation and Evacuation Lines.			Ongoing	June 2025
16.3	Isinya-Konza, 220kv Suswa-Ngong, Sultan Hamud-Loitoktok and Awendo Isebania Transmission Lines and Associated Sub-Stations			Resolved	June 2024
16.4	Incomplete Works on Kenya Ethiopia Electricity Highway Project - Mariakani Substation Project			Resolved	June 2024
16.5	Nanyuki-Isiolo Overhead Project			Ongoing	June 2025
16.6	Nanyuki-Rimuruti Underground Cable Project			Ongoing	June 2025

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS (CONT'D)

No	Issue	Observation from Auditor Report on the Financial Statements	Management comment	Status	Time frame
17.0	Non- renewal of Advance Payment Guarantees Kamburu-Embu-Thika transmission line and Rabai-Bamburi-Kilifi transmission line	Management failure to renew the advance payment guarantees was in contravention of the provisions of Regulation 139(1) (a) of the public Finance Management (National Government) Regulations, 2015.	The contractors are in the process of renewing the bank guarantees. In addition, management has held some contractor's invoices in respect of completed works pending renewal of the guarantee.	Ongoing	June 2025
18.0	Irregular Recruitment	Objectivity and fairness of the recruitment of chief pilot could not be confirmed. In addition, the value for money incurred in training of the employee, hiring of a helicopter and pilot services could not be confirmed.	The hire of the consultant and the other service provider were services required by KETRACO and paid for and does not amount to loss of funds under circumstances.	Resolved	June 2024
19.0	Non-Compliance with Law on Gender Balance	During the year under review, the number of employees at the Company numbered five hundred and twenty (520), out of whom, only one hundred and fifty one (151) were female, representing 29%. This was contrary to the provisions of the Constitution, the Public Service.	Progressively the company has been making efforts to achieving the gender parity required. To this end the company indicates in all advertisement that female candidates are encouraged to apply. This is a continuous process, and all efforts shall be made to ensure the ratios are achieved.	Resolved	June 2024
20.0	Delays in transfer of Energy Dispatch System Operator	KETRACO is yet to take over the role of system operator from Kenya Power and Lighting Company, more than two years after the gazette notice was published.	KETRACO awaits KPLC support to hand over the SO function as per designation by EPRA and joint resolutions by KPLC/ KETRACO committee.	Ongoing	June 2025

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS (CONT'D)

No	Issue	Observation from Auditor Report on the Financial Statements	Management comment	Status	Time frame
		Report On Effectiveness Of Internal Controls			
1.0	Security of Transmission Assets	Management had not put in place an integrated security system to monitor and suppress the security risks identified.	KETRACO is currently installing CCTV cameras in critical substations with a view to harnessing integrated security management systems once all the substations are covered.	Ongoing	June 2025
2.0	Lack of Strategic Spares for Transformers	Management did not maintain strategic spares for its transformers. This exposed the company to the risk of ineffective service delivery.	KETRACO transmission network and substations are relatively new and in the assessment of management the equipment does not require significant replacement.	Ongoing	June 2025

APPENDIX II: PROJECTS IMPLEMENTED BY KENYA TRANSMISSION COMPANY LTD

	Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements(Yes/No)
1	Exim Funded Projects	KETRACO/PT/010 /2012-LOT 1A	Exim Bank of India	7 years	USD 62,000,000	Yes	Yes
		KETRACO/PT/010 /2012-LOT 1B					
		KETRACO/PT/010 /2012-LOT 3A					
		KETRACO/PT/010 /2012-LOT 3B					
2	Olkaria-Lessos-Kisumu TL	KETRACO/PT/005 /2014-LOT 1	JICA	5 years	JPY 12,410,000,000	Yes	Yes
		KETRACO/PT/005 /2014-LOT 2					
		KETRACO/PT/005 /2014-LOT 3					
3	Nanyuki-Isiolo-Meru TL	MOE-P4-2011	KBC Bank, Belgium	12 years	EUR 14,525,190.37	No	Yes
4	Sondu-Homabay-Ndhiwa-Awendo	MOE 2/11/2012	Elemtech Eng. GOK	2 years	KES 692,000,00	No	Yes
5	Kenya Power Transmission Expansion Project	MOE&P/ KPTEP-01-2015	EXIM Bank of China	3 years	RMB 677,068,226	No	Yes
6	Mariakani Substation	KETRACO/ PT/017/2014	ADB	8 years	USD 23,846,925	Yes	Yes
			ADB		KES 132, 481,217	Yes	Yes
7	Mombasa-Nairobi	KETRACO/1/6/09-LOT 1	AfDB	9 years	UA 30,386,965.42	Yes	Yes
		KETRACO/1/6/09-LOT 2	EIB		EURO. 60,000,000		
		KETRACO/1/6/09-LOT 3	AFD		EURO. 60,000,000		
8	Nairobi Ring (Suswa – Isinya and substations)	KETRACO/ PT/017/2011	AFD	9 years	EURO. 78,500,000	Yes	Yes
		KETRACO/ PT/15/2015					
				9 years	EUR 11,555,046.00	Yes	Yes
				9 years	EUR 9,793,644.00	Yes	Yes
				9 years	EUR 25,474,893.00	Yes	Yes

APPENDIX II: PROJECTS IMPLEMENTED BY KENYA TRANSMISSION COMPANY LTD (CONT'D)

	Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements(Yes/ No)
9	Lessos - Tororo (Equitorial Nile lake grids)	KETRACO/ PT/007/2012 KETRACO/ PT/013/2012.	AfDB	9 years	UA 21,416,407.12	Yes	Yes
10	Eastern Electricity Highway	KETRACO/ PT/011/2016	IDA,	11 Years	USD 441M	Yes	Yes
			ADB,	6 Years	UAC 75M	Yes	Yes
			AFD	6 Years	EUR 91M	Yes	Yes
11	Garsen Hola Garissa	MOE- CAMCE-01-2012	EXIM CHINA	3 Years	RMB 584M	No	Yes
12	Nyahururu – Nanyuki	KET/2/9/4/98	ADB	9 YEARS	USD 15,191,617.89	Yes	Yes
		KET/2/9/4/98	ADB	9 YEARS	KShs 547,699,840.98	Yes	Yes
13	Lessos – Kabarnet	KET/2/9/4/99	ADB	9 YEARS	USD 10,028,916.1	Yes	Yes
		KET/2/9/4/99	ADB	9 YEARS	KShs 403,309,135.14	Yes	Yes
14	Olkaria – Narok	KET/2/9/4/101	ADB	9 YEARS	USD 14,273,214.76	Yes	Yes
		KET/2/9/4/101	ADB	9 YEARS	KShs 18,480,440	Yes	Yes
16	Bomet – Sotik	KET/2/9/4/102	ADB	9 YEARS	USD 15,506,935.74	Yes	Yes
		KET/2/9/4/102	ADB	9 YEARS	KShs 18,480,440	Yes	Yes
17	Kitui - Mwingi - Wote - Sultan Hamud	KET/2/9/4/43	ADB	9 YEARS	USD 2,975,932	Yes	Yes
18	Ishiara – Kieni – Embu	KET/2/9/4/43	ADB	9 YEARS	KShs114,500,975	Yes	Yes
19	Kindaruma – Mwingi- Garrissa	COMPLETED	IDA	8 YEARS	USD 16,121,959.98	No	Yes
20	Eldoret – Kitale	completed	IDA	8 YEARS	USD 7,831,951.81	No	Yes
21	Kisii – Awendo	COMPLETED	IDA	8 YEARS	USD 6,758,413.78	No	Yes
	Loiyangalani –	KET/2/9/4/34	SPAIN/GOK	7 YEARS	EURO 142,038,152	No	Yes
22	Suswa TI		SPAIN/GOK	7 YEARS	EURO 4,364,977	No	Yes completed
23	Loiyangalani – Substation	KET/2/9/4/45	GOK	7 YEARS	EURO 7,962,869	No	Yes
24	Rabai – Malindi – Garsen – Lamu	KET/2/9/4/72	Exim Bank of China	6 YEARS	RMB 636,600,105.57	No	Yes

APPENDIX II: PROJECTS IMPLEMENTED BY KENYA TRANSMISSION COMPANY LTD (CONT'D)

	Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements(Yes/ No)
25	Kenya - Tanzania Power Interconnector	KET/2/9/4/282	ADB	7 YEARS	USD 27,500,000	Yes	Yes
26	Kamburu Embu Thika	KET/2/9/4/122	ADB	7 YEARS	USD 90,286,383	No	Yes
			GOK	7 YEARS	KShs 2,650,743,251		

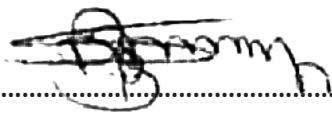
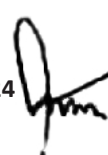
APPENDIX III: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KShs	Capital Fund Ksh	Others - External Financiers-KShs	Total Transfers during the Year-KShs
Ministry of Energy and Petroleum	27/02/2024	Development	961,000,000	961,000,000	-	961,000,000
Total			961,000,000	961,000,000		961,000,000

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary entity:

Name: CPA Rose Baraza Sign:.....Date: 23/12/2024

NOTES

[illegible]



Kenya Electricity Transmission Company Limited,
Kawi Complex, Block B, South C, Nairobi, Kenya.
Popo lane, Off Red Cross, South C
P.O.BOX 34942-00100, Nairobi
Phone: 020 4956000, 0719018000, 0732128000
Web: www.ketraco.co.ke | email: info@ketraco.co.ke

FORM OF PROXY FOR ANNUAL GENERAL MEETING

I/WE (BLOCK LETTERS)

Being (a) member(s) of the above-named Company, HEREBY APPOINT

.....of P.O BOX.....

Or failing him/her the Chairman of the Meeting as My/our proxy to vote for Me/Us and on My/our behalf at the Annual General Meeting of the Company to be held on 10th June, 2025 and at any adjournment thereof.

ITEM	BUSINESS	FOR	AGAINST
1	The receipt, consideration and adoption of the Audited Financial Statements for the period ended 30th June 2023 together with the Chairman's, Directors' and Auditors' Reports thereon.		
2	Declaration of Dividends		
3	To authorize Directors to fix the Remuneration of Auditors		
4	To approve payment of Directors' fees of Kshs, 420,000.00 (less withholding tax where applicable) for each Director who served during the period.		

Signature.....

Dated this.....day of.....2025

NB:

If the appointor is a Corporation, the proxy must be executed under its common seal or under the hand of an officer or Attorney duly authorized in writing. Unless otherwise indicated the proxy will vote as he/she deems fit.

