



**KETRACO**

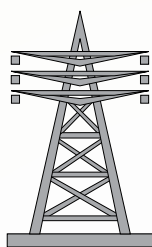
**KENYA ELECTRICITY TRANSMISSION CO. LTD.**

*"Building a World Class National Grid"*



**20**  
**13**  
**14**

**Annual Report**  
and Financial Statements



**KETRACO**

**KENYA ELECTRICITY TRANSMISSION CO. LTD.**

*"Building a World Class National Grid"*

# **Annual Report and Financial Statements**

**30 June 2014**



## **Our Vision**

“To be a world-class electricity transmission company and the leading inter-connector in Africa.”

## **Our Mission**

“To build and operate a national electricity transmission network that is reliable, efficient, effective, safe and environment-friendly through innovative and best practices; and to promote regional power trade for socio-economic development.”

## **Our Core Values**

### **Customer Focus**

The Company commits itself to attaining the highest standards in service delivery to all stakeholders.

### **Integrity, Transparency and Accountability**

The Company is committed to acting in an honest, transparent and responsible manner while implementing its programmes.

### **Teamwork**

The Company employees will work in unison at all levels and embrace a participatory approach in implementing all programmes and activities.

### **Creativity and Innovation**

The Company will be a learning organization that embraces and continuously introduces change in its business processes.

### **Commitment**

The Company will embrace self-drive and hard work in attaining the highest standards in service delivery to all stakeholders.

### **Equity**

The Company will uphold the highest levels of impartiality by treating all stakeholders without any discrimination whatsoever.

### **Professionalism**

The Company's operations will be guided by professional ethics aimed at building an appropriate corporate culture and creating the right corporate image.

## Table of Contents

|  |    |
|--|----|
| Corporate information .....                                      | 4  |
| Chairman's Overview .....  | 14 |
| Report of the Managing Director & CEO .....                      | 20 |
| Report of the Directors .....                                    | 61 |
| Statement of Directors' responsibilities .....                   | 62 |
| Independent auditors' report .....                               | 63 |
| Financial statements:  |    |
| Statement of profit or loss and other comprehensive income ..... | 65 |
| Statement of financial position .....                            | 66 |
| Statement of changes in equity .....                             | 67 |
| Statement of cash flows .....                                    | 68 |
| Notes to the financial statements .....                          | 69 |



## Corporate Information

### Directors

|                                |   |
|--------------------------------|---|
| <b>Dr. Kenneth K. Sigilai</b>  | - Chairman  |
| <b>Eng. Joel M. Kiilu</b>      | - Managing Director & CEO                               |
| <b>Mr. Henry Rotich</b>        | - Cabinet Secretary, The National Treasury              |
| <b>Eng. Joseph N. Njoroge</b>  | - Principal Secretary, Ministry of Energy and Petroleum |
| <b>Mr. Daniel K. Mwaura</b>    |   |
| <b>Mrs. Patience K. Nyaoga</b> |   |
| <b>Mrs. Elizabeth W. Maina</b> |   |
| <b>Ms. Esther N. M'Ithiria</b> |   |
| <b>Mr. Fidesius Nyaga</b>      |   |
| <b>Mrs. Felister Kivisi</b>    | - Alternate to Henry Rotich                             |
| <b>Eng. Julius Mwathani</b>    | - Alternate to Joseph N. Njoroge                        |

### Secretary

**Duncan K. Macharia**  
Certified Public Secretary (Kenya)  
2<sup>nd</sup> Floor, Capitol Hill Square, Chyulu Road, Upper Hill  
P.O. Box 34942 – 00100, Nairobi

### Principal Office

2<sup>nd</sup> Floor, Capitol Hill Square, Chyulu Road, Upper Hill  
P.O. Box 34942 – 00100, Nairobi

### Principal Auditors

**Auditor General**  
Anniversary Towers  
P.O. Box 30084 - 00100, Nairobi

### Delegated Auditors

**Deloitte & Touche**  
Certified Public Accountants (Kenya)  
Deloitte Place, Waiyaki Way, Muthangari  
P.O. Box 40092 – 00100 GPO, Nairobi

### 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

**Citibank Kenya**, Upper Hill  
P.O. Box 30711 – 00100, Nairobi



## KETRACO Board of Directors



**Standing L-R:** Dir. Eng. J. Mwathani (Alternate to PS Ministry of Energy and Petroleum), D. Macharia (Company Secretary and Chief Manager, Legal Services), Dir. E. Nkatha, Dir. F. Kivisi (Alternate to PS The National Treasury), Dir. F. Nyaga, Dir. E. Maina and Dir. D. Mwaure  
**Seated L-R:** Dir. P. Nyaoga, Dr. K. Sigilai (Chairman of the Board) and Eng. J. Kiilu (Managing Director)

## **KETRACO Board of Directors**



### **Dr. Kenneth K. Sigilai - Chairman**

Born in 1967, Dr. Kenneth Sigilai holds a Graduate and Post Graduate degree in Medicine from the University of Nairobi.

He is a specialist general surgeon currently working at Kapkatet District Hospital. He is also a clinical researcher having graduated from the University of Liverpool with a Master of Science in Clinical Research Administration (MCR).

Dr. Sigilai has a wealth of experience in management, having served in management positions for the last 16 years during which he also served as District Medical Officer and Medical Superintendent. He has attended various trainings including performance contracting and strategic management.

Dr. Sigilai was appointed the Chairman of the Board of KETRACO on 10<sup>th</sup> January, 2014.

### **Eng. Joel M. Kiilu - Managing Director & CEO**

Born in 1956, Eng. Joel Kiilu is an Electrical Engineer and holds a Master's Degree in Business Administration (MBA) from the University of Nairobi. He also holds a Bachelor of Science (Bsc.) degree in Electrical Engineering from the same University.

Eng. Kiilu is a member of the Institution of Engineers of Kenya (MIEK) and the Institution of Electrical and Electronic Engineers (MIEEE). He joined The Kenya Power & Lighting Company Limited as a trainee Engineer in 1977 and rose to the position of Chief Manager, Energy Transmission, from which he left to join KETRACO as CEO in the year 2009 to date.



### **Eng. Joseph K. Njoroge - Principal Secretary, Ministry of Energy & Petroleum**

Eng. Joseph K. Njoroge was born in 1958 and holds a Bachelor of Science degree in Electrical Engineering and Master of Business Administration with a major in Strategic Management from the University of Nairobi. He has over 27 years experience in engineering and management. Eng. Njoroge is a Chartered Electrical Engineer, a Member of the Institute of Engineering and Technology, UK, a Registered Consulting Engineer, and is also a Member of the Institution of Engineers of Kenya (MIEK).

He joined the Board upon his appointment as the Principal Secretary, Ministry of Energy & Petroleum on 26th June, 2013.

### **Mr. Henry Rotich - Cabinet Secretary, The National Treasury**

Born in 1969, Mr. Rotich is the Cabinet Secretary of The National Treasury. He has a Master's Degree in Public Administration (MPA) from the Kennedy School of Government at Harvard University, a Master's Degree in Economics and a Bachelor's Degree (First Class Honours) from the University of Nairobi.

He was previously the Head of Macroeconomics in The National Treasury, and has also served as an Economist with the International Monetary Fund (IMF), Nairobi Office.

Mr. Rotich joined the Board of KETRACO upon his appointment as Cabinet Secretary to The National Treasury on 15th May, 2013.





**KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED**  
Annual Report and Financial Statements for the Year Ended June 30, 2014



**Mr. Daniel K. Mwaura**

Born in 1966, Mr. Daniel Karuru Mwaura is an Advocate of the High Court of Kenya in private practice and has practised Law for more than 19 years.

Mr. Mwaura is also a Commissioner for Oaths, Notary Public and holds a Bachelor of Laws degree, Bachelor of Arts (Economics) both from Indore University and a Post Graduate Diploma in Law from the Kenya School of Law. He was appointed to the Board of KETRACO on 16th January, 2009.

**Mrs. Elizabeth W. Maina**

Born in 1962, Elizabeth Maina is the holder of a Master's in Education (Planning & Administration), from the University of Nairobi and Bachelor of Education degree from Kenyatta University.

She is currently pursuing a Diploma in Human Resource Management. Elizabeth has served in leadership positions as a principal of various secondary schools, and as chairman of community based empowerment programmes and is a member of Mathira Constituency Development Fund and Secretary of the Bursary Committee.

She was appointed to the Board of KETRACO on 10th February, 2012.



**Mrs. Patience K. Nyaoga**

Born in 1968, Patience Nyaoga holds a Master of Business Administration (MBA) with a major in Marketing from the University of Nairobi, a Bachelor of International Business Administration (IBA) from the United States International University (USIU) and has attended Management courses both locally and internationally.

Patience is a member of Kenya Associations of Business Owners (KAWBO), Institute of Directors of Kenya, PTA Braeburn School (Friends of Braeburn), All Saints Cathedral Church and Anglican University.

She has worked for both private and public corporations and is currently the Managing Director of Tintoria Limited, a medium sized enterprise with various branches in Nairobi County.

Patience was appointed to the Board of KETRACO on 10th February, 2012.

**Ms. Esther N. M'ithiria**

Born in 1974, Esther Nkatha is currently pursuing a PhD in Business Administration (Finance Option) at the University of Nairobi. She has a Master of International Economics and Management (Banking and Finance option) from SDA Bocconi School of Management, Milan and a Bachelor of Commerce (Accounting option) degree from Kenyatta University. She is also a Certified Public Accountant, CPA (K) and a member of ICPAK. Esther has worked as a consultant, a financial and credit analyst in various institutions in Italy and Kenya. She is currently working as a lecturer at the Catholic University of Eastern Africa in the Department of Accounting and Finance.

She has written and published research papers on topical issues in the field of business and finance.

Esther is a Fellow of the Higher Education Academy, UK and a Board member and Trustee of Cardinal Otunga High School and Charitable Trust. She is also a Director of Chlorophyll Investment Company Ltd.

Esther was appointed to the Board of KETRACO on 10th February, 2012.







**Mr. Fidesius Muchira Nyaga**

Mr. Nyaga was born in 1944 and holds a Bachelor of Arts degree in Accounting and Economics from Makerere University. He is a fellow of the Chartered Institute of Secretaries UK, a member of the Institute of Certified Public Secretaries of Kenya (ICPSK) and a certified Public Accountant with over 31 years of experience in financial management.

He was appointed a director of KETRACO on 18th December 2012. He is also a director of Thiba Holdings Limited and Fide Registers Limited.

**Mrs. Felister S. Kivisi (Alternate Director to Mr. H. Rotich)**

Born in 1967, Felister Saliku Kivisi, serves as Senior Assistant Director in The National Treasury, Debt Management Department. She holds a Bachelor of Arts degree from the University of Nairobi (1990) and a Master of Arts degree in International Relations from the University of Leeds (1992). She is currently undertaking PHD studies in International Relations.

Felister who serves as Alternate Director to Mr. Henry Rotich, CS, The National Treasury, has a wealth of experience having worked in The National Treasury from 1994 to date.



**Eng. Julius Mwathani (Alternate Director to Eng. J. Njoroge)**

Eng. Julius Mwathani was born in 1960. He holds a Bachelor of Science degree in Mechanical Engineering and an Executive Master of Business Administration degree.

He is registered by Engineers Registration Board of Kenya and is a member of the Institution of Engineers of Kenya (NIEK). Eng. Mwathani who serves as Alternative Director to Eng. J. Njoroge, Ministry of Energy and Petroleum, has wide experience in public sector management, having worked for more than 20 years in various senior positions in Government.

**Mr. Duncan Macharia, Company Secretary**

Mr. Duncan Macharia was born in 1960. He holds a Master of Business Administration degree from the University of Nairobi and a Bachelor of Commerce (Business Administration option) degree and a Bachelor of Laws Degree from the same university. He is currently pursuing a Diploma in Law at the Kenya School of Law, Nairobi.

Duncan is also a Certified Public Secretary of Kenya (CPS) K and previously worked as Deputy Company Secretary at The Kenya Power & Lighting Company Limited before he left after serving the company for over 18 years to join KETRACO. He is also a member of the Institute of Directors, (IOD) Kenya.



## Management Profiles



**Duncan Macharia**  
*Company Secretary &  
Chief Manager, Legal Services*



**FCPA Fernandes Barasa**  
*Chief Manager  
Finance & Accounts*



**Mumbua Giati**  
*Chief Manager  
ICT*



**Eng. (Dr.) John Mativo**  
*Chief Manager  
Planning & Development*



**Agnes Ongadi**  
*Chief Manager  
Human Capital & Administration*



**Joe Ager**  
*Chief Manager  
Commercial Services*

### Eng. Joel Kiilu – Managing Director & CEO

Born in 1956, Eng. Joel Kiilu is an Electrical Engineer and holds a Master's Degree in Business Administration (MBA) from the University of Nairobi. He also holds a Bachelor of Science (Bsc.) degree in Electrical Engineering from the same University.

Eng. Kiilu is a member of Institution of Engineers of Kenya (MIEK), and the Institution of Electrical and Electronic Engineers (MIEEE). He joined The Kenya Power & Lighting Company Limited as a trainee Engineer in 1977 and rose to the position of Chief Manager, Energy Transmission from which he left to join KETRACO in the year 2009 to date.

**Mr. Duncan K. Macharia**  
***Company Secretary & Head of Legal Services***

Born in 1960, Duncan holds a Masters of Business Administration degree from the University of Nairobi, a Bachelors of Commerce degree and a Bachelor of Law Degree from the same University.

Duncan is also a Certified Public Secretary of Kenya (CPS)K and has wide experience in management and corporate secretarial function having previously worked as Deputy Company Secretary at The Kenya Power & Lighting Company Limited before he left after serving the company for over 18 years to join KETRACO as the Company Secretary. He is also a member of the Institute of Directors, (IOD) Kenya.

**FCPA Fernandes O Barasa**  
***Chief Manager, Finance & Accounts***

Born in 1973, FCPA Fernandes Barasa holds a Bachelor of Commerce (Accounting) and MBA (Finance option) Degrees from Kenyatta University. He is also a Certified Public Accountant of Kenya (CPA-K). He is the Vice Chairman ICPAK, Convenor of the Finance & Strategy Committee and Alternate Convenor of the Member Services Committee of the Institute of Certified Public Accountants of Kenya (ICPAK).

Prior to joining KETRACO, FCPA Barasa worked as Treasury Manager and later Head of Factories Accounts at Kenya Tea Development Agency Limited. He also worked for Kenya Airways and East Africa Re in senior management positions. He has a wealth of experience in Accounting, Risk and Financial Management.

**Dr. (Eng.) John Mativo**  
***Chief Manager, Planning & Development***

Born in 1968, Eng. John Mativo is a Civil Engineer and holds a Doctorate degree from Tokyo Metropolitan University (Japan), a Master's degree from Tongji University (China) and a Bachelor's degree from the University of Nairobi.

John is a registered Engineer (Kenya Engineers Registration Board) and a Corporate Member of the Institution of Engineers of Kenya. Before joining KETRACO as Head of Technical Services, he previously worked as a Consultant for European Union funded projects in the Local Government and as an Engineer in the Ministry of Roads and Public Works.

**Mrs. Mumbua Giati**  
***Chief Manager, ICT***

Mrs. Mumbua Giati holds a Bachelor of Commerce degree (Management Science option) from the University of Nairobi.

Mumbua has a wealth of training and experience in IT, having worked for the Kenya Power & Lighting Company Ltd. and seen the company's ICT transition from proprietary legacy systems to modern ERP solutions. She previously held the position of Chief Systems Analyst, SAP at the Kenya Power & Lighting Company before joining KETRACO as Head of ICT in December 2009.

She is a member of the Computer Society of Kenya.

***Welding Earthing Grid***  
***Isiolo Sub-station***







*Construction of Suswa Sub-station*

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT THE 5<sup>TH</sup> ANNUAL GENERAL MEETING** of the Kenya Electricity Transmission Company Limited will be held at Capitol Hill Square, 2<sup>nd</sup> Floor, Upper Hill, Chyulu Road, Nairobi, on 25th June 2015 at 11:00 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 twelve months ended on 30<sup>th</sup> June 2014, 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 Companies Act, Cap 486 as a private company limited by shares, it is wholly owned by the Government. 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 Corporations 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. To note that the audit of the Company's books of account will be undertaken on behalf of the Auditor General by M/s Deloitte & Touche, an audit firm appointed in accordance with Section 14(3) of the State Corporations Act, and Section 39(1)(b) of the Public Audit Act, 2003.

M/s Deloitte & Touché carried out the audit for the period ended 30<sup>th</sup> June, 2014.

6. To authorise the Directors to fix the Auditors' remuneration.

**By Order of the Board**



**Duncan Macharia**  
**Company Secretary**  
28th May, 2015



## Ilani ya Mkutano Mkuu wa Mwaka

**ILANI INATOLEWA HAPA KWAMBA MKUTANO WA TANO WA KILA MWAKA** wa wenyekisi wa kampuni ya Kenya Electricity Transmission Company Limited (KETRACO) utafanyika katika jumba la Capitol Hill Square, gorofa la pili, Upper Hill, barabara ya Chyulu, Nairobi, mnamo 25 Juni 2015 saa 11:00 asubuhi kujadili yafuatayo: -

1. Kusoma ilani ya kuitisha Mkutano huo.
2. Kupokea na kuchunguza taarifa za kifedha zilizokaguliwa kwa mwaka uliomalizika Juni 30, 2014, pamoja na ripoti za Mwenyekiti, Wakurugenzi na Wakaguzi hapo baadaye.
3. Kuidhinisha kwamba Wakurugenzi hawapendekezi malipo ya mgao kwa kipindi hicho.
4. Uchaguzi wa Wakurugenzi: Kwa kutambua kwamba hakutakuwa na uchaguzi au mzunguko wa wakurugenzi kwa sababu zifuatazo: -

Ilhali Kampuni ilianzishwa chini ya Sheria ya Makampuni, Sura 486 kama kampuni binafsi iliyo na hisa kiwango fulani, ni inayomilikiwa na Serikali. Hivyo basi Kampuni inaongozwa chini ya masharti ya Sheria ya Mashirika ya Uma, Sura ya 446 kwa mujibu wa kifungu cha 2 (c) cha Sheria. Zaidi ya hayo, Ibara ya 2 ya Mkataba wake na Makala wa Chama hutoa kwamba *“uteuzi na kuondolewa kwa Wakurugenzi utaongozwa na masharti ya Sheria ya mashirika ya serikali, Sura ya 446, ya sheria za Kenya kama ilivyorekebisha mara kwa mara, kila Mkurugenzi atashika madaraka hadi aondolewe au abadilishwe kama inavyostahili chini ya sheria hii.”* KETRACO pia inakubaliana na Sura ya 446 Sehemu ya 6 ambayo inatoa kwa ajili ya utungaji na uteuzi wa Wakurugenzi. Kwa hali hiyo, hakutakuwa na uchaguzi au mzunguko wa Wakurugenzi.

5. Kufahamu kwamba ukaguzi wa vitabu vya hesabu utafanyika kwa niaba ya Mdhambi na Mkaguzi Mkuu na M/S Deloitte & Touche, kampuni ya ukaguzi iliyoteuliwa kwa mujibu wa Kifungu cha 14 (3) cha Sheria ya Mashirika ya Umma, na Sehemu ya 39 (1) (b) cha Sheria ya Ukaguzi wa Umma, 2003.

Kampuni ya M/S Deloitte & Touche ilifanya ukaguzi kwa kipindi kilichomalizika tarehe 30 Juni, 2014.

6. Kuwaruhusu Wakurugenzi kuamua malipo ya Wakaguzi.

**Kwa agizo ya Halmashauri**



**Duncan Macharia**  
**Katibu wa Kampuni**  
Mei 28, 2015



## Chairman's Overview



*Dr. Kenneth K. Sigilai - Chairman, Board of Directors*

On behalf on the Board of Directors I am delighted to present the Annual Report and Financial Statements for the Kenya Electricity Transmission Company Limited for the financial year ended 30th June 2014. During the period under review the company registered a significant growth in its projects portfolio resulting into an increased asset base. The overall financial performance resulted in growth of stakeholders' value.

### Review of the Economy

The country's gross domestic product had expanded by 5.8% by 2014 compared to 4.7% in 2013.

The performance was mainly supported by a stable macro-economic environment for a better part of the year. A relatively low and stable inflation supported by supply of basic commodities, lower international oil prices and comparatively lower cost of power. This was in addition to robust growths in the construction and infrastructure sector. The macroeconomic environment remained resilient in the backdrop of the uncertainty occasioned by the national elections held in March 2013.

### Economic Output for 2014/2015

As reported by the African Development Bank, Africa's Gross Domestic Product stands at a mere 3%. This represents the real local wealth we have, indicating that substantial sections of the population are still quite poor.

In addition, as a continent we have been hit by terror attacks, local wrangles as well as cuts in donor funding in the health sector. All these have affected our country's economy. Furthermore, we continue to have a vast untapped economic potential in the diaspora. However, the counties devolution system is starting to address this through the County Integrated Development Plans 2013-2017. And here at KETRACO we hope to ignite this potential and support the Government by transmitting power for industrialisation to regions with a crying need for development.

We project that efforts in the various counties and ministries will move the nation further and further away from dependency on foreign aid and grow

in regional and international trade making ours a developed economy quite soon.

Our projects will transform the energy consumption patterns of Kenya as more and more of the generated power is transmitted to the regions that most need it, allowing for the building and operating of manufacturing and processing plants that have access to reliable and affordable electricity. This will in turn make the country less reliant on imports, and offshore manufacturing and assembling plants, as well as boost the economy and create employment.

### Review of the Electricity Sub-Sector

The Ministry of Energy and Petroleum has set out to accomplish the Last Mile Connectivity project that will see that eight out of ten Kenyans have access to electricity, raising this number from the current three out of ten ratio.

In addition to this plan, Energy Sector players are also aggressively pursuing achieving the 5,000+ MW evacuation, transmission and distribution projects that will pump in over 5,000 MW into the National Grid by 2017 to meet projected electricity demands.

Being the key company tasked with energy transmission, we have taken this responsibility with utmost seriousness, giving our best to achieve set targets. Our hope, vision and purpose is to ensure that the country has a National Grid that is at par with, if not, the best in the world. This involving pledge that we quote in our tagline, 'Building a World Class National Grid', has us designing, building, operating and maintaining several transmission lines nationwide that form the grid.

Thus far we have constructed 756km of transmission line infrastructure, while an additional 3716km is underway.

I am happy to report that we have also made significant progress in the transmission projects to evacuate the 5,000+ MW. Our Menengai-Soilo project now has a contractor who is on

the ground, and progress continues on the other related projects.

Furthermore, we continue to diligently progress on our over 40 other transmission projects in various parts of the country whose details are given in subsequent pages of this report.

### Performance Review

Our asset base has continued to grow from Ksh. 41,560 million in the last financial year to Ksh. 50,128 million in 2014. We have also received project funding amounting to Ksh. 43,352million: Ksh. 27,416 million from external sources and Ksh. 15,936 million from the exchequer.

The total income during the year amounted to Ksh 840 Million compared to Kshs. 1,265million for last year, while the total operating expenses was Ksh 777 Million compared to 774 million incurred in 2012/2013. The drop in income this year is largely attributed to the low wheeling revenue as a result of the review of the transmission tariff by the Energy Regulatory Commission (ERC).

### Future Outlook

The company intends to complete several projects in the coming financial year that will vastly change the availability of reliable electricity nationwide.

Of note among these is the completion of the construction of the 220kV Suswa substation. This substation will be our largest to date, sitting on 200 acres. In subsequent years, the substation will connect to related projects which will have it handling a potential power capacity of over 2,000 MW and connecting several transmission lines. These projects include:

- 500kV HVDC Ethiopia Kenya Project (2000MW Capacity).
- 400kV (Initially operated at 220kV) Isinya-Suswa transmission line.
- Existing 220kV Double Circuit Olkaria IV-Nairobi North (To be dismantled and looped into Suswa Substation).
- 400kV Double Circuit (Initially operated at 220kV) Loiyangalani- Suswa transmission line.
- 220kV Double Circuit Olkaria I- Suswa transmission line
- 220kV Double Circuit Olkaria II- Suswa

transmission line

- 220kV Double Circuit Kimuka- Suswa transmission line

This substation will become a hub that greatly affects the entire grid as a substantial percentage of the nation's installed power capacity will be handled here.

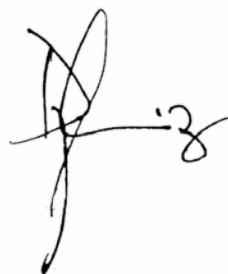
Furthermore, the electricity access projects are scheduled to be completed in the 2014/2015 financial year, along with the power evacuation projects that include the Mombasa-Nairobi line and the Nairobi Ring project that will reinforce the existing network around Nairobi area. The Lessos-Tororo interconnector that will connect Kenya and Uganda is also scheduled to be energised by the end of the 2014/2015 year.

### **Tribute**

I take this opportunity to thank all our stakeholders for your continued support throughout the year.

The Government Cabinet, particularly the Ministry of Energy and Petroleum, and The National Treasury, our Board of Directors, Management, staff as well as our development partners have played crucial roles in enabling KETRACO to achieve what it did in the year under review.

As we embark on a new year we are eager to continue collaborating with each of you towards making ours a success story of professionalism and great achievements.



**Dr. Kenneth Sigilai**  
**Chairman**

29<sup>th</sup> October, 2014





## Muhtasari wa Mwenyekiti



*Dr. Kenneth K. Sigilai - Mwenyekiti*

**K**wa niaba ya Bodi ya Wakurugenzi ninafuraha kuwasilisha ripoti ya mwaka na taarifa za fedha za Kampuni ya Kenya Electricity Transmission Company Limited ya mwaka wa fedha ulioishia tarehe 30 Juni 2014. Katika kipindi hiki kampuni ilisajili ukuaji mkubwa katika miradi yake ulio sababisha kuongezeka kwa utajiri wa mali za Kampuni. Kwa jumla thamana ya wadau iliongezeka kwa sababu ya utendaji huo wa kifedha.

### Mapato ya Uchumi

Pato la Nchi ilikuwa 5.9% mwaka 2014 ikilinganishwa na 4.7% mwaka 2013. Utendaji

huu ulikuwa hasa kwa sababu ya mazingira imara ya kiuchumi kwa muda mrefu wa mwaka tuaoangazia kudhibitiwa kwa mfumuko wa bei na mazingira imara kiuchumi pamoja na usambazaji wa bidhaa za msingi, bei ya chini ya mafuta ya kimataifa na gharama ya chini ya umeme. Hii ilikuwa ni pamoja na ukuaji wa sekta za ujenzi na miundombinu. Mazingira mazuri ya kiuchumi yalibakia imara hata kukiwa na taharuki lililosababishwa na uchaguzi wa nchi uliofanyika Machi 2013.

### Pato la Uchumi - 2014/2015

Kama ilivyodhibitishwa na Benki ya Maendeleo ya Afrika, pato la ndani la bara Afrika ni asilimia 3 pekee. Hii inawakilisha utajiri wa mali ulio mikononi mwa wenyeji na kuonyesha kwamba sehemu kubwa ya watu bado ni maskini kabisa. Aidha, kama bara tumepata pigo la mashambulizi ya kigaidi, mapambano ya kijamii, na kupunguzwa kwa fedha za wafadhili katika sekta ya afya. Yote hayo yaliathiri uchumi wa nchi yetu.

Kama nchi tuko na uwezo mkubwa sana ambao haujatimizwa katika mikono ya wananchi walio mashinani. Hata hivyo, mfumo wa ugatuzi unatarajiwa kushughulikia suala hili kupitia Mipango ya Kaunti ya Maendeleo ya 2013-2017. Na hapa katika KETRACO tunafahamu kwamba jukumu letu kubwa ni kuziwezesha Kaunti zote kutekeleza miradi yao ya kimaendeleo (kuunga mkono Serikali) katika miradi ya usambazaji umeme sehemu zote za nchi.

Tunatarajia kwamba miradi katika kaunti na wizara mbalimbali itawezesha taifa letu kutotegemea misaada ya nje na kukua katika biashara za kikanda na kimataifa na kufanya uchumi wetu uimarike hivi karibuni.

Miradi yetu inauwezo wakubadilisha matumizi ya nishati Kenya na mifumo ya usafirishaji na usambazaji wa umeme yanayotokana na kuwakaribia wananchi na sehemu za nchi zenye mahitaji makubwa ya umeme.

Hii itachangia kufanya nchi kujitegemea bila kutegemea mali na viwanda vya kigeni na pia kuongeza ajira.

### **Tathmini ya Sekta Ndogo ya Umeme**

Wizara ya Nishati na Petrolime imejipa lengo la kuwapa umeme wananchi mashinani au Last Mile Connectivity. Ni mradi ambao utasambaza umeme kwa 80% ya wananchi ikilinganishwa na 30% wakati wa sasa.

Mbali na mpango huu, washirika wa Sekta ya Nishati pia wanajitahidi kuzalisha, kusafirisha na kusambaza Zaidi ya MW 5,000 kwenye gridi ya taifa kufikia mwaka wa 2017 ili kukidhi mahitaji ya makadirio ya umeme.

Kwa kuwa Kampuni yetu ndiyo iliyo na jukumu la usambazaji umeme, tunachukua jukumu hili kwa uzito mkubwa, huku tukijizatiti kufanikisha malengo yaliyowekwa. Matumaini yetu, maono na lengo ni kuhakikisha kuwa gridi ya nchi yetu itapata kufikia na hata kupita viwango vya mataifa bora duniani. Kulingana na hakikisho letu lisemalo 'Tunalenga Kujenga Gridi Bora Duniani', tumejitahidi kubuni, kujenga, kuendesha na kudumisha laini na gridi ya kimataifa.

Hivi sasa tumekamilisha laini za urefu wa 756 km ilhali 3716 km zinaendelea kujengwa. Nina furaha kuripoti kwamba sisi pia tumechangia katika mpango wa Serikali wa kuzalisha 5,000 MW kwa kubuni miradi kadhaa ambazo zinaendelea kuhimiza mpango huu. Hivi sasa mradi wa kutoka Menengai hadi Soilo umepata kuajiri mkandarasi ambaye ameanza kazi, huku pia miradi zingine chini ya mpango huu zikiendelea kutekelezwa.

Aidha, tunaendelea kutekeleza zaidi ya miradi 40 mingine katika maeneo mbalimbali ya nchi na ambayo maelezo yake yametolewa katika kurasa baadaye ya ripoti hii.

### **Tathmini ya utendaji**

Mali yetu ya msingi imeendelea kukua kutoka Kshs. 41,560 milioni katika mwaka wa fedha uliopita hadi Kshs. 50,128 milioni mwaka 2014. Pia tumepokea fedha za kuendeleza miradi Kshs. 43,352 milion, zikiwa Ksh. 27,416 milioni kutoka wafadhili wa nje na Kshs. 15,936 milioni kutoka hazina ya taifa.

Jumla ya mapato katika kipindi cha mwaka yalifikia Kshs. 840 milioni ikilinganishwa na Ksh.1,265 kwa mwaka jana, huku gharama ya uendeshaji jumla ikiwa Kshs. 777 milioni ikilinganishwa na Kshs. 774,000,000 zilizotumika katika 2012/2013. Kushuka kwa mapato mwaka huu kwa kiasi kikubwa kukisababishwa na mapato ya chini ya malipo ya usafirishaji umeme kufuatia mabadiliko yaliyo tangazwa na Tume ya Kawi (ERC).

### **Matarajio ya baadaye**

Kampuni inatarajia kukamilisha miradi kadhaa katika mwaka ujao wa fedha ambayo itaadhiri pakubwa upatikanaji wa umeme wa kuaminika nchi nzima.

Kati ya miradi mhimu itakayokamilika ni ule wa kituo cha Suswa chenya uwezo wa 220kV. Kituo hiki ndicho cha umuhimu na ukubwa sana, kikiwa katika ekari 200. Hivi karibuni, kituo hiki tunatarajia kiwe na uwezo wa kusambaza 2,000 MW na kuunganisha vituo na laini kutoka miradi mbali mbali kama vile:-

- Laini ya kusambaza umeme ya Ethiopia Kenya (500kV HVDC na uwezo wa 2000MW).
- Laini ya kusambaza umeme ya Isinya- Suswa (400kV/ awali ikianzishwa ikiwa 220kV)
- Laini ya kusambaza umeme ya Olkaria IV- Nairobi North (saketi mbili 220kV ikipitia Kituo cha Suswa).
- Laini ya kusambaza umeme ya Loiyangalani Suswa (saketi mbili 400kV/ awali ikianzishwa ikiwa 220kV).

- Laini ya kusambaza umeme ya Olkaria I- Suswa (saketi mbili 220kV)
- Laini ya kusambaza umeme ya Olkaria II Suswa (saketi mbili 220kV)
- Laini ya kusambaza umeme ya Kimuka-Suswa (saketi mbili 220kV)

Kituo hiki kitakuwa kitovu ambacho kitategemewa sana na gridi nzima.

Aidha, miradi ya kusambaza na upatikanaji umeme iliopangwa kukamilika katika mwaka ujao wa fedha, pamoja na miradi ya kusafirisha umeme kutoka vituo vya uzalishaji kama vile laini ya Mombasa-Nairobi na laini ya mzunguko wa Nairobi vitaimarisha mtandao wa eneo la Nairobi. Laini ya Lessos-Tororo pia imepangwa kumalizika mwisho wa mwaka 2014/2015 ili kuunganisha Kenya na Uganda.

### **Shukrani**

Nachukua fursa hii kuwashukuru wadau wetu wote kwa misaada yao kwa mwaka nzima.

Serikali na Baraza la Mawaziri hasa Wizara ya Nishati na Petroli, na Hazina ya Taifa, Bodi ya wakurugenzi, wasimamizi, wafanyakazi pamoja na wafadhili wetu wa maendeleo wamechangia majukumu muhimu katika kuwezesha KETRACO kufikia malengo katika mwaka unaozingatiwa.

Tunavyoanza mwaka mpya, tunahamu ya kuendelea kushirikiana na kila mmoja wenu katika kuhakikisha hadithi yetu itakuwa ya taaluma na mafanikio makubwa.

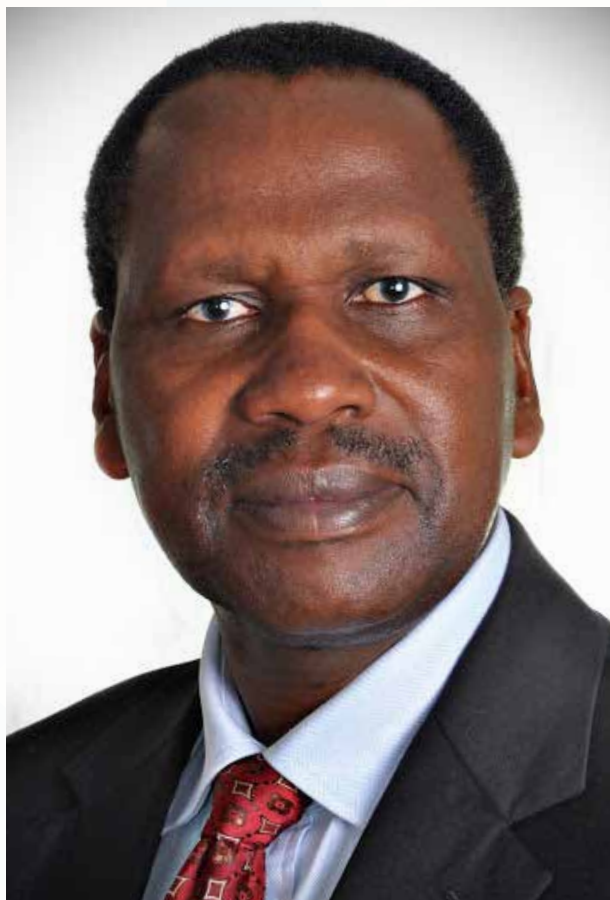


**Dk. Kenneth Sigilai**  
**Mwenyekiti**

Oktoba 29, 2014



## Report of the Managing Director & CEO



*Eng. Joel M. Kiilu – Managing Director & CEO*

### Overview

Since inception in December 2008, KETRACO has made concerted efforts at strengthening and extending the national power transmission grid so as to enhance quality, reliability and security of electricity supply in the country in addition to increasing access and reducing cost of supply. The Company continues to play its transformative role in the economy as mandated by the Government of Kenya. It is now with a lot of pleasure that I take this opportunity to present an overview of KETRACO's performance for the financial year ending June 2014.

The Company made significant progress in implementation of the various on-going transmission projects and important milestones were achieved in some key projects. KETRACO also made tremendous improvements in several other areas which include reviewing of service delivery systems, risk management, enhancing the capacity of human resources, providing conducive working environment, strengthening ICT infrastructure, review of institutional, legal and regulatory framework and reviewing medium and long term power development plans.

In the financial year 2013/2014, numerous developments took place in the energy sector that had an inspiring impact on the Company's operations. The Government initiated the comprehensive programme to add 5,000+ MW of electricity generation to the grid in 40 months from September 2013. KETRACO gave strong impetus to the programme by undertaking planning and preliminary work for the required transmission infrastructure to evacuate the envisaged energy to various load centres.

Revision of the Energy Policy to align the energy sector operations with the Constitution of Kenya 2010 progressed considerably well and the draft Policy was presented to stakeholders for review. The engagement of Lahmeyer International consultants to undertake a Power Generation and Transmission Master Plan study commenced in the year under review. Further, in order to determine the prudent cost of connecting new customers to the electricity network countrywide, the Ministry of Energy and Petroleum engaged Fichtner Management Consulting to develop Electricity Connection Policy and Regulations. A Ten-Year Power Expansion Plan for Kenya was completed as a collaborative effort among all the power industry players.

In regard to expanding and strengthening the national power transmission infrastructure network, the Company has made great achievements. During the period under review,

**KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED**  
Annual Report and Financial Statements for the Year Ended June 30, 2014

KETRACO completed 405.5 km of transmission lines comprising of 328.5 km 220kV Rabai-Malindi-Garsen-Lamu transmission and 77km 132kV Kilimambogo-Thika-Githambo lines.

Nevertheless, since inception the Company has cumulatively constructed 756.5 km of both 132kV and 220kV transmission lines as detailed in Table 1 below:-

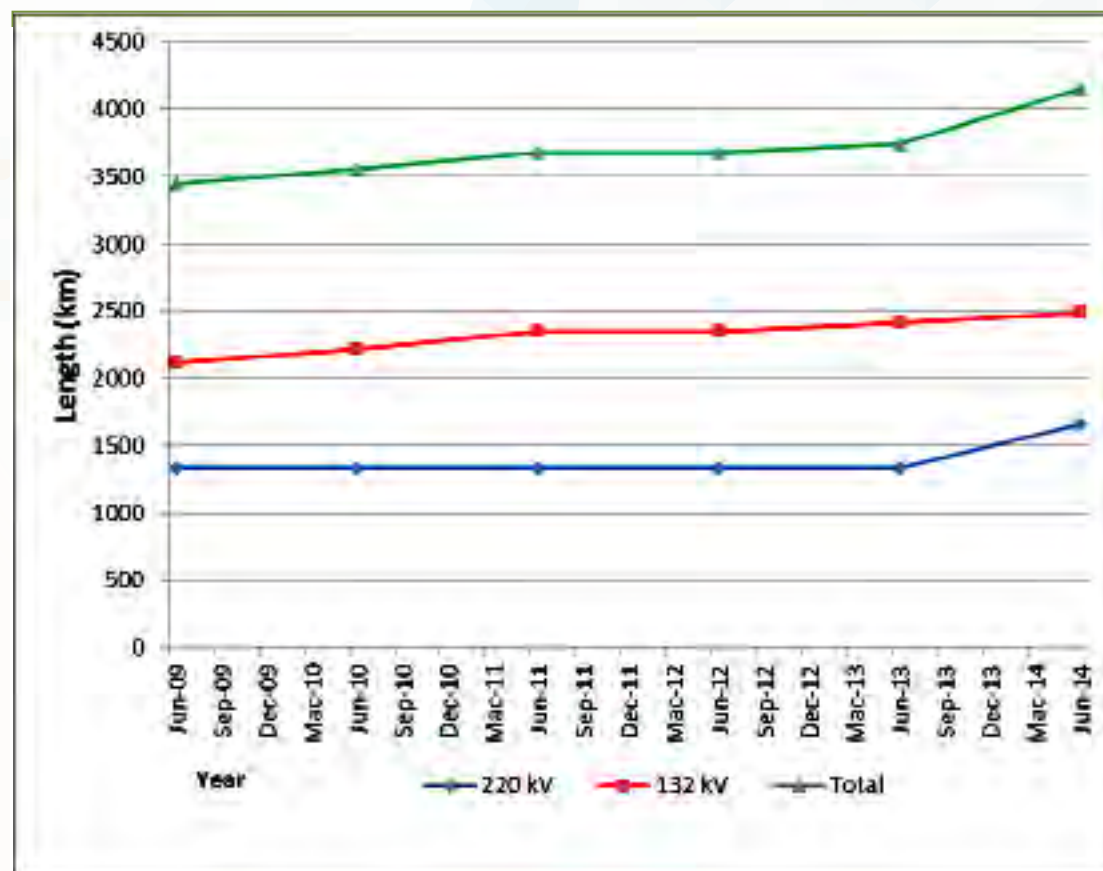
Table 1: Length of Completed High Voltage (HV) Transmission Lines (Km)

|   | Transmission Line                     | Length (KM)  | Commissioning Date |
|---|---------------------------------------|--------------|--------------------|
| 1 | *Sondu Miriu – Kisumu 132kV line      | 50           | July 2007          |
| 2 | Chemosit – Kisii 132kV line           | 62           | March 2010         |
| 3 | Rabai – Galu 132kV line               | 48           | March 2010         |
| 4 | Kamburu – Meru 132kV line             | 122          | September 2010     |
| 5 | Sang'oro – Sondu 132kV line           | 5            | June 2012          |
| 6 | Mumias-Rangala 132kV line             | 34           | July 2012          |
| 7 | Thika-Gatundu (Nyaga) 132kV line      | 30           | June 2013          |
| 8 | Kilimambogo-Thika-Githambo 132kV line | 77           | November 2013      |
| 9 | Rabai-Malindi-Garsen-Lamu 220kV line  | 328.5        | March 2014         |
|   | <b>Total Length (KM)</b>              | <b>756.5</b> |                    |

\*The Sondu Miriu-Kisumu line was implemented by KenGen and handed over to KETRACO.

The expansion of the National Grid from the time KETRACO started operations is shown in Figure 1 below.

Figure 1: Length of Completed High Voltage (HV) Transmission Lines: 2009-2014



The new additions to the transmission infrastructure have contributed to the development of a modern and robust grid in the country which has led to improvements in quality and reliability of supply in areas that experienced serious power constraints. Considering the planned capacity enhancement programmes by the Company, the infrastructure developed will strategically place the Company to effectively play the expanded role envisaged in the electricity supply industry in the country and the region.

Both the Least Cost Power Development Plan 2013-2033 and 10-Year Power Expansion Plan 2014-2024 have identified and prioritized electricity transmission projects for implementation in order to support the national objectives of the sector. The identified and committed transmission lines, substations and regional interconnection projects are at various stages of project development.

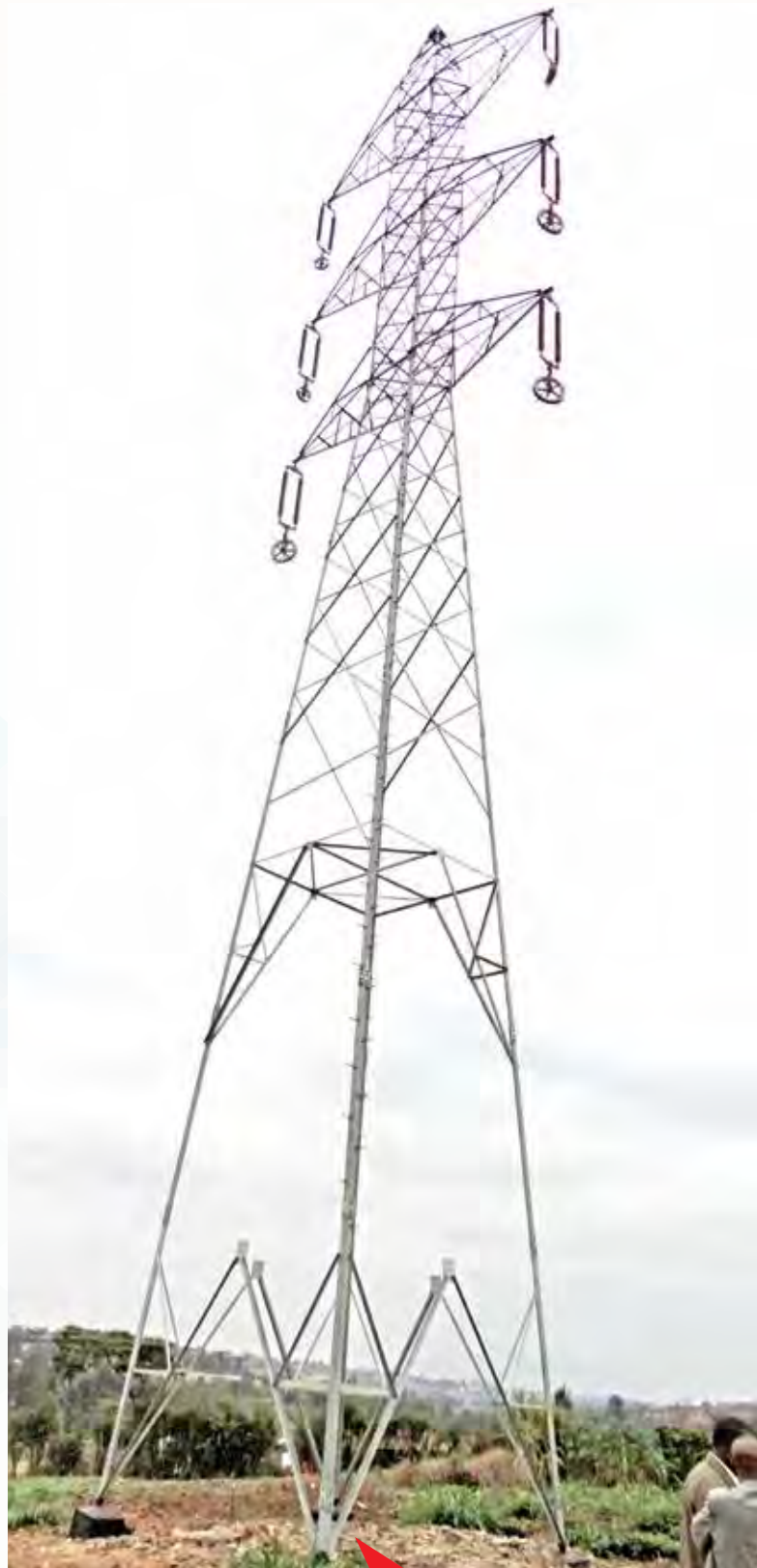
KETRACO is currently implementing various priority projects totaling about 5,000km of transmission lines comprising of: approximately 2,000km of 132kV, 600km of 220kV and 1,800 km of 400kV AC lines as well as 612km of 500 kV HVDC line between 2014 and 2017. The estimated investment requirements for this expansion is US\$ 2.5billion at current prices. These projects are in line with the 2<sup>nd</sup> Medium Term Plan 2013-2017 of the Kenya Vision 2030. It is projected that by 2030, KETRACO will develop about 11,230 km of new high voltage transmission lines at an estimated present value cost of US\$ 3.55billion.

## Projects Implementation

During the financial year under review, KETRACO completed two transmission lines namely, 77 km 132kV Kilimambogo–Thika–Githambo completed in November 2013 and 328.5 km 220kV Rabai–Malindi–Garsen–Lamu completed in March 2014.

Further, construction works for the following transmission line projects were on-going:

- (i) 482km 400/220kV Mombasa – Nairobi;
- (ii) 354 km 132kV Kenya Electricity Expansion Programme (KEEP): Kindaruma – Mwingi – Garissa, Eldoret - Kitale and Kisii - Awendo



*Vandalised tower with missing members Kilimambogo - Thika line*



- all which were handed over to the line and substation contractors;
- (iii) 431km 132kV Kenya Power Transmission System Improvement Project (KPTSIP): Ishiara - Kieni; Nanyuki - Nyahururu; Lessos - Kabarnet; Olkaria - Narok; Sotik - Bomet; and Mwingi- Kitui – Wote -Sultan Hamud lines and associated substations.
  - (iv) 100km 400kV Nairobi Ring: Suswa-Isinya double circuit transmission line and substations at Isinya, Athi River, Ngong and Koma Rock and extension of Dandora substation
  - (v) 25km 220kV Olkaria I - Suswa and 25 km 220kV Olkaria IV - Suswa double circuit lines, which are implemented through KenGen; and
  - (vi) 96km 132kV Meru-Isiolo-Nanyuki and associated substations.

In addition, the Company commenced construction of the following projects:

- (i) 127km 400kV Lessos-Tororo (Kenya-Uganda Interconnector);
- (ii) 153km 132kV Machakos-Konza-Kajiado-Namanga;

- (iii) 90km 220kV Turkwel-Ortum-Kitale;
- (iv) 13km 132kV Menengai-Soilo.

Pre-qualification of contractors was completed and bidding documents were prepared for the following projects:

- (i) 100km 132kV Sondu-Homa Bay-Ndhiwa-Awendo;
- (ii) 430km 400kV Loiyangalani-Suswa;
- (iii) 300km, 400/220kV Olkaria-Lessos-Kisumu double circuit line and substation works at Olkaria, Lessos & Kisumu;
- (iv) 612km 500kV HVDC Eastern Electricity Highway (Ethiopia-Kenya Interconnector) bipolar line with DC/AC convertor substation and 400/220kV substation.

Preparations for the following projects were undertaken i.e. preliminary route surveys, environmental and social impact assessment and resettlement action plan studies were carried out:

- (i) 25km 400kV Menengai-Rongai
- (ii) 150km 400kV Silali-Rongai
- (iii) 50km 400kV Dongo Kundu-Mariakani
- (iv) 520km 400kV Lamu-Kitui-Nairobi East Line
- (v) 110km 400kV Isinya-Nairobi East



*Mr. Davis Chirchir, CS MoEP, (Left) and MD Eng. Joel Kiilu discuss substation plans during a visit to Isinya substation along with members of the substation's PIT on 15th October 2013.*

The Company also carried out feasibility studies for 36 new power transmission line projects for various voltage levels spanning across the country for future investment. The projects under implementation fall into four broad categories based on their specific objectives, namely:

- i. System strengthening projects;
- ii. Power evacuation projects;
- iii. Regional interconnectors; and
- iv. Electricity access projects.

The implementation details for the various on-going power transmission projects are given here below:-

### **I. System Strengthening Projects**

The system strengthening/capacity enhancement projects will improve transfer capacity of electrical energy and address the challenge of low voltages, high transmission losses, unreliability of supply and network security. This category of projects include the following:-

#### **482 km 400/220kV Mombasa - Nairobi line**

This is a 482km 400/220kV double circuit line from Rabai substation to Embakasi with a power capacity of 1500MW and is so far the biggest the Company has undertaken. It aims at increasing the transfer capacity for power and evacuating excess supply at the Coast Region for transmission to demand centres in Nairobi and the rest of the country. Construction of the line commenced in December 2010 and currently tower erection and conductor stringing are on-going. It was projected to be finished by December 2014 but this was not achieved due to immense challenges caused by denied access to sites by landowners. However, we are optimistic that it will be completed by the end of current financial year.

Once completed, the project will reduce the high transmission losses and facilitate reliable power supply to Nairobi and surrounding counties as well as improve electricity access. This transmission line will also facilitate efficient transportation of

*River Sabaki floods  
collapse tower along the  
Rabai-Malindi-Garsen-  
Lamu Line*





both goods and passengers by providing electricity for powering electric trains.

### **Nairobi Ring and Associated Substations**

This project involves construction of a 100km 400 kV double circuit line from Suswa substation to Isinya substation rated at 1700MW, 40 km 220kV Suswa – Ngong line and two 400/220kV substations at Suswa and Isinya, as well as Ngong, Athi River & Koma Rock 220/6kV substations. The projects has been divided into several lots: Lot 1 transmission line has Jyoti Structures (India) as contractors, with Iberdrola (Spain) being the contractor for Isinya, Ngong, Athi River & Koma Rock substations. The consultants are Power Engineers (South Africa) and Suswa Substation is being developed separately by Siemens with KEMA (Netherlands) being the consultant. The project is being financed by AFD, EIB & GoK at a total cost of Kshs.16.9 billion.

The Nairobi Ring project will offer an alternative supply path for power into the Nairobi Metropolitan region and increase transformation capacity removing load from the existing overloaded substations. This will increase the reliability of power supply and create an attractive climate for investors in the region thus spurring growth and employment. The Suswa – Isinya line will link the grid from the Coast to rest of Kenya and neighbouring countries of Tanzania, Uganda and Ethiopia.

Progress during the year included valuation of structure and land which were completed. Design and testing were also completed



*Tower erection along Suswa-Isinya line*



while construction of tower foundations, erection of towers and Athi River, Isinya and Ngong substation civil works are in progress. Construction of Suswa substation is at advanced stages and pre-commissioning works were commenced. The project is expected to be completed in February 2015.

### **300 km 220/400kV Olkaria-Lessos-Kisumu line**

This project involves construction of a 300km 400kV double circuit transmission line from Olkaria Geothermal Power Plant to Lessos, 220kV double circuit line from Lessos to Kisumu, a new 200kV substation in Kisumu and extension of the existing Olkaria and Lessos substations (Olkaria-Lessos with a rating of 1200 MW and Lessos-Kisumu with a rating of 500MW). The Olkaria-Lessos-Kisumu project will help strengthen the link between the South Rift where there exists massive geothermal potential and western parts of the grid where demand is fast growing. Through the Lessos substation upgrade, it will provide a strong link for power export/import to/from neighbouring countries.

The project is funded by JICA & GoK at a total cost of Kshs.13.2 billion and is expected to be completed in December 2016. In the year under review, valuation of structures and land were underway while consent signing was completed. Prequalification of contractors was completed and bid documents were issued to prequalified contractors.

### **Mariakani 400/220KV Substation**

The project involves the construction of a 4x200MVA substation. The projected cost is Kshs 2.7 billion and is funded by AfDB. Procurement of the contractor is underway and the expected completion date is September 2015.

### **Ethiopia – Kenya System Reinforcement**

The project involves the construction of a 4x200MVA substation at Isinya and capacitor banks at Athi River and Nairobi North. The project is funded by the World Bank and expected cost is Kshs. 4.5 billion. The expected completion date is December 2015.

*Ongoing works at  
Suswa - substation*



## II. Power Evacuation Projects

The Company is implementing several projects targeting to evacuate power from various planned generation plants for injection into the national grid which include generation under 5,000MW+ projects. Progress on these is discussed below:

### 430 km 400kV Loiyangalani-Suswa line

The project entails construction of 430km 400 kV double circuit line that will evacuate electricity from the 300MW Lake Turkana Wind Power Plant in Loiyangalani to Suswa substation. At 1300MW rating, it will have sufficient capacity to evacuate power from the future power plants to be located in the geothermal fields along the Rift and wind farms in Northern Kenya (Marsabit).

The EPC Contract contractor is Ms. Isolux Ingeniera (Spain), substations contractor is Siemens T&D, with KEMA (Netherlands) being engineering supervising consultants. The total cost of the line is Kshs. 16.5 billion and is funded by the Spanish Government at Kshs 12 billion & GoK at Ksh 4.5 billion. In the year under review, valuation of structures and land were completed and land gazetted by the National Land Commission. It is expected to be completed in June 2016.

### 2No. 25 km 220kV Olkaria- Suswa line

This project involves construction of two 25km 220kV double circuit lines from the new 280MW Olkaria IV & I and additional geothermal power plants to Suswa substation. The combined line capacity is 1000MW and has been financed by JICA, AFD, EIB and GoK at a cost of Kshs. 0.9 billion. The contractor for the line is KEC International (India) with SKM as the engineering consultants. This project is implemented through KenGen.

Construction of transmission lines is nearly complete with only a few towers pending due to way leaves. Olkaria II and Olkaria IV substations were energized, Olkaria IAU completed. 70MW from Olkaria IV is being evacuated through construction

of a loop to Nairobi North line. Construction and commissioning is expected to be completed in December 2014.

### Proposed projects under 5,000+MW fast tracked generation

Projects in this scheme are gearing towards evacuating additional power supply generated under the 5,000MW+ project. The individual projects are listed hereunder:-

#### a) 13km 132kV Menengai-Soilo

The project is 13km 132kV double circuit line with 220/132kV –200MVA substation at Soilo. The project is fully financed by Government at an estimated cost of Kshs. 0.8 billion. Once complete, the project will provide infrastructure to evacuate power from the 90MW Menengai Geothermal Power. EPC contract was awarded and construction commenced. Valuation of land was completed and necessary approvals obtained with both ESIA and RAP completed. The target completion date is December 2014.

#### b) 30km 400kV Menengai-Rongai

This consists of 400kV double circuit line with 400/220kV – 200MVA substations



*NARI's Chen Chao and MD Eng. Joel Kiilu during the contract signing for the Menengai-Soilo line*



at Menengai and Rongai. The project is targeted at evacuating power from the 400MW Menengai geothermal field. The estimated cost is Kshs. 3.2 billion with a targeted completion date of June 2016. In the year under review, valuation of structures was completed and land valuation progressed. EIA and RAP studies as well as preparation of bid documents were in progress in the year completed.

**c) 150km 400kV Silali- Rongai**

This consists of 400kV double circuit transmission line with 400/11kV 350MVA substation at Silali. It targets to evacuate power from the 200MW Silali geothermal field. The estimated cost is Kshs. 5.6 billion with a targeted completion date of June 2016. ESIA and survey consultants were procured in the year under review.

**d) 50km 400kV Dongo Kundu-Mariakani**

The project involves construction of a 400kV double circuit transmission line from Dongo Kundu to Mariakani substation for power evacuation from Dongo Kundu 700MW LNG plant. The estimated cost is Kshs. 4.0 billion with a targeted completion date of July 2015. Survey, ESIA, RAP Consultants and project management consultants were selected while Contractors technical specification and technical schedules were prepared.

**e) 520km 400kV Lamu-Kitui-Nairobi East**

The project involves construction of 400kV double circuit transmission line from Lamu through Kitui to Nairobi East. There will also be a 400kV substation at Kitui. The objective is to evacuate power from the 960MW Kitui and 960MW Lamu coal power plants. The estimated cost is Kshs. 17.0 billion with a targeted completion date of December 2016. Survey, ESIA, RAP Consultants and project management consultants were selected in the year under review. Preparation of bidding documents was also completed.

**f) 75km 400kV Isinya-Nairobi East**

This involves construction of 400kV double

circuit line with 400/220kV–350MVA substation at Nairobi East. The objective is to provide an alternative path for additional capacity. The estimated cost is Kshs. 4.3 billion with a targeted completion date of October 2016. Survey, ESIA and RAP Consultants were selected in the year under review as was preparation of bidding documents.

### **III. Regional Interconnection Projects**

In order to promote regional power flow, the Company has entered into several partnerships through which regional power integration is being spearheaded. Through these, the Company is implementing the following regional power interconnection projects with neighbouring countries:

#### **127 km 400kV Lessos-Tororo line (Kenya-Uganda Interconnector)**

This project involves construction of 127km 400 kV double circuit line from Lessos substation in Kenya to Tororo in Uganda with the capacity of 1200MW. The project is part of the electricity network that will link Kenya to Uganda, Rwanda, Burundi and Eastern part of D.R. Congo under the Nile Equatorial Lakes Subsidiary Action Program (NELSAP) and has secured funding from AfDB & GoK at a cost of Kshs.4.9 billion. It will provide an avenue for power trade besides providing grid stability within the region.

In the year under review, valuation of structures and land was completed and land gazetted by National Land Commission. The Contract for the line and substation was awarded to M/S Instalaciones Inabensa (Spain) and design and testing for both line and substations commenced. RSW International (Aecom) of Canada is the supervising consultant. The project is expected to be completed in June 2015.

#### **612 km Eastern Electricity Highway Project (Ethiopia-Kenya Interconnector)**

The Ethiopia-Kenya Interconnector (also known as Eastern Electricity Highway project) will link Kenya and Ethiopia power systems. It involves



construction of a 612km 500kV HVDC Bipolar line from Ethiopia to Suswa substation and Converter stations at both ends. This line will have a capacity to transfer 2000MW between the two countries. Once completed, it will also allow Kenya and Ethiopia as well as the other neighbouring countries to exploit the diverse range of energy resources available in power generation.

The project is funded by World Bank, AfDB, AFD & GoK at a cost of Kshs.63.2 billion. M/s Lahmeyer International of Germany is the engineering supervision consultant. In the year under review, valuation of land and structures was completed and schedules of land prepared for submission to the National Land Commission for issue of Gazette notice. Prequalification of contractors was completed and procurement of the EPC contractor got underway with bid documents having been submitted to financiers for approval. The project is expected to be completed in June 2017.

#### **93km 400kV Kenya-Tanzania Interconnector**

This project is the Kenyan component of the 2,000km Kenya-Tanzania-Zambia Interconnector that will act as a link to the South African Power Pool providing opportunities for power trade between the Eastern Africa Power Pool (EAPP) and South African Power Pool (SAPP). It entails construction of 93km 400kV double circuit transmission line from Isinya in Kenya to Namanga at the border with Tanzania.

The feasibility study and detailed project design were completed in 2012. During the year under review, the African Development Bank confirmed financial support for the project and the EPC procurement process was commenced. The project is expected to be completed in December 2016.

### **IV. Electricity Access Projects**

The projects in this category fall under the Energy Access Scale-Up Program and their main objective is to increase electricity access and address the challenges of access and low connectivity. The projects under this program are as follows:

#### **(a) Transmission System Expansion projects**

##### **96 km 132kV Nanyuki – Isiolo - Meru line**

The project involves construction of the 96km 132kV single circuit line with 73MW rating from the Nanyuki substation to Isiolo and Meru. The project also involves the construction of a new substation at Isiolo and the extension of existing substations at Nanyuki and Meru. The project will provide reliable supply of electricity to Isiolo town proposed as a resort city. It is funded by KCB Bank of Belgium and GoK at a cost of Kshs.2.5 billion. The contractor is CG Holdings of Belgium. Construction of line and substations is in progress and is expected to be completed in March 2015.

##### **Sondu-Homa Bay-Ndhiwa-Awendo line**

This is a 100km 132kV single circuit line from Sondu to Homa Bay and Awendo with a rating of 72MW and includes a new substation at Homa Bay and extension of Sondu and Awendo substations. It aims at strengthening the existing power network in southern Nyanza and increasing electricity access. The project is estimated to cost Kshs. 2.3billion with funding from KBC Bank of Belgium & GoK. The contractor for the project is CG Holdings of Belgium and the project is expected to be completed in 2016.

#### **(b) Kenya Electricity Expansion Programme (KEEP)**

KEEP is a World Bank and Government of Kenya initiative that covers projects in generation, transmission and distribution. The transmission component consists of 354km of 132kV transmission lines and associated sub-stations. The project overall objectives are two-fold (i) to increase the capacity, efficiency and quality of electricity supply (ii) expand access to electricity in urban, peri-urban and rural areas. It is funded by World Bank and GoK at a cost of Kshs 6.4 billion. The project comprises the following lines:-

##### **250 km 132kV Kindaruma-Mwingi-Garissa line**

This involves construction of a 132kV single circuit line from Kindaruma through Mwingi to Garissa with new substations at Mwingi and Garissa



*(L) Garissa Township MP Hon. Aden Duale, (2nd L) Eng. Joel Kiilu, (R) Garissa Governor Hon. Nathif Adam ride the first excavator on the substation site during the groundbreaking ceremony for Garissa substation*

and extension works at the existing Kindaruma substation. Once complete, it will improve supply quality in Mwingi and lead to displacement of expensive off-grid diesel generators in Garissa as well as power evacuation from the proposed Feed in Tariff projects in northern parts Kenya. The contract for line construction is being executed by Tata Projects Ltd (India) and for substations by KEC International Ltd (India) with supervision being carried out by ELC (Italy). Construction is underway and is expected to be completed by March 2015.

#### 60 km 132kV Eldoret-Kitale line

This entails construction of 132kV single circuit transmission line from Eldoret to Kitale, a new 132/33kV substation at Kitale and an outgoing bay at Eldoret 132kV substation. The contract for construction of substations has been awarded to M/s ABB South Africa (Pty) Ltd and for the line awarded to Tata Projects Ltd (India). Construction of line and substations is underway and is expected to be completed by March 2015.

#### 44 km 132kV Kisii-Awendo line

This entails construction of a 132kV single circuit transmission line from Kisii to Awendo, a new substation at Awendo and an outgoing bay at Kisii 132kV substation. The contractor for substation is M/s ABB South Africa (Pty) Ltd and that of the line is Tata Projects Ltd (India). Construction of line and substations is underway and is expected to be complete by March 2015.

#### (c) Kenya Power Transmission System Improvement Programme (KPTSIP)

The Company is also implementing the Kenya Power Transmission System Improvement Programme (KPTSIP), which comprises of six lines discussed below with a total length of 431km and 14 associated substations. The KPTSIP programme is funded by AfDB and GoK at a total cost of Kshs.8.1 billion. The Engineering consultant is SMEC International. Jyoti Structures Limited is the line contractor and substation contractor is CAMCE (China) Engineering Company.

The lines will increase electricity access within Baringo, Laikipia, Narok, Bomet, Kitui, Makueni, and Embu counties and surrounding areas. Availability of reliable electricity supply will transform the areas into attractive locations for agro-based and general industries thus going a long way into supporting the devolved governments. The projects comprise construction of the following lines and associated substations;

- i. 65 km 132kV Lessos - Kabarnet line, a new



*Eng. Justin Muna takes Sultan Hamud county administration through the project details of the Mwingi – Kitui - Wote - Sultan Hamud line*



- 132/33kV substation at Kabarnet and an out-going bay at existing Lessos substation;
- ii. 79 km 132kV Nanyuki – Nyahururu (Rumuruti) line, a new 132/33kV substation at Nyahururu and extension of the existing Nanyuki substation;
- iii. 68 km 132kV Olkaria - Narok line, a new 132/33kV substation at Narok and an extension of the existing Olkaria substation;
- iv. 33 km 132kV Sotik - Bomet line and a new 132/33kV substation at Bomet and Sotik;
- v. 153 km 132kV Mwingi – Kitui - Wote - Sultan Hamud line, new 132/33kV substations at Kitui, Wote and Sultan Hamud, and extension of the Mwingi substation;
- vi. 33 km 132kV Ishiara - Kieni line, a 132/33kV substation at Kieni and switchgear at Ishiara.

Valuation of structures and land is underway. Engineering design and testing is complete and civil works for substations have commenced. The project is expected to be commissioned by September 2015.

**(d) EXIM Bank of India and GoK funded Projects:**

This involves a total length of 243km transmission lines which are funded by India Exim Bank at USD 62 million & GoK. The projects are expected to be commissioned in 2015:

- a. Turkwel – Ortum – Kitale line; The 90km 220kV single circuit line from the Turkwel Power Plant to Ortum and Kitale; has a rating of 250MW. The project includes two new substations at Ortum and Kitale and expansion of Turkwel substation. It will provide an alternative power supply path for power generated at Turkwel as well as supply power to the proposed cement plant at Ortum. EPC contracts for the line and substations have been awarded to KEC International (India) and Jyoti Structures Limited respectively while supervision consultant is Power Grid Corporation (India). Construction of the line commenced during the year and the project is expected to be completed by December 2015.
- b. Machakos – Konza – Kajiado – Namanga line  
The 153km 132kV single circuit line from



**L-R: Peter Njehia (Manager, Supply Chain Management), Eng. (Dr.) John Mativo (Chief Manager, Planning and Development), David Mburu (Snr. Supply Chain Officer), Eng. Samson Akuto (Project Manager, Olkaria - Lessos) and Hiroyuki Morita of Nippon Koei Co. Ltd. during the tender opening exercise for the Olkaria - Lessos transmission Project**



Machakos to Konza, Kajiado and Namanga has a rating of 73MW. The project includes construction of four (4) new substations in Machakos, Konza, Kajiado and Namanga. It will strengthen the existing power networks in addition to increasing access to electricity in Machakos, Makueni and Kajiado counties and their environs. EPC contracts for the line and substations have been awarded to Shyama Power (India) and Power Grid is the Supervising consultant. The project is expected to be completed by December 2015.

## V. Projects requiring financing

KETRACO has identified additional transmission lines projects that require financing. Some of the lines are intended to evacuate generated power, strengthen the power system while others will facilitate grid extension to isolated areas thereby increasing electricity access. These projects include the following:

- i. 150km 400kV Silali-Rongai
- ii. 50km 400kV Dongo Kundu-Mariakani
- iii. 520km 400kV Lamu-Kitui-Nairobi East Line
- iv. 110km 400kV Isinya-Nairobi East
- v. 50km 132kV Meru - Maua line with 132/33kV 7.5MVA substation at Maua and estimated to cost Kshs 1.4 billion;
- vi. 148km 132kV Rumuruti - Maralal single circuit line 132/33kV 7.5MVA substation at Maralal and extension of Nyahururu substation. This is estimated to cost Kshs 2.1 billion;
- vii. 50km 132kV Awendo - Isabania single circuit line with a 133/33kV 23MVA substation at Isabania and extension of Awendo substation estimated to cost Kshs 1.4 billion;
- viii. 240km 220kV Garsen - Hola - Bura - Garissa single circuit line with substations at Hola and Bura and extension of Garsen and Garissa substations. The estimated cost is Kshs 4.2 billion;
- ix. 60km 132kV Galu - Lunga Lunga single circuit line with 132/33kV 23MVA substation at Lunga Lunga and extension of Galu substation. The estimated cost is Kshs 1.6 billion;
- x. 40km 132kV Ishiara - Chogoria single circuit line with a 132/33kV substation at Chogoria and extension of Ishiara substation. The estimated cost is Kshs 1.3 billion;
- xi. 330km 220kV Garissa - Habaswen - Wajir single circuit line with substations at Wajir and Habaswen and extension of Garissa substation. The estimated cost is Kshs 7.3 billion;
- xii. 107km 132kV Voi



*Ongoing foundation works along the Kisii Awendo project*

- Taveta single circuit line with a 132/33kV substation at Taveta. The estimated cost is Kshs 2.6 billion;
- xiii. 60km 132kV Rabai - Bamburi - Kilifi double circuit line from Rabai to Bamburi, 132kV single circuit to Kilifi, 132kV bays at Rabai, and two substations at Bamburi and Mtwapa. The estimated cost is Kshs 2.7 billion;
- xiv. 40km 220kV Suswa - Ngong line and estimated to cost Kshs. 2.1 billion;
- xv. 111km 132kV Kabarnet - Nyahururu (Rumuruti) line and extension of substation that is estimated to cost Kshs 1.9 billion;
- xvi. 88km 132kV Narok - Bomet line and substation extensions expected to cost Kshs 1.7 billion.

## **VI. Projects under Feasibility Studies**

The Company in the previous year had procured four (4) consultants to undertake feasibility studies on proposed infrastructure that would address the existing weak system by reinforcing the grid in specific areas so as to improve supply quality and increase access in various parts of the country. The studies were completed for the following lines during the period under review.

- i. 70km 220kV Kisumu -Kakamega -Musaga double circuit line and substation at Kakamega.
- ii. 73km 132kV Webuye -Kimilili -Kitale line, establishment of substations at Webuye and Kimilili and extension of Kitale substation.
- iii. 25km 132kV Kakamega -Kaimosi transmission line and establishment of substations at Kaimosi.
- iv. 48km 132kV Sotik -Kilgoris transmission line and a new substation at Kilgoris.

Feasibility studies were in progress for the following:

- i. 38km 400kV Isinya -Konza double circuit line with substation at Konza that will link Konza ICT city to the 400kV grid and the generation stations in Olkaria, Menengai and beyond;
- ii. 205km 400kV Longonot -Thika -Kangundo -Konza double circuit line with substations at Longonot, Thika, Kangundo and Konza

- that will complete the 400kV Nairobi Ring currently under construction by providing reliability through N-1 security.
- iii. 196km 220kV Kamburu -Embu (Kutus) -Thika line and extension of substations at Kamburu, Embu, Kiganjo and Thika;
- iv. 144km 132kV Kitui -Mutomo -Kibwezi line and establishment of substations at Kitui, Mutomo & Kibwezi;
- v. 84km, 132kV Ngong -Magadi line and a substation at Magadi;
- vi. Establishment of 132/33 kV substation at Uplands;
- vii. 15km 132kV Galu T off -Likoni and establishment of a substation at Likoni;
- viii. 235km Rongai -Kilgoris 400kV line with substations at Rongai and Kilgoris and offers possibility for interconnection with Tanzania to complete the Lake Victoria Ring;
- ix. 41km 132kV Myanga -Busia line with substations at Myanga and Busia;
- x. 72km 132kV Rangala -Bondo -Ndigwa line and establishment of substations at Bondo and Ndigwa;
- xi. 72km 132kV Homa Bay -Sindo line with a substation at Sindo;
- xii. 72km 132kV Ndhiwa -Karungo Bay line with extensions of substations at Ndhiwa and Karungo;
- xiii. 288km 220kV Kiambere -Maua -Isiolo line with 220/132kV substations at Maua and Isiolo;
- xiv. 152km 220kV Isiolo -Maralal line as an alternative for power evacuation from future wind and solar sites;
- xv. 306km 220kV Isiolo -Marsabit line with extension of substations at Isiolo and Marsabit;
- xvi. 188km 400kV Loiyangalani -Marsabit line with a substation at Marsabit that will facilitate harnessing fully the potential of wind generation resource in northern Kenya;
- xvii. 228km 220kV Turkwel - Lodwar -Lokichogio line and establishment of substations at Turkwel, Lodwar and Lokichogio.



## OTHER ACHIEVEMENTS

In order to effectively deliver on its mandate, the Company needs to provide a conducive and facilitative environment that will enable full utilization of the organization's potential. I am glad to report that the Company was able to implement other programmes across a range of functional areas ranging from development of human resource capacity, development of ICT infrastructure, review and development of appropriate frameworks, policies, structures and processes as outlined below. This enabled the Company to position itself to effectively and efficiently execute its mandate and prepare to gradually take up the envisaged increased roles within the Kenya electricity supply chain.

### Human Resource Development

As a key function concerned with the people in an organization, the HR function has the potential to act as the catalyst for maximizing the value that employees can contribute. 2013/2014 has been an exciting and eventful year for our Human Resource function. During the year, and in recognition of the fact that a well-developed

human resource is the lever that drives operational performance, the Company has endeavoured to ensure that every employee is properly placed and equipped to perform the responsibilities assigned to them by engaging in various services and activities to improve the value of its workforce.

The Company has continued to implement the job evaluation report recommendations which has enabled KETRACO to align its human capital to the strategic objectives and attain internal efficiency and internal equity relative to job value. Some of the senior positions that were filled in the year include, Senior Manager Design and Construction, Senior Manager Maintenance and Operation and Construction, Senior Engineer Electrical Design, Commercial Services Manager, Management Accounts Manager as well as Transmission Engineer and Administration Manager.

KETRACO believes that effective recruitment is critical to its success. In the year under review, the staff complement increased by 87 and had a turnover of 7. The total workforce as at 30th June 2014 was 235. KETRACO continues to remain focused in increasing employment equity by ensuring a representative workforce; Gender distribution stands at 33.3% being female; Ethnic



*Parliamentary Committee on Energy Information and Communication visits Malindi substation*



distribution remained diverse and within the law with no group exceeding 21%; and the youth, which is represented by ages 35 years and below, formed majority of the employees at 57%.

To further strengthen the human resource capital, the Company continuously build staff capacity by training the staff in relevant courses as identified in the training plans. Ensuring our workforce has the right skills and abilities is essential to our long term success. With the support of the exchequer and our development partners, during the year, different carder of staff were trained in various areas which included Corporate Governance, Supervisory Skills, First Aid Training, Strategic Negotiation, Occupational Safety & Health Training, Fire Marshalls Training, Fibre Optic Training, Counter Terrorism Training, Power System Protection & SCADA and in addition, all professions attended their respective annual conferences. As a result of the interventions, competency development level increased from 69% to 71% in the period. The company further offered industrial attachment to 20 students in line with youth empowerment.

With the assistance of the Directorate of Public Service Management (DPM), the Company also embarked on the development of career progression guidelines. The guidelines once in place will assist in attracting, motivating and retaining suitable qualified personnel in the Company. The exercise began in December 2013 and will be completed in 2014/2015. In addition, during the year, the Company engaged the services of a consultant to develop a performance management system that will serve the organization and improve on the reward systems. The project is also expected to be completed in 2014/2015.



*Raphael Mworira, Manager Corporate Communications addresses the community during a visit to Oloi-Shoibor in April, 2014*

The staff welfare programmes continued to be reviewed during the period to ensure that KETRACO remains a competitive employment destination. A baseline employee satisfaction survey carried out at the end of the year showed that employee satisfaction index had increased by 7.3%.

To assist staff own various assets, and remain motivated, the following facilities are available to staff at concessional rates; mortgages, car loans and personal loans arranged through various financial institutions. The company has a staff medical scheme that is available to all staff.

A conducive working environment is paramount, and the Company has increasingly become aware that employees spend more productive hours in their working areas than their homes. Additional office space was acquired to ease congestion and new furniture was bought. The effects of these improvements were reflected in the Work Environment survey carried out at the end of financial year that showed that the overall Work Environment Index improved by 2.1%.

Effective policy reflects an organisations culture and direction and also guides the actions of all employees. In order to ensure diversity is addressed within the Company, a Gender Mainstreaming Policy was developed and employees sensitized on gender issues through workshops. Gender parity was maintained during recruitment with the gender ratio being 33%. In addition, disability mainstreaming staff sensitization was undertaken and persons living with disabilities were given equal opportunity during recruitment.

The HIV/AIDs policy is being implemented and staff continue to be sensitised. A Substance and Drug Abuse policy is being implemented and the company has assisted staff that are challenged by drugs who have requested for assistance. During the period, the Work Place Policy on Gender Based Violence was developed and is awaiting formal approval. To ensure that the current pension scheme is the best for our employees, the Company also engaged the services of one of a reputable actuarial firm to undertake a study and advice on the way forward. The report has been finalised and is also awaiting formal approval.

### Automation of Operations

The Company is committed to building and investing in world-class modern ICT in order to enhance its operations and service delivery.

Towards this objective, activities towards the procurement of a comprehensive Enterprise Resource Planning (ERP) solution to automate all core and non-core business processes were undertaken.

Security of the entire network was enhanced through the deployment of McAfee Endpoint solution, replacing a less effective solution. The solution is providing real-time anti-malware and antivirus protection, proactive email and web security and comprehensive device control.

Further to this, Cisco Identity Services Engine (ISE) was deployed and activated on all devices connected to the network. This is a security feature which authenticates all users and devices as they connect to the network.

The policy of server virtualization and consolidation continued to be implemented with McAfee and the QMS automation system, Q-Pulse, being deployed on virtual servers.

In order to reduce costs incurred in travel to meetings, a video conferencing system was successfully implemented.

Email and office solutions were upgraded to Exchange 2013 and Office 2013 respectively in order to enhance security and take advantage of new functionalities incorporated therein.



*KETRACO, led by Director Esther Nkatha (right) and MD Eng. Kiilu 3rd (Right), supports the Beyond Zero Campaign*



## Performance Management

Performance management is critical in an organization aspiring for growth and during the year under review, a consultant to undertake Performance Management Training, Design and Implementation of Best Tools was procured and commenced work with training management and key staff instrumental to implementing the system. The Performance Contract between the Board and Government for the period 2013/2014 was executed and successfully implemented.

I am pleased to report that during the annual performance evaluation the Company's achievement was "Very Good" with a composite score of 2.9385.

## ISO Certification

During the year under review Quality Management System audits were successfully carried out by internal auditors and surveillance audits by the Kenya Bureau of Standards (KEBS) and the company was found to be compliant with the requirements of the ISO-9001:2008 standard.

The company automated the audit function of the QMS and successfully conducted an internal audit using the new system. A surveillance audit by KEBS was also successfully carried out on the new system. Customer complaints, document management and training functionality were also automated using relevant modules within the same system.

## Fibre Optic Licensing

The company applied for and were granted a Network Facilities Provider Tier 2 Licence (NFP T2) by the Communications Authority of Kenya in order to be able to commence leasing capacity/fibre to interested licenced Service Providers.

## Service Delivery Innovations

During project implementation, the Company usually faces challenges in wayleaves acquisition while addressing human resettlement and this causes delays in projects implementation.

Therefore in the year under review, the Company identified new methods of resolving wayleaves

acquisition issues in a timely and cost effective manner by developing a wayleaves management system. In this regard, in order to integrate cadastral data, Project Affected Persons (PAPs) data and aerial survey data with the Geographical Information System (GIS); and integrate the PAPs data and payments compensation data in one system, the Company started the procurement of a Wayleaves Management System. Two (2) demos of the system were presented by the consulting firm. The system was developed ready for implementation in project management.

## Youth and Women Empowerment

In line with current Government policy of empowering youth and women in the country, the Company was at the forefront. Several college students were offered places in the Company for industrial attachment. Further, out of the total annual procurement budget of Ksh 15 million for general supplies including office consumables and stationery, approximately Ksh 9 million (60%) was awarded to groups/enterprises owned by youth, women and persons living with disabilities and registered by the National Treasury.

## Environmental Sustainability

Environmental protection and conservation remained a top priority for the Company and several initiatives were undertaken towards this noble objective. Staff members were sensitized on environmental conservation, members of public were sensitized on environmental conservation and about 5,000 awareness brochures were distributed in all on-going projects areas. In collaboration with relevant stakeholders over 10,000 tree seedlings were distributed and approximately 1,000 trees were planted in several primary schools. Collaboration with NEMA and KFS was maintained while undertaking ESIA studies and route surveys for all new projects.

## Corporate Social Responsibility

KETRACO continues to play its role as a responsible corporate citizen. We are committed to engaging with local communities in project affected areas, sector partners, the general public, and other stakeholders in a bid to cultivate their goodwill,



cooperation and amicable association, as well as learn their needs and pockets of opportunity where we can improve the quality of lives.

In this regard, we ensured that all projects are implemented through a consultative process with stakeholders right from the initial project planning to commissioning. The Company further ensured that its operations were carried out observing professional and humane practices taking into account that construction of transmission lines involves acquisition of land for substations and wayleaves access for the lines.

This necessitates compensation and at times resettlement of the Projects Affected Persons (PAPs) and the need to expedite the process speedily. Guided by its Corporate Social Responsibility Policy, the Company actively participated in several engagements with various stakeholders among them being tree planting exercises to restore the damage caused during wayleave clearance exercises, participation in the Beyond Zero Campaign as well as the Kenya Medical Association Cancer Awareness campaign.

The Company is also financing the building of classrooms, toilets and provision of desks in a school in Garissa.

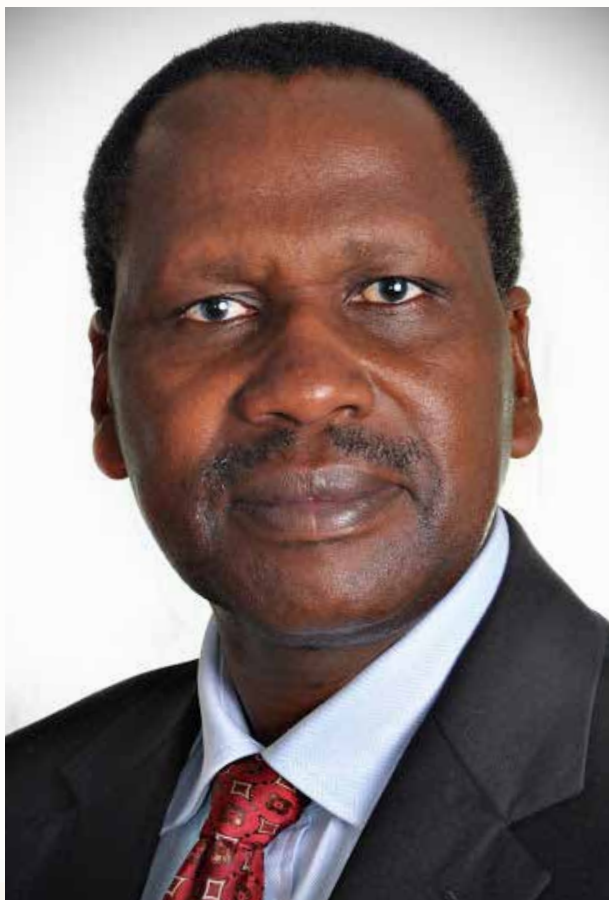
### **Gratitude**

I sincerely take this great opportunity to thank the Government, development partners, consultants, contractors, project-affected-persons, management & staff and all our stakeholders, for their continued co-operation and support during the year 2013/2014. None of the success we have so far achieved would have been possible without the contribution from each one of them. With your continued teamwork and cooperation, the Company remains focused towards provision of quality, reliable, safe and secure power supply as envisaged in the national development agenda.



**Eng. Joel Kiilu**  
**Managing Director**  
29<sup>th</sup> October, 2014

## Ripoti ya Mkurugenzi Mtendaji



Mhandisi Joel M. Kiilu – Mkurugenzi Mtendaji

**T**angu Kampuni kuanzishwa hapo Desemba 2008, KETRACO imefanya juhudi za kuimarisha na kupanua gridi ya taifa ili kuongeza ubora, kuaminika kwa na usalama, pamoja na kuongeza upatikanaji wa ugavi wa umeme nchini na kupunguza gharama za usambazaji. Kampuni inaendelea kutekeleza majukumu yake ya kuleta mabadiliko katika uchumi kwa niaba na kwa mamlaka ya Serikali ya Kenya.

Ni furaha yangu kuchukua fursa hii ya kuwasilisha maelezo ya jumla ya utendaji wa Kampuni ya KETRACO kwa ajili ya mwaka wa fedha uliomalizika Juni 2014.

Kampuni ilipata mafanikio makubwa katika utekelezaji wa miradi mbalimbali ya usafirishaji umeme inayoendelea. KETRACO pia ilifanya maboresho makubwa katika maeneo mengine kadhaa ambayo ni pamoja na marekebisho ya mifumo ya utoaji wa huduma, usimamizi wa dharura, uwezo wa wafanyikazi, kuwa na mazingira mazuri ya kazi, kuimarisha miundombinu ya kiteknologia, malengo ya kitaasisi, kisheria, udhibiti na marekebisho ya ruwaza na mipango ya maendeleo ya nguvu za umeme ya siku zijazo.

Katika mwaka wa fedha 2013/2014, maendeleo mbalimbali yalifanyika katika sekta ya nishati na mengi mazuri yakusaidia Kampuni kutekeleza shughuli zake. Kati ya hizi ni kwamba Serikali ilianzisha mpango wa kina wa kuzalisha 5,000MW na kusambaza kwa gridi katika miezi 40 kuanzia Septemba 2013. KETRACO ilijukumiwa upangaji na upembuzi yakinifu ili umeme kusafirishwa hadi sehemu za mahitaji makubwa.

Pia kuliweza kuweko kwa marekebisho ya Sera ya Nishati ili kuthibitisha kwamba sera za sekta yetu zina ambatana na katiba ya Kenya ya 2010. Mwaka huu pia, kampuni ya kimataifa ya washauri ya Lahmeyer International ilipata kandarasi ili ibuni mpango mkuu wa uzalishaji na usambazaji wa umeme nchini.

Ili kuamua gharama busara ya kuunganisha wateja wapya kwa mtandao wa umeme nchi nzima, Wizara ya Nishati na Petroli iliwapa kazi washauri wa Fichtner Management Consulting ili wachambue sera na kanuni zinazofaa ili kueneza umeme mashinani.

Mpango wa miaka kumi wa upanuzi wa umeme pia ulimalizika kufuatia ushirika wa washika dau wote katika sekta ya umeme.

Katika swala la kupanua na kuimarisha miundombinu ya gridi tumepata mafanikio makuu. Katika kipindi hiki, tulikamiliksha laini za urefu wa 405.5km zikiwa ni pamoja na ile ya

**KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED**  
Annual Report and Financial Statements for the Year Ended June 30, 2014

urefu wa 328.5km kutoka Rabai, kupitia Malindi na Garsen-hadi Lamu ya uwezo wa 220kV na vituo husika; ile ya urefu wa 77km ya uwezo wa 132kV kutoka Kilimambogo-Thika-hadi Githambo.

Hivi sasa, tangu kuanzishwa kwa Kampuni tumefanikiwa kumaliza miradi ya urefu wa kilomita mfululizo 756.5 za uwezo wa 132 kV na 220kV kama ilivyo onyeshwa katika Jedwali 1 chini: -

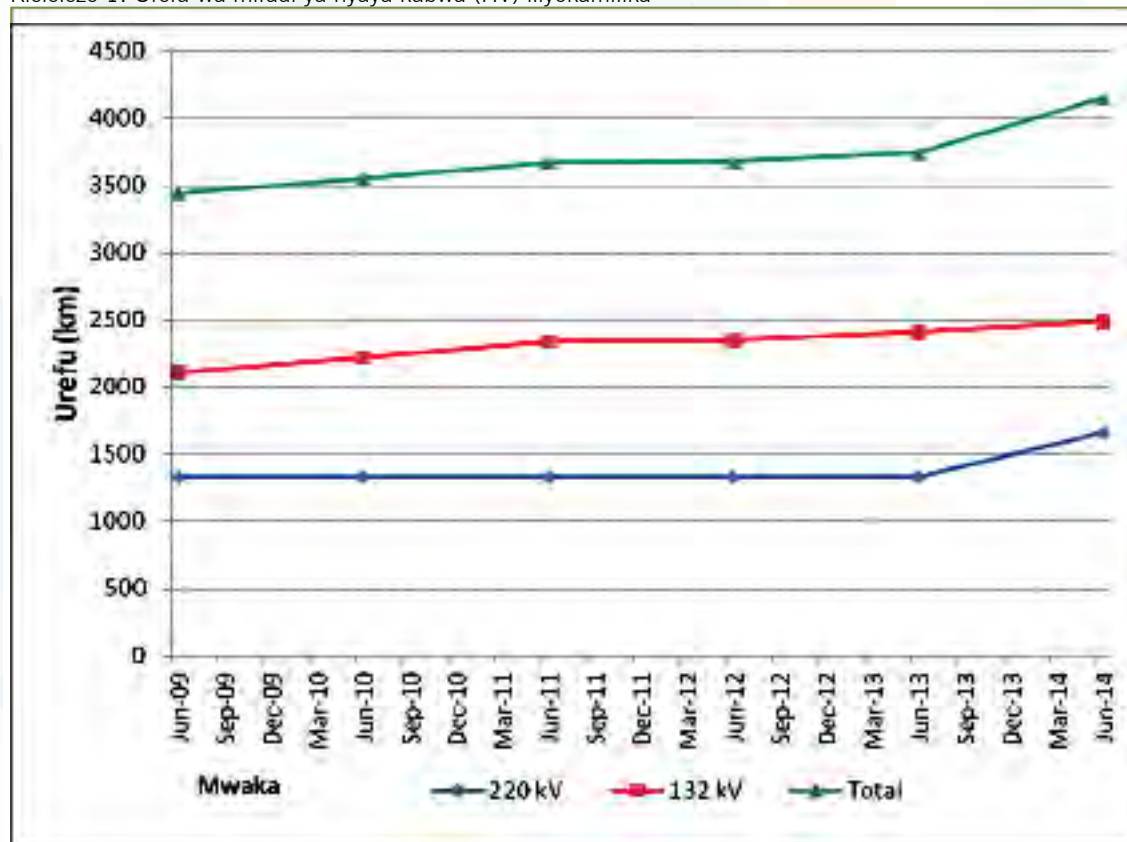
Jedwali 1: Urefu wa miradi iliyokamilika (Km)

|   | Mradi                            | Urefu (KM)   | Tarehe ya Kukamilika |
|---|----------------------------------|--------------|----------------------|
| 1 | *Sundu Miriu – Kisumu 132kV      | 50           | Julai 2007           |
| 2 | Chemosit – Kisii 132kV           | 62           | Machi 2010           |
| 3 | Rabai – Galu 132kV               | 48           | Machi 2010           |
| 4 | Kamburu – Meru 132kV             | 122          | Septemba 2010        |
| 5 | Sang'oro – Sundu 132kV           | 5            | Juni 2012            |
| 6 | Mumias-Rangala 132kV             | 34           | Julai 2012           |
| 7 | Thika-Gatundu (Nyaga) 132kV      | 30           | Juni 2013            |
| 8 | Kilimambogo-Thika-Githambo 132kV | 77           | Novemba 2013         |
| 9 | Rabai-Malindi-Garsen-Lamu 220kV  | 328.5        | Machi 2014           |
|   | <b>Jumla ya Urefu (KM)</b>       | <b>756.5</b> |                      |

\*Laini ya Sundu Miriu-Kisumu ilitekelezwa kupitia KenGen na kukabidhiwa kwa KETRACO.

Upanuzi wa Gridi ya Taifa tangu wakati KETRACO ilianza shughuli inavyo onekana katika Kielelezo 1 chini.

Kielelezo 1: Urefu wa miradi ya nyaya kubwa (HV) iliyokamilika





Nyongeza mpya ya miundombinu ya usambazaji imechangia maendeleo ya kisasa na gridi imara katika nchi ambayo imesababisha maendeleo katika ubora na kuegemea kwa ugavi katika maeneo yenye uzoefu wa matatizo makubwa ya upungufu wa umeme.

Tukizingatia mipango ya kukuza Kampuni, miundombinu ya maendeleo iliyopangwa kuenza ufanisi na kupanua usambazaji umeme, tunaamini KETRACO itakuwa na umuhimu mkubwa kwa sekta ya umeme nchini na kanda ya Afrika Mashariki.

Miradi ya Maendeleo kwa Gharama ya Chini Kabisa wa 2013 – 2033 na Mradi wa Miaka Kumi ya Upanuzi wa Nguvu za Umeme, yote yameitambua na kuipa kipaumbele miradi ya usambazaji wa umeme ili kuendeleza malengo ya kitaifa katika sekta ya umeme. Laini, vituo, na miradi ya kikanda iliyotambuliwa na kutengwa iko katika hatua mbalimbali za utekelazaji.

Kwa sasa, KETRACO inatekeleza miradi mbalimbali iliyopewa kipaumbele kwa ujumla wa takriban kilomita 5,000, ya laini za usambazaji ambayo inahusu takriban laini za kilomita 2,000 ya uwezo wa 132kV, kilomita 600 ya uwezo wa 220kV na kilomita 1,800 ya uwezo wa 400kV AC na vilevile kilomita 612 ya laini ya uwezo wa 500kV HVDC kati ya 2014 na 2017. Inakadiriwa uwekezaji mahitaji kwa ajili ya upanuzi huu utagharama US \$ 2.5 billion kwa bei ya sasa. Miradi hii ni sambamba na Mpango wa Pili wa Kati 2013-2017 Kenya Vision 2030. Inakadiriwa kuwa ifikapo mwaka 2030, KETRACO itaendeleza takriban kilomita 11,230 mpya, laini 29 za uwezo wa 132kV na juu katika makadirio ya thamani ya sasa kwa gharama ya US \$ 3.55 billion.

### **Utekelezaji wa Miradi**

Katika mwaka wa fedha uliomalizika, KETRACO ilikamilisha laini mbili za usambazaji yaani, 77 km 132kV Kilimambogo-Thika-Githambo iliyokamilika mwezi Novemba 2013 na 328.5 km 220kV Rabai-Malindi-Garsen-Lamu iliyokamilika Machi 2014.

Zaidi ya hayo, kazi ya ujenzi wa laini za usambazaji inaendelea kama ifuatavyo:

- (i) Laini ya kusambaza umeme na vituo ya 482 km 400 / 220kV Mombasa - Nairobi;
- (ii) Laini ya kusambaza umeme na vituo ya 354 km 132kV ya Mpango wa Upanuzi wa Umeme, Kenya (KEEP): Kindaruma - Mwingi - Garissa, Eldoret - Kitale na Kisii - Awendo yote ambayo ilikabidhiwa kwa wakandarasi wa laini na vituo,
- (iii) Laini ya kusambaza umeme na vituo ya 431km 132kV ya Mradi wa Kenya Power wa Uboreshaji wa Mifumo za Usambazaji (KPTSIP): Ishiara - Kieni, Nanyuki - Nyahururu, Lessos - Kabarnet; Olkaria - Narok, Sotik - Bomet, na Mwingi - Kitui - Wote -Sultan Hamud.
- (iv) Laini ya kusambaza umeme na vituo ya saketi mbili ya 100km 400kV Nairobi Ring: Suswa-Isinya na vituo vya Isinya, Athi River, Ngong na Koma Rock na upanuzi wa kituo cha Dandora.
- (v) Laini ya kusambaza umeme na vituo ya 25 km 220kV Olkaria I - Suswa na 25 km 220kV Olkaria IV – Suswa saketi mbili, ambayo inatekelezwa kupitia KenGen, na
- (vi) Laini ya kusambaza umeme na vituo ya 96 km 132kV Meru-Isiolo-Nanyuki na vituo husika.

Aidha, Kampuni ilianza kazi ya ujenzi ya miradi ifuatayo:

- (i) Laini ya kusambaza umeme na vituo ya 127 km 400kV Lessos-Tororo (Kiunganishi Kenya-Uganda);
- (ii) Laini ya kusambaza umeme na vituo ya 153 km 132kV Machakos-Konza-Kajiado-Namanga,
- (iii) Laini ya kusambaza umeme na vituo ya 90km 220kV Turkwel-Ortum-Kitale,
- (iv) Laini ya kusambaza umeme na vituo ya 13km 132kV Menengai-Soilo.

Kazi ya pekua makandarasi waliokufuzu ilikamilika na nyaraka za zabuni kutayarishwa kwa miradi ifuatayo:

- (i) Laini ya kusambaza umeme na vituo ya 100 km 132kV Sondu-Homa Bay-Ndhiwa Awendo,



*Ujenzi wa kituo cha Isiolo*

- (ii) Laini ya kusambaza umeme na vituo ya 430 km 400kV Loiyangalani-Suswa,
- (iii) Laini ya kusambaza umeme na vituo ya 300 km, 400 / 220kV Olkaria-Lessos-Kisumu ya saketi mbili na kazi katika Olkaria, Lessos na Kisumu,
- (iv) Laini ya kusambaza umeme na vituo ya 612 km 500kV HVDC Barabara kuu ya Umeme Mashariki (Kiunganishi Ethiopia-Kenya) na DC / AC kituo cha ubaidilishi na kituo cha 400 / 220kV.

Maandalizi kwa ajili ya miradi ifuatayo ilitekelezwa, yaani, njia tafiti za awali, tathmini ya athari za kimazingira na kijamii na mipango ya hatua za makazi mapya ilfanywa:

- (i) Laini ya kusambaza umeme na vituo ya 25 km 400kV Menengai-Rongai
- (ii) Laini ya kusambaza umeme na vituo ya

150 km 400kV Silali-Rongai

- (iii) Laini ya kusambaza umeme na vituo ya 50 km 400kV Dongo Kundu-Mariakani
- (iv) Laini ya kusambaza umeme na vituo ya 520 km 400kV Lamu-Kitui-Nairobi East
- (v) Laini ya kusambaza umeme na vituo ya 110 km 400kV Isinya-Nairobi East

Kampuni pia ilitekeleza upembuzi yakinifu kwa ajili ya miradi 36 mipya ya laini za usambazaji wa umeme wa ngazi mbalimbali nchini kote kwa ajili ya uwekezaji baadaye. Miradi ya utekelezaji yako katika makundi manne kulingana na malengo yao maalum, yaani:

- i. Mifumo ya Kuimarisha Miradi;
- ii. Miradi ya Uokoaji wa Nguvu za Umeme,
- iii. Viunganishi vya Eneo ya Afrika Mashariki; na
- iv. Miradi ya Fursa ya Kufikia Umeme.

Maelezo ya utekelezaji wa miradi mbalimbali ya usambazaji inayoendelea ni kama ifuatavyo: -

### **I. Mifumo ya Kuimarisha Miradi;**

Miradi ya mfumo ya kuimarisha uwezo wa kukuza na kuboresha uwezo wa uhamisho wa nishati ya umeme yanalenga kukabiliana na changamoto za chini, hasara kubwa ya nguvu iliyosambazwa, na ukosaji hakika wa ugavi na usalama wa mtandao. Kikundi hiki cha miradi ni pamoja na yafuatayo: -

#### **Laini ya kusambaza umeme na vituo ya 482 km 400 / 220kV Mombasa - Nairobi**

Laini hii ni ya 482 km 400 / 220kV saketi mbili kutoka kituo cha Rabai hadi Embakasi yenye uwezo wa 1500MW na ni hatua ya juu zaidi iliyotekelezwa na Kampuni. Inalenga kuongeza uwezo wa usambazaji wa nguvu za umeme na kusafirishia ugavi kutoka Mkoa wa Pwani kwa ajili ya usambazaji hadi vituo vya mahitaji ya juu ya Nairobi na kwingineko nchini. Ujenzi wa laini ulianza Desemba 2010 na sasa kusimamishwa kwa nyaya minara ya kondakta unaendelea. Iltarajiwa kumalizika Desemba 2014 lakini hili halikuwezekana kutokana na changamoto kubwa iliyosababishwa na kunyimwa haki ya kuingia katika mashamba na wamiliki wa ardhi. Hata hivyo, tuna matumaini kwamba itakamilika mwishoni mwa mwaka huu wa fedha.

Utakapokamilika, mradi huu utapunguza hasara ya juu inayotokana na usambazaji na kuwezesha ufikishaji madhubuti wa umeme katika jiji la Nairobi na maeneo jirani. Laini hii pia itawezesha usafiri wa ufanisi wa bidhaa zote na abiria kwa njia ya kuwezesha umeme itakayotumika kwa garimoshi ya umeme.

#### **Laini ya kusambaza umeme na vituo husika ya Mzunguko wa Nairobi**

Mradi huu unahusu ujenzi wa laini ya 100 km 400kV saketi mbili kutoka kituo cha Suswa hadi kituo cha Isinya yenye uwezo wa 1700MW, laini ya 40 km 220kV ya Suswa – Ngong, vituo viwili vya 400 / 220kV hapo Suswa na Isinya, na vituo vya Ngong, Athi River na Koma Rock 220 / 6kV. Mradi umegawanywa katika vikundi kadhaa: Lot ya kwanza ya laini za usambazaji zinafanywa na

Kampuni ya ukandarasi ya Jyoti (India), kampuni ya Iberdrola (Hispania) ndio mkandarasi kwa ajili ya vituo vya Isinya, Ngong, Athi River na Koma Rock. Washauri ni Kampuni ya Power Engineers (Afrika Kusini) na kituo cha Suswa kinaandaliwa na kampuni ya Siemens wakisaidiwa na kampuni ya KEMA (Uholanzi) kama washauri. Mradi unafadhiliwa na AFD, EIB na serikali ya Kenya kwa gharama ya bilioni Kshs.16.9.

Mradi wa Mzunguko wa Nairobi utawezesha njia mbadala ya ugavi katika mji mkuu wa Nairobi na kuongeza mabadiliko kwa kuondoa mzigo kutoka vituo vinavyo tumika hivi sasa. Hii itaongeza uegemeshaji kwa umeme na kuboresha ziada za wawekezaji katika kanda hiyo ili kuongeza kasi ya ukuaji na kuvutia ajira. Laini ya Suswa - Isinya itaunganisha gridi kutoka Mkoa wa Pwani hadi sehemu nyengine za Kenya na nchi jirani za Tanzania, Uganda na Ethiopia.

Maendeleo ya mwaka huu ilihusisha kukamilika kwa hesabu ya mijengo na mashamba tunayo athiri. Kubuni na kupima pia kulikamilika huku ujenzi wa minara na kazi za matayarisho katika vituo vya Athi River, Isinya na Ngong bado inaendelea. Ujenzi wa kituo cha Suswa uko katika hatua za mbele na kazi ya uagizo ulianzishwa. Mradi huu unatarajiwa kukamilika mwezi Februari mwaka 2015.

#### **Laini ya kusambaza umeme na vituo ya 300 km 220 / 400kV Olkaria-Lessos-Kisumu**

Mradi huu unahusu ujenzi wa 300 km 400kV saketi mbili kutoka Olkaria nishati ya mvuke kupanda Lessos, saketi mbili ya 220kV kutoka Lessos hadi Kisumu, kituo kipya cha 200kV cha Kisumu na upanuzi wa vituo vya Olkaria na Lessos zilizopo (Olkaria-Lessos ya uwezo wa 1200 MW na Lessos-Kisumu ya uwezo wa 500MW). Mradi wa Olkaria-Lessos-Kisumu utasaidia kuimarisha uhusiano kati ya Ufawa la Kusini ambapo kuna nishati yenye uwezo mkubwa na sehemu ya magharibi ya gridi ya taifa ambapo mahitaji yanaongezeka kwa kasi. Kuboreshwa kwa kituo cha Lessos kutasababisha kiungo imara kwa mauzo / kuagiza kwa nguvu za umeme kutoka na kuelekea nchi jirani.





*Kazi ya ujenzi katika kituo cha Suswa*





Mradi unafadhiliwa na JICA na serikali ya Kenya kwa gharama ya bilioni Kshs.13.2 na unatarajiwa kukamilika Desemba 2016. Katika mwaka uliomalizika, hesabu ya mijengo na mashamba yaendelea huku kutiwa saina kwa ridhaa kumemilika. Kabla ya kufuzu kwa makandarasi kulikamilika na nyaraka za zabuni zilitolewa kwa makandarasi waliofuzu kuigwa.

#### **Laini ya kusambaza umeme na vituo ya Mariakani 400 / 220kV Substation**

Mradi huu unahusu ujenzi wa kituo cha 4x200MVA. Gharama ya makadirio ni bilioni Ksh. 2.7 na unafadhiliwa na AfDB. Ununuzi wa mkandarasi unaendelea na unatarajiwa kukamilika tarehe Septemba mwaka 2015.

#### **Laini ya kusambaza umeme na vituo ya Ethiopia - Kenya –Kuimarisha Gridi**

Mradi huu unahusu ujenzi wa kituo cha 4x200MVA Isinya na benki za capacitor huko Athi River na Nairobi Kaskazini. Mradi unafadhiliwa na Benki ya Dunia na inatarajiwa kugharamia Kshs. 4,500,000,000. Inatarajiwa kukamilika tarehe Desemba mwaka 2015.

## **II. Miradi ya Uokoaji wa Nguvu za Umeme,**

Kampuni inatekeleza miradi kadhaa kulenga kuokoa nguvu kutoka viwanda vya uzalishaji mbalimbali ili kuingizwa katika gridi ya taifa ambayo ni pamoja na uzalishaji chini ya miradi wa 5,000MW +. Mafanikio yamejadiliwa hapa chini:

#### **Laini ya kusambaza umeme na vituo ya 430 km 400kV Loiyangalani-Suswa**

Mradi huu unahusu ujenzi wa 430km 400kV ya saketi mbili ambayo itaokoa umeme kutoka kiwanda cha nguvu za upepo ya Ziwa Turkana cha 300MW ilioko Loiyangalani hadi kituo cha Suswa. Ikiwa ni ya uwezo wa hadi 1300MW, itakuwa na uwezo wa kutosha wa kuokoa nguvu kutoka kwa viwanda vitakavyojengwa siku za usoni zitakazojengwa kwa nyanja nishati zilizoko bonde la ufa na mashamba ya upepo ya Kaskazini mwa Kenya (Marsabit).

Mkandarasi was EPC ni Ms. Isolux Ingeniera (Hispania), mkandarasi wa vituo ni Siemens T & D, na KEMA (Uholanzi) ndio wahandisi watakapo simamia washauri. Gharama ya jumla ya laini ni bilioni Ksh. 16.5 na utafadhiliwa na Serikali ya Hispania kwa bilioni Ksh. 12, na serikali ya Kenya kwa bilioni Ksh. 4.5. Katika mwaka uliomalizika, hesabu ya miundo na ardhi ilikamilika na ardhi hiyo iliwekwa katika gazeti la serikali kwa ushirikiano na Tume ya Taifa ya Ardhi. Ujenzi unatarajiwa kukamilika mwezi Juni 2016.

#### **Laini ya kusambaza umeme na vituo ya 2No. 25 km 220kV Olkaria-Suswa**

Mradi huu unahusu ujenzi wa laini mbili za saketi mbili za 25 km 220kV kutoka mitambo mpya ya nishati ya 280MW Olkaria IV na I hadi kituo cha Suswa. Pamoja, laini hii inauwezo wa 1000MW na inafadhiliwa na JICA, AFD, EIB na serikali ya Kenya kwa gharama ya Kshs. Bilioni 0.9. Mkandarasi wa laini ni KEC International (India) na SKM kama washauri uhandisi. Mradi huu unatekelezwa kupitia KenGen.

Ujenzi wa laini unakaribia kukamilika na minara chache tu zinasubiri kumalizwa isipokuwa shida ya kupata njia katika mashamba (wayleaves). Vituo vya Olkaria II na Olkaria IV viliongezwa nguvu za nishati na Olkaria IAU kukamilika. 70MW kutoka Olkaria IV utahamishwa kwa njia ya ujenzi wa kitanzi kwa laini ya Kaskazini mwa Nairobi. Ujenzi na uagizo unatarajiwa kukamilika Desemba 2014.

#### **Mapendekezo ya miradi chini ya 5,000 + MW kizazi cha haraka**

Miradi katika mpango huu unaelekezwa kwa kusafirisha ziada ya umeme yanayotokana na mradi wa 5,000MW +. Miradi hii ni kama ifuatayo: -

##### **a) Laini ya kusambaza umeme na vituo ya 13 km 132kV Menengai-Soilo**

Mradi huu unahusisha laini ya 13 km 132kV saketi mbili na 220 / 132kV -200MVA ya kituo cha Soilo. Mradi unafadhiliwa na serikali ya Kenya kwa gharama iliyokadiriwa kufika

shilingi bilioni. 0.8. Itakapokamilika, mradi huu utatoa miundombinu ya kusafirishia umeme kutoka kiwanda cha nguvu za nishati ya Menengai ya 90MW. Zabuni ya EPC ilituzwa na ujenzi kuanza. Hesabu za ardhi zilikamilika na vibali muhimu kupatikana na ESIA na RAP kukamilika. Inalengwa kukamilika Desemba 2014.

##### **b) Laini ya kusambaza umeme na vituo za 30 km 400kV Menengai-Rongai**

Mradi huu unahusisha laini ya 400kV saketi mbili na 400 / 220kV - 200MVA ya vituo vya Menengai & Rongai. Mradi unalenga kusafirishia nguvu kutoka shamba la nishati ya Menengai ya 400MW. Makadirio ya gharama ni bilioni Kshs. 3.2 na unalengwa kukamilika Juni mwaka wa 2016. Katika mwaka uliomalizika, hesabu ya miundo ilikamilika na kutathmini ardhi kuliendelezwa. Utafiti wa EIA na RAP na nyaraka za zabuni zilitengenezwa na zinaendelezwa katika mwaka uliokamilika.

##### **c) Laini ya kusambaza umeme na vituo ya 150 km 400kV Silali- Rongai**

Mradi huu unahusisha laini ya 400kV saketi mbili na 400/11kV 350MVA katika kituo cha Silali. Inalenga kuokoa nguvu kutoka shamba la nishati ya Silali ya 200MW. Makadirio ya gharama ni bilioni Kshs. 5.6 na iliolengwa kukamilika Juni mwaka wa 2016. ESIA na washauri wa utafiti walijajiwa mwaka uliomaliopita.

##### **d) Laini ya kusambaza umeme na vituo ya 50 km 400kV Dongo Kundu-Mariakani**

Mradi huu unahusisha ujenzi wa laini ya 400kV inayobeba saketi mbili kutoka Dongo Kundu hadi kituo cha Mariakani ili kuokoa nguvu kutoka kiwanda cha Dongo Kundu 700MW LNG. Makadirio ya gharama ni bilioni Kshs. 4.0 na unalengwa kukamilika Julai mwaka 2015. Uangalizi, washauri wa ESIA, wa RAP na washauri wa usimamizi wa mradi walichaguliwa huku vipimo vya ufundi wa makandarasi na ratiba ya kiufundi iliandaliwa.



**e) Laini ya kusambaza umeme na vituo ya 520 km 400kV Lamu-Kitui-Nairobi East**

Mradi huu unahusu ujenzi wa laini ya 400kV inayobeba saketi mbili kutoka Lamu kupitia Kitui hadi Nairobi Mashariki. Kutakuwa pia na kituo cha 400kV huko Kitui. Lengo ni kuokoa nguvu kutoka viwanda vya 960MW ya Kitui na 960MW ya Lamu la nguvu ya makaa. Makadirio ya gharama ni bilioni Kshs. 17.0 na unalengwa kukamilika mwezi ya Desemba mwaka 2016. Uangalizi, washauri wa ESIA, wa RAP na washauri wa usimamizi wa mradi walichaguliwa katika mwaka uliomalizika. Maandalizi ya nyaraka za zabuni pia yalikamilika.

**f) Laini ya kusambaza umeme na vituo ya 75 km 400kV Isinya-Nairobi East**

Huu unahusu ujenzi wa 400kV saketi mbili na 400 / 220kV-350MVA kituo cha Nairobi Mashariki. Lengo kuu ni kujenga njia mbadala kwa ajili ya uwezo nyongeza ya umeme. Makadirio ya gharama ni shilingi bilioni 4.3 na unalengwa kukamilika mwezi wa Oktoba mwaka 2016. Uangalizi, washauri wa ESIA na wa RAP walichaguliwa katika mwaka uliomalizika na maandalizi ya nyaraka za zabuni kufanyika.

Kshs.4.9. Itawezesha biashara ya umeme na pia kuwezesha utulivu wa gridi katika kanda la eneo hili.

Katika mwaka uliomalizika, hesabu ya miundo na ardhi ulikamilika na ardhi hiyo ilihadhiriwa katika gazeti la serikali na Tume ya Taifa ya Ardhi. Mkataba wa laini na vituo ulipewa M / S Instalaciones Inabensa (Hispania) na kubuni na kupima kwa laini na vituo kuanza. RSW International (Aecom) ya Kanada ndio wanaosimamia ushauri. Mradi huo unatarajiwa kukamilika mwezi Juni mwaka 2015.

**Laini ya kusambaza umeme na vituo Ya 612 km 500kV, HVDC Barabara Kuuvya Umeme ya Afika Mashariki (Kiunganisha Ethiopia-Kenya)**

Kiunganisha Ethiopia-Kenya (pia inajulikana kama Mradi wa Barabara kuu ya Umeme ya Afrika Mashariki) itaunganisha mifumo ya nguvu ya Kenya na Ethiopia. Inahusu ujenzi wa laini ya 612km 500kV HVDC kutoka Ethiopia hadi kituo cha Suswa ikiwa na vituo vya Converter katika ncha zote mbili. Laini hii itakuwa na uwezo wa kusambaza 2000MW kati ya nchi hizo mbili. Itakapokamilika, itawezesha Kenya na Ethiopia pamoja na nchi nyingine jirani kutumia rasilimali mbalimbali za nishati zinazopatikana kwa uzalishaji wa umeme.

Mradi unafadhiliwa na Benki ya Dunia, AfDB, AFD & serikali ya Kenya kwa gharama ya bilioni Kshs.63.2. M/S Lahmeyer International ya Ujerumani ndio washauri wa usimamizi na uhandisi. Katika mwaka uliomalizika, hesabu ya ardhi na miundo ulikamilika na ratiba ya nchi ilitayarishwa kwa ajili ya kuwasilisha kwa Tume ya Taifa ya nchi ili kuharirishwa kwa Gazeti la Serikali ya taarifa. Utafiti wa makandarasi ulikamilika na ununuzi wa mkandarasi wa EPC kwa ile nyaraka za zabuni ziliwasilishwa kwa wafadhili kwa ajili ya kupitishwa. Mradi huo unatarajiwa kukamilika mwezi Juni mwaka 2017.

**Laini ya kusambaza umeme na vituo ya 93 km 400kV Kiunganisha Kenya-Tanzania**

Mradi huu unahusu ujenzi wa 2,000 km ya Kenya-Tanzania-Zambia itakayochukua hatua kuunganisha na Hifadhi ya Nguvu ya Afrika Kusini

### III. Viunganishi vya Eneo la Afrika Mashariki

Ili kukuza mbubujiko wa nguvu ya kikanda, Kampuni imeingia katika mashirikiano kadhaa ili kuongeza ushirikiano wa kikanda katika eneo hili. Kupitia mpango huu, Kampuni inatekeleza miradi yafuatayo ya uunganishaji wa nguvu za umeme na nchi jirani:

Laini ya kusambaza umeme na vituo ya 127 km 400kV Lessos-Tororo (Kiunganisha Kenya-Uganda) Mradi huu unahusu ujenzi wa 127 km 400kV saketi mbili kutoka kituo cha Lessos nchini Kenya hadi Tororo nchini Uganda wenye uwezo wa 1200MW. Mradi huu utachangia mtandao wa umeme ambao utaunganisha Kenya na Uganda, Rwanda, Burundi na sehemu ya DR Mashariki Congo chini ya Nile Equatorial Lakes Subsidiary Action Program (NELSAP) na itafadhiliwa na AfDB na serikali ya Kenya kwa gharama ya bilioni

ili kuimarisha biashara ya nguvu za umeme kati ya Hifadhi ya Nguvu ya Afrika Mashariki (EAPP) na Hifadhi ya nguvu ya Afrika Kusini (SAPP). Inahusisha ujenzi wa 93 km 400kV inayobeba saketi mbili kutoka Isinya nchini Kenya hadi Namanga mpakani na Tanzania.

Upembuzi yakinifu na kubuni kwa kina mradi kulikamilika mwaka 2012. Katika kipindi cha mwaka, Benki ya Maendeleo ya Afrika ilithibitisha msaada wa fedha kwa ajili ya mradi na EPC mchakato wa mnunuzi kuanza. Mradi huu unatarajiwa kukamilika mwezi Desemba mwaka 2016.

#### **IV. Miradi ya Fursa ya Kufikia Umeme.**

Miradi hii iko chini ya Mpango wa Energy Access Scale-Up na lengo lao kuu ni kuongeza upatikanaji wa umeme na kukabiliana na changamoto za upatikanaji na mwunganisho. Miradi chini ya mpango hii ni kama ifuatavyo:

#### **(a) Miradi ya upanuzi wa mfumo wa usambazaji**

##### **Laini ya kusambaza umeme na vituo ya 96km 132kV Nanyuki - Isiolo - Meru**

Mradi huu unahusu ujenzi wa 96 km 132kV saketi moja sambamba na 73MW kutoka kituo cha Nanyuki hadi Isiolo na Meru. Mradi pia unahusu ujenzi wa kituo kipya Isiolo na upanuzi wa vituo vilivyopo Nanyuki na Meru. Mradi huu utasambaza umeme unaoaminika kutoka Isiolo, mji uliopendekezwa kama mji wa mapumziko. Mradi unafadhiliwa na KCB Benki Kuu ya Ubelgiji na serikali ya Kenya kwa gharama ya bilioni Kshs.2.5. Mkandarasi ni CG Holdings wa Ubelgiji. Ujenzi wa laini na vituo unaendelea na unatarajiwa kukamilika mwezi wa Machi mwaka 2015.

##### **Laini ya kusambaza umeme na vituo ya Sondu-Homa Bay-Ndhiwa-Awendo**

Huu unahusu 10 0km 132kV ya saketi moja kutoka Sondu hadi Homa Bay na Awendo kwa kiwango cha 72MW na ni pamoja na kituo kipya



*Kionyesha njia karibu  
na kituo cha Mang'u*

huko Homa Bay na upanuzi wa vituo vya Sondu na Awendo. Inalenga kuimarisha nguvu za mtandao zilizopo Nyanza kusini na kuongeza upatikanaji wa umeme. Mradi huu unakadiriwa kugharimu billioni Kshs.2.3 na fedha zitatoka KBC Bank ya Ubelgiji na serikali ya Kenya. Mkandarasi o ni CG Holdings wa Ubelgiji na mradi unatarajiwa kukamilika mwaka 2016.

#### **(b) Mpango wa Upanuzi wa Umeme nchini Kenya (KEEP)**

KEEP ni ari ya Benki ya Dunia na Serikali ya Kenya inayoshughulikia miradi katika uzalishaji, upelekeshaji wa umeme na usambazaji. Upelekeshaji wa umeme unahusisha 354 km ya 132kV laini za upelekeshaji na vituo vidogo unahusisha. Malengo makuu ya mradi ni mawili (i) kuongeza uwezo, ufanisi na ubora wa ugavi wa umeme (ii) kupanua upatikanaji wa umeme katika maeneo ya mijini, miji midogo na vijijini. Unafadhiliwa na Benki ya Dunia na Serikali ya Kenya kwa gharama ya bilioni Ksh. 6.4. Mradi inajumuisha laini ifuatayo: -

##### **Laini ya kusambaza umeme na vituo ya 250 km 132kV Kindaruma-Mwingi-Garissa**

Huu unahusu ujenzi wa 132kV ya saketi moja kutoka Kindaruma kupitia Mwingi hadi Garissa na vituo vipya vya Mwingi na Garissa na ugani katika kituo iliopo Kindaruma. Itakapomalizwa, itaboresha ugavi huko Mwingi na kusababisha kupungua kwa gharama kubwa ya jenereta yasiyo ya grisi taifa za huko Garissa pamoja na nguvu uokoaji kutoka miradi ya Feed- in Tariffs iliyopendenkezwa katika maeneo ya kaskazini Kenya. Mkataba kwa ajili ya ujenzi wa laini unatekelezwa na Tata Projects Ltd (India) na kwa vituo ni KEC International Ltd (India) na usimamizi inafanywa na ELC (Italia). Ujenzi wa laini na vituo unaendelea na unatarajiwa kukamilika mwezi Machi mwaka 2015.

##### **Laini ya kusambaza umeme na vituo ya 60 km 132kV Eldoret-Kitale**

Hii inahusu ujenzi wa 132kV saketi moja ya laini ya upelekeshaji umeme kutoka Eldoret hadi Kitale, kituo kipya cha 132 / 33kV cha Kitale na ghuba ya kuondoka ya Eldoret ya 132kV. Mkataba kwa

ajili ya ujenzi wa vituo imetuzwa kwa M / S ABB South Africa (Pty) Ltd na ya laini imetuzwa kwa Tata Projects Ltd. (India). Ujenzi wa laini na vituo unaendelea na unatarajiwa kukamilika ifikapo mwezi Machi mwaka 2015.

##### **Laini ya kusambaza umeme na vituo ya 44 km 132kV Kisii-Awendo**

Hii inahusu ujenzi wa 132kV saketi moja ya laini ya upelekeshaji umeme kutoka Kisii hadi Awendo, kituo kipya Awendo na ghuba ya kuondoka ya Kisii ya 132kV. Mkandarasi wa vituo ni M / S ABB South Africa (Pty) Ltd. na wa laini ni Tata Projects Ltd. (India). Ujenzi wa laini na vituo unaendelea na unatarajiwa kukamilika ifikapo mwezi Machi mwaka 2015.

#### **(c) Mpango wa Uboreshaji wa Mfumo wa Upelekeshaji Umeme, Kenya (KPTSIP)**

Kampuni pia inatekeleza Mpango wa Uboreshaji wa Mfumo wa Upelekeshaji Umeme, Kenya (KPTSIP), ambayo inajumuisha laini sita, itakayojadiliwa, yenye jumla ya urefu wa 431 km na vituo 14 husika. Mpango wa KPTSIP unafadhiliwa na AfDB na serikali ya Kenya kwa gharama ya bilioni Kshs.8.1. Wahandisi washauri ni SMEC International, Jyoti Structures Limited (India) ni wakandarasi wa laini na mkandarasi wa vituo ni CAMCE Engineering Company (China).

Laini itaongeza upatikanaji wa umeme sehemu za Baringo, Laikipia, Narok, Bomet, Kitui, Makueni, Embu na maeneo ya jirani. Upatikanaji wa umeme wa kuaminika utabadilisha maeneo haya kuwa maeneo yanayoaminika kwa ajili ya kilimo na viwanda kwa ujumla, hivyo kusaidia na kuvutia serikali ya ugatuzi. Miradi inajumuisha ujenzi wa laini ifuatayo na vituo husika;

- i. Laini ya kusambaza umeme na vituo ya 65 km 132kV Lessos - Kabarnet, kituo kipya cha 132 / 33kV kule Kabarnet na ghuba ya kuondoka katika kituo kilicho cha Lessos,
- ii. Laini ya kusambaza umeme na vituo ya 79 km 132kV Nanyuki - Nyahururu (Rumuruti), kituo kipya cha 132 / 33kV kule Nyahururu na upanuzi wa kituo kilichopo Nanyuki,
- iii. Laini ya kusambaza umeme na vituo ya 68 km 132kV Olkaria - Narok, kituo kipya



- cha 132 / 33kV kule Narok na upanuzi wa vituo vilivyopo Olkaria,
- iv. Laini ya kusambaza umeme na vituo ya 33 km 132kV Sotik - Bomet na vituo vipya vya 132 / 33kV kule Bomet na Sotik,
  - v. Laini ya kusambaza umeme na vituo ya 153 km 132kV Mwingi - Kitui - Wote - Sultan Hamud, vituo vipya vya 132 / 33kV kule Kitui, Wote na Sultan Hamud, na upanuzi wa kituo cha Mwingi,
  - vi. Laini ya kusambaza umeme na vituo ya 33 km 132kV Ishiara - Kieni, 132 / 33kV kule Kieni na kibandili gia huko Ishiara.

Hesabu ya miundo na ardhi unaendelea. Kubuni kwa uhandisi na kupima kumekamilika na kazi za kiraia ya vituo kuanza. Mradi huo unatarajiwa kukamilika ifikapo Septemba mwaka 2015.

#### **(d) Miradi inayofadhiliwa na Benki ya Exim ya India na Serikali ya Kenya:**

Urefu wa ujumla wa laini za kusambaza umeme ni 243 km na unafadhiliwa na Benki ya Exim India na serikali ya Kenya kwa milioni \$62. Miradi hii inatarajiwa kukamilika mwaka 2015.

- a. Laini ya kusambaza umeme na vituo ya Turkwel - Ortum – Kitale: 90km 220kV ya saketi moja kutoka kiwanda cha umeme cha Turkwel hadi Ortum na Kitale, ina kiwango cha 250MW. Mradi ni pamoja na vituo viwili mpya katika Ortum na Kitale na upanuzi wa kituo cha Turkwel. Itatoa njia mbadala ya umeme inayotoka Turkwel pamoja na usambazaji wa nishati kwa mapendekezo ya kiwanda ya saruji pale Ortum. Mikataba ya EPC kwa ajili ya laini KEC International (India) na vituo imetuzwa kwa Jyoti Structures Limited (India), na mshauri msimamizi ni Power Grid Corporation (India). Ujenzi wa laini ulianza mwakani na mradi unatarajiwa kukamilika ifikapo mwezi wa Desemba mwaka 2015.
- b. Laini ya kusambaza umeme na vituo ya Machakos- Konza - Kajiado - Namanga: 153 km 132kV ya saketi moja kutoka Machakos hadi Konza, Kajiado na Namanga ina kiwango cha 73MW. Mradi ni pamoja na ujenzi wa vituo nne (4) mpya pale Machakos, Konza, Kajiado na Namanga. Itaimarisha nguvu

ya mitandao iliyopo pamoja na kuongeza upatikanaji wa umeme Wilaya za Machakos, Makueni na Kajiado na mazingira yao. Mkataba wa EPC kwa ajili ya laini na vituo imetuzwa kwa Shyama Power (India) na Power Grid ni washauri wasimamizi. Mradi huo unatarajiwa kukamilika ifikapo mwezi wa Desemba mwaka 2015.

#### **V. Miradi yanayohitaji fedha**

KETRACO imebainisha miradi ziada ya laini za kusambaza umeme ambayo yanahitaji fedha. Baadhi ya laini zina nia ya kuokoa nguvu za umeme, kuimarisha mfumo wa nguvu, na baadhi ya nyingine itawezesha ugani wa gridi kwa maeneo yaliyotengwa na hivyo kuongeza upatikanaji wa umeme. Miradi hii ni pamoja na yafuatayo:

- i. Laini ya kusambaza umeme na vituo ya 150 km 400kV Silali-Rongai
- ii. Laini ya kusambaza umeme na vituo ya 50 km 400kV Dongo Kundu-Mariakani
- iii. Laini ya kusambaza umeme na vituo ya 520 km 400kV Lamu-Kitui-Nairobi East
- iv. Laini ya kusambaza umeme na vituo ya 110 km 400kV Isinya-Nairobi East
- v. Laini ya kusambaza umeme na vituo ya 50 km 132kV Meru - Maua na kituo cha 132 / 33kV 7.5MVA cha Maua na inakadiriwa kugharimu bilioni Ksh. 1.4.,
- vi. Laini ya kusambaza umeme na vituo ya 148 km 132kV Rumuruti - Maralal ya saketi moja na kituo cha 132 / 33kV 7.5MVA cha Maralal na upanuzi wa kituo cha Nyahururu na inakadiriwa kugharimu bilioni Ksh. 2.1,
- vii. Laini ya kusambaza umeme na vituo ya 50 km 132kV Awendo - Isabenia ya saketi moja sambamba na 133 / 33kV kituo cha 23MVA cha Isabenia na upanuzi wa kituo cha Awendo inakadiriwa kugharimu bilioni Ksh. 1.4,
- viii. Laini ya kusambaza umeme na vituo ya 240 km 220kV Garsen - Hola -





Bura - Garissa saketi moja sambamba na vituo pale Hola na Bura na upanuzi wa vituo vya Garsen na Garissa. Makadirio ya gharama ni bilioni Ksh. 4.2,

- ix. Laini ya kusambaza umeme na vituo ya 60 km 132kV Galu - Lunga Lunga saketi moja sambamba na 132 / 33kV kituo cha 23MVA cha Lunga Lunga na upanuzi wa kituo cha Galu. Makadirio ya gharama ni bilioni Ksh. 1.6,

- x. Laini ya kusambaza umeme na vituo ya 40 km 132kV Ishiara - Chogoria saketi moja sambamba na 132 / 33kV kule Chogoria na upanuzi wa kituo cha Ishiara. Makadirio ya gharama ni bilioni Ksh.1.3,

- xi. Laini ya kusambaza umeme na vituo ya 330 km 220kV Garissa - Habaswen - Wajir saketi moja sambamba na vituo vya Wajir na Habaswen na upanuzi wa kituo cha Garissa.



*Mkandarasi apima kina cha msingi wa mnara wa laini ya Kisii - Awendo*



- Makadirio ya gharama ni bilioni Ksh. 7.3,
- xii. Laini ya kusambaza umeme na vituo ya 107 km 132kV Voi - Taveta saketi moja sambamba na 132 / 33kV kule Taveta. Makadirio ya gharama ni bilioni Ksh. 2.6,
  - xiii. Laini ya kusambaza umeme na vituo ya 60 km 132kV Rabai - Bamburi - Kilifi saketi mbili kutoka Rabai hadi Bamburi, 132kV saketi moja ya Kilifi, 132kV ghuba pale Rabai, na vituo viwili Bamburi na Mtwapa. Makadirio ya gharama ni bilioni Ksh. 2.7,
  - xiv. Laini ya kusambaza umeme na vituo ya 40 km 220kV Suswa - Ngong na inakadiriwa kugharimu bilioni Kshs. 2.1,
  - xv. Laini ya kusambaza umeme na vituo ya 11 km 132kV Kabarnet - Nyahururu (Rumuruti) na upanuzi wa kituo ambayo inakadiriwa kugharimu bilioni Ksh.1.9,
  - xvi. Laini ya kusambaza umeme na vituo ya 88 km 132kV Narok - Bomet na kituo upanuzi unatarajiwa kugharimu bilioni Ksh. 1.7.

## **VI. Miradi iliyo katika utafiti wa uakinifu**

Katika mwaka uliopita Kampuni iliwaendeleza washauri wanne (4) wa kufanya upembuzi yakinifu juu ya mapendekezo ya miundombinu ambayo itashughulikia mfumo dhaifu uliopo na kuimarisha gridi katika maeneo maalum ili kuboresha huduma bora za umeme na kuongeza upatikanaji katika maeneo mbalimbali ya nchi. Utafiti ulikamilika kwa laini ifuatayo katika kipindi hicho:

- i. i. Laini ya kusambaza umeme na vituo ya 70 km 220kV Kisumu-Kakamega-Musaga saketi mbili na kituo cha Kakamega.
- ii. Laini ya kusambaza umeme na vituo ya 73 km 132kV Webuye-Kimilili-Kitale, uanzishwaji wa vituo vya Webuye na Kimilili na upanuzi wa kituo cha Kitale.
- iii. Laini ya kusambaza umeme na vituo ya 25 km 132kV Kakamega-Kaimosi na uanzishwaji wa kituo cha Kaimosi.
- iv. Laini ya kusambaza umeme na vituo ya 48 km 132kV Sotik-Kilgoris na kituo kipya cha Kilgoris.

Upembuzi yakinifu uliendelea kwa laini zifuatayo:

- i. Laini ya kusambaza umeme na vituo ya 38 km 400kV Isinya-Konza saketi mbili na kituo cha Konza ambayo itaunganisha mji wa

- ii. Laini ya kusambaza umeme na vituo ya 205 km 400kV Longonot-Thika-Kangundo-Konza saketi mbili sambamba na vituo vya Longonot, Thika, Kangundo na Konza itakayomaliza gonga la Nairobi la 400kV inayojengwa kwa kugemea usalama wa N-1.
- iii. Laini ya kusambaza umeme na vituo ya 196 km 220kV Kamburu-Embu (Kutus)-Thika na upanuzi wa vituo vya Kamburu, Embu, Kiganjo na Thika,
- iv. Laini ya kusambaza umeme na vituo ya 144 km 132kV Kitui-Mutomo-Kibwezi na uanzishwaji wa vituo vya Kitui, Mutomo na Kibwezi,
- v. Laini ya kusambaza umeme na vituo ya 84 km, 132kV Ngong-Magadi na kituo cha Magadi,
- vi. Laini ya kusambaza umeme na vituo na uanzishwaji wa kituo cha 132/33 kV Uplands,
- vii. Laini ya kusambaza umeme na vituo ya 15 km 132kV Galu T off -Likoni na uanzishwaji wa kituo cha Likoni,
- viii. Laini ya kusambaza umeme na vituo ya 235 km Rongai-Kilgoris 400kV na vituo vya Rongai na Kilgoris na inatoa uwezekano wa kuunganishwa na Tanzania ili kukamilisha Gonga la Ziwa Victoria,
- ix. Laini ya kusambaza umeme na vituo ya 41 km 132kV Myanga-Busia na vituo vya Myanga na Busia,
- x. Laini ya kusambaza umeme na vituo ya 72 km 132kV Rangala-Bondo-Ndigwa na uanzishaji wa vituo vya Bondo na Ndigwa,
- xi. Laini ya kusambaza umeme na vituo ya 72 km 132kV Homa Bay-Sindo na kituo cha Sindo,
- xii. Laini ya kusambaza umeme na vituo ya 72 km 132kV Ndhiwa-Karungo Bay na upanuzi wa vituo vya Ndhiwa na Karungo,
- xiii. Laini ya kusambaza umeme na vituo ya 288 km 220kV Kiambere-Maua-Isiolo na 220 / 132kV vituo vya Maua na Isiolo,
- xiv. Laini ya kusambaza umeme na vituo ya 152 km 220kV Isiolo-Maralal kama mbadala nguvu za upepo na maeneo ya jua za baadaye;



- xv. Laini ya kusambaza umeme na vituo ya 306 km 220kV Isiolo-Marsabit na upanuzi wa vituo vya Isiolo na Marsabit,
- xvi. Laini ya kusambaza umeme na vituo ya 188 km 400kV Loiyangalani-Marsabit na kituo cha Marsabit ambayo itaimarisha kikamilifu uwezo wa rasilimali ya upepo kaskazini mwa Kenya;
- xvii. Laini ya kusambaza umeme na vituo ya 228 km 220kV Turkwel-Lodwar-Lokichogio na uanzishaji wa vituo vya Turkwel, Lodwar na Lokichogio.

## MAFANIKIO MENGINEO

Ili kuwezesha ufanisi wa mamlaka yake, Kampuni inahitaji kuwezesha mazingira mazuri ambayo itawezesha matumizi kamili ya uwezo wa shirika. Nafurahi kutoa taarifa kwamba Kampuni ilikuwa na uwezo wa kutekeleza mipango mingine katika maeneo mbalimbali ya kazi kuanzia maendeleo ya uwezo wa rasilimali, maendeleo ya miundombinu ICT, mapitio na maendeleo ya sahihi mifumo, sera, miundo na taratibu kama ilivyoainishwa hapa chini. Hii imewezesha Kampuni kujiweka kwenye nafasi ya juu ya ufanisi na kuandaa hatua kwa hatua kuchukua majukumu ndani ya mnyororo wa ugavi wa umeme nchini Kenya.

### Maendeleo ya Rasilimali za Binadamu

Kama kazi muhimu inayojihusisha na watu katika shirika, kazi ya rasilimali ya binadamu ina uwezo wa kuchochea kuongeza kwa thamani ambayo wafanyakazi wanaweza kuchangia. 2013/2014 umekuwa mwaka wa kulisimua kwa kazi yetu. Katika kipindi hiki cha mwaka, na kwa kutambua ukweli kwamba pamoja na maendeleo ya rasilimali watu ni wenzu unaoendeleza utendaji kazi, Kampuni ilijitahidi kuhakikisha kwamba kila mfanyakazi amewekwa pale anapofaa na vifaa husika ili kufanya majukumu yake kwa kujihusisha na huduma na shughuli mbalimbali za kuboresha thamani ya wafanyakazi wake.

Kampuni imeendelea kutekeleza kazi tathmini ya ripoti ya mapendekezo ambayo imewezesha KETRACO kuwapanga wafanyakazi wake na malengo ya kimkakati na kufikia ufanisi na

usawa kulingana na thamani ya kazi. Baadhi ya nafasi za juu zilizojazwa mwaka huu ni, Meneja Mwandamizi Ubuni na Ujenzi, Meneja Mwandamizi Matengenezo, Operesheni na Ujenzi, Mhandisi Mwandamizi Ubuni wa Stima, Meneja wa Huduma za Kifedha, Meneja wa Usimamizi wa Akaunti na vilevile Meneja wa Uhandisi wa Usambazaji na Utawala.

KETRACO inaamini kwamba kuajiri ufanisi ni muhimu kwa mafanikio yake. Katika mwaka uliomalizika, wafanyakazi waliongezeka kwa 87 na kulikuwa na wasaba walioasi kampuni. Jumla ya wafanyakazi Juni 30, 2014 ilikuwa 235. KETRACO inaendelea kulenga kuongeza usawa wa ajira na kuhakikisha uwakilishaji wa wafanyakazi; Magawanyo wa kijinsia ilisimama 33.3% ambao ni wanawake, mgawanyo wa kikabila uliobaki anuwai na kisheria inayoamuru kwamba hakuna kabila iliyozidi 21%; na vijana, ambao ni watu wa umri wa miaka 35 na chini, ndio wafanyakazi wengi zaidi, yaani, 57%.

Ili kuimarisha zaidi rasilimali ya binadamu, Kampuni iliendelea kuimarisha uwezo wa wafanyakazi kwa kutoa mafunzo kwa wafanyakazi katika kozi husika zilizotambuliwa katika mipango ya mafunzo. Kuhakikisha kuwa wafanyakazi wetu wanaujuzi na uwezo ni muhimu kwa mafanikio yetu ya muda mrefu. Kwa msaada wa hazina na washirika wetu wa maendeleo, katika kipindi cha mwaka, ngazi tofauti ya wafanyakazi walipewa mafunzo katika maeneo mbalimbali ambayo ni pamoja na Uongozi Bora, Stadi Usimamizi, Mafunzo ya Huduma ya Kwanza, Majadiliano Mkakati, Mafunzo ya Usalama wa Afya Kazini, Mafunzo ya Uzima Moto, Mafunzo ya Ufumwele wa Optic, Mafunzo ya Kukabiliana na Ugaidi, Ulinzi wa Mifumo ya Nguvu na SCADA na kuongeza, fani zote walihudhuria mikutano yao ya kila mwaka. Kwa sababu ya hatua hizi, maendeleo ya ngazi uwezo iliongezeka kutoka 69% hadi 71%, katika kipindi hicho. Zaidi ya hayo, Kampuni iliwapa ukufunzi viwanda wanafunzi 20 sambamba na uwezeshaji wa vijana.

Ikisaidiwa na Ukurugenzi ya Huduma ya Usimamizi wa Umma (DPM), Kampuni ilianzisha utekelezaji wa miongozo ya kazi



*Mhandisi wa mradi wa Rabai-Malindi-Garsen-Lamu, Anthony Wamukota, ahotubia waloazuru kituo cha Malindi kuhusu mradi huu. Kati ya waliozuru ni Wabunge wa Kamati ya Kawi, Mawasiliano na Habari*

maendeleo. Punde miongozo itakapotekelezwa, itasaidia kuvutia, kuwahamasisha na kubakiza wafanyakazi kufaa waliohitimu katika Kampuni. Zoezi ilianza Desemba 2013 na itakamilika mwaka wa 2014/2015. Aidha, katika kipindi cha mwaka, Kampuni ilishirikisha huduma ya mshauri kuendeleza mfumo wa Usimamizi wa shirika na kuboresha mifumo malipo. Mradi huo pia unatarajiwa kukamilika mwaka 2014/2015. Mradi wa ustawi wa wafanyakazi uliendelea katika kipindi kuhakikisha kwamba KETRACO ina ushindani wa ajira marudio. Utafiti wa awali wa kuridhika kwa wafanyakazi iliofanyika mwishoni mwa mwaka ilionyesha kuwa kielezo cha kuridhika kwa wafanyakazi kiliongezeka kwa 7.3%.

Ili kusaidia wafanyakazi kumiliki mali mbalimbali, na kubaki na motisha, vifaa vifuatavyo vilipewa wafanyakazi katika viwango vya masharti nafuu: rehani, mikopo ya gari na mikopo binafsi kupitia mpangilio na taasisi mbalimbali za kifedha. Kampuni ina mpango wa afya wa wafanyakazi ambao unawashughulikia wafanyakazi wote.

Mazingira mazuri ya kufanyia kazi ni muhimu katika Kampuni na ufahamu unazidi kwamba wafanyakazi hutumia masaa zaidi katika maeneo yao ya kazi kuliko makazi yao. Nafasi ziada ya ofisi ilinunuliwa ili kupunguza msongamano na samani mpya kununuliwa. Matokeo ya maboresho haya yalijitokeza katika utafiti wa Kazi Mazingira wa pili iliyofanyika mwishoni mwa mwaka wa fedha ambayo ilionyesha kuwa jumla ya kielezo cha Kazi Mazingira iliboreshwa kwa 2.1%.

Sera nzuri katika mashirika huonyesha utamaduni na mwelekeo na pia kuongoza matendo ya wafanyakazi wote. Ili kuhakikisha utofauti na ufumbuzi ndani ya Kampuni, Sera ya Jinsia Masuala ilitengenezwa na wafanyakazi kuhamasishwa kuhusu masuala ya kijinsia kwa njia ya warsha. Usawa wa kijinsia uliimarishwa wakati wa kuajiri wafanyakazi na uwiano wa kijinsia ilibaki 33%. Aidha, wafanyakazi walihamasishwa kuhusu ulemavu na watu wanaoishi na ulemavu walipewa fursa sawa wakati wa ajira. Sera ya Ukimwi (HIV/AIDs) unatekelezwa na wafanyakazi kuendelea kuhamasishwa. Sera ya Madawa

ya Kulevya unatekelezwa pia na kampuni imesaidia wafanyakazi ambao wanapambana na changamoto za madawa ya kulevya ambao waliomba msaada. Katika kipindi hicho, Sera za Mazingira ya Kazi na ya Unyanyasaji wa Kijinsia zimetengenezwa na zinasubiri kibali rasmi. Ili kuhakikisha kwamba mpango wa pensheni ni bora kabisa kwa wafanyakazi wetu, Kampuni ilishirikisha huduma ya kampuni ya kufanya utafiti na ushauri juu ya namna ya kusonga mbele. Ripoti hiyo imekamiliwa na pia inasubiri kibali rasmi.

### Utumiaji wa mitambo ya kiteknologia

Kampuni ina nia ya kujenga na kujiwekeza katika daraja ya kisasa ya kiteknologia (ICT) ili kuongeza shughuli zake na utoaji wa huduma. Kuelekea lengo hili, shughuli kwa ajili ya ununuzi wa Mipango ya Rasilimali Biashara ya kina (ERP) ufumbuzi wa mitambo inayojiendesha na msingi wote na taratibu za biashara zilizo na zisizo za msingi ulifanyika.

Usalama wa mtandao mzima uliimarishwa kwa kupitia ufumbuzi wa McAfee Endpoint, iliyochukua nafasi ya ufumbuzi chini ya ufanisi. Ufumbuzi ulitoa muda halisi kupambana na ulinzi wa antivirus, umakinifu wa barua pepe na usalama wa mtandao na kina ya kudhibiti kifaa. Zaidi ya hayo, Cisco Identity Services Engines (ISE) ilitumika na kuamilishwa katika vifaa vyote kushikamana na mtandao. Hii ni hulka ya usalama ambayo inamtambulisha mtumiaji yeyote wa vifaa ambazo zimeunganishwa na mtandao.

Sera ya Server Virtualization na uimarishaji unaendelea kutekelezwa na mfumo ya McAfee na sera ya mtambo unaojiendesha wa QMS, huku Q-Pulse, ikitumiwa kwa virtual servers.

Ili kupunguza gharama zinazotumika katika usafiri kwa mikutano, mfumo wa video conferencing ulitekelezwa kwa mafanikio.

Barua pepe na ufumbuzi wa ofisi ziliboreshwa kwa kupitia Exchange 2013 na Microsoft Office ya 2013 kwa mtiririko huo ili kuimarisha usalama na kuchukua fursa ya shughuli mpya zilizotiwa humo.

### Usimamizi wa Utendaji

Shirika lolote linalotaka usimamizi wa utendaji ni muhimu katika shirika kukua na kuimarika, na mwaka uliomalizika, mshauri wa kufanya Utendaji Mafunzo ya Uongozi, Ubunifu na Utekelezaji wa Zana Bora alianza kazi na mafunzo ya wasimamizi na wafanyakazi muhimu watakatumika kutekeleza mfumo huo ulifanyika. Utendaji Mkataba kati ya Bodi na Serikali kwa kipindi 2013/2014 ulimalizika kwa mafanikio. Nina furaha ya kuwataarifu kwamba wakati wa mwaka tathmini ya utendaji Kampuni ilipata mafanikio ya “Mzuri Sana” na alama jumla ya 2.9385.

### Vyeti vya ISO

Katika kipindi cha mwaka ukaguzi wa Quality Management System (QMS) ulifanywa na wakaguzi wa ndani na pia ukaguzi ufuatiliaji na Shirika la Viwango ya Kenya (KEBS) na kampuni ilionekana kama inavyotakikana na mahitaji ya Kiwangozi cha ISO-9001: 2008. Kampuni ilitokeleza ukaguzi wa kazi kupitia QMS na kufanywa ukaguzi wa ndani kwa kutumia mfumo mpya, kwa mafanikio. Ukaguzi ufuatiliaji wa KEBS kupitia mfumo mpya ulifanyika kwa mafanikio. Malalamiko ya Wateja, Usimamizi wa Hati na Mafunzo ya Utendaji pia ziliendelea kutumia moduli husika ndani ya mfumo huo.

### Leseni ya Ufumwele ya Optiki

Kampuni iliomba na kupewa Leseni ya Network Facilities Provider Tier 2 (NFP T2) na Mamlaka ya Uwasiliano ya Kenya ili kuwezesha wa kuanzaisha ukodishaji wa uwezo / ufumwele kwa watoa Huduma walio na leseni.

### Uvumbuzi wa Utoaji Huduma

Wakati wa utekelezaji wa miradi, Kampuni hukabiliwa na changamoto za kukubaliana na wamiliki shamba kuhusu njia za kupitisha umeme, huku ikihutubia makazi ya binadamu na hii inasababisha ucheleweshaji katika utekelezaji wa miradi. Kwa hiyo, katika mwaka uliomalizika, Kampuni ilitambua mbinu mpya za kutatua masuala ya njia za kupitisha umeme kwa wakati na gharama nafuu kwa kuendeleza mfumo wa



usimamizi wa wayleaves. Katika suala hili, ili kuunganisha kadastrali ya deta, deta ya mradi wa watu walioathirika na deta ya utafiti angani pamoja na Mfumo wa Habari za Kijiografia (GIS), na kuunganisha deta ya mradi wa watu walioathirika na malipo ya fidia deta katika mfumo mmoja, Kampuni ilianza ununuzi wa Mfumo wa Usimamizi wa njia za kupitisha laini za umeme. Maonyesho mawili ya mfumo yaliwasilishwa na kampuni ya ushauri. Mfumo ulitengenezwa kwa ajili ya utekelezaji katika usimamizi wa mradi.

### **Vijana na Uwezeshaji wa Wanawake**

Kampuni ilikuwa katika mstari wa mbele sambamba na Sera za Serikali za kuwawezesha Vijana na Wanawake. Wanafunzi kadhaa walipewa fursa za ukufunzi viwanda katika Kampuni. Zaidi ya hayo, kati ya jumla ya bajeti ya mwaka ya manunuzi ya milioni Ksh. 15 kwa ajili ya vifaa kwa ujumla ikiwa ni pamoja na matumizi ya ofisi na vifaa vya ofisi, takriban milioni Ksh. 9 (60%) ilipatiwa vikundi / makampuni inayomilikiwa na vijana, wanawake na watu wanaoishi na ulemavu walio kusajiliwa na Hazina ya Taifa.

### **Uhifadhi wa Mazingira**

Ulinzi wa mazingira na uhifadhi ulipewa kipaumbele na Kampuni na mipango kadhaa yalifanyika kutimiza lengo hili. Wafanyakazi na wanachama wa umma walihamasishwa kuhusu uhifadhi wa mazingira, na vipeperushi uelewa takriban 5,000 kuhusu msimamo wa Kampuni katika mambo ya mazingira vilisambazwa katika eneo ya miradi yote inayoendelea. Kwa kushirikiana na wahusika dau husika miche ya miti zaidi ya 10,000 zilisambazwa na takriban 1,000 miti kupandwa katika shule za msingi kadhaa. Ushirikiano na NEMA na KFS iliimarishwa huku masomo na utafiti njia wa ESIA ulifanyika kwa ajili ya miradi yote mipya.

### **Uwajibikaji kwa Ushirika na Jamii**

KETRACO inaendelea kutekeleza jukumu lake kama wajibu wa kampuni raia. Tuna nia ya kujihusisha na jamii katika maeneo yalioathiriwa

na miradi, washirika wa sekta, umma kwa ujumla, na wadau wengine katika jitihada zutu ili kukuza ukarimu wao na ushirikiano kama vile kujifunza mahitaji yao na nafasi ambazo tunaweza kuboresha maisha. Katika suala hili, tunahakikisha kwamba miradi yote itatekelezwa kupitia mchakato wa kushauriana na wadau kutoka awali ya mipango ya miradi na kuwaagiza. Kampuni inahakikisha zaidi kwamba shughuli zake zinafanywa kwa kuchunguza mazoea ya kitaalamu na utu kwa kuzingatia kuwa ujenzi wa laini za usambazaji inahusisha upatikanaji wa ardhi kwa ajili ya vituo laini. Hii hubidisha fidia kwa watu walioathirika na miradi yetu. Ikiongozwa na Sera ya Uwajibikaji wa Ushirika na Jamii, Kampuni hushiriki kikamilifu katika mazungumzo na shughuli kadhaa na wadau mbalimbali miongoni mwao ikiwa ni mazoezi ya kupanda miti ili kurekebisha uharibifu unaosababishwa wakati wa mazoezi ya kupenya njia ya laini, ushiriki katika Kampeni ya Beyond Zero pamoja na Kampeni ya Kenya Medical Association kwa miradi yao ya kueneza ujumbe kuhusu Saratani. Kampuni pia inafadhili ujenzi wa madarasa, vyoo na uchangiaji wa madawati katika shule Garissa.

### **Shukrani**

Ningependa kuchukua fursa hii kuishukuru Serikali, washirika wa maendeleo, washauri, wakandarasi, watu walioathiriwa na miradi, wafanyakazi na wadau wetu wote, kwa ajili ya kuendelea ushirikiano na msaada katika kipindi cha mwaka wa 2013/2014. Hakuna mafanikio ambayo yanguwezekana bila mchango kutoka kila mmoja wenu. Kwa kupitia umoja na ushirikiano wenu, Kampuni bado inalenga kuelekea utoaji wa ubora, kuaminika, na usalama ya umeme kama ilivyokusudiwa katika ajenda ya kitaifa ya maendeleo.



**Eng. Joel Kiilu**  
**Mkurugenzi**

Octoba 29, 2014

## Corporate Governance Statement

Corporate governance is the framework used to direct and manage the business affairs of the Company towards enhancing prosperity and corporate accountability with the ultimate objective of realising shareholders' long term value while taking into account the interest of other stakeholders. The Directors are responsible for the corporate governance practices of the Company. This Statement sets out the main practices in operation during the year under review.

### Board of Directors

The Board of Directors has nine members comprising the Managing Director and eight non-executive directors, including the Chairman. Although incorporated under the Companies Act, Cap 486, the Company is governed under the provisions of State Corporations Act, Cap 446 by virtue of the Company being wholly owned by the Government. The non-executive directors are independent within the meaning of the Capital Markets Authority's Guidelines on Corporate Governance.

Information on directors' profiles is shown on page 6.

The Chairman and the Managing Director play separate roles in the governance structure of the Company. The Chairman is primarily responsible for the running of the Board and ensuring that it is supplied in a timely manner with sufficient information to enable it to discharge its duties. The Managing Director is responsible for recommending business plans and the budget to the Board, implementing approved corporate strategies and day to day administration of the Company.

The primary responsibilities of the Board include: defining the vision and mission statements of the Company elucidated in a corporate strategic plan which defines and sets the strategic objectives and goals for the Company; establishment of short and long term goals and ensuring preparation of interim and annual financial statements; review and approval of the annual budgets for the financial performance of the Company; monitoring performance periodically; managing risks by ensuring that the Company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities; and working with management to realise the mandate of the Company.

There are deliberate measures and plans in place for all Directors to receive appropriate training and to take independent professional advice if necessary. New Directors are also well inducted by provision of necessary information pertinent to the Company's business, meetings with Management and training. In this regard, Directors attend training on good corporate governance by the Centre for Corporate Governance to enhance their skills. The Board also attended various workshops on audit and risk management during the period.

There is a diverse mix of skills in the Board, as is shown from the profile of directors elsewhere in this Report which outlines their professional qualifications and experience.

The Board met in accordance with requirements of the business. The Board held a total of 13 meetings during the year, which were very well attended.

## Attendance of Board Meetings

|    | Name  | No. of Meetings Attended |
|----|---|--------------------------|
| 1  | Dr. Kenneth Sigilai (who served as Chairman from 10 <sup>th</sup> January, 2014)                    | 7                        |
| 2  | Eng. J. Njoroge (Principal Secretary, MOE&P)  | 1                        |
| 3  | Eng. Julius Mwathani (Alternate Director to Mr. Joseph Njoroge, PS, MOE&P)                          | 11                       |
| 4  | Mrs. Felister Kivisi (Alternate Director to Mr. Henry Rotich, Cabinet Secretary, National Treasury) | 12                       |
| 5  | Eng. Joel Kiilu   | 12                       |
| 6  | Mr. Daniel K. Mwaura  | 13                       |
| 7  | Ms. Esther Nkatha M'ithiria   | 11                       |
| 8  | Mrs. Elizabeth Maina  | 12                       |
| 9  | Mrs. Patience Nyaoga  | 11                       |
| 10 | Mr. Fidesius Nyaga  | 12                       |
| 11 | Mr. Justus Kageenu (who served as chairman until 10 <sup>th</sup> January, 2014)                    | 06                       |

## Board Committees

The following Board Committees were in place during the period under review year:-

### Audit & Risk Committee

The Audit & Risk Committee is constituted in line with Treasury Circular No. 16/2005 on establishment and operationalization of audit committees in the Public Service. The Committee comprised four non-executive directors and is chaired by a non-executive director. The members of the committee during the period under review were:

Mr. Daniel Mwaura (Chairman)

Mrs. Felister Kivisi (Alternate Director to Cabinet Secretary, National Treasury)

Ms. Esther Nkatha

Mr. Fidesius Nyaga

The Audit & Risk Committee held 11 meetings during the period which were well attended.

|   | Name                  | Attendance |
|---|-----------------------|------------|
| 1 | Mr. Daniel K. Mwaura  | 11         |
| 2 | Mrs. Felister Kivisi  | 7          |
| 3 | Ms. Esther Nkatha     | 11         |
| 4 | Mr. Fidesius M. Nyaga | 11         |



The Committee routinely invites the Managing Director, and at times the other key staff to attend the meetings. The Manager, Internal Audit is the Secretary to the Committee.

### **Staff & Remuneration Committee**

The Board has constituted a Staff & Remuneration Committee whose mandate includes determining the terms and conditions of service of staff and approval of recommendations for appointment and disciplinary issues of senior staff.

The members who served in the Committee were as follows:

Mrs. Elizabeth W. Maina ( Chairperson)  
Eng. Julius Mwathani (Alternate Director to Principal Secretary, MOE&P)  
Mr. Daniel K. Mwaura  
Mrs. Patience Nyaoga  
Eng. Joel Kiilu

When appropriate, the Committee invites other members of the Board and staff to its meetings.

The Committee held 3 meetings during the period under review.

#### **Staff & Remuneration Committee**

|   | <b>Name</b>             | <b>Attendance</b> |
|---|-------------------------|-------------------|
| 1 | Mrs. Elizabeth W. Maina | 3                 |
| 2 | Mr. Daniel Karuru       | 3                 |
| 3 | Mrs. Patience Nyaoga    | 3                 |
| 4 | Eng. Julius Mwathani    | 3                 |
| 5 | Eng. Joel Kiilu         | 3                 |

### **Directors' Remuneration**

Remuneration of Directors is determined by the appointing authorities in line with recommendations of the State Corporations Advisory Committee.

There were no Directors' loans at any time during the year.

### **Internal Controls**

The Company has systems and processes to ensure requisite internal controls, physical security of assets and reporting of accurate and up to-date information. Whereas the Board has overall responsibility for the systems of internal control which are fully embedded in the operations of the Company, certain responsibilities, such as review of the effectiveness of the internal control systems are delegated to the Audit and Risk Committee of the Board. Internal controls comprise of methods and procedures adopted by Management to provide reasonable assurance in safeguarding assets, prevention and detection of errors, accuracy and completeness of accounting records together with reliability of financial statements.

An integrated Enterprise Resource Planning System is under implementation to replace the interim IT software accounting system currently in place.

## **Accountability and Audit**

### **Directors' responsibilities in relation to financial statements**

The Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. The Directors are responsible for ensuring that suitable accounting policies are consistently applied supported by reasonable and prudent judgements and estimates and those applicable accounting standards are followed.

The Directors have the responsibility of ensuring that the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act and the State Corporations Act. They also have general responsibility for the systems of internal control for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.

## **Communication With Stakeholders**

The Company places a great deal of importance on open communication with its stakeholders. This is achieved through press releases, updates posted on the Company website [www.ketraco.co.ke](http://www.ketraco.co.ke), and circulation of audited financial statements on an annual basis. Shareholders also have an opportunity to dialogue with the Board of Directors and Management during the annual general meetings. Open forums are also organised with development partners and other stakeholders to discuss progress of on-going and planned projects.

## **Major Stakeholders**

During the period under review, the Company fully engaged with the following major stakeholders: the Government of Kenya through the Ministry of Energy & Petroleum and The National Treasury; Funding and Development partners including the World Bank; African Development Bank (AfDB); Agence Française de Développement (AFD); European Investment Bank (EIB); JICA; Exim Bank of China; Kreditanstalt für Wiederaufbau (KfW) and Exim Bank of India. Others include the Kenya Power and Lighting Company; Kenya Electricity Generating Company Limited (KenGen); Geothermal Development Company Limited (GDC); Rural Electrification Authority, (REA) Energy Regulatory Commission (ERC); Independent Power Producers (IPPs) and other electricity sub-sector players.



**Dr. Kenneth Sigilai**  
**Chairman**

29<sup>th</sup> October, 2014

## Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Kenya Electricity Transmission Company Limited (the “company”) for the year ended 30 June 2014 which show its state of affairs.

### Principal Activities

The principal activity of the company is to design, construct, operate and maintain electricity transmission infrastructure that form 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.

### Results

Profit before taxation  
Taxation charge

Profit for the year transferred to revenue reserve

| Sh'000   |
|----------|
| 63,508   |
| (58,636) |
| -----    |
| 4,872    |
| =====    |

### Dividends

The Directors do not recommend the payment of a dividend (2013 – Nil).

### Directors

The Directors who served during the period under review are as shown on page 4.

On 17th April, 2015 Dr. Kenneth Sigilai was re-appointed Board Chairman while Messrs. Joakim Kiarie Kamere, Philip Mongony and Mrs. Grace Ndugu were appointed directors, replacing Mr. Daniel Karuru Mwaura, Mrs. Elizabeth Maina and Ms. Esther Nkatha whose terms expired on 9th February, 2015. Mrs. Patience Nyaoga was also re-appointed to the Board effective 17th April, 2015 after her term had expired on 9th February, 2015.

### Auditors

The Auditor General is responsible for the audit of the Company’s statutory financial statements in accordance with Section 14 of the Public Audit Act, 2003. Section 39(1) of the Act empowers the Auditor General to appoint other auditors to carry out the audit on his behalf. Accordingly, Deloitte & Touche were appointed to carry out the audit for the year ended 30 June 2014 and report to the Auditor General.

By Order of the Board



**Secretary**  
28<sup>th</sup> May, 2015  
Nairobi



## Statement of Directors' Responsibilities

The Kenyan Companies Act requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its operating results for that year. It also requires the Directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual 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 and in the manner required by the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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



**Dr. Kenneth Sigilai**  
**Chairman**  
29<sup>th</sup> October, 2014



**Eng Joel Kiilu**  
**MD & CEO**  
29<sup>th</sup> October, 2014

## Report of the Independent Auditors

### REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON THE KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2014

#### REPORT ON THE FINANCIAL STATEMENTS

The accompanying financial statements of Kenya Electricity Transmission Company Limited set out at pages 65 to 93, which comprise the statement of financial position as at 30 June 2014, the statement of profit or loss and the other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information, have been audited on behalf of Deloitte and Touché, auditors appointed under Section 39 of the Public Audit Act, 2003. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

#### Management's Responsibility for the Financial Statements

The Management of Kenya Electricity Transmission Company Limited is responsible for the preparation and fair presentation of these financial statements in accordance with international Financial Reporting Standards and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Management is also responsible for submission of the financial statements to the Auditor General in accordance with the provisions of section 13 of the Public Audit Act, 2003.

#### Auditor-General's Responsibility

My responsibility is to express an opinion on the financial statements based on the audit and report in accordance with the provisions of section 15 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229 (7) of the Constitution of Kenya. The audit was conducted in accordance with international Standards of Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performance procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depends on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparations and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2014, 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, Cap 486 of the Laws of Kenya.

### **REPORTING ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by the Kenyan Companies Act, I report based on the 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. In my opinion, proper books of account have been kept by the company, so far as appears from the examination of those books; and
- iii. The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account



**Edward R. O. Ouko, CBS**  
Auditor General

Nairobi

20<sup>th</sup> November, 2014



## Statement of Profit or Loss and Other Comprehensive Income

|   |       | 2014      | 2013      |
|---|-------|-----------|-----------|
|   | Notes | Sh'000    | Sh'000    |
| Wheeling Revenue                        |       | 50,000    | 161,474   |
| Direct Expenses                         | 3 (A) | (127,795) | (209,061) |
|   |       | (77,795)  | (47,587)  |
| Gross (Loss)/Profit                     |       | (77,795)  | (47,587)  |
| Other Income                            | 4     | 790,119   | 1,103,638 |
| Administrative Expenses                 |       | (648,816) | (517,600) |
| Doubtful Debts Provision                |       | -         | (47,095)  |
|   |       | 63,508    | 491,356   |
| Profit before Taxation                  | 5     | 63,508    | 491,356   |
| Taxation Charge                         | 7     | (58,636)  | (200,062) |
|   |       | 4,872     | 291,294   |
| Profit for the Year                     |       | 4,872     | 291,294   |
| Other Comprehensive Income for the Year |       | -         | -         |
|   |       | 4,872     | 291,294   |
| Total Comprehensive Income for the Year |       | 4,872     | 291,294   |

## Statement of Financial Position

|                               | Notes | 2014<br>Sh'000             | 2013<br>(Restated)<br>Sh'000 | 2012<br>(Restated)<br>Sh'000 |
|-------------------------------|-------|----------------------------|------------------------------|------------------------------|
| <b>ASSETS</b>                 |       |                            |                              |                              |
| Non current assets            |       |                            |                              |                              |
| Property, plant and equipment | 8     | 45,533,317                 | 33,259,117                   | 19,326,437                   |
| Intangible asset              | 9     | 24,164                     | 21,091                       | 23,133                       |
| Deferred tax asset            | 10    | 34,243                     | 56,632                       | 120,134                      |
|                               |       | <u>45,591,724</u>          | <u>33,336,840</u>            | <u>19,469,704</u>            |
| Current assets                |       |                            |                              |                              |
| Corporate tax receivable      | 7(c)  | 117,943                    | 58,126                       | -                            |
| Trade and other receivables   | 11    | 849,436                    | 255,654                      | 178,604                      |
| Cash and bank balances        |       | <u>3,568,604</u>           | <u>7,909,492</u>             | <u>6,967,291</u>             |
|                               |       | <u>4,535,983</u>           | <u>8,223,272</u>             | <u>7,145,895</u>             |
| Total assets                  |       | <u>50,127,707</u><br>===== | <u>41,560,112</u><br>=====   | <u>26,615,599</u><br>=====   |
| <b>EQUITY AND LIABILITIES</b> |       |                            |                              |                              |
| Capital and reserves          |       |                            |                              |                              |
| Share capital                 | 12    | 2,000                      | 2,000                        | 2,000                        |
| Revenue reserves              |       | <u>1,181,526</u>           | <u>1,176,654</u>             | <u>885,360</u>               |
|                               |       | <u>1,183,526</u>           | <u>1,178,654</u>             | <u>887,360</u>               |
| Non-current liabilities       |       |                            |                              |                              |
| Deferred grant income         | 13(c) | <u>43,250,299</u>          | <u>35,652,885</u>            | <u>21,121,096</u>            |
| Current liabilities           |       |                            |                              |                              |
| Deferred grant income         | 13(c) | 101,845                    | 144,828                      | 130,544                      |
| Trade and other payables      | 14    | 5,592,037                  | 4,583,745                    | 4,442,445                    |
| Corporate tax payable         | 7(c)  | <u>-</u>                   | <u>-</u>                     | <u>34,154</u>                |
|                               |       | <u>5,693,882</u>           | <u>4,728,573</u>             | <u>4,607,143</u>             |
| Total equity and liabilities  |       | <u>50,127,707</u><br>===== | <u>41,560,112</u><br>=====   | <u>26,615,599</u><br>=====   |

The financial statements on pages 65 to 93 were approved and authorised for issue by the board of directors on 29<sup>th</sup> October, 2014 and were signed on its behalf by:



**Dr. Kenneth Sigilai**  
*Chairman*



**Eng. Joel Kiilu**  
*MD & CEO*

## Statement of Changes in Equity

|   | Share<br>capital<br>Kshs'000 | Revenue<br>reserve<br>Kshs'000 | Total<br>equity<br>Kshs'000 |
|---|------------------------------|--------------------------------|-----------------------------|
| At 1 July 2012                          | 2,000                        | 885,360                        | 887,360                     |
| Total comprehensive income for the year | -                            | 291,294                        | 291,294                     |
|   | <hr/>                        | <hr/>                          | <hr/>                       |
| At 30 June 2013                         | 2,000                        | 1,176,654                      | 1,178,654                   |
|   | =====                        | =====                          | =====                       |
| At 1 July 2013                          | 2,000                        | 1,176,654                      | 1,178,654                   |
| Total comprehensive income for the year | -                            | 4,872                          | 4,872                       |
|   | <hr/>                        | <hr/>                          | <hr/>                       |
| At 30 June 2014                         | 2,000                        | 1,181,526                      | 1,183,526                   |
|   | =====                        | =====                          | =====                       |

*Ongoing stringing  
works along the 400kV  
Mombasa- Nairobi  
Transmission Project.*





## Statement of Cash Flows

### Cash flows from operating activities

|                                |      |          |           |
|--------------------------------|------|----------|-----------|
| Cash generated from operations | 15   | 518,484  | 596,584   |
| Taxation paid                  | 7(c) | (96,064) | (228,840) |

|  |  |         |         |
|--|--|---------|---------|
| Net cash generated from operating activities |  | 422,420 | 367,744 |
|--|--|---------|---------|

### Cash flows from investing activities

|  |   |              |              |
|--|---|--------------|--------------|
| Additions to property, plant and equipment | 8 | (12,405,101) | (14,110,324) |
| Purchase of intangible assets              | 9 | (14,483)     | (6,120)      |

|                                       |  |              |              |
|---------------------------------------|--|--------------|--------------|
| Net cash used in investing activities |  | (12,419,584) | (14,116,444) |
|---------------------------------------|--|--------------|--------------|

### Cash flows from financing activities

|                 |       |           |            |
|-----------------|-------|-----------|------------|
| Grants received | 13(b) | 7,656,276 | 14,690,901 |
|-----------------|-------|-----------|------------|

|  |  |           |            |
|--|--|-----------|------------|
| Net cash generated from financing activities |  | 7,656,276 | 14,690,901 |
|--|--|-----------|------------|

|   |  |                    |                |
|---|--|--------------------|----------------|
| <b>(Decrease)/increase in cash and cash equivalents</b> |  | <b>(4,340,888)</b> | <b>942,201</b> |
|---|--|--------------------|----------------|

|   |  |                  |                  |
|---|--|------------------|------------------|
| <b>Cash and cash equivalents at beginning of year</b> |  | <b>7,909,492</b> | <b>6,967,291</b> |
|---|--|------------------|------------------|

|   |  |                  |                  |
|---|--|------------------|------------------|
| <b>Cash and cash equivalents at end of year</b> |  | <b>3,568,604</b> | <b>7,909,492</b> |
|---|--|------------------|------------------|

Represented by:

|                                |  |           |           |
|--------------------------------|--|-----------|-----------|
| Cash in hand and bank balances |  | 3,568,604 | 7,909,492 |
|--------------------------------|--|-----------|-----------|

## Notes to the Financial Statements

### 1 Accounting Policies

#### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

For the purposes of reporting under the Kenyan companies Act, in these financial statements the balance sheet is represented by the statement of financial position and the profit and loss account is equivalent to the statement of profit or loss and other comprehensive income.

#### Adoption of new and revised International Financial Reporting Standards (IFRS)

##### i) **Relevant new standards and amendments to published standards effective for the year ended 30 June 2014**

The following relevant new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

|                                      |  |
|--------------------------------------|--|
| IFRS 13<br>Fair Value<br>Measurement | The Company has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. |
|--------------------------------------|--|

The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

|  |   |
|--|---|
| Amendments<br>to IAS 1<br>Presentation<br>of Financial<br>Statements<br>(as part of<br>the Annual<br>Improvements<br>to IFRSs 2009<br>- 2011 Cycle<br>issued in May<br>2012) | The Annual Improvements to IFRSs 2009 - 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Company are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position. |
|--|---|

This amendment did not have any impact on the Company's financial statements as the Company did not restate its prior period financial statements

## Notes to the Financial Statements (Continued)

### 1 Accounting Policies

#### Adoption of new and revised International Financial Reporting Standards (IFRS) (Continued)

#### ii) *Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2014*

| <i>New and Amendments to standards</i>   | <i>Effective for annual periods beginning on or after</i> |
|--|---|
| IFRS 9 (2014)  | 1 January 2018  |
| IFRS 15 Revenue from Contracts with Customers  | 1 January 2017  |
| Amendments to IAS 19 Defined Benefit Plans :Employee Contributions                                   | 1 July 2014   |
| Annual Improvements 2010-2012 Cycle  | 1 July 2014   |
| Annual Improvements 2011-2013 Cycle  | 1 July 2014   |
| Amendments to IFRS 11.Accounting for Acquisitions of Interests in Joint Operations                   | 1 January 201   |
| Amendments to IAS 16 and IAS 38.Clarification of Acceptable Methods of Depreciation and Amortisation | 1January 2016   |
| Amendments to IAS 16 and IAS 41 Agriculture :Bearer Plants   | 1 January 2016  |

#### iii) *Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 30 June 2014*

#### IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.



## Notes to the Financial Statements (*Continued*)

### 1 Accounting Policies

#### Adoption of new and revised International Financial Reporting Standards (IFRS) (*Continued*)

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The directors of the Company anticipate that the application of IFRS 9 in the future may not have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

#### IFRS 14, Regulatory Deferral Accounts

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

Note: Entities which are eligible to apply IFRS 14 are not required to do so, and so can choose to apply only the requirements of IFRS 1 First-time Adoption of International Financial Reporting Standards when first applying IFRSs. However, an entity that elects to apply IFRS 14 in its first IFRS financial statements must continue to apply it in subsequent financial statements. IFRS 14 cannot be applied by entities that have already adopted IFRSs.

The directors of the Company do not anticipate that the application of the standard will have a significant impact on the Company's financial statements.

#### Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The directors of the Company do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Company's financial statements as the Company does not have any significant financial assets and financial liabilities that qualify for the offset.

#### Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment

## Notes to the Financial Statements (*Continued*)

### 1 Accounting Policies

#### Adoption of new and revised International Financial Reporting Standards (IFRS) (*Continued*)

(or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

The directors of the company do not anticipate that the application of these amendments to IAS 36 will have a significant impact on the Company's financial statements as the Company does not have any significant financial assets and financial liabilities that qualify for the offset.

#### *iv) Relevant new and revised IFRSs in issue but not yet effective for the year ended 30 June 2014*

##### *Annual Improvements 2010-2012 Cycle*

The annual improvements 2010-2012 cycle makes amendments to the following standards:

- IFRS 2 — Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.
- IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.
- IFRS 8 — Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.
- IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).
- IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.
- IAS 24 — Clarify how payments to entities providing management services are to be disclosed.

##### *Annual Improvements 2011-2013 Cycle*

Makes amendments to the following standards:

- IFRS 1 — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).
- IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- IFRS 13 — Clarify the scope of the portfolio exception in paragraph 52.
- IAS 40 — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

These IFRS improvements were effective for accounting periods beginning on or after 1 January 2014.

#### *v) Early adoption of standards*

The Company did not early-adopt new or amended standards in 2014

## Notes to the Financial Statements (*Continued*)

### 1 Accounting Policies

#### Basis of preparation

The financial statements are prepared under the historical cost convention as modified to include the revaluation of certain assets. The principal accounting policies adopted in the preparation of these financial statements remain unchanged from the previous year and are set out below.

#### Revenue recognition

Government grants are recognised as income over the period necessary to match them with the related costs which they are intended to compensate on a systematic basis.

The wheeling revenue is based on an Operation and maintenance tariff approved by the Energy Regulatory Commission and gazetted on 17th January, 2014. The tariff is based on completed lines and computed at 2% of the capex for the preceding financial year.

Revenue from rendering the service is recognised when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### Exchequer funding

Exchequer funding for capital expenditure is recorded when received and then accounted for as deferred grant income. This is credited to the statement of comprehensive income as part of other income on a straight-line basis over the expected useful life of the related assets.

Exchequer funding for revenue expenditure is recorded when received. It is accounted for as income through profit or loss in the period when the related expenditure is incurred.

#### Taxation

Current taxation is provided on the basis of the results for the year as shown in the financial statements, adjusted in accordance with the tax legislation.

Deferred tax is provided using the liability method for all temporary differences arising between the tax base of the assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit can be foreseen.



## Notes to the Financial Statements (*Continued*)

### 1 Accounting Policies

#### Property, plant and equipment

Property, plant and equipment are stated as cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on straight line method to write-off the cost of property, plant and equipment in equal annual instalments over their estimated useful lives. Depreciation is calculated from the date of purchase of an asset, using the following annual rates:

|  |       |
|--|-------|
| Capital work in progress                 | Nil   |
| Transmission line                        | 2.5%  |
| Motor vehicles                           | 25%   |
| Furniture, fittings and office equipment | 12.5% |
| Computers & accessories                  | 33.3% |

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the disposal date) is included in profit or loss in the year the asset is derecognised.

The asset's residual values, estimated useful lives and methods of depreciation are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

#### Intangible assets

Costs incurred on computer software are initially accounted for at cost as intangible assets and subsequently at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on the straight line basis over the estimated useful lives not exceeding a period of 3 years.

#### Accounts receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Objective evidence of impairment of the receivables is when there is significant financial difficulty of the counter party or when there is a default or delinquency in payment according to agreed terms. When a trade receivable is considered uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## Notes to the Financial Statements (*Continued*)

### Employee benefits costs

#### **(i) Retirement benefit obligations**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The scheme is funded by contributions from both the company and employees. The company and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

In addition the company pays gratuity to top management on contract. The gratuity is paid at the end of the contract period at the rate of 15% and 31% of the total basic salary over the contract period. An accrual is made for gratuity based on the rate of 15% and 31% pa.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

#### **(ii) Other entitlements**

The estimated monetary liability for employees accrued leave entitlement at the reporting date is recognised as an expense accrual.

### Foreign currencies

The financial statements are presented in Kenya Shillings, which is the company's functional and reporting currency. In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

### Comparatives

Where necessary, the 2013 and 2012 comparative figures have been reclassified to conform to changes in presentation in the current year. The details of these restatements are included in Note 8.

## 2 Critical Judgements in Applying the Entity's Accounting Policies

In the application of the company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the periods of the revision and future periods if the revision affects both current and future periods.

## Notes to the Financial Statements (Continued)

### 2 Critical Judgements in Applying the Entity's Accounting Policies (Continued)

The following are areas where management has made major assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Impairment losses

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

#### Property and Equipment

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at the reporting date and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

#### Contingent liabilities

The directors evaluate the status of any exposures on a regular basis to assess the probability of the company incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

### 3 Expenses

#### (a) Direct Expenses

Depreciation cost for transmission lines  
Maintenance cost for transmission lines

|  | 2014<br>Sh'000 | 2013<br>Sh'000 |
|--|----------------|----------------|
| Depreciation cost for transmission lines | 101,839        | 148,188        |
| Maintenance cost for transmission lines  | 25,956         | 60,873         |
|  | <u>127,795</u> | <u>209,061</u> |
|  | =====          | =====          |



## Notes to the Financial Statements (Continued)

### 4 Other Income

|   | 2014<br>Sh'000 | 2013<br>Sh'000 |
|---|----------------|----------------|
| Exchequer funding for recurrent expenditure | 268,000        | 302,222        |
| Interest Income                             | 418,988        | 653,465        |
| Deferred grant income amortisation          | 101,845        | 144,828        |
| Miscellaneous Income                        | 1,286          | 3,123          |
|   | 790,119        | 1,103,638      |
|   | =====          | =====          |

Interest income relates to interest earned on the bank account balances and it is subject to 15% withholding tax. Miscellaneous income mainly represents income received from sale of tender documents.

### 5 Profit Before Taxation

|  | 2014<br>Sh'000 | 2013<br>Sh'000 |
|--|----------------|----------------|
| The profit before taxation is arrived at after charging/(crediting): |                |                |
| Staff costs (note 6)   | 464,402        | 366,018        |
| Directors' emoluments - fees   | 2,375          | 3,195          |
| - other  | 16,743         | 16,246         |
| Depreciation (note 8)  | 130,901        | 177,635        |
| Amortisation (note 9)  | 11,410         | 8,162          |
| Auditors' remuneration   | 3,300          | 3,300          |
| Loss on disposal of property, plant and equipment                    | -              | 9              |
| Deferred grant amortization  | (101,845)      | (144,828)      |
|  | =====          | =====          |

### 6 Staff Costs

|                             | 2014<br>Sh'000 | 2013<br>Sh'000 |
|-----------------------------|----------------|----------------|
| Salaries and wages          | 394,131        | 312,759        |
| Other staff costs           | 36,834         | 32,062         |
| Leave pay provision         | 10,761         | 2,669          |
| Pension contribution        | 16,239         | 13,489         |
| Gratuity provisions         | 5,748          | 4,695          |
| NSSF and NHIF contributions | 689            | 344            |
|                             | 464,402        | 366,018        |
|                             | =====          | =====          |

## Notes to the Financial Statements (Continued)

### 7 Taxation

|   | 2014<br>Sh'000 | 2013<br>Sh'000 |
|---|----------------|----------------|
| (a) Taxation charge   |                |                |
| Prior year (overcharge)/undercharge – current tax   | -              | (52,251)       |
| Corporation tax on separate sources of income   | 36,247         | 188,811        |
|   | <hr/>          | <hr/>          |
|   | 36,247         | 136,560        |
|   | <hr/>          | <hr/>          |
| Deferred taxation (note 10) - current year  | (11,116)       | (26,798)       |
| - prior year under provision  | 33,505         | 90,300         |
|   | <hr/>          | <hr/>          |
|   | 22,389         | 63,502         |
|   | <hr/>          | <hr/>          |
|   | 58,636         | 200,062        |
|   | =====          | =====          |
| (b) Reconciliation of taxation charge to expected taxation based on accounting profit before taxation |                |                |
| Accounting profit before taxation   | 63,508         | 491,356        |
|   | =====          | =====          |
| Taxation at the applicable rate 30%   | 19,052         | 147,407        |
| Tax effect of non-deductible expenses   | 36,633         | 112,027        |
| Tax effect of revenue not taxable   | (30,554)       | (97,421)       |
| Prior year undercharge/(overcharge) – current tax   |                | (52,251)       |
| Prior year deferred tax provision   | 33,505         | 90,300         |
|   | <hr/>          | <hr/>          |
|   | 58,636         | 200,062        |
|   | =====          | =====          |
| (c) Taxation (recoverable)/payable  |                |                |
| Balance brought forward   | (58,126)       | 34,154         |
| Charge for the year   | 36,247         | 136,560        |
| Paid during the year  | (96,064)       | (228,840)      |
| Instalment tax penalty  | -              | -              |
|   | <hr/>          | <hr/>          |
|   | (117,943)      | (58,126)       |
|   | =====          | =====          |

## Notes to the Financial Statements (Continued)

### 8 Property, Plant and Equipment

|   | Transmission<br>lines<br>Sh'000 | Motor<br>vehicles<br>Sh'000 | Furniture,<br>fittings<br>& office<br>furniture<br>Sh'000 | Accessories<br>computer<br>Sh'000 | Capital work<br>in progress<br>Sh'000 | Total<br>Sh'000 |
|---|---------------------------------|-----------------------------|---|-----------------------------------|---------------------------------------|-----------------|
| <b>Cost</b>   |                                 |                             |   |                                   |                                       |                 |
| At 30 June 2012 and<br>At 1 July 2012 – as<br>previously reported | 5,221,741                       | 52,248                      | 91,605  | 21,598                            | 16,354,425                            | 21,741,617      |
| Prior year adjustment**   | (2,300,142)                     | -                           | -   | -                                 | -                                     | (2,300,142)     |
| At 30 June 2012 and<br>At 1 July 2012 – as<br>restated            | 2,921,599                       | 52,248                      | 91,605  | 21,598                            | 16,354,425                            | 19,441,475      |
| Additions   | -                               | 3,746                       | 1,427   | 812                               | 14,104,339                            | 14,110,324      |
| Transfer to<br>transmission lines***                              | 1,151,956                       | (14,525)                    | -   | (1,241)                           | (1,136,190)                           | -               |
| Disposal  | -                               | -                           | -   | (230)                             | -                                     | (230)           |
| At 30 June 2013 – as<br>restated)                                 | 4,073,555                       | 41,469                      | 93,032  | 20,939                            | 29,322,574                            | 33,551,569      |
| At 1 July 2014 – as<br>previously reported                        | 6,373,697                       | 41,469                      | 93,032  | 20,939                            | 29,322,574                            | 35,851,711      |
| Prior year adjustment*  | (2,300,142)                     | -                           | -   | -                                 | -                                     | (2,300,142)     |
| At 1 July 2014 – as<br>restated                                   | 4,073,555                       | 41,469                      | 93,032  | 20,939                            | 29,322,574                            | 33,551,569      |
| Additions   | -                               | 777                         | 31,844  | 13,877                            | 12,358,603                            | 12,405,101      |
| At 30 June 2014   | 4,073,555                       | 42,246                      | 124,876   | 34,816                            | 41,681,177                            | 45,956,670      |
| <b>Depreciation</b>   |                                 |                             |   |                                   |                                       |                 |
| At 30 June 2012 and<br>At 1 July 2012 – as<br>previously reported | 234,179                         | 23,698                      | 20,419  | 9,252                             | -                                     | 287,548         |
| Prior year adjust<br>ment**                                       | (172,510)                       | -                           | -   | -                                 | -                                     | (172,510)       |



## Notes to the Financial Statements (Continued)

### 8 Property, Plant and Equipment (Continued)

|  | Transmission<br>lines<br>Sh'000 | Motor<br>vehicles<br>Sh'000 | Furniture,<br>fittings<br>& office<br>furniture<br>Sh'000 | Accessories<br>computer<br>Sh'000 | Capital work<br>in progress<br>Sh'000 | Total<br>Sh'000 |
|--|---------------------------------|-----------------------------|---|-----------------------------------|---------------------------------------|-----------------|
| At 30 June 2012 and<br>At 1 July 2012 – as<br>restated | 61,669                          | 23,698                      | 20,419  | 9,252                             | -                                     | 115,038         |
| Charge for the year                                    | 148,188                         | 9,851                       | 11,937  | 7,659                             | -                                     | 177,635         |
| Eliminated on disposal                                 | -                               | -                           | -   | (221)                             | -                                     | (221)           |
| At 30 June 2013 – as<br>restated                       | 209,857                         | 33,549                      | 32,356  | 16,690                            | -                                     | 292,452         |
| At 1 July 2013 – as<br>previously reported             | 382,367                         | 33,549                      | 32,356  | 16,690                            | -                                     | 464,962         |
| Prior year adjustment**                                | (172,510)                       | -                           | -   | -                                 | -                                     | (172,510)       |
| At 1 July 2013 – as<br>restated                        | 209,857                         | 33,549                      | 32,356  | 16,690                            | -                                     | 292,452         |
| Charge for the year                                    | 101,839                         | 7,954                       | 13,522  | 7,586                             | -                                     | 130,901         |
| At 30 June 2014  | 311,696                         | 41,503                      | 45,878  | 24,276                            | -                                     | 423,353         |
| Net book value   |                                 |                             |   |                                   |                                       |                 |
| At 30 June 2014  | 3,761,859                       | 743                         | 78,998  | 10,540                            | 41,681,177                            | 45,533,317      |
|  | =====                           | =====                       | =====   | =====                             | =====                                 | =====           |
| At 30 June 2013  | 3,863,698                       | 7,920                       | 60,676  | 4,249                             | 29,322,574                            | 33,259,117      |
|  | =====                           | =====                       | =====   | =====                             | =====                                 | =====           |
| At 30 June 2012<br>(Restated)                          | 2,859,930                       | 28,550                      | 71,186  | 12,346                            | 16,354,425                            | 19,326,437      |
|  | =====                           | =====                       | =====   | =====                             | =====                                 | =====           |

\*Capital work in progress relates to transmission lines whose construction had not been completed as at year end.

\*\*This is a reversal of transmission lines that are still in the process of being transferred from Kenya Power to Ketraco. The process is expected to be finalised in 2014/15 financial year and prior year adjustments have been made in the financial statements as detailed in Note 21.

\*\*\*These are capital work in-progress, computer and motor vehicle transfers relating to Mumias- Rangala line completed in the prior year.

## Notes to the Financial Statements (Continued)

### 9 Intangible Asset

|                       | 2014<br>Sh'000 | 2013<br>Sh'000 |
|-----------------------|----------------|----------------|
| Computer software     |                |                |
| <b>Cost</b>           |                |                |
| At 1 July             | 36,039         | 29,919         |
| Additions             | 14,483         | 6,120          |
|                       |                |                |
| At 30 June            | 50,522         | 36,039         |
|                       |                |                |
| <b>Amortisation</b>   |                |                |
| At 1 July             | 14,948         | 6,786          |
| Charge for the year   | 11,410         | 8,162          |
|                       |                |                |
| At 30 June            | 26,358         | 14,948         |
|                       |                |                |
| <b>Net book value</b> |                |                |
| At 30 June            | 24,164         | 21,091         |
|                       |                |                |

### 10 Deferred Tax Asset

The net deferred tax asset is attributable to the following items:

|   |        |        |
|---|--------|--------|
| Tax losses                                  | 16,176 | 42,189 |
| Excess depreciation over capital allowances | 3,793  | 5,121  |
| Leave pay provision                         | 8,059  | 4,831  |
| Staff gratuity provision                    | 6,215  | 4,491  |
|   |        |        |
|   | 34,243 | 56,632 |
|   |        |        |

Movement in deferred tax account is as follows:

|                                |          |          |
|--------------------------------|----------|----------|
| At beginning of the year       | 56,632   | 120,134  |
| Profit or loss credit (note 7) | 11,116   | 26,798   |
| Prior year under provision     | (33,505) | (90,300) |
|                                |          |          |
| At end of the year             | 34,243   | 56,632   |
|                                |          |          |

## Notes to the Financial Statements (Continued)

### 11 Trade and other Receivables

|                                    | 2014<br>Sh '000 | 2013<br>Sh '000 |
|------------------------------------|-----------------|-----------------|
| Wheeling charge due from KPLC      | 58,000          | 208,569         |
| Provision for doubtful receivables | -               | (47,095)        |
|                                    | <hr/>           | <hr/>           |
| Net wheeling charge due from KPLC  | 58,000          | 161,474         |
| Medical and insurance prepayments  | 18,392          | 13,667          |
| Rent deposit                       | 7,841           | 3,311           |
| Receivable from Ministry           | 468,443         | -               |
| VAT receivable                     | 56,372          | 49,628          |
| Other receivable                   | 73,481          | 27,574          |
| Advance supplier payments          | 166,907         | -               |
|                                    | <hr/>           | <hr/>           |
|                                    | 849,436         | 255,654         |
|                                    | =====           | =====           |

### 12 Share Capital

|  |       |       |
|--|-------|-------|
| Share capital  | 2,000 | 2,000 |
|  | ===== | ===== |
| Issued capital comprises:  |       |       |
| 20,000 fully paid ordinary shares of Shs 100 each (2013: 20,000) | 2,000 | 2,000 |
|  | ===== | ===== |
| The ordinary shares carry one vote each                          |       |       |



## Notes to the Financial Statements (Continued)

### 13 Deferred Grant Income

These relate to grants from the Government of Kenya used for the construction of transmission lines that are being amortised to profit or loss over the useful lives of the related assets.

|  | 2014<br>Sh '000 | 2013<br>(Restated)<br>Sh '000 |
|--|-----------------|-------------------------------|
| <b>(a) Deferred grant income reconciliation</b>                |                 |                               |
| Direct component*  |                 |                               |
| Deferred grant income brought forward                          | 13,302,553      | 11,156,479                    |
| Received in the year   | 2,677,123       | 2,496,000                     |
| Amortisation   | (43,508)        | (37,433)                      |
| Prior year adjustment***                                       | -               | (312,493)                     |
|  | 15,936,168      | 13,302,553                    |
|  | 15,936,168      | 13,302,553                    |
| Indirect component**   |                 |                               |
| Deferred grant income brought forward                          | 22,495,160      | 12,222,793                    |
| Received in the year   | 4,979,152       | 12,194,901                    |
| Amortisation   | (58,337)        | (107,395)                     |
| Prior year adjustment***                                       | -               | (1,815,139)                   |
|  | 27,415,976      | 22,495,160                    |
|  | 27,415,976      | 22,495,160                    |
| Total Direct and Indirect components (Note13(b))               | 43,352,144      | 35,797,713                    |
|  | 43,352,144      | 35,797,713                    |
| <b>(b) Total reconciliation</b>                                |                 |                               |
| Deferred grant income brought forward – as previously reported | 35,797,713      | 23,379,272                    |
| Prior year adjustment***                                       | -               | (2,127,632)                   |
|  | 35,797,713      | 21,251,640                    |
| Deferred grant income brought forward – as restated            | 35,797,713      | 21,251,640                    |
| Additions  | 7,656,276       | 14,690,901                    |
| Amortisation   | (101,845)       | (144,828)                     |
|  | 43,352,144      | 35,797,713                    |
| Deferred grant income carried forward                          | 43,352,144      | 35,797,713                    |

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

\*\*The indirect component relates to loans repayable by the Government of Kenya from various financiers.

\*\*\*The prior year adjustment relates to the portion of deferred grant income on the transmission lines that were reversed from the books of KETRACO as disclosed in note 21 of these financial statements.

## Notes to the Financial Statements (Continued)

(c) Amounts will be amortised as below :

Grant income to be amortised within one year

Grant income to be amortised after one year

At the end of the period

| 2014<br>Sh '000 | 2013<br>Sh '000 |
|-----------------|-----------------|
| 101,845         | 144,828         |
| 43,250,299      | 35,652,885      |
| 43,352,144      | 35,797,713      |
| =====           | =====           |
| 371,509         | 308,626         |
| 5,220,528       | 4,275,119       |
| 5,592,037       | 4,583,745       |
| =====           | =====           |

### 14 Trade and Other Payables

Trade payables

Accruals

|           |           |
|-----------|-----------|
| 371,509   | 308,626   |
| 5,220,528 | 4,275,119 |
| 5,592,037 | 4,583,745 |
| =====     | =====     |

The accruals mainly relate to amount payable to the contractor in relation to the construction of transmission lines.

### 15 Cash Generated from Operations

Reconciliation of profit before tax to cash generated from operations:

Profit before taxation

Adjustments for:

Depreciation charge on property, plant and equipment (note 8)

Amortisation of intangible assets (note 9)

Amortisation of deferred grant income (note 13 (b))

Loss on disposal

Changes in working capital:

Increase in trade and other receivables

Increase in trade and other payables

Cash generated from operations

| 2014<br>Shs '000 | 2013<br>Shs '000 |
|------------------|------------------|
| 63,508           | 491,356          |
| 130,901          | 177,635          |
| 11,410           | 8,162            |
| (101,845)        | (144,828)        |
| -                | 9                |
| (593,782)        | (77,049)         |
| 1,008,292        | 141,299          |
| 518,484          | 596,584          |
| =====            | =====            |

## Notes to the Financial Statements (Continued)

### 16 Related Party Balances

The Government of Kenya is the principal shareholder in the Kenya Electricity Transmission Company Limited holding 100% equity interest. The Government also holds 50% 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 related to KPLC and KenGen through common shareholding. During the year, the following transactions were carried out with related parties as analysed as follows:-

Transactions with related parties are detailed as follows:-

|   | 2014<br>Shs'000 | 2013<br>Shs'000 |
|---|-----------------|-----------------|
| (i) Government of Kenya   |                 |                 |
| Deferred grants   | 2,679,009       | 12,194,901      |
| Exchequer funding for recurrent expenditure   | 268,000         | 302,222         |
| Government of Kenya grants  | 2,677,123       | 2,496,000       |
|   |                 |                 |
| Balance at year end   | 5,624,132       | 14,993,123      |
|   |                 |                 |
| (ii) The Kenya Power and Lighting Company Limited   |                 |                 |
| Included in trade payables:   |                 |                 |
| Payable against maintenance   | 116,401         | 130,714         |
|   |                 |                 |
| Included in trade receivables   |                 |                 |
| Wheeling charges receivable   | 58,000          | 208,569         |
| Provision for bad debts   | -               | (47,095)        |
|   |                 |                 |
| Balance at year end   | 58,000          | 161,474         |
|   |                 |                 |
| (iii) Key management compensation   |                 |                 |
| The remuneration of directors and other members of key management during the year was as follows: |                 |                 |
| Salaries and other benefits   | 77,809          | 76,571          |
|   |                 |                 |
| Directors' fees and emoluments (included in key Management compensation above)                    | 19,118          | 19,441          |
|   |                 |                 |



## Notes to the Financial Statements (Continued)

### 17 Future Operating Lease Rental Payable

Amounts payable by the company under various operating lease agreements negotiated with landlords as at the year end were as follows:

|  | 2014<br>Sh'000 | 2013<br>Sh'000 |
|--|----------------|----------------|
| Within one year                        | 13,875         | 14,379         |
| In the second to fifth years inclusive | -              | 30,275         |
|  | 13,875         | 44,654         |
|  | =====          | =====          |

### 18 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 currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect 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 and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

## Notes to the Financial Statements (Continued)

### 18 Financial Risk Management (Continued)

#### (i) Credit risk (Continued)

The carrying amount of financial assets recorded in the financial statements representing the company's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

|                   | Fully performing<br>Sh '000' | Past due<br>Sh '000' | Impaired<br>Sh '000' |
|-------------------|------------------------------|----------------------|----------------------|
| At 30 June 2014   |                              |                      |                      |
| Trade receivables | 58,000                       | -                    | -                    |
| Bank balances     | 3,568,604                    | -                    | -                    |
|                   | =====                        | =====                | =====                |
| At 30 June 2013   |                              |                      |                      |
| Trade receivables | 161,474                      | -                    | 47,095               |
| Bank balances     | 7,909,492                    | -                    | -                    |
|                   | =====                        | =====                | =====                |

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The bank balance consists of Ksh 104,612,000 held in an escrow account (2013 ksh 427,018,000), the remainder is held in current accounts.

The company has significant concentration of credit risk on amounts due from KPLC.

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.

#### (ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the company 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.

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 balances, as the impact of discounting is not significant.

## Notes to the Financial Statements (Continued)

|                 | Less than 1<br>month<br>Sh '000' | Between 1-3<br>months<br>Sh '000' | Over 5 months<br>Sh '000' | Total<br>Sh '000' |
|-----------------|----------------------------------|-----------------------------------|---------------------------|-------------------|
| At 30 June 2014 |                                  |                                   |                           |                   |
| Trade payables  | 371,509                          | -                                 | -                         | 371,509           |
|                 | =====                            | =====                             | =====                     | =====             |
| At 30 June 2013 |                                  |                                   |                           |                   |
| Trade payables  | 308,626                          | -                                 | -                         | 308,626           |
|                 | =====                            | =====                             | =====                     | =====             |

### (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 rate, 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 optimising 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 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 conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

|                                | Ksh<br>Shs '000 | Others<br>Shs '000 | Total<br>Shs '000 |
|--------------------------------|-----------------|--------------------|-------------------|
| At 30 June 2014                |                 |                    |                   |
| Financial assets               | 465             | -                  | 465               |
|                                | -----           | -----              | -----             |
| Liabilities                    |                 |                    |                   |
| Trade and other payables       | 8,161           | -                  | 8,161             |
|                                | -----           | -----              | -----             |
| Net foreign currency liability | (7,696)         | -                  | (7,696)           |
|                                | =====           | =====              | =====             |



## Notes to the Financial Statements (Continued)

### 18 Financial Risk Management (Continued)

#### (iii) Market risk (continued)

|                                | Ksh<br>Shs '000 | Others<br>Shs '000 | Total<br>Shs '000 |
|--------------------------------|-----------------|--------------------|-------------------|
| At 30 June 2013                |                 |                    |                   |
| Financial assets               | 1,629,770       | -                  | 1,629,770         |
| Liabilities                    | _____           | _____              | _____             |
| Trade and other payables       | 35,485          | -                  | 35,485            |
| Net foreign currency liability | 1,594,285       | -                  | 1,594,285         |
|                                | =====           | =====              | =====             |

#### Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

|             | Change in<br>currency rate | Effect on Profit<br>before tax<br>Shs' 000 | Effect on<br>equity<br>Shs' 000 |
|-------------|----------------------------|--|---------------------------------|
| <b>2014</b> |                            |  |                                 |
| Euro        | 10%                        | (1,634)                                    | (1,124)                         |
| <b>2013</b> |                            |  |                                 |
| Euro        | 10%                        | (1,559)                                    | (1,091)                         |
| Nor Kroner  | 10%                        | (903)                                      | (632)                           |

#### (a) 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 company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk.

The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

#### *Management of interest rate risk*

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

## Notes to the Financial Statements (Continued)

### 18 Financial Risk Management (Continued)

#### *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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 7.25 million (2013: KShs 6.53 million). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 27.43 million (2013 – KShs 32.65 million):

#### (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 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 2014 and 30 June 2013.

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

|                                    | 2014<br>Sh '000 | 2013<br>Sh '000 |
|------------------------------------|-----------------|-----------------|
| Trade and other payables (note 14) | 5,592,037       | 4,583,745       |
| Less: cash and short-term deposits | (3,568,604)     | (7,909,492)     |
| Net debt                           | 2,023,433       | (3,325,747)     |
| Equity                             | 1,183,526       | 1,178,654       |
| Gearing ratio                      | 1.7             | Nil             |
|                                    | =====           | =====           |

## Notes to the Financial Statements (Continued)

### 18 Financial Risk Management (Continued)

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 Regulatory Commission.

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.

### 19 Contingent Liabilities

|                                 | <b>2014</b><br><b>Shs'000</b> | <b>2013</b><br><b>Shs'000</b> |
|---------------------------------|-------------------------------|-------------------------------|
| a) Legal contingent liabilities | 4,200                         | 5,000                         |
|                                 | =====                         | =====                         |

The likely outcome of these suits cannot be determined as at the date of signing these financial statements.

Based on the information currently available, the Directors believe that the ultimate resolution of these legal proceedings would most likely not have a material effect on the results of the company's operations, financial position or liquidity.

### 20 Capital Expenditure Commitments

|                                   | <b>2014</b><br><b>Shs'000</b> | <b>2013</b><br><b>Shs'000</b> |
|-----------------------------------|-------------------------------|-------------------------------|
| Authorised and contracted for     | 15,536,000                    | 14,284,000                    |
| Authorised but not contracted for | 2,677,123                     | 2,496,000                     |
|                                   | <u>18,213,123</u>             | <u>16,780,000</u>             |
|                                   | =====                         | =====                         |



## Notes to the Financial Statements (Continued)

### 21 Restatement of Financial Statements / Prior Year Adjustments

The prior year restatements arose as a result of both Kenya Power and Lighting Company Limited (KPLC) and KETRACO carrying the Kamburu-Meru and Chemosit-Kisii transmission lines in their books. KPLC carried these assets in their books on the basis that the transfer of these two lines to KETRACO had not been formalised. KETRACO, on the other hand, believed they had rightful title to the lines since KPLC had been charging maintenance costs for these lines. It is significant to note that KPLC did not dispute their intention to transfer the lines to KETRACO, except that no formal documentation had been done.

This issue was deliberated upon by the two parties and it was agreed that the two lines should remain on the KPLC books up to 30 June 2014 and therefore KETRACO were expected to derecognise the lines from their balance sheet up to that date. KPLC was mandated to transfer the said lines to KETRACO with effect from 1 July 2014 with the formal documentation and process expected to be finalised by 31 December 2014.

The impact of the details implies that the transmission lines had been erroneously recorded as assets, with the corresponding deferred grant income recorded as liabilities of KETRACO with effect from the financial year ended 30 June 2012. The necessary restatement therefore only affected the balances disclosed below:

The 2012 and 2013 presentation of the property, plant and equipment and the deferred grant income as previously reported and as restated is analysed as below:

|                                     | As at 1 July<br>2012<br>(as previously<br>stated)<br>KShs'000 | Prior year<br>adjustments<br>KShs'000 | 30 June 2012<br>(as restated)<br>KShs'000 |
|-------------------------------------|---|---------------------------------------|---|
| Impact on balances at 30 June 2012  |   |                                       |   |
| Property, plant and equipment (NBV) | 21,454,069  | (2,127,632)                           | 19,326,437                                |
|                                     | =====   | =====                                 | =====                                     |
| Deferred grant income               | 23,379,272  | (2,127,632)                           | 21,251,640                                |
|                                     | =====   | =====                                 | =====                                     |
| Impact on balances at 30 June 2013  |   |                                       |   |
| Property, plant and equipment (NBV) | 35,386,749  | (2,127,632)                           | 33,259,117                                |
|                                     | =====   | =====                                 | =====                                     |
| Deferred grant income               | 37,925,345  | (2,127,632)                           | 35,797,713                                |
|                                     | =====   | =====                                 | =====                                     |

### 22 Incorporation

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

### 23 Currency

These financial statements are presented in Kenya Shillings (Sh).

## Detailed Statement of Profit or Loss

|   | 2014<br>Sh'000 | 2013<br>Sh'000 |
|---|----------------|----------------|
| <b>Wheeling Revenue</b>                     | 50,000         | 161,474        |
| <b>Operating Expenses</b>                   |                |                |
| Depreciation cost for transmission lines    | 101,839        | 148,188        |
| Maintenance cost for transmission lines     | 25,956         | 60,873         |
|   | 127,795        | 209,061        |
| <b>GROSS (LOSS)/PROFIT</b>                  | (77,795)       | (47,587)       |
| <b>OTHER INCOME</b>                         |                |                |
| Exchequer funding for recurrent expenditure | 268,000        | 302,222        |
| Interest income                             | 418,988        | 653,465        |
| Amortisation of grants                      | 101,845        | 144,828        |
| Miscellaneous Income                        | 1,286          | 3,123          |
|   | 790,119        | 1,103,638      |
| <b>ADMINISTRATIVE EXPENSES</b>              |                |                |
| Salaries and Wages                          | 394,131        | 312,759        |
| Other Staff Costs                           | 36,834         | 32,062         |
| Depreciation                                | 29,062         | 29,446         |
| Rent  | 17,546         | 18,690         |
| Printing and stationery                     | 26,007         | 14,546         |
| Professional fees                           | 12,805         | 6,748          |
| Pension Contribution                        | 16,239         | 13,489         |
| Office expenses                             | 22,448         | 11,885         |
| Board Fees - fees                           | 2,375          | 3,195          |
| - other                                     | 16,743         | 16,246         |
| Motor Vehicle Expenses                      | 6,232          | 6,029          |
| Leave pay provision                         | 10,761         | 2,669          |
| Postage and Telephone and Internet Services | 7,002          | 7,415          |
| Corporate Communication                     | 19,770         | 16,470         |
| Amortization                                | 11,410         | 8,162          |
| Gratuity provisions                         | 5,748          | 4,695          |
| Transport                                   | 3,327          | 2,197          |
| Audit Fees                                  | 3,300          | 3,300          |
| Bank Charges                                | 3,177          | 2,710          |
| Electricity                                 | 1,008          | 2,852          |
| Security                                    | 2,202          | 1,691          |
| NSSF and NHIF contributions                 | 689            | 344            |
| Doubtful debts provision                    | -              | 47,095         |
|   | 648,816        | 564,695        |
| <b>PROFIT BEFORE TAXATION</b>               | 63,508         | 491,356        |

*Staff celebrate each other during a birthday celebration in the office*



*Community members thank KETRACO, represented by Manager, Corporate Communication, during a community sensitisation in Ngong*



*(L-R) Environmentalists Thomas Thinguri and Richard Godana present a cheque to Kenya Forest Services officials. The funds were used to facilitate a tree planting exercise: the afforestation of 1000 indigenous tree seedlings in Ngong Road Forest*







*Former Chairman Justus Kageenu (Left – Shaking hands), welcomes Chairman Dr. Kenneth Sigilai, accompanied by KETRACO management*



*Eng. J. Kiilu and a representative from the World Bank during the contract signing for the Ethiopia-Kenya Interconnector*



*Shadrack Mutunga (Finance) runs for a cause during a recent marathon*

*KETRACO running team participate in the GDC half marathon*



*Company staff Bernard Musyoka, assists students from Hyuga Girls' School, Garissa during a tree planting exercise in the school sponsored by KETRACO*



*Chairman Dr. K. Sigilai (R) hands over a prize to a winning journalist, Peterson Thiong'o, during the Energy Journalism Excellence Award Gala at The Stanley Hotel on 17th April 2014*







**KENYA ELECTRICITY TRANSMISSION CO. LTD.**  
*"Building a World Class National Grid"*

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