

2015/2016
**Annual Report &
Financial Statements**
30th June 2016



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Our Vision

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

Our Mission

“To provide reliable, efficient and effective electricity transmission and promote power trade for sustainable socio-economic development.”

Our Strategic Objectives

To timely develop reliable, efficient and effective electricity transmission infrastructure.

To mobilize and efficiently utilize financial resources sustainably.

To effectively and efficiently operate and manage the transmission system and facilitate power trade;

To strengthen and enhance organizational capacity.

To develop and strengthen policy & legal framework.


To strengthen stakeholder engagement.





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Corporate Information

Directors

Dr. Kenneth K. Sigilai, HSC- Chairman
FCPA Fernandes Barasa- Managing Director
Dr. (Eng.) Joseph K. Njoroge CBS- Principal Secretary, State
Department for Energy, Ministry of Energy and Petroleum
Mr. Henry Rotich- Cabinet Secretary, The National Treasury
Mrs. Patience K. Nyaoga- (appointed w.e.f. 17.4.2015)
Mrs. Grace Ndugu- (appointed w.e.f. 17.4.2015)
Mr. Philip Mongony- (appointed w.e.f. 17.4.2015)
Mr. Joakim Kamere- (appointed w.e.f. 17.4.2015)
Arch. Kariuki Muraya- (appointed w.e.f. 18.12.2015)
Mrs. Eunice Kigen- (Alternate to Mr. Henry Rotich)
Eng. Julius Mwathani- (Alternate to Dr. (Eng.) Joseph Njoroge, CBS)

Secretary

Duncan K. Macharia
Certified Public Secretary (Kenya)
Kawi Complex, Block B, Popo Lane, off Red Cross Road, South C,
P.O. Box 34942 – 00100
Nairobi - Kenya

Principal Office

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

Delegated Auditors

Deloitte & Touche (For Auditor-General)
Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way, Muthangari
P.O. Box 40092 - 00100
Nairobi

Bankers

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

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

Citibank Kenya
City House, Upper Hill
P.O. Box 30711-00100
Nairobi

Advocates

The Company maintains a Panel of Advocates

KETRACO Board of Directors' Profiles



Dr. Kenneth K. Sigilai, HSC – Chairman

Born in 1967, Dr. Kenneth Sigilai holds a Graduate and Post Graduate degree in Medicine from the University of Nairobi. He served as a specialist general surgeon 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 17 years, during which he also served as a 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 10th January, 2014.

FCPA Fernandes Barasa- Managing Director

FCPA Barasa was appointed Managing Director on 7th April 2016 with the mandate to implement the second five year strategic plan as well as the new organization structure. He had served as Acting Managing Director & CEO since 1st August 2015. He was previously the Company's Chief Manager, Finance and Accounts.

Prior to joining KETRACO, FCPA Barasa worked as the Treasury Manager and later Head of Factories Accounts at the Kenya Tea Development Agency Limited (KTDA). He also worked for Kenya Airways and East Africa Re in senior management positions.

FCPA Barasa who is a fellow and current Chairman of Certified Public Accountant of Kenya (ICPAK) is also a lead Auditor and Certified Public Accountant of Kenya. He has a wealth of experience in Public Finance Management, Risk Management and Corporate Governance among others.

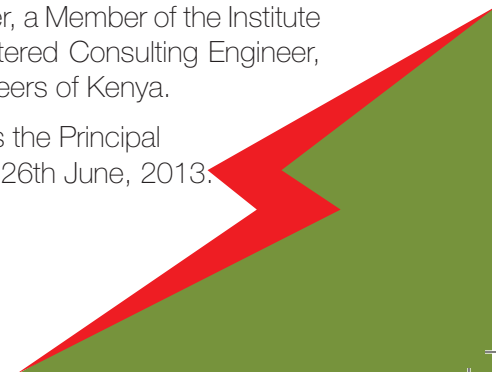


Dr. (Eng.) Joseph K. Njoroge CBS, Principal Secretary, State Department for Energy, Ministry of Energy & Petroleum

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. He has over 28 years of 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 Fellow of the Institution of Engineers of Kenya.

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 has a Master's Degree in Public Administration (MPA) from the Kennedy School of Government at Harvard University, and a Master's Degree – Economics and 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 the Cabinet Secretary to The National Treasury on 15th May, 2013.

Mr. Joakim Kamere- Director

Born in 1968, Mr. Kamere, is a Managing Partner at Kiarie Kamere & Co. Advocates. He holds a Bachelor of Laws Degree from the University of Nairobi, is an advocate of the High Court of Kenya; Notary Public; Commissioner for Oaths, and a Certified Public Secretary- CPS (K).

Mr. Kamere is a corporate commercial lawyer serving both corporate and individual clients with a wealth of practice experience spanning over 17 years in corporate governance, structuring companies, drafting commercial agreements, perfection of bank securities, and legislative drafting.

Mr. Kamere was appointed to the Board effective 17th April, 2015.



Mrs. Grace Ndugu- Director

Grace Ndugu holds a M.Sc. in Development Administration and Planning, with a concentration in Political Development from Bristol University, UK. She is an alumnus of the Eastern Mennonite University's Summer Peacebuilding Institute at the Eastern Mennonite University and has attended various international and national peacebuilding, governance, human rights and protection trainings. Grace has over 25 years of experience in Justice and Peacebuilding, including 10 years with the National Council of Churches of Kenya and 15 years with the Catholic Relief Services. Prior to joining the Civil Society Grace worked for 10 years at the High Court of Kenya and the Ministry of Constitutional and Home Affairs.

Grace is skilled in project management, integration of peacebuilding into development, protection, inter-religious dialogue, negotiations, mediation and reconciliation. She has a competency in policy formation/reviews, institutional capacity strengthening, research and strategic & contingency planning.

She was appointed to the Board effective 17th April, 2015.



Mrs. Patience Nyaoga- Director

Born in 1968, Patience Nyagoga holds an online Doctorate degree in Strategic Management from the University of Atlanta, a Master of Business Administration, (MBA) 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 Women Business Owners (KAWBO), Women on Boards, Institute of Directors of Kenya and All Saints Cathedral Church. Mrs. Nyaoga 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 1st appointed to the Board of KETRACO on 10th January, 2012 and served until 9th February, 2015. She was re-appointed for another term on 17th April, 2015.



Mr. Philip Mongony- Director

Born in 1954, Philip Holds a Master's Degree in Personnel Management (MPM) and a Bachelor of Commerce (Business Administration Option) degree. He has over 30 years experience in Human Resources practice and Consultancy and is a member of the Kenya Institute of Personnel Management.

Philip has worked with the Directorate of Personnel Management, Office of the President, Kenya National Trading Corporation and East African Portland Cement as the Head of Human Resource before moving to Consultancy in Human Resources and Real Estate Business.

He was appointed to the Board of KETRACO on 17th April, 2015.

Arch. Kariuki Muraya- Director

Born in 1973, Arch. Muraya holds a Bachelor of Architecture degree from the University of Nairobi and a Master of Science degree in Project Management (Construction & Infrastructure) from the University of Liverpool.

Arch. Muraya has over 18 years experience in architecture having handled projects such as the Uchumi Supermarket Bombolulu, Mombasa branch, the Enashipai Resort & Spa and the Doctors' Plaza for The Nairobi Hospital, among others. Stephen is currently a partner with AAKI Consultants, Architects & Urban Designers. He is also a member of the Architectural Association of Kenya (AAK) and the Board of Registration of Architect & Quantity Surveyors (BORAQS).

He was appointed to the Board on 18th December 2015.





Eng. Julius Mwathani
(Alternate Director to Dr. (Eng.) J. Njoroge, CBS)

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.

Eng. Mwathani is a registered member of the Engineers Registration Board of Kenya and the Institution of Engineers of Kenya. He has wide experience in public sector management, having worked for more than 22 years in various senior positions in Government.

Mrs. Eunice Kigen
(Alternate Director to Mr. Henry Rotich)

Born in 1973, Mrs. Eunice Kigen holds a Bachelor of Commerce Degree in Accounting from the University of Nairobi and an Executive Master of Business Administration from Jomo Kenyatta University of Science and Technology. She is also a Certified Public Accountant CPA(K).

Eunice has wide experience in Public Sector Financial Management, having worked in the Government in senior positions in that field for the past 15 years. Currently, she is the Senior Deputy Director of Budget at the National Treasury. She is also the Alternate Director representing the National Treasury at the Board of Kenya Airports Authority.

She was appointed to the Board on 18th December 2015.



CS. Duncan Macharia- Company Secretary & Senior Manager, Legal Services

CS Duncan Macharia is an advocate of the High Court of Kenya and a Certified Public Secretary of Kenya (CPS) K. He holds a Master of Business Administration Degree, a Bachelor of Commerce (Business Administration Option) and a Bachelor of Laws degree from the University of Nairobi. He also holds a Diploma in Law from the Kenya School of Law.

Duncan joined KETRACO in February 2009 as Company Secretary/ Chief Manager, Legal Services and was among the pioneer managers who were instrumental in setting up the company's corporate strategic thrust and governance structures when it was incorporated in December, 2008.

He has previously worked as a Company Secretary Trainee at Africa Registrars, an associate of Pannell Bellhouse Mwangi (now Ernst & Young) Auditors and as a Group Administration Manager in a large farming enterprise. In 1991, he joined KPLC Ltd. as Shares Registrar where he rose through the ranks to the position of Deputy Company Secretary before joining KETRACO. He is an alumni of the Advanced Management Program, Strathmore Business School, and has attended Corporate Governance and Leadership training programs at Harvard Business School, Institute of Public Private Partnerships (IP3), International Law Institute (USA), among others.

Duncan is a member of ICPSK, LSK and the Institute of Directors, (IOD) Kenya.

Board of Directors



Standing L-R: Dir. Joakim Kamere, Dir. Grace Ndugu, Dir. Philip Mongony, Arch. Kariuki Muraya, Eng. Julius Mwathani, Dir. Eunice Kigen, CS. Duncan Macharia.
Seated L-R: Dir. Patience Nyaoga, Dr. Kenneth Sigilai, HSC (Chairman), FCPA Fernandes Barasa (MD).

Management Profiles



FCPA Fernandes Barasa
Managing Director

FCPA was appointed Managing Director on 7th April 2016 with the mandate to implement the second five year strategic plan as well as the new organization structure. He had served as Acting Managing Director & CEO since 1st August 2015. He was previously the Company's Chief Manager, Finance and Accounts.

Prior to joining KETRACO, FCPA Barasa worked as the Treasury Manager and later Head of Factories Accounts at the Kenya Tea Development Agency Limited (KTDA). He also worked for Kenya Airways and East Africa Re in senior management positions.

FCPA Barasa who is a fellow and current Chairman of Certified Public Accountant of Kenya (ICPAK) is also a lead Auditor and Certified Public Accountant of Kenya. He has a wealth of experience in Public Finance Management, Risk Management and Corporate Governance among others.



Dr. (Eng) Joseph Siror, PhD
General Manager, Technical Services

Dr. (Eng.) Siror holds a PhD in Engineering from Shanghai Jiaotong University, China, majoring in RFID, a key technology for intelligent systems. He has a BSc in Electrical Engineering and an MBA from the University of Nairobi. He previously worked as the Director of Science, Technology Innovation and Communication at the National Economic and Social Council (NESC), Kenya.

He also served as a Senior Assistant Commissioner at the Kenya Revenue Authority, where he spearheaded several infrastructure and technology projects, including the X-ray Cargo Scanning for non-intrusive inspection of cargo at Kilindini Port, and Electronic Cargo Tracking System for tracking transit cargo, Kenya Posts and Telecommunications Corporation, where he was part of the team that was trained in the U.K. for introduction and rollout of Digital Leased lines in the country.

He is a member of IEEE, a licensed Professional Electrical Engineer with Engineers Board of Kenya (EBK), and a corporate member of IEK.

Dr. (Eng) Siror was appointed General Manager Technical Services on 9th January 2017.



CPA Richard Tobiko General Manager, Finance and Strategy

CPA Tobiko holds an MBA from Warwick Business School, University of Warwick (UK) and a Bachelor of Commerce (Accounting Option) degree from the University of Nairobi. He is a financial management and accounting professional with extensive experience in financial planning, analysis, reporting, general accounting operations, business process improvement, new business platforms set up, growth strategy development and shared services centre operations.

He previously worked with General Electric (GE) as Centre Leader in charge of Sub Sahara Africa; Nation Media Group as Chief Accountant; African Development Bank (AfDB) as a Financial Management Consultant and Rift Valley Railways as Group Financial Controller. He has also worked with Aljazeera Media Network, Universal Corporation Ltd and Tata Chemicals Magadi.

He is a Certified Public Accountant – CPA (K) and has professional certification in SAP FI (Accounting Module).

He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

CPA Tobiko was appointed General Manager Finance & Strategy on 11th January 2017.



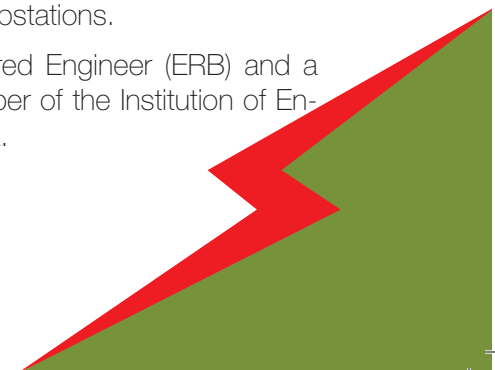
Dr. (Eng.) John M. Mativo Senior Technical Advisor

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

He has more than twenty years working experience in both the public and private sector, accumulating extensive experience in research, design, construction supervision and contract management.

Dr (Eng.) Mativo has previously worked with H.P. Gauff Consulting Engineer, Ministry of Roads and Public Works and later as a Consultant for European Union funded projects in the Local Government. He has worked with KETRACO since 2010 as the Head of Technical Services, where he has been involved in the design and construction of 4,800km of high voltage transmission lines, new substations and extension of 28 existing substations.

He is a Registered Engineer (ERB) and a Corporate Member of the Institution of Engineers of Kenya.





CS. Duncan Macharia
Company Secretary & Senior
Manager, Legal Services

CS Duncan Macharia is an advocate of the High Court of Kenya and a Certified Public Secretary of Kenya (CPS) K. He holds a Master of Business Administration Degree, a Bachelor of Commerce (Business Administration Option) and a Bachelor of Laws degree from the University of Nairobi. He also holds a Diploma in Law from the Kenya School of Law.

Duncan joined KETRACO in February 2009 as Company Secretary/ Chief Manager, Legal Services and was among the pioneer managers who were instrumental in setting up the company's corporate strategic thrust and governance structures when it was incorporated in December, 2008.

He has previously worked as a Company Secretary Trainee at Africa Registrars, an associate of Pannell Bellhouse Mwangi (now Ernst & Young) Auditors and as a Group Administration Manager in a large farming enterprise. In 1991, he joined KPLC Ltd. as Shares Registrar where he rose through the ranks to the position of Deputy Company Secretary before joining KETRACO.

Duncan is a member of ICPSK, LSK and the Institute of Directors, (IOD) Kenya.



Mr. Peter Njehia
Senior Manager, Supply Chain
Management

Mr. Njehia has a Bachelor of Arts and MBA degrees from Egerton University, Post Graduate Diploma in Supply Chain Management from Jomo Kenyatta University of Agriculture and Technology (JKUAT) as well as a professional Procurement and Supply Management Diploma (CIPS). He is currently working on the last phase of his PhD in Management and Leadership.

He has previously worked as a Procurement Officer at Egerton University, Head of Supply Chain at the Laikipia Campus and Head of Supply Chain Management at the National Environment Management Authority (NEMA). He has been instrumental in successful procurement and implementation of electricity transmission infrastructure projects in Kenya.

He is a Licensed Supply Chain Management Practitioner by Kenya Institute of Supplies Management, and is a Member of KISM and MCIPS.





Ms. Agnes Ongadi
Senior Manager, Human Resource
and Administration

Ms. Ongadi holds a Bachelor of Commerce Degree from the University of Nairobi, an Executive MBA from Moi University and a Post- Graduate Diploma in Human Resource Management.

Agnes is full member of both the Kenya Institute of Management (AMKIM) and Institute of Human Resource Management. Prior to joining KETRACO she worked with the First American Bank and Kenol/ Kobil Petroleum Company.



Mr. Raphael Mworio
Manager, Corporate Communica-
tions

Mr. Mworio holds a Bachelor of Arts Degree in Political Science and Social Work from Lucknow University and a Master's Degree in Mass Communication, Public Relations and Journalism from Banaras Hindu University, India.

Prior joining KETRACO, he worked as a Public Relations Coordinator at Kenya Tea Development Authority (KTDA) and as Head of Public Relations at Kenya Forest Service (KFS). Mworio has more than 20 years' experience in Public Relations.

He is a member of the Public Relations Society of Kenya (PRSK) and served as an Executive Committee Member from 2014- 2016.





CPA, Moses Mulonzia
Senior Manager, Internal Audit & Risk

CPA Mulonzia holds a degree of Bachelors of Commerce in Finance from Catholic University of Eastern Africa, and an MBA in Strategic Management degree from Jomo Kenyatta University of Agriculture and Technology (JKUAT). He also holds a Diploma in Forensic Accounting among other leadership and Integrity certificates.

He is a Finance and Risk Management specialist with over 13 years' experience spanning both the private and public sector. He is an expert in Internal Audit, Risk Management, Financial Management, Fraud investigations and IS Audit. Before joining KETRACO, he served as the Head of Internal Audit and Risk Management at Kenya Wildlife Service where he was part of the turnaround management team. He was instrumental in in-

stitutionalization of Risk Management and Balanced Scorecard performance management system.

He has also worked at Jubilee Insurance Company (K) Ltd as an Internal Auditor, Data Centre and as Chief Accountant, United Insurance where he served in Finance and Internal Audit Departments. He is a member of the Institute of Certified Public Accountant Kenya (ICPAK), Institute of Internal Auditors (IIA-K), Kenya Institute of Management (KIM), and Information Systems Audit and Control Association (ISACA). He is also a Certified Public Accountant CPA(K), Certified Secretary (CS)-Finalist, Certified Information Systems Auditor (CISA), and a Certified Internal Auditor (CIA).

CPA Mulonzia was appointed Senior Manager Internal Audit & Risk on 1st September 2016.



Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 7TH ANNUAL GENERAL MEETING of the Kenya Electricity Transmission Company Limited will be held at Kawi Complex, Block B, Popo Lane, off Red Cross Road, South C, Nairobi, on 19th May 2017 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 30th June 2016, 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 then 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 23 of the Public Audit Act, 2015.

M/S Deloitte & Touche carried out the audit for the period ended 30th June, 2016.

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

By Order of the Board



Duncan Macharia
Company Secretary
27th April 2017

Ilani Ya Mkutano Mkuu Wa Mwaka

ILANI INATOLEWA HAPA KWAMBA MKUTANO WA SABA WA KILA MWAKA wa wenya-hisa wa kampuni ya Kenya Electricity Transmission Company Limited (KETRACO) utafanyika katika jumba la Kawi Complex, Block B, barabara ya Popo, kutoka barabara ya Red Cross Road, South C, Nairobi mnamo Mei 19, 2017 saa tano asubuhi kujadili yafuatayo: -

1. Kusoma ilani ya kuitisha Mkutano huo.
2. Kupokea na kuchunguza taarifa za kifedha zilizokaguliwa kwa mwaka uliomalizika Juni 30, 2016, pamoja na ripoti za Mwenyekiti, Wakurugenzi na Wakaguzi hapo baadaye.
3. Kuidhinisha kwamba Wakurugenzi hawapendekezi malipo ya mgao kwa kipindihicho.
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, na 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 ilivyorekebishwa mara kwa mara, kila Mkurugenzi atashika madaraka hadi aondolewe au abadilishwe kama inavyostahili chini ya sharia 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 zitafanyika 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 23 cha Sheria ya Ukaguzi wa Umma.

Kampuni ya M/S Deloitte & Touche ilifanya ukaguzi kwa kipindi kilichomalizika tarehe 30 Juni, 2016.

6. Kuwaruhusu Wakurugenzi kuamua malipo ya Wakaguzi.

Kwa agizo la Halmashauri



Duncan Macharia
Katibu wa Kampuni
Aprili 27, 2017

Chairman's Overview



The implementation of planned projects as per the strategic plan still remains the main focus of the company. In the second strategic plan the company is projecting to construct 7000Kms of transmission lines.



Introduction

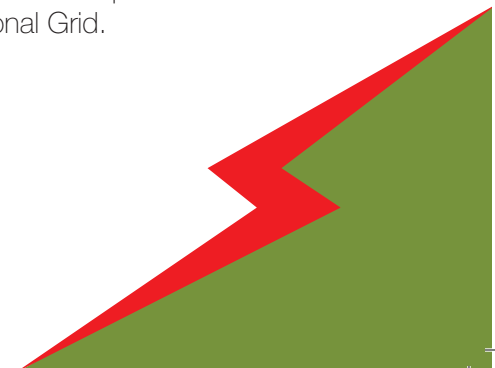
On March 31st 2016, the Company launched its 2nd Five Year Strategic plan aimed at deepening transmission infrastructure development, operations and maintenance and promoting National and Regional power trade for sustainable socio-economic development. As the company moves towards this strategic direction, 7000 Kms of high Voltage (132 kV and above) transmission infrastructure have been prioritized for implementation. This is in line with Vision 2030's objectives and strategies for the Second Medium Term Plan and policy framework provided by the Ministry of Energy and Petroleum.

During the period under review, the company registered significant growth in its projects portfolio resulting in an increased asset base. The Garsen-Lamu transmission line section, part of the 220kV Rabai- Malindi- Garsen- Lamu and Kindaruma-Mwingi-Garissa projects were completed and energised. The completion of these two projects effectively connected Lamu and Garissa counties to the national grid. In addition, the company completed Eldoret-Kitale, Olkaria 1AU-Suswa Olkaria IV –Suswa, Sotik-Bomet, Machakos- Konza, Menegai- Soilo and Ishiara –Kieni projects during the 2016 fiscal year.

Macro-Economic Environment

Kenya's Gross Domestic Product (GDP) grew at 5.6% in 2015 compared to 5.3% in 2014. In contrast, the GDP growth rate in Africa was 3.6% and the world average was 3.1%. Economic growth was affected by lower commodity prices, and volatility in the financial markets. Inflation rate in the country was at an average of 6.6 % in 2015. This was 0.3% lower than the average figures in 2014. The low inflation was occasioned by a drop in the prices of petroleum products and electricity.

Government focus on infrastructure development, resonates with the Vision 2030 economic pillar. Energy scale-up to create an enabling environment to attract investment and spur development is part of the flag-ship projects. KETRACO is currently focused on deepening the expansion of the transmission infrastructure to improve access to electricity from the National Grid.



Financial Results

The company realised growth in revenue to KES. 2,736 Million compared to KES. 1,365 Million driven by increased wheeling charge on completed transmission lines. The company's asset grew to KES. 109,285 Million in 2016 compared to KES. 71,260 Million in 2015. The balance sheet growth mainly comprised of projects under construction. These were largely supported by cumulative exchequer funding of KES 25,862 Million and development partner's support of KES 66,264 Million.

Strategic Direction.

The implementation of planned projects outlined in the strategic plan remains the focus of the company. In the second strategic plan the company is projecting to construct 7,000Kms of transmission lines. These include regional interconnector projects, power evacuation projects, reinforcement and expansion projects. In addition, the company is in the process of developing a National Load Dispatch Centre and enhancing its operation and maintenance capacity.

The Government is also keen on encouraging Public Private Partnerships (PPPs) in electricity generation and transmission projects. KETRACO in consultation with other government agencies is in the process of developing an enabling framework to encourage Public Private Partnership in the transmission infrastructure development.

Tribute

On behalf of the Board I convey my sincere gratitude to the Government of Kenya, Development Partners and other stakeholders for supporting the development of transmission projects. I pledge my personal and the Board's support towards implementation of the new strategic plan. With your continued support, KETRACO will surely achieve the World Class National Grid!



Dr. Kenneth K. Sigilai, HSC
Chairman
26th March 2017

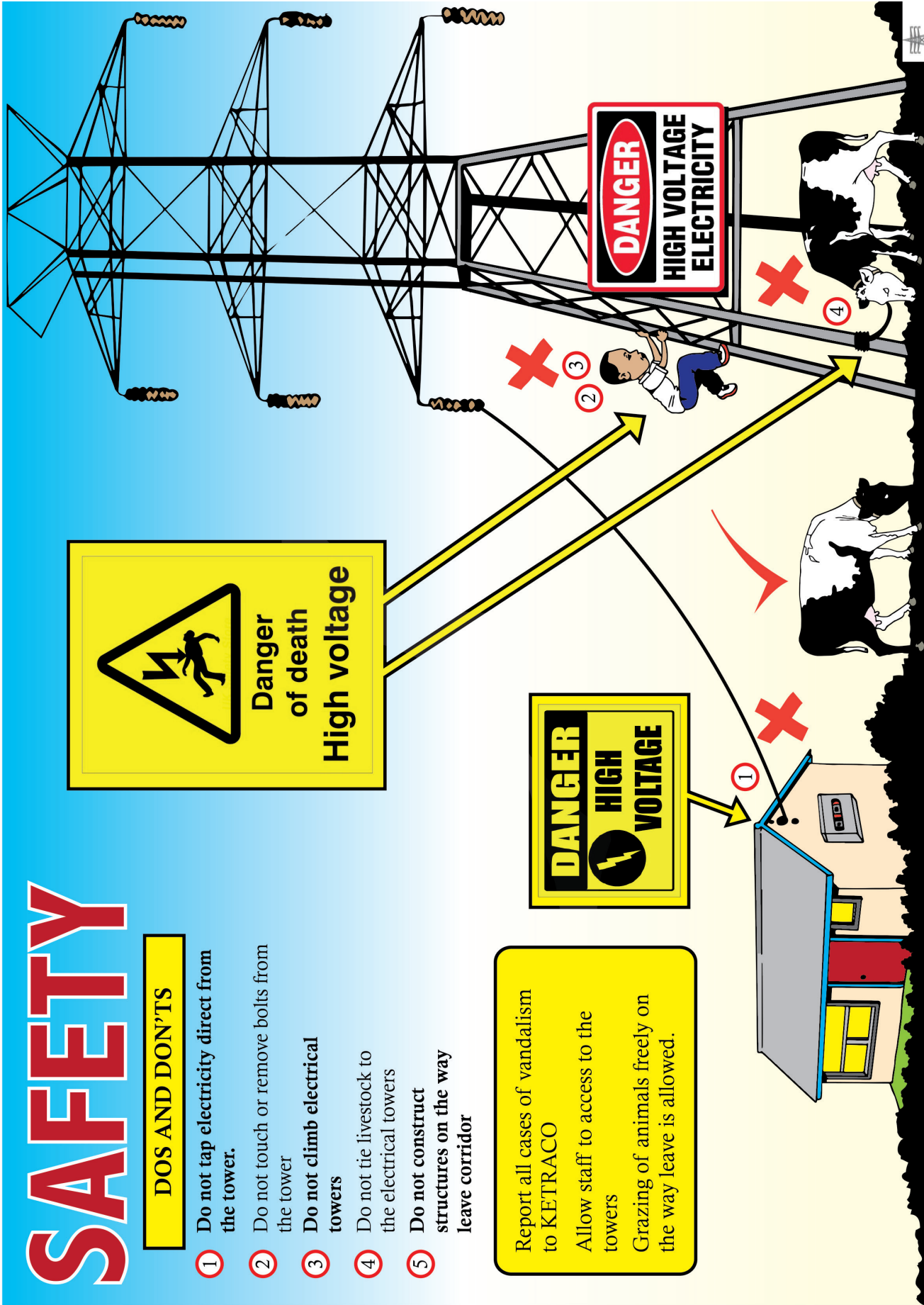


SAFETY

DOS AND DON'TS

- 1 Do not tap electricity direct from the tower.
- 2 Do not touch or remove bolts from the tower
- 3 Do not climb electrical towers
- 4 Do not tie livestock to the electrical towers
- 5 Do not construct structures on the way leave corridor

Report all cases of vandalism to KETRACO
Allow staff to access to the towers
Grazing of animals freely on the way leave is allowed.



Report of the Managing Director for the Financial Year ended 30th June 2016



FCPA Fernandes Barasa- Managing Director

Overview

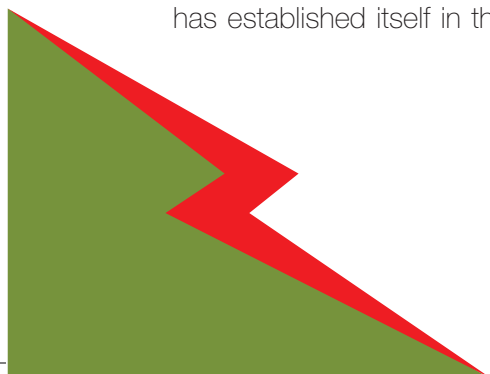
It is my great pleasure, as the new Managing Director, to present an overview of KETRACO's performance for the financial year ended June 2016.

Over the last seven years, Kenya Electricity Transmission Company Limited (KETRACO) has achieved key milestones in the national electricity supply industry. The Company has successfully completed several high voltage electricity transmission lines, approximately 1,100km and has also started construction of different key transmission lines. Currently we are implementing a number of high priority projects totalling to about 4,200 km of transmission lines and regional power inter-connectors of different voltage levels expected to be completed in the next 3-4 years. The Company has established itself in the power sector both in

Kenya and the Eastern Africa region through good partnerships with development partners and reputable power utility firms and organizations, participation in power transmission projects planning and implementation, operational systems and structures, intensive staff capacity building programmes and developing frameworks for engaging with local communities and projects affected persons (PAPs) in all the project areas where KETRACO's projects are traversing countywide.

The overall objective of the Company is to strengthen and extend the national power transmission grid in order to enhance quality, reliability and security of electricity supply in the country and increase electricity access, effectively evacuate power generated and facilitate regional power exchange and trade, which goes a long way in reducing cost of power supply. Besides increasing electricity access, this also minimises cost of production and hence improve investment and business environment and makes Kenyan goods and services competitive in the local and international markets. This is a very significant contribution towards the national economic growth and development. KETRACO therefore continues to play its socio-economic transformative role in the economy as mandated by the Government of Kenya.

During the period under review, KETRACO developed its 2nd Strategic Plan for the period 2015/16-2019/20. The main focus of the Strategic Plan is to deepen development of transmission infrastructure and at the same time build and strengthen capacity to undertake operation and maintenance. Further, the Company made significant progress in



KETRACO Board
Members tour of
Menengai-Soilo
transmission line

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implementation of the various on-going transmission projects and prepared and planned for new projects. The Company made tremendous improvements in several other areas which include reviewing of service delivery systems, structures and policies, risk management, enhancing the human resources capacity, providing conducive working environment, installation of an Enterprise Resource Planning (ERP) system and strengthening ICT infrastructure, review of institutional, legal and regulatory frameworks and reviewing medium and long term power development plans.

In the financial year 2015/2016, numerous developments took place in the energy sector that had an inspiring impact on the Company's operations. The Government continued with the implementation of the comprehensive 5,000+MW programme and the notable achievement was the commissioning of two 132kV transmission lines that support the programme namely Kindaruma-Mwingi-Garissa which connected Garissa to the national power grid and Eldoret-Kitale line which provided grid reinforcement in the Western Kenya region.

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 discussed in both Houses of Parliament. Power Generation and Transmission Master Plan study prepared a draft Long Term Plan for the period 2015 - 2035. A harmonised Least Cost Power Development Plan (LCPDP) and Feed-in-Tariff (FIT) projects report was prepared for 2016-2035 period as a collaborative effort among all the power industry players.

With regards to expanding and strengthening the national power transmission infrastructure network, the Company's efforts were adversely affected by way leaves challenges during the year. Key projects which were planned for completion such as the Mombasa-Nairobi and the Nairobi Ring were severely affected. However, the challenges were continuously addressed and several consultative meetings were held with county and community leaders and the projects are expected to be completed during the 2016/2017 financial year.

All in all, since its inception the Company has cumulatively constructed approximately 1,100km of

22 Kenya Electricity Transmission Company Limited

both 132 kV and 220kV transmission lines as detailed in Table 1 below: -

Table 1: Length of Completed HV Transmission Lines (Km) as at June 2016

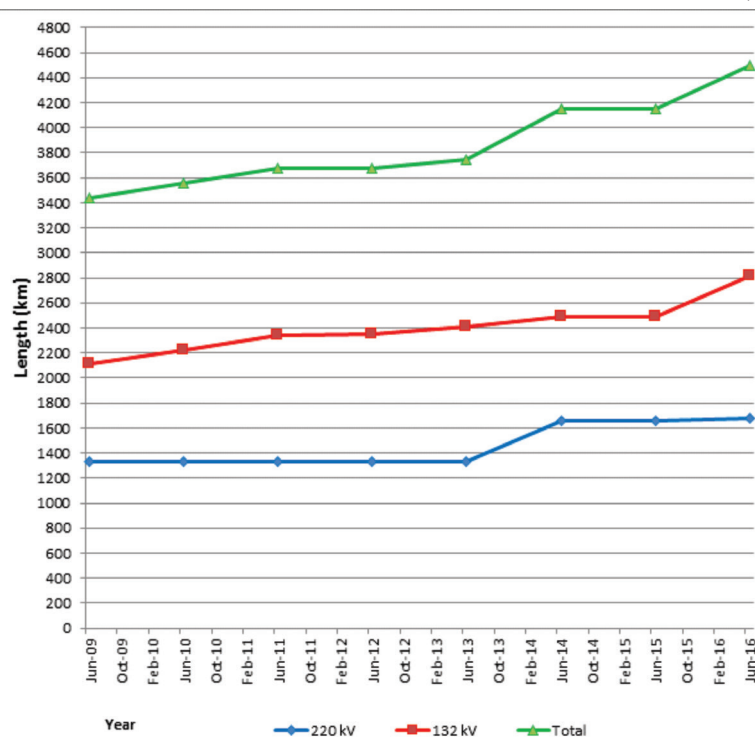
Transmission Line	Length (KM)	Commissioning Date
*Sundu Miriu – Kisumu 132kV	50	Jul-07
Chemosit – Kisii 132kV line	62	Mar-10
Rabai – Galu 132kV line	48	Mar-10
Kamburu – Meru 132kV line	122	Sep-10
Sang'oro – Sundu 132kV line	5	Jun-12
Mumias-Rangala 132kV line	34	Jul-12
Kilimambogo-Thika-Githambo 132kV line	77	Mar-13
Thika-Gatundu (Nyaga) 132kV line	20	Mar-13
Rabai-Malindi-Garsen-Lamu 220kV line	328	Jun-13
Meru - Isiolo 132kV line	26	Sep-15
Kindaruma-Mwingi-Garissa 132kV line	234	May-16
Eldoret-Kitale 132kV line	66	Jun-16
Olkaria IV – Suswa 220kV line	18	Jun-16
Total Length (KM)	1,090	

*The Sundu 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 Transmission Lines: 2009-2016

The new additions to the transmission infrastructure have contributed to the development of a modern



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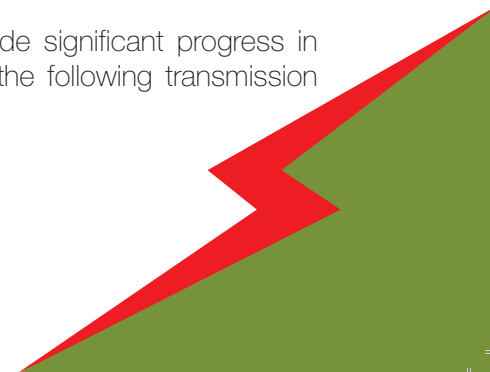
The Least Cost Power Development Plan 2013-2033, the 10 Year Power Expansion Plan 2014-2024 and the 5 year Medium Term Plan 2015-2020 identified and prioritized electricity transmission projects for implementation in order to support the national objectives of the sector. The identified and committed transmission lines, substations and regional interconnection projects are at various stages of project development.

This will double the size of the country's current transmission network and see the maiden 400kV and 500kV AC and DC lines respectively. These projects are in line with the 2nd Medium Term Plan 2013-2017 of the Kenya Vision 2030. It is projected that by 2030, KETRACO will develop about 15,300 km of new high voltage transmission lines at an estimated cost of US\$ 6.5billion.

During the financial year under review, KETRACO completed the construction of the following projects:

- (i) 26 km Meru - Isiolo 132kV line
- (ii) 233.6 km Kindaruma-Mwingi-Garissa 132kV line
- (iii) 66km Eldoret-Kitale 132kV line
- (iv) 18km Olkaria IV – Suswa 220kV line

The company also made significant progress in construction works of the following transmission



projects:

- (i) 482km 400/220kV Mombasa – Nairobi;
- (ii) 44km 132kV Kisii - Awendo lines and associated substation;
- (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) 25 km 220kV Olkaria I - Suswa and 18 km 220kV Olkaria IV - Suswa double circuit lines, which are implemented through KenGen;
- (vi) 76km 132kV Isiolo–Nanyuki and associated

substations.

- (vii) 127km 400kV Lessos-Tororo (Kenya-Uganda interconnector);
- (viii) 153km 132kV Machakos–Konza–Kajiado–Namanga;
- (ix) 90km 220kV Turkwel-Ortum-Kitale; and
- (x) 13km 132kV Menengai-Soilo.
- (xi) 430 km 400kV Loiyangalani-Suswa;
- (xii) 300 km, 400/220kV Olkaria–Lessos–Kisumu double circuit line and substation works at Olkaria, Lessos & Kisumu; and
- (xiii) 612km 500kV HVDC Eastern Electricity Highway (Ethiopia–Kenya interconnector) bipolar line with DC/AC convertor substation and 400/220kV substation.

Procurement of consultant and EPC contractors



(L) Hon. Charles Keter, CS Energy and (R) Dr. Kenneth Sigilai, Chairman KETRACO during Homabay substation ground breaking ceremony



for the following projects was concluded:

- (i) 520km 400kV double circuit line Lamu-Kitui-Nairobi East line;
- (ii) 400/220 kV Mariakani substation
- (iii) 94km 400kV Kenya-Tanzania interconnector

The company continued to scout for financing for the following 5000+MW projects, and preparatory activities like ESIA and RAP studies and procurement of supervision consultants were carried out:

- (i) 25km 400kV Menengai-Rongai
- (ii) 150km 400kV Silali-Rongai
- (iii) 110km 400kV Isinya-Nairobi East

The Company completed feasibility studies for 36 new power transmission line projects for various voltage levels spanning across the country for future investment, the required funds to implement this projects are about 2.1 Billion USD.

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 provided 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 power capacity of 1500MW. 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, conductor stringing and substation works are on-going. The 191km section between Rabai and Tsavo River (Lot 1) is completed and Embakasi and Rabai substations have been completed. Tower erection and stringing works are on-going and overall the project is approximately 98% complete.

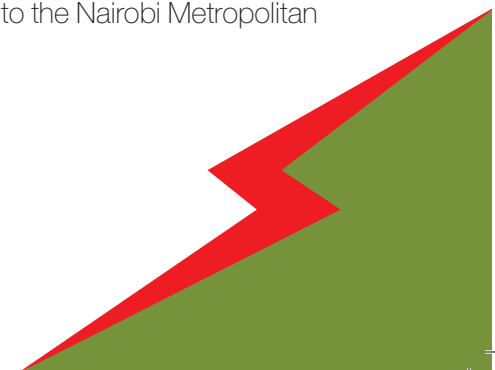
This key project was planned for completion during the period under review. However, implementation was severely affected by way leaves and vandalism challenges. However, the challenges were continuously addressed and the line was completed but is yet to be energized.

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 both goods and passengers by providing electricity for powering electric trains along the forthcoming Mombasa-Nairobi standard gauge railway (SGR).

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 and two 400/220kV substations at Suswa and Isinya, as well as Kimuka, Athi River & Komarock 220/6kV substations. 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 in 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.

Construction of Suswa substation was 100% completed during the year. Other progress achieved include, construction of tower foundations, erection of towers and stringing. Athi River, Isinya and Kimuka substation civil works were stopped due to the termination of the EPC contractor and procurement of a new contractor was initiated. The Suswa-Isinya line is expected to be commissioned by December 2016. Isinya substation overall completion is at 91%. Athi River substation overall completion is at 72.5%, Kimuka substation overall completion is at 64.5% while Komarock substation equipment has been procured. Athi River and Isinya substations will be completed by March 2017 while Kimuka and Komarock will be completed by December 2017.

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 Japan International Co-operation Agency (JICA) & GoK at a total cost of Kshs.13.2 billion and is expected to be completed by March 2018. In the year under review engineering design and compensation for wayleaves were on-going. Financing challenges from the exchequer hampered the progress of this projects.



Eng. Anthony Musyoka
being interviewed during
the Suswa Substation
energisation





KETRACO staff members join the Board, teachers and students of Kikayaya Primary School in Isinya to ground break the construction of six classrooms and an administrative block in partnership with the 500kV Ethiopia- Kenya Project

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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 EPC contractor was completed in the period under review.

Ethiopia –Kenya Reinforcement Component

The project involves the construction of a 2x450MVA substation at Isinya and capacitor banks at Athi River and Nairobi North substations. The project is funded by the World Bank and expected cost is Kshs. 4.5 billion. Construction is in progress and commissioning expected in February 2017.

II. Power Evacuation Projects

KETRACO is implementing several projects targeting to evacuate power from various planned generation plants for injection into the national grid. The progress of the various power evacuation projects 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 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 construction of the line and associated substations made significant progress as well as right of way acquisition. Civil and equipment works at Loiyangalani substation were undertaken, 225/988 tower foundations were completed and 21/988 towers were erected. The project completion and commissioning is expected in April 2017.



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This project involves construction of two 25km 220 kV double circuit lines from the new 280MW Olkaria IV & I additional unit 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 at 98.85% and is expected to be commissioned by June 2016.

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

The project is 13km 132kV double circuit line with 220/132kV –200MVA substation at Solo. The project is fully financed by Government at an estimated cost of Kshs. 0.8 billion. The project will provide infrastructure to evacuate power from the 90MW Menengai Geothermal Power. It was completed in December 2016.

This consists of 400kV double circuit line with 400/220kV – 200MVA substations at Menengai & Rongai. The project is targeted at evacuating power from the 400MW Menengai geothermal field. In the year under review, Environmental Social Impact Assessment (ESIA) and Rapid Action



Plan (RAP) studies and procurement of supervision consultant were initiated. Preparation of draft bidding documents and technical specifications was completed and awaits securing of financing to start tendering.

c) 150km 400kV Silali- Rongai

This consist of 400kV double circuit transmission line with 400/11 kV 350MVA substation at Silali. It targets to evacuate power from the 200MW Silali geothermal field. In the year under review preliminary route selection was initiated. Preparation of Request for Proposal (RFP) for ESIA & RAP consultants and preparation of draft bid documents and technical specifications is complete and awaits securing of financing to start tendering.

d) 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. In the year under review, procurement of the Engineering Supervision Consultant and EPC plus financing contractor was completed. Valuation of structures is completed. Validation of RAP from Kitui to Nairobi East substation was also completed.

e) 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. In the year under review, preliminary route selection was started. Preparation of Request for Proposal (RFP) for ESI & RAP consultants and preparation of draft bid documents is complete and awaits securing of financing to start tendering.



KETRACO Project
Implementation
Team after energiz-
ing Suswa sub-
station



KETRACO Engineers working in a substation



III. Regional Interconnection Projects

In order to facilitate regional power trade, KETRA-CO continued to collaborate with regional power utilities and organizations in the spirit of economic integration. In order to enhance regional power integration, 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 capacity of 1200MW. The project is part of 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 is funded by 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.

The construction of Lessos Substation, tower foundations and erection continued during the period under review, but was later put on hold due to the EPC contract termination. The project is expected to be completed in April 2018.

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 convertor 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. In the year under review, compensation for structures progressed and engineering design and construction is on-going. The transmission line is expected to be completed by December 2018 while the converter station will be completed by March 2019.

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 (SAPP) providing opportunities for power trade between the Eastern Africa Power Pool

(EAPP) and SAPP. It entails construction of 93km 400kV double circuit transmission line from Isinya in Kenya to Namanga at the border with Tanzania. During the year under review, procurement of engineering consultant and EPC contractor was completed. The project is expected to be completed in August 2018.

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 low access and 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. Overall completion stands at 98.2%. Meru-Isiolo line section (26km) and substations were completed and energized. Construction is on hold for Nanyuki-Isiolo section due to wayleave issues.

Sondu–Homa Bay–Ndhiwa-Awendo line

The 100km 132kV single circuit line from the Sondu to Homa Bay and Awendo has 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 the southern Nyanza and increasing electricity access. The project is estimated to cost Kshs.2.3billion with funding from KBC Bank of Belgium & GoK.

In the year under review, soil investigation for both transmission line and substations was completed engineering design and construction is on-going. However, lack of exchequer funds delayed the project progress. The project is expected to be completed by 2018.

(b) Kenya Electricity Expansion Program (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 and extension works at the existing Kindaruma substation. Once complete, it will improve supply quality



Aerial view
of Suswa
Substation

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Dr. (Eng.) John Mativo (2nd left) and the Konza- Machakos Project Implementation Team at Konza Substation



in Mwingi, lead to displacement of expensive off-grid diesel generators in Garissa and power evacuation from the proposed Feed in Tariff projects in the northern parts Kenya. The project was completed in April 2016. It was energized and commissioned by H.E. The President in May 2016.

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 project was completed in June 2016.

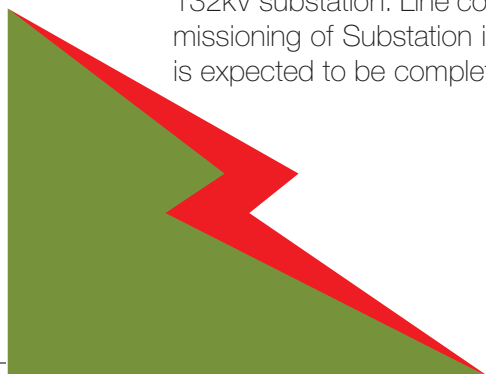
44 km 132kV Kisii-Awendo line

This involves 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. Line construction and pre commissioning of Substation is on-going. The project is expected to be completed by June 2017.

(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 program is funded by AfDB and GoK at a total cost of Kshs.8.1 billion.

The lines will increase electricity access within Baringo, Laikipia, Narok, Bomet, Kitui, Makueni, 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 132/33kV substation at Kabarnet and an out-going bay at existing Lessos substation; Substations are complete and pre commissioning test on going, line construction is also ongoing.
- ii. 79 km 132kV Nanyuki – Nyahururu (Rumuruti) line, a new 132/33kV substation at Nyahururu and extension of the existing Nanyuki substation; Substations are complete and pre commissioning test are on-going, construction of transmission on hold due wayleave issues with KDF. The project is expected to be complete by April 2017.
- iii. 68 km 132kV Olkaria - Narok line, a new 132/33kV substation at Narok and an extension of the existing Olkaria substation; The substation is 100% complete and pre commissioning test are on-going. Construction of transmission line is on-going and is expected to be complete by April 2017.
- iv. 33 km 132kV Sotik - Bomet line and a new 132/33kV substation at Bomet and Sotik; The project was completed and energized in August 2016;
- 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; The substation is 100% complete and pre commissioning test are on-going. Construction of transmission line is on-going and is expected to be complete by April 2017.
- vi. 33 km 132kV Ishiara - Kieni line, a 132/33kV substation at Kieni and switchgear at Ishiara. The substations are 100% complete and pre commissioning test are on-going. The project was completed in September 2016.

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EXIM Bank of India and GoK funded Projects:

The total length of of transmission lines funded by India Exim Bank is 243km at USD 62 million & GoK. The projects are expected to be commissioned in 2016/2017.

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 substation 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. Construction of line and substations is ongoing and is expected to be complete in December 2017.

b. Machakos – Konza – Kajiado – Namanga line

The 153km 132kV single circuit line from 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. Construction of line and substations is ongoing. Konza substation is complete and energised and commissioning works are ongoing at Machakos Substaion. The Machakos - Konza section will be commissioned in October 2016 while the Kajiado- Namanga section will be commissioned in April 2017.

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. 25km 400kV Menengai -Rongai
- iii. 110km 400kV Isinya-Nairobi East
- iv. 50km 132kV Meru - Maua line with 132/33kV 7.5MVA substation at Maua and estimated to cost Kshs 1.4 billion;
- v. 148km 132kV Rumuruti - Maralal single circuit line 132/33kV 7.5MVA substation at Maralal and extension of Nyahururu substation and estimated to cost Kshs 2.1 billion;
- vi. 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;
- vii. 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;
- viii. 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;
- ix. 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;
- x. 330km 220kV Garissa - Habaswen - Wajir single circuit line with a substations at Wajir and Habaswen and extension of Garissa substation. The estimated cost is Kshs 7.3 billion;

- xi. 107km 132kV Voi - Taveta single circuit line with a 132/33kV substation at Taveta. The estimated cost is Kshs 2.6 billion;
- xii. 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;
- xiii. 40km 220kV Suswa - Ngong line and estimated to cost Kshs. 2.1 billion;
- xiv. 111km 132kV Kabarnet - Nyahururu (Rumuruti) line and extension of substation that is estimated to cost Kshs 1.9 billion;
- xv. 88km 132kV Narok - Bomet line and substation extensions expected to cost Kshs 1.7 billion.
- xvi. 70km 220kV Kisumu -Kakamega -Musaga double circuit line and substation at Kakamega.
- xvii. 73km 132kV Webuye -Kimilili -Kitale line, establishment of substations at Webuye and Kimilili and extension of Kitale substation.
- xviii. 25km 132kV Kakamega -Kaimosi transmission line and establishment of substations at Kaimosi.
- xix. 48km 132kV Sotik -Kilgoris transmission line and a new substation at Kilgoris.
- xx. 38 km 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;
- xxi. 205 km 400kV Gilgil - Thika - Nairobi East 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.
- xxii. 196km 220kV Kamburu -Embu (Kutus) -Thika line and extension of substations at Kamburu, Embu, Kiganjo and Thika;
- xxiii. 144 km 132kV Kitui -Mutomo -Kibwezi line and establishment of substations at Kitui, Mutomo & Kibwezi;
- xxiv. 84km, 132kV Ngong -Magadi line and substation at Magadi;
- xxv. Establishment of 132/33 kV substation at Uplands;
- xxvi. 15km 132kV Galu T off -Likoni and establishment of substation at Likoni;
- xxvii. 235km Rongai -Kilgoris 400kV line with substations at Rongai and Kilgoris and offers possibility for interconnection with Tanzania to complete the Lake Victoria Ring;
- xxviii. 41km 132kV Myanga -Busia line with substations at Myanga and Busia;
- xxix. 72km 132kV Rangala - Bondo -Ndigwa line and establishment of substations at Bondo and Ndigwa;
- xxx. 72km 132kV Homa Bay -Sindo line with a substation at Sindo;
- xxxi. 72km 132kV Ndhiwa -Karungo Bay line with extensions of substations at Ndhiwa and Karungo;
- xxxii. 288km 220kV Kiambere -Maua -Isiolo line with 220/132kV substations at Maua and Isiolo;
- xxxiii. 152km 220kV Isiolo -Maralal line as an alternative for power evacuation from future wind and solar sites;
- xxxiv. 306km 220kV Isiolo -Marsabit line with extension of substations at Isiolo and Marsabit;
- xxxv. 188km 400kV Loiyangalani -Marsabit line with a substation at Marsabit that will facilitate harnessing fully the potential of wind generation resource in northern Kenya;
- xxxvi. 228km 220kV Turkwel -Lodwar -Lokichogio line and establishment of substations at Turkwel, Lodwar and Lokichogio.



Menengai Substation



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 in addition to developing its Strategic Plan 2015/16-2019/20, the Company was able to implement other programs 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.

Development of Strategic Plan 2015/16-2019/20

The year under review marked the beginning of KETRACO's second Five-Year Strategic Plan. Having successfully implemented its inaugural Strategic Plan, the Company developed the new Strategic Plan for the Period 2015/2016 – 2019/2020. The new Strategic Plan has laid down the Company's strategic direction for the next 5 years and has emphasized on deepening transmission infrastructure development, operating and maintain the infrastructure, power management and facilitating national and regional power trade.

In order to effectively and efficiently execute its mandate and play its rightful role in the national economy and the East African region, the Company's strategy has been anchored on the following six strategic pillars, which forms the key result ar-



eas: (i) Transmission System Planning and Development; (ii) Transmission System Operation and Management; (iii) Policy and Legal Framework; (iv) Financial Mobilisation and Sustainability; (v) Organizational Capacity; and (vi) Stakeholder Engagement.

During this Strategic Plan period KETRACO will construct approximately 7,000km of high voltage (132kV and above) transmission lines and associated substations, continuously enhance its capacity in projects management and put in place stakeholder engagement programmes to ensure timely completion of the projects, build and strengthen its capacity to undertake transmission infrastructure operation and maintenance, set up a National Load Dispatch and Control Centre by 2018/19 and establish regional offices in key project areas in the country among other key initiatives. At the same time the Company reviewed its organizational structure and started implementation of the same.

Human Resource Development

The Company made significant progress in the quest to have in place a well-developed human resource capacity that is a prerequisite for effective performance required in order to realize the vision of being a world class electricity transmission company. Towards this, the Company continuously endeavoured to build capacity by training staff both locally and internationally in relevant courses identified through the training needs assessment. Several staff members attended relevant technical on-the-job training under the projects with training components.

To enable the Company effectively discharge its mandate, recruitment, hiring and placement process of staff was intensified: additional staff joined the Company on both permanent and contract terms leading to an increase in staff complement to 355 at the close of the financial year.

The Company ensured diversity in human resources management and gender mainstreaming was considered during recruitment and appointment.



(R) Dr. Sigilai hands a copy of the Second Five year Strategic Plan to CS Hon. Charles Keter during the launch on 31st March 2016

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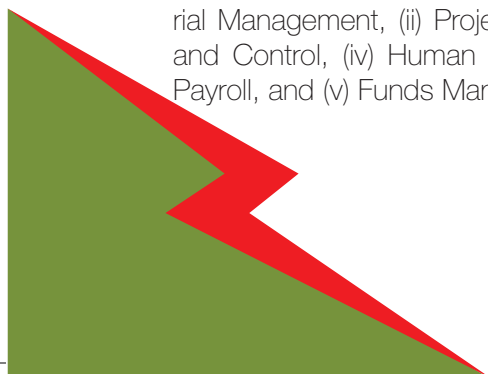
Employees were also sensitized on gender issues and HIV prevention and care. In addition, disability mainstreaming policy was developed and persons with disability were given equal opportunity during recruitment.

The Company continued with automation of its business processes in order to enhance efficiency and effectiveness in operations and service delivery. In order to develop an integrated management information system, INDRA consultants were contracted to install an Enterprise Resource Planning (ERP). Phase One of the SAP ERP system went live in January 2016 and has facilitated and streamlined the flow of information between all business functions within the Organization resulting in improved service delivery. Five modules were installed under phase one including (i) Material Management, (ii) Project System, (iii) Finance and Control, (iv) Human Capital Management & Payroll, and (v) Funds Management.

Performance Management

ISO Certification

During the period under review, An Audit was conducted and use of ISO QMS automation software continued.



Youth and Women Empowerment

In line with current Government Policy of empowering Youth and Women in the country, the Company was at the forefront. Forty-eight (48) university students were offered places in the Company for industrial attachment. Further, out of the total annual procurement budget of Ksh 125 million for general supplies including office consumables and stationery, approximately Ksh 39 million 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. Community and Staff members were sensitized on environmental conservation. Collaboration with NEMA and KFS was maintained while undertaking ESIA studies and route surveys for all new projects. ESMP monitoring and environmental audits were undertaken ongoing and completed projects respectively.

Improving Customer Service

In line with its core value of customer focus, the Company recognizes that improving customer service is paramount in order to effectively implement its mandate. Besides the power generators and distributors, who are the main customers, the Company equally treats all other stakeholders as business customers. Therefore, the Company continued with information dissemination and awareness creation to the customers through engagement forums such as public sensitization, planning & consultative meetings, media breakfasts, investment conferences and exhibitions/trade fairs. The Company continued with improvements in tendering/procurement process, strengthening the front office desk, timely provision of feedback to the customers and enhancing staff capacity in customer relations.

In order to measure the extent of customer satisfaction, the Company engaged an external firm that carried out customer satisfaction survey (2015/16 exit survey), which reported an overall

customer satisfaction index of 78.2 %. The survey also identified the customers' requirements and made recommendations for improvement.

Corporate Social Responsibility

Guided by the principles of a responsible corporate citizen, the Company remains committed to engagement with local communities in project affected areas, general public, sector partners and other stakeholders aiming at cultivate their goodwill, cooperation and amicable association. In this regard, KETRACO 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 way-leaves access for the lines. This necessitates compensation and at times resettlement of the Projects Affected Persons (PAPs) and the need to expedite the process harmoniously. Guided by its Corporate Social Responsibility Policy the Company actively participated in several engagements with various stakeholders.

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 2015/2016. None of the success 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 in order to support the national development agenda.



FCPA. Fernandes Barasa
Managing Director
28th March 2017



Muhtasari wa mwenyekiti



Utangulizi

Tarehe 31 Machi 2016, Kampuni ilizindua Mpango Mkakati wake wa Miaka Mitano wa awamu ya pili. Mpango huu unalenga kusambaza umeme kwa uhakika na kwa ufanisi na kuendeleza biashara ya nishati hapa nchini na kikanda kwa maendeleo ya kijamii na kiuchumi. Wakati kampuni ikisonga kulingana na uelekeo wa mkakati huu, takriban kilomita 7,000 za umeme ya volteji ya juu (132kV na zaidi) imepewa kipaumbele kwa ajili ya utekelezaji. Suala hili pia linaendana na malengo na mikakati ya Ruwaza ya 2030 kwa ajili ya Mpango wa Muda Mfupi wa awamu ya pili na mfumo wa sera uliotolewa na Wizara ya Nishati na Petrol.

Kwa mafanikio haya makubwa na mengineyo, ninayo furaha kuwasilisha Ripoti ya Mwaka na Taa-rifa ya Fedha za Shirika la Kusambaza Umeme la Kenya, KETRACO, kwa mwaka wa fedha ulioisha tarehe 30 Juni 2016.

Kwa kipindi cha miezi kumi na mbili iliyokuwa chini ya ukaguzi, Kampuni imepata mafanikio makubwa kwenye safu ya miradi yake na kupelekea kupata ongezeko la mali zake. Kipande cha laini cha Garsen- Lamu ambacho ni sehemu ya laini kuu ya kusambaza umeme ya 220kV Rabai-Malindi-Garsen- Lamu na laini ya Kindaruma- Mwingi- Garissa zilikamilika na kuwashwa. Kukamilika kwa miradi hii miwili imeunganisha Kaunti za Lamu na Garissa

“

Utekelezaji mipango ya miradi kulingana na mpango mkakati ndio lengo kuu la kampuni.

Katika mpango wa pili wa kimkakati, kampuni inanua kujenga kilomita 7,000 ya laini za umeme. Hii itahusu miradi ya kikanda, miradi ya uokoaji, miradi ya kuimarisha na miradi ya upanuzi wa laini za kusambaza umeme.

”

kwa gridi ya Taifa. Pia, kampuni ilimaliza miradi ya kusambaza umeme ya juu ya Eldoret-Kitale, Olkaria 1AU-Suswa Olkaria IV -Suswa, Sotik-Bomet, Machakos Konza, Menengai Soilo na Ishiara -Kieni kwa kipindi cha mwaka wa fedha wa 2016.

Mazingira Madogo ya Kiuchumi

Pato la Kenya (Gross Domestic Product- GDP) lilikua kwa 5.6% katika mwaka wa 2015 ikilinganishwa na 5.3% katika mwaka wa 2014. Kwa utofauti, kiwango cha ukuaji wa uchumi ya Afrika ilikuwa 3.6% na 3.1% kwa wastani duniani. Ukuaji wa uchumi uliathiriwa na bei za bidhaa ya chini na tete katika masoko ya fedha. Mfumuko wa bei nchini ulikuwa katika wastani wa 6.6% katika mwaka wa 2015 ambao ulikuwa 0.3% ya chini kuliko takwimu wastani katika mwaka wa 2014. Mfumuko huu wa bei ulihusiana na kushuka kwa bei ya bidhaa za mafuta na umeme.

Lengo la Serikali juu ya maendeleo ya miundombinu unaendana na malengo na mikakati ya Ruwaza ya 2030 ya nguzo ya kiuchumi. Kuongezeka kwa

nishati kutazidi kujenga mazingira mazuri ya kuvutia uwekezaji na kuchochea maendeleo kama baadhi ya miradi ya kwanza muhimu. KETRACO kwa sasa inalenga kukuza upanuzi wa miundombinu ya kuunganisha nchi nzima kwenye gridi ya Taifa.

Matokeo ya fedha

Kampuni ilifanikiwa na ukuaji wa mapato wa KES milioni 2,736 ikilinganishwa na KES milioni 1,365 inayotokana na malipo ya kuzambaza umeme. Mali ya kampuni ilikuwa KES milioni 109,285 mwaka wa 2016 ikilinganishwa na KES milioni 71,260 milioni katika wa 2015. Mizania ya ukuaji inajumuisha miradi chini ya ujenzi. Hii ilidhaminiwa sana na serikali kwa ufadhili wa KES milioni 25,862 na KES milioni 66,264 ambao ulidhaminiwa na wabia wa maendeleo.

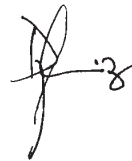
Mpango Mkakati wa mwelekeo

Utekelezaji mipango ya miradi kulingana na mpango mkakati ndio lengo kuu la kampuni. Katika mpango wa pili wa kimkakati, kampuni inanuia kujenga kilomita 7,000 ya laini za umeme. Hii itahusu miradi ya kikanda, miradi ya uokoaji, miradi ya kuimarisha na miradi ya upanuzi wa laini za kusambaza umeme. Aidha kampuni iko katika mchakato wa kujenga National Load Dispatch and Control Centre na kuanzisha idara ya kushughulikia na kurekebisha miradi yote.

Serikali pia ina nia ya kuhamasisha ushirikiano wa umma na sekta za kibinafsi katika miradi ya uzalishaji na usambazaji wa umeme. KETRACO kwa kushauriana na mashirika mengine ya serikali iko katika mchakato wa kuandaa mfumo wa kuwezesha kuhamasisha umma na sekta za kibinafsi katika miradi ya kusambaza umeme.

Shukrani

Kwa niaba ya Bodi na mimi binafsi, ningependa kuwasilisha shukrani zangu za dhati kwa Serikali ya Kenya, washirika wa maendeleo na wadau wengine kwa kusaidia maendeleo ya miradi ya kusambaza umeme. Ninawaahidi kuwaunga mkono katika utekelezaji wa mpango mpya wa kimkakati. Kwa msaada wenu, hakika tutafanikiwa kuwa na Gridi ya Taifa yenye Hadhi ya Kimataifa!



Dkt. Kenneth Sigilai, HSC
Mwenyekiti
Machi 26 2017



Ripoti ya Mkurugenzi Mkuu ya Mwaka wa Fedha uliosihia tarehe 30 Juni 2016



FCPA Fernandes Barasa -
Mkurugenzi Mkuu

Muhtasari

Ni furaha yangu kubwa, kama Mkurugenzi Mkuu mpya, kuwasilisha muhtasari wa utendaji wa KETRACO wa mwaka wa fedha ulioishia mwezi Juni 2016.

Kwa miaka saba iliyopita, Kampuni ya Kusambaza Umeme nchini Kenya (KETRACO) imepata mafanikio ya kipekee katika sekta ya ugavi wa umeme nchini. Kampuni imekamilisha kwa mafanikio makubwa ujenzi wa laini kadhaa za kusambaza umeme wa volteji ya juu, takribani kilomita 1,100 na pia imeanza ujenzi wa laini mbalimbali muhimu za kusambaza umeme. Kwa sasa Kampuni inatekeleza miradi kadhaa iliyopewa kipaumbele yenye jumla ya Kilomita 4,200 za laini za kusambaza umeme na miradi inayounganisha nchi za ukanda yenye uwezo wa kusafirisha nguvu ya umeme ya uwezo mbalimbali, inayotarajiwa kukamilika ndani ya miaka 3-4 ijayo. Kampuni imejiimarisha kwenye sekta ya nishati ya umeme nchini

pamoja na ukanda wa Afrika Mashariki kwa njia ya ushirikiano mzuri na wabia wa kimaendeleo pamoja na mashirika makubwa ya ugavi wa nishati ya umeme, kushiriki kwenye upangaji na utekelezaji wa miradi ya kusambaza nishati ya umeme, mifumo na miundo ya utendaji, programu hamasishi za kuwajengea uwezo wafanyakazi na mifumo ya kimaendeleo ya kuzishirikisha jumua mahalia na watu wanaoathiriwa na miradi (PAPs) katika maeneo ya miradi nchini kote.

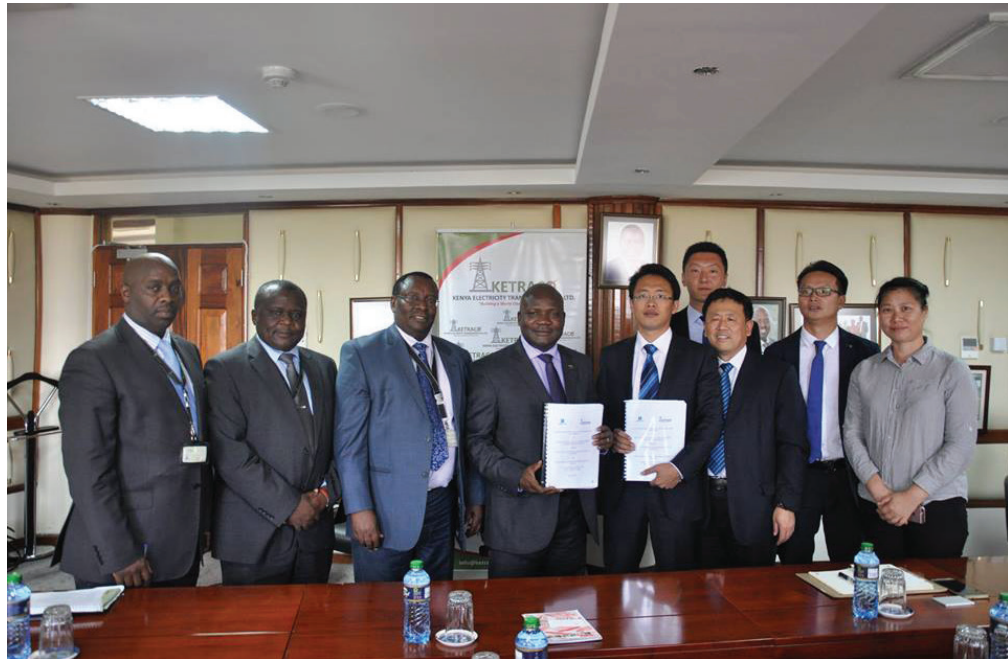
Lengo la jumla la kampuni ni kuimarisha na kupanua gridi ya taifa ya kusambaza umeme ili kukuza ubora, uhakika na usalama wa ugavi wa umeme nchini na kuongeza upatikanaji wa umeme, kusafirisha kikamilifu umeme unaozalishwa na kuiwezesha biashara ya umeme na ushirikiano kwenye nchi za ukanda, hii itasaidia kupunguza gharama za ugavi wa nishati ya umeme. Mbali na kuzidisha upatikanaji wa umeme, hii pia inapunguza gharama za uzalishaji na hivyo kuboresha mazingira ya uwekezaji na biashara na kuwezesha bidhaa na huduma za Kenya kuwa na ushindani sokoni. Huu ni mchango muhimu sana kwenye ukuaji na maendeleo ya uchumi wa taifa. Hivyo basi, KETRACO inaendelea kutekeleza jukumu lake la kufanya mabadiliko ya kijamii na kiuchumi kwenye uchumi wetu kama itakavyo Serikali ya Kenya.

Katika kipindi kilichokuwa chini ya ukaguzi, KETRACO iliandaa Mpango Mkakati wake wa awamu ya pili kwa kipindi cha mwaka 2015/16-2019/20. Mkazo mkuu wa Mpango Mkakati huu ni kuimarisha ujenzi wa miundombinu ya kusambaza umeme na wakati huo huo kujenga na kuboresha uwezo wa kufanya shughuli na marekebisho. Zaidi, Kampuni ilipata mafanikio makubwa katika kutekeleza miradi kadhaa ya kusambaza umeme inayoendelea hivi sasa na iliandaa na kuweka mipango ya miradi mipya. Kampuni ilifanya mabore-



Wawakilishi wa
KETRACO na
shirika la North
China Power
Engineering
Company Ltd
(NCPE) baada ya
kusahihisha nakala
za mkataba wa
kujenga laini ya
Kenya-Tanzania

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sho makubwa katika maeneo mengine mbalimbali kama vile kupitia upya mifumo ya upelekeaji huduma, miundo na sera, usimamizi wa hatari, kuimarisha uwezo wa rasilimali watu, kutengeneza mazingira wezeshi ya kufanyia kazi, kufunga mfumo wa Upangaji na Matumizi ya Rasilimali za Kampuni (ERP) na kuboresha miundombinu ya Teknolojia ya Habari na Mawasiliano (ICT), kupitia upya mifumo ya kitaasisi, kisheria na udhibiti na kupitia upya mipango ya umeme ya muda wa kati na muda mrefu.

Katika mwaka wa fedha wa 2015/2016, maendeleo mbalimbali yalifanyika katika sekta ya nishati ya umeme yaliyokuwa na matokeo hamasishi kwa shughuli za kampuni. Serikali iliendelea na utekelezaji wa programu wezeshi ya Megawati 5,000+ na mafanikio ya kipekee yalikuwa ni kuanza kutumika kwa laini mbili za kusambaza umeme zenye uwezo wa 132kV ya Kindaruma-Mwingi-Garissa ambayo imeunganisha Garissa katika gridi ya taifa na laini ya Eldoret-Kitale inayoongeza nguvu ya umeme kwenye gridi katika ukanda wa Magharibi mwa Kenya.

Mchakato wa kupitia upya Sera ya Nishati ili kuambatanisha shughuli za sekta ya nishati ya umeme

ziwe sambamba na Katiba ya Kenya 2010 ulikuwa na mafaniko makubwa na rasimu ilijadiliwa kwenye Nyumba zote mbili za Bunge. Uchambuzi yakinifu wa Mpango Mkuu wa Kuzalisha na Kusambaza Umeme uliandaa rasimu ya Mpango wa Muda Mrefu kwa kipindi cha mwaka 2015 - 2035. Ripoti madhubuti ya Mpango wa Kuzalisha Umeme wa Gharama Nafuu (LCPDP) na **Feed-in-Tariff (FiT)** iliandaliwa kwa kipindi cha mwaka 2016-2035 kama juhudi ya pamoja ya wahusika wote wa sekta ya umeme.

Pamoja na kupanua na kuimarisha mtandao wa ndani wa miundombinu ya kusambaza nishati ya umeme, juhudi za Kampuni ziliathiriwa vibaya na changamoto za ufynywa wa njia (way-leaves) katika mwaka huu. Miradi muhimu iliyopangwa kutekelezwa kama vile wa Mombasa-Nairobi na Mzunguko wa Nairobi iliathiriwa sana. Hata hivyo, changamoto hizo ziliendelea kutafutiwa ufumbuzi na vikao kadhaa vya kiushauri vilifanyika pamoja na viongozi wa Kaunti na jumuiia husika na miradi hii inatarajiwa kukamilishwa katika kipindi cha mwaka wa fedha 2016/2017.

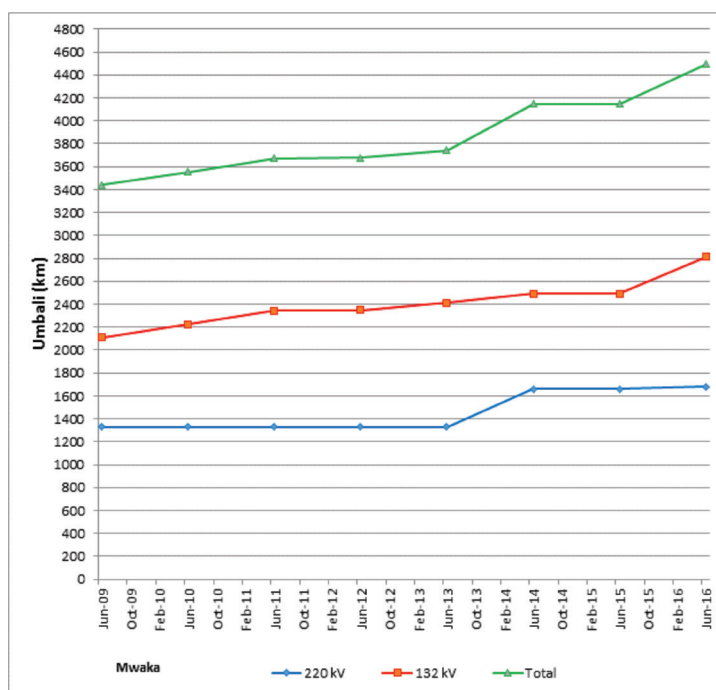
Aidha, tangu ilipoanzishwa, Kampuni imejenga jumla ya kilomita 1,090.5 za laini za kusambaza umeme zenye uwezo wa 132 kV na 220kV kama inavyoainishwa kwenye Jedwali 1 hapo chini: -

Jedwali 1: Urefu wa Laini Zilizokamilika (Km) za Kusambaza Umeme wa volt-eji ya Juu hadi kufikia mwezi Juni 2016

Laini ya Kuzambaza Umeme	Urefu (KM)	Tarehe ya Kukamilika
*Laini ya Sondu Miriu – Kisumu 132kV	50	Jul-07
Laini ya Chemosit – Kisii 132kV	62	Mac-10
Laini ya Rabai – Galu 132kV 48	Mac-10	
Laini ya Kamburu – Meru 132kV	122	Sep-10
Laini ya Sang'oro – Sondu 132kV	5	Jun-12
Laini ya Mumias-Rangala 132kV	34	Jul-12
Laini ya Kilimambogo-Thika-Githambo 132kV	77	Mac-13
Laini ya Thika-Gatundu (Nyaga) 132kV	20	Mac-13
Laini ya Rabai-Malindi-Garsen-Lamu 220kV	328	Jun-13
Laini ya Meru - Isiolo 132kV 26	Sep-15	
Laini ya Kindaruma-Mwingi-Garissa 132kV	234	Mei-16
Laini ya Eldoret-Kitale 132kV 66	Jun-16	
Laini ya Olkaria IV – Suswa 220kV	18	Jun-16
Jumla ya Urefu (KM)	1,090	

*Laini ya Sondu Miriu-Kisumu ilijengwa na kampuni ya KenGen na kuikabidhi KETRACO. Upanuzi wa Gridi ya Taifa tangu kuanza kwa shughuli za kampuni ya KETRACO unaainishwa kwenye Kielelezo 1 hapo chini.

Kielelezo 1: Urefu wa Laini Zilizokamilika za Kusambaza Umeme wa Msongo





Mwenyekiti wa bodi, Dkt. Sigilai, wajumbe wa bodi na wafanyikazi wa KETRACO wakizuru miradi

>>>>>>>>>>>>>

wa Juy: 2009-2016

Nyongeza mpya kwenye miundombinu ya kusambaza umeme imechangia katika ujenzi wa gridi ya kisasa na madhubuti nchini iliyopelekea kuongezeka kwa ubora na uhakika wa ugavi katika maeneo yaliyokuwa yakikosa umeme kwa sehemu kubwa. Kwa kuzingatia programu za Kampuni za kuimarisha uwezo, ujenzi wa miundombinu utaiweka Kampuni katika nafasi nzuri ya kupanuka zaidi kama yalivyo matarajio kwenye sekta ya ugavi wa umeme nchini na katika ukanda.

Mpango wa Kuzalisha Umeme wa Gharama Nafuu (LCPDP) 2013-2033, Mpango wa Miaka 10 wa Kupanua Wigo wa Upatikanaji wa Umeme 2014-2024 na Mpango wa Muda wa Kati wa miaka mitano 2015-2020 iliwezesha kubainisha na kuipa kipaumbele miradi ya kusambaza umeme kwa ajili ya utekelezaji ili kuunga mkono malengo

ya kitaifa ya sekta hii. Laini za kusambaza umeme zilizobainishwa na kupewa kipaumbele, vituo vido-go vya umeme na miradi ya kuunganisha nchi za jirani zipo katika hatua mbalimbali za utekelezaji wa mradi.

Kwa sasa KETRACO inatekeleza miradi kadhaa iliyoipewa kipaumbele inayofikia takribani kilomita 4,200 za laini za usambazaji wa umeme inayojumuisha: Laini ya kusambaza umeme ya Ethiopia-Kenya ya kilomita 612 500kV HVDC, laini za kusambaza umeme za kilomita 2,244 ya 400kV HVAC, kilomita 240 220kV HVAC na kilomita 1,147 132kV HVAC pamoja na vituo vidogo husika vya umeme. Miradi hii itaongeza mara mbili ukubwa wa mtandao wa sasa wa kusambaza umeme wa nchi na laini za 400kV na 500kV AC na DC kwa mtiririko huo. Miradi hii inaendana na Mpango wa Muda wa Kati 2013-2017 wa awamu ya pili wa Ruwaza ya Kenya ya 2030. Inakadiriwa kwamba



kufikia 2030, KETRACO itakuwa imejenga takribani kilomita 15,300 za lani mpya za kusambaza umeme wa volteji ya juu kwa makadirio ya gharama ya Dola za Marekani Bilioni 6.5.

Utekelezaji wa miradi

Katika kipindi cha mwaka wa fedha wakati kam-puni ilipokuwa chini ya ukaguzi, KETRACO imeka-milisha ujenzi wa miradi ifuatayo;

- (i) Laini ya Meru – Isiolo (Kilomita 26, 132kV)
- (ii) Laini ya Kindaruma – Mwingi – Garissa (Kilomita 234km, 132kV)
- (iii) Laini ya Eldoret – Kitale (Kilomita 66, 132kV)
- (iv) Laini ya Olkaria – Suswa (Kilomita 18, 220 kV)

Kampuni pia imepiga hatua kubwa katika ujenzi wa miradi ifuatayo ya kusambaza umeme:

- (i) Laini ya Mombasa – Nairobi (Kilomita 475, 400/220kV);

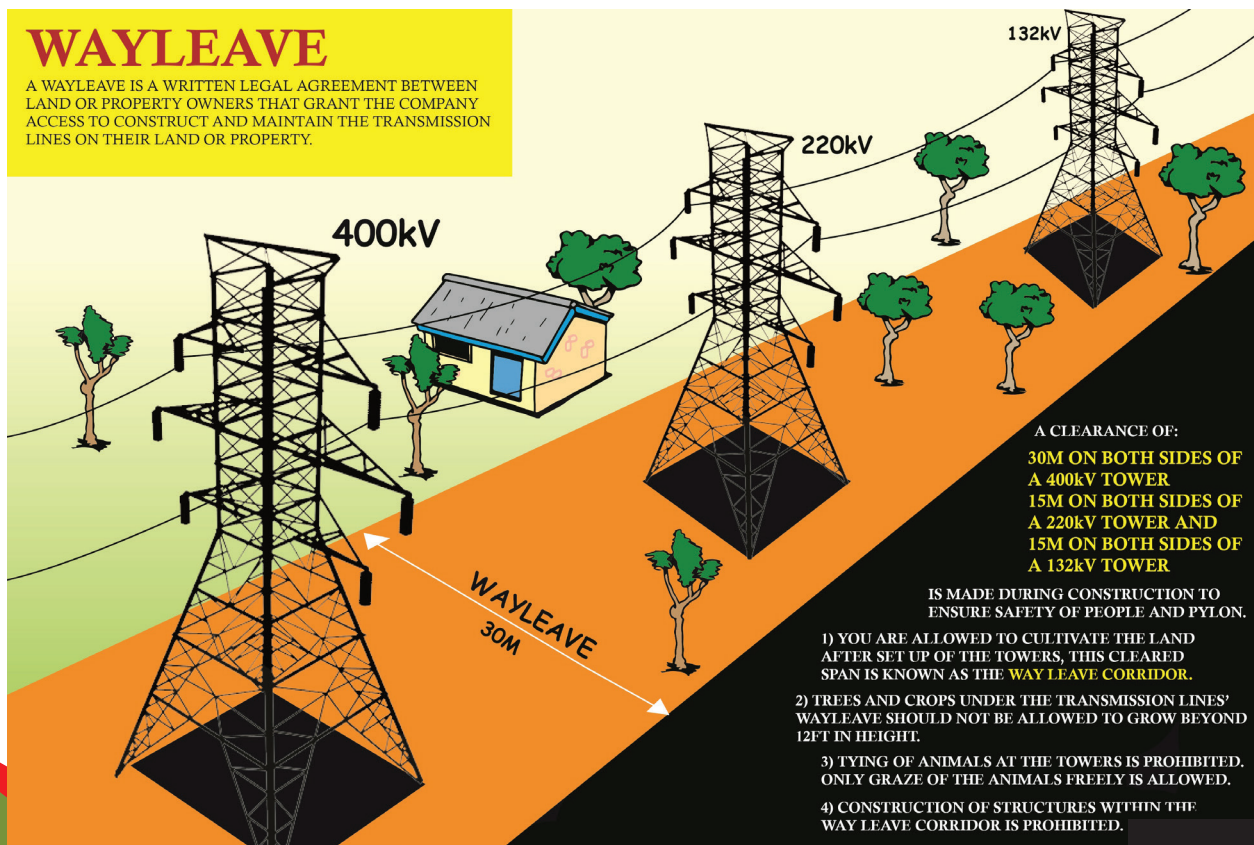
- (ii) Laini ya Kisii – Awendo (Kilomita 44, 132kV) na kituo kidogo cha umeme;

- (iii) Mradi wa Kuboresha Mfumo wa Usambazaji wa Umeme Kenya (Kilomita, 431 132kV) (KPT-SIP): laini za Ishiara - Kieni; Nanyuki - Nyahuru-ru; Lessos - Kabarnet; Olkaria - Narok; Sotik - Bomet; na Mwingi- Kitui – Wote -Sultan Hamud na vituo vidogo husika vya umeme.

- (iv) Mzunguko wa Nairobi (Kilomita 102, 400kV): laini ya kusambaza umeme ya Suswa-Isinya yenye saketi mbili na vituo vidogo vya umeme huko Isinya, Athi River, Ngong na Koma Rock na upanuzi wa kituo kidogo cha umeme cha Dandora

- (v) Laini ya Olkaria I – Suswa (Kilomita 25, 220kV) na laini ya Olkaria IV – Suswa (Kilomita 18, 220kV) ya saketi mbili, ambazo zinajengwa na KenGen;

- (vi) Laini ya Isiolo – Nanyuki (Kilomita 96, 132kV) na vituo vidogo husika vya umeme.



- (vii) Laini ya Lessos – Tororo (Kilomita 132.5, 400kV) (Mradi wa Kuunganisha Kenya-Uganda);
- (viii) Laini ya Machakos – Konza – Kajiado – Namanga (Kilomita 107, 132kV);
- (ix) Laini ya Turkwel – Ortum – Kitale (Kilomita 90, 220kV; na
- (x) Laini ya Menengai – Soilo (Kilomita 13, 132kV).
- (xi) Laini ya Loiyangalani – Suswa (Kilomita 430, 400kV);
- (xii) Laini ya Olkaria – Lessos – Kisumu (Kilomita 300, 400/220kV) ya saketi mbili na kazi za ujenzi wa kituo kidogo cha umeme huko Olkaria, Lessos na Kisumu; na
- (xiii) Barabara Kuu ya Umeme ya Afrika Mashariki (Kilomita 12, 500kV HVDC (Mradi wa Kuunganisha nchi za Ethiopia–Kenya) laini yenye uwezo wa kusafirisha umeme kwa njia ya bipolar yenye kituo kidogo cha kubadilisha umeme wa DC/AC na kituo kidogo cha umeme chenye nguvu ya 400/220kV.

Mchakato wa kupata washauri na wahandisi wa EPC kwa miradi ifuatayo umekamilika:

- (i) Laini ya Lamu – Kitui – Nairobi Mashariki ya saketi mbili (400kV kilomita 520);
- (ii) Kituo kidogo cha umeme cha Mariakani 400/220 kV
- (iii) Mradi wa kuunganisha Kenya – Tanzania (400kV ya kilomita)

Kampuni inaendelea kutafuta ufadhili kwa ajili ya miradi ifuatayo ya Megawati 500+, na shughuli za awali kama vile uthamini wa ESIA na RAP na mchakato wa kutafuta washauri wasimamizi zime-shafanywa:

- (i) Laini ya Menengai – Rongai (Kilomita 25, 400kV)
- (ii) Laini ya Silali – Rongai (Kilomita 150, 400kV)

- (iii) Laini ya Isinya – Nairobi Mashariki (Kilomita 110, 400kV)

Kampuni imekamilisha uchambuzi yakinifu wa miradi mipya 36 ya laini za kusambaza umeme kwa ngazi mbalimbali za msongo wa umeme nchi nzima kwa ajili ya uwekezaji wa baadae, fedha zinazohitajika kutekeleza miradi hii ni takribani Dola za Marekani Bilioni 2.1.

Miradi iliyo chini ya utekelezaji iko kwenye vipengele vinne vya jumla kulingana na malengo husika, yaani:

- i. Miradi ya Kuimarisha Mfumo;
- ii. Miradi ya Kusafirisha Umeme kutoka Vituo vya Kuzalisha Umeme;
- iii. Miradi ya Kuunganisha nchi za Ukanda; na
- iv. Miradi ya Upatikanaji wa Umeme.

Maelezo ya utekelezaji wa miradi mbalimbali inayoendelea ya kusambaza umeme yametolewa hapa chini: -

I. Miradi ya Kuimarisha Mfumo

Miradi ya kuimarisha mfumo/kuongeza uwezo itaboresha uwezo wa kusafirisha nishati ya umeme na kukabiliana na changamoto ya kupungua kwa nguvu ya umeme, hasara kubwa inayopatikana wakati wa kusambaza umeme, kukosekana kwa uhakika wa ugavi na usalama wa mtandao. Miradi hiyo ni pamoja na:-

Laini ya Kusambaza Umeme ya Mombasa–Nairobi (220 kV, Kilomita 482)

Hii ni laini ya kilomita 482 yenye uwezo wa 220kV na saketi mbili kutoka kituo kidogo cha umeme cha Rabai hadi Embakasi na ina uwezo wa kubeba nguvu ya umeme wa Megawati 1500. Mradi unalenga kuziba pengo kati ya usambazaji wa nguvu katika Mkoa wa Pwani kwa ajili ya kusambaza katika vituo vya uhitaji zaidi jijini Nairobi na maeneo







Ufungaji wa
nyaya za umeme
kwenye mradi
wa Mombasa-
Nairobi

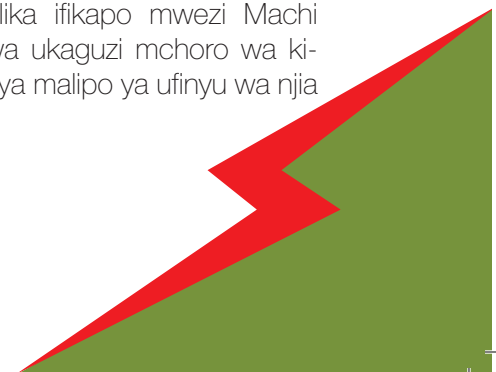
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Ujenzi wa kituo kidogo cha umeme cha Suswa ulikamilika kwa asilimia 100 katika mwaka huu. Mafaniko mengine yaliyopatikana ni pamoja na ujenzi wa misingi ya minara, kusimamisha minara na kuweka nyaya. Kazi ya Ukandarasi katika vituo vidogo vya umeme vya Athi River, Isinya and Kimuka zilisimamishwa kutokana na kusitishwa kwa mkataba wa kandarasi wa “EPC contractor” na utaratibu wa kutafuta mkandarasi mpya ulianza. Laini ya Suswa-Isinya inatarajiwa kuanza kutumika mwezi Desemba 2016. Ujenzi wa jumla wa kituo kidogo cha umeme cha Isinya umekamilika kwa asilimia 91. Ujenzi wa jumla wa kituo kidogo cha umeme cha Athi River umekamilika kwa asilimia 72.5, ujenzi wa jumla wa kituo kidogo cha umeme cha Kimuka umekamilika kwa asilimia 64.5 huku vifaa vya kituo kidogo cha umeme cha Komarock vimeshanunuliwa. Vituo vidogo vya umeme vya Athi River na Isinya vitakamilika mwezi Machi 2017 huku vya Kimuka na Komarock vitakamilika ifikapo mwezi Desemba 2017.

Laini ya Olkaria – Lessos – Kisumu (Kilomita 300, 220/400kV)

Mradi huu unahusisha ujenzi wa laini ya kusambaza umeme ya saketi mbili ya 400kV yenye urefu wa kilomita 300 kutoka mtambo wa umeme wa jotoardhi wa Olkaria hadi Lessos, laini ya saketi mbili ya 220kV kutoka Lessos hadi Kisumu, kituo kidogo kipya cha umeme cha 200kV Kisumu na upanuzi wa vituo vidogo vya umeme vya Olkaria na Lessos (Olkaria-Lessos vikiwa na uwezo wa Megawati 1200 na Lessos- Kisumu vikiwa na uwezo wa Megawati 500). Mradi wa Olkaria-Lessos-Kisumu utasaidia kuimarisha kiungo kati ya South Rift ambapo kuna fursa kubwa ya umeme wa jotoardhi na sehemu za magharibi mwa gridi ambapo uhitaji unakua kwa kasi. Kwa kuongezwa uwezo wa kituo kidogo cha umeme cha Lessos, kitaweza kutoa kiungo madhubuti cha usambazi wa nje/ndani/kutoka nchi za jirani.

Mradi huu unadhaminiwa na JICA na Serikali ya Kenya kwa jumla ya gharama za KSh. Billioni 13.2 na unatarajiwa kukamilika ifikapo mwezi Machi 2018. Katika mwaka wa ukaguzi mchoro wa ki-handisi na fidia kwa ajili ya malipo ya ufinyu wa njia



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Mradi huu unahusisha ujenzi wa laini ya 400kV na saketi mbili zenye urefu wa kilomita 430 ambayo itasafirisha umeme kutoka katika kituo cha kuzalisha Nishati ya Upepo wa Megawati 300 wa Ziwa Turkana huko Loiyangalani hadi kituo kidogo cha umeme cha Suswa. Kwa nguvu ya kusafirisha umeme ya Megawati 1300, laini hii itakuwa na uwezo wa kutosha wa kusafirisha umeme kutoka katika vituo vya kuzalisha umeme vitakavyowekwa kwenye uwanda wa jotoardhi katika Bonde la Ufa na mashamba ya upepo huko Mashariki ya Kenya



(Marsabit).

Jumla ya gharama za laini hii ni KSh. Bilioni 16.5 na imedhaminiwa na Serikali ya Uspeni kwa KSh. Bilioni 12 na Serikali ya Kenya kwa KSh. Bilioni 4.5. Katika mwaka tuliokuwa chini ya ukaguzi ujenzi wa laini na vituo vidogo husika vya umeme pamoja na haki ya umiliki ulipiga hatua kubwa. Kazi na vifaa vya uhandisi katika kituo kidogo cha umeme cha Loiyangalani ulianza, ujengaji wa msingi wa mnara wa 225/988 ulikamilika na minara 21/988 ilisimamishwa. Ukamilifu wa mradi huu na ufunguzi wake unatarajiwa kufikia mwezi Aprili 2017.

Laini ya Olkaria – Suswa (Kilomita 25, 220kV)

Mradi huu unahusisha ujenzi wa laini yenye uwezo wa 220 kV na saketi mbili iliyo na urefu wa kilomita 25 kutoka mtambo wa umeme wa Megawati 280 wa Olkaria IV na Kipengele kimoja cha zia-da ya mtambo wa jotoardhi hadi kituo kidogo cha umeme cha Suswa. Uwezo wa pamoja wa laini hizi ni Megawati 1000 na umefadhiliwa na JICA, AFD, EIB na Serikali ya Kenya kwa gharama ya KSh. Bilioni 0.9. Mkandarasi wa laini hii ni KEC International (India) pamoja na SKM kama washauri uhandisi. Mradi huu umetekelezwa na KenGen. Ujenzi wa laini za kusambaza umeme umefikia ukamilifu wa asilimia 98.85 na unatarajiwa kufunguliwa mwezi Septemba 2016.

Miradi iliyo chini ya uzalishaji wa haraka wa Megawati 5,000+

Miradi iliyopo katika programu hii inalenga kusafirisha ugavi wa ziada wa umeme iliyo chini ya miradi ya Megawati 5,000+. Mradi mmoja mmoja umeainishwa hapo chini:-

a) Laini ya Menengai – Soilo (Kilomita 13, 132kV)

Mradi huu ni wa laini ya 132kV na saketi mbili iliyo na urefu wa kilomita 13 na kituo kidogo cha umeme cha 220/132kV –200MVA cha Soilo. Mradi huu unafadhiliwa kikamilifu na Serikali kwa makadirio ya gharama za KSh Bilioni 0.8. Pindi

utakapokamilika, mradi huu utatoa miundombinu ya kusafirisha umeme kutoka Mtambo wa Jotoardhi wa Menengai wa Megawati 90. Ukamilifu wa jumla wa mradi huu umefikia asilimia 92, huku kituo kidogo cha umeme kikiwa katika hatua ya kufanyiwa majaribio. Mradi huu ulikamilika mwezi wa Desemba 2016.

b) Laini ya Menengai – Rongai (Kilomita 30, 400kV)

Mradi huu unajuhumisha laini ya 400kV na saketi mbili na vituo vya umeme vya vyenye uwezo wa 400/220kV – 200MVA vya Menengai na Rongai. Mradi unalenga kusafirisha umeme kutoka



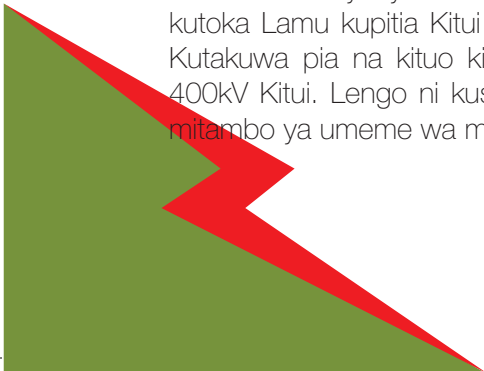
Mkurugenzi Mkuu wa KETRACO (kati) na waafanyikazi wake wakizuru kituo cha umeme huko Loiyangalani

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Ili kuwezesha biashara ya umeme katika ukan-
da huu, KETRACO imeendelea kushirikiana na
mashirika ya kikanda ya nishati ya umeme katika
ari ya ushirikiano wa kiuchumi. Ili kukuza uhusi-
ano wa kikanda wa nishati ya umeme, Kampuni
inatekeleza miradi ifuatayo ya umeme ya kuungan-



isha nchi za jirani:

Laini ya kusambaza umeme ya Lessos-Tororo (Kilomita 127, 400kV Kuunganisha Kenya-Uganda)

Mradi huu unahusisha ujenzi wa laini ya kilomita 127 ya uwezo wa 400 kV ya saketi mbili kutoka kituo kidogo cha umeme cha Lessos nchini Kenya hadi Tororo nchini Uganda yenye uwezo wa kufafirisha umeme wenye nguvu ya Megawati 1200. Mradi huu ni sehemu ya mtandao wa nishati ya umeme ambao utaunganisha Kenya na Uganda, Rwanda, Burundi na sehemu ya Mashariki ya Congo (DRC) chini ya programu ya kikanda ya Nile Equatorial Lakes Subsidiary Action Program (NEL-SAP) na unafadhiliwa na Benki ya Maendeleo ya Africa (AfDB) na Serikali ya Kenya kwa gharama ya KSh. Bilioni 4.9. Utatoa uwanda kwa ajili ya biashara ya nishati ya umeme mbali na kuwezesha umadhubuti wa gridi katika ukanda huu.

Shughuli za ujenzi wa kituo kidogo cha umeme cha Lessos, kujenga misingi ya mnara na usimamishaji wake ziliendelea katika kipindi tulipokuwa chini ya ukaguzi, lakini zikasimama hapo baadae kutokana na kusitishwa kwa mkataba wa kandarasi wa EPC. Mradi huu unatarajiwa kukamilika mwezi aprili 2018.

Mradi wa BaraBara Kuu ya Umeme Afrika Mashari-
ki Kilomita 612 (Mradi wa Kuunganisha Ethio-
pia-Kenya)

Mradi wa kuunganisha Ethiopia-Kenya (unaofahamika pia kama mradi wa Barabara Kuu ya Umeme ya Afrika Mashariki) utaiunganisha Kenya na mifu-

mo ya nishati ya umeme ya nchi ya Ethiopia. Unahusisha ujenzi wa laini ya kilomita 612 ya nguvu ya 500kV HVDC yenye uwezo wa kusafirisha umeme kwa njia ya Bipolar kutoka Ethiopia hadi kituo kidogo cha umeme cha Suswa na vituo vya kubadilisha umeme katika pande zote mbili. Laini hii itakuwa na uwezo wa kusafirisha Megawati 2000 kati ya nchi hizi mbili. Pindi utakapokamilika, utawezesha Kenya na Ethiopia pamoja na nchi nyingine jirani kuchangamkia safu mbalimbali za vyanzo vya nishati vinavyopatikana katika uzalishaji wa umeme.

Mradi huu umefadhiliwa na Benki ya Dunia, Benki ya Maendeleo ya Afrika, AFD na Serikali ya Kenya kwa gharama za KSh. Bilioni 63.2. Katika mwaka tukiokuwa chini ya ukaguzi, mchakato kwa ajili ya miundo na mchoro wa uhandisi unaendelea. Laini hii ya kusambaza umeme inatarajiwa kukamilika ifikapo mwezi Desemba 2018 ilhali kituo cha kubadilisha umeme kitakamilika mwezi Machi 2019.

Mradi wa Kuunganisha Kenya – Tanzania (Kilomita 93, 400kV)

Mradi huu ni sehemu ya upande wa Kenya ya Laini ya kuunganisha nchi jirani ya kilomita 2,000 inayohusisha nchi za Kenya–Tanzania–Zambia ambao utaunganisha Mtandao wa Umeme wa nchi za Kusini mwa Afrika huku ikitoa fursa za biashara ya nishati ya umeme kati ya Mtandao wa Umeme wa nchi za Afrika Mashariki (EAPP) na Mtandao wa Umeme wa nchi za Kusini Mwa Afrika (SAPP). Unahusisha ujenzi wa laini ya kusambaza umeme



Vifaa kwenye kituo
cha umeme





Laini ya kusambaza umeme ya Ethiopia- Kenya

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ya kilomita 93 yenye uwezo wa 400kV na saketi mbili kutoka Isinya nchini Kenya hadi Namanga mpakani na Tanzania. Katika mwaka tuliokuwa chini ya ukaguzi, mchakato wa kutafuta washauri wa ukandarasi na mkandarasi wa “EPC contractor” ulikamilika. Mradi huu unatarajiwa kukamilika mwezi Agosti 2018.

IV. Miradi ya Upatikanaji Umeme

Miradi ya kikundi hiki ipo kwenye mpango wa taifa wa Programu ya Kupanua Upatikanaji wa Nishati ya Umeme na lengo kuu la miradi hii ni kuongeza upatikanaji wa umeme na kukabiliana na changamoto ya kupata na kujiunga na huduma ya umeme. Miradi chini ya programu hii ni kama ifuatavyo:

(a) Miradi ya Kupanua Mfumo wa Kusambaza Umeme

Laini ya Nanyuki – Isiolo (Kilomita 96, 132kV)

Mradi huu unahusisha ujenzi wa laini ya kilomita 96 yenye uwezo wa 132kV na saketi moja na nguvu ya kusafirisha umeme wa Megawati 73 kutoka kituo kidogo cha umeme cha Nanyuki hadi Isiolo na

Meru. Mradi huu pia unahusisha ujenzi wa kituo kidogo kipya cha umeme hapo Isiolo na upanuzi wa vituo vidogo vya umeme vya Nanyuki na Meru. Ukamilifu wa jumla wa mradi huu umefikia asilimia 98.2. Kipande cha laini ya Meru-Isiolo (km 26) na vituo vidogo vya umeme vilikamilika na kuanza kutumika. Ujenzi wa kipande cha Nanyuki-Isiolo umesimma kutokana na masuala ya ufinyu wa njia.

Laini ya Sondu–Homa Bay–Ndhiwa-Awendo

Laini ya kilomita 100 yenye uwezo wa 132kV na saketi moja kutoka Sondu hadi Homa Bay na Awendo yenye nguvu ya kusafirisha umeme wa Megawati 72 na inahusisha kituo kidogo kipya cha umeme cha Homa Bay na upanuzi wa vituo vigo-gu vya umeme vya Sondu na Awendo. Unalenga kuimarisha mtandao uliopo wa nishati ya umeme katika Nyaza ya kusini na kuongeza upatikanaji wa umeme. Mradi huu unakadiriwa kugharimu KSh. Bilioni 2.3 kwa ufadhili wa Benki ya KBC ya Ubegiji na Serikali ya Kenya.

Katika mwaka tuliokuwa chini ya ukaguzi, uchunguzi wa udongo kwa laini za usambazaji pamoja na vituo vya umeme ulikamilika, mchoro wa uhan-



disi na ujenzi vinaendelea. Hata hivyo, kukosekana kwa fedha kutoka hazina kulichelewesha upigaji hatua wa mradi huu. Mradi unatarajiwa kukamilika mwaka 2018.

(b) Mpango ya Upanuzi wa Nishati ya Umeme Nchini (KEEP)

KEEP ni mpango wa Benki ya Dunia na Serikali ya Kenya unaojumuisha miradi ya kuzalisha, kusambaza na kufikisha umeme. Kipengele cha kusambaza kinajumuisha laini za kusambaza umeme za kilomita 354 na uwezo wa 132kV pamoja na vituo vidogo husika vya umeme. Malengo ya jumla ya mradi huu yapo katika sehemu mbili (i) kuongeza uwezo, ufanisi na ubora wa ugavi wa umeme (ii) kupanua upatikanaji wa umeme sehemu za mijini, maeneo ya vitongoji vya miji na maeneo ya vijijini. Unafadhiliwa na Benki ya Dunia na Serikali ya Kenya kwa ghrarama ya KSh. Bilioni 6.4. Mradi huu unahusisha laini zifuatazo:-

Laini ya Kindaruma – Mwingi – Garissa (Kilomita 250, 132kV)

Mradi huu unahusisha ujenzi wa laini ya 132kV na saketi moja kutoka Kindaruma kupitia Mwingi hadi Garissa pamoja na vituo vidogo vipya vya umeme vya Mwingi na Garissa na ujenzi wa upanuzi wa kituo kidogo cha umeme kilichopo Kindaruma. Pindi utakapokamilika, utaboresha ubora wa ugavi huko Mwingi na kupelekea kuhamishwa kwa majenereta aghali ya dizeli yasiyo katika gridi huko Garissa pamoja na kusafirisha nishati ya umeme kutoka miradi pendekezwa ya Feed in Tariff katika meneo ya kaskazini mwa Kenya. Mradi huu ulikamilika mwezi Aprili 2016 na kuwashwa na kufunguliwa na Mheshimiwa Raisi mwezi Mei 2016.

Laini ya Eldoret – Kitale (Kilomita 60, 132kV)

Mradi huu unahusisha ujenzi wa laini ya kusambaza umeme yenye uwezo wa 132kV na saketi moja kutoka Eldoret hadi Kitale, ujenzi wa kituo kidogo kippya cha umeme chenye uwezo wa 132/33kV

Wafanyikazi
wa KETRACO
wakifunzwa
kuhusu SAP

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huko Kitale na outgoing bay kwenye kituo kidogo cha umeme chenye uwezo wa 132kv cha Eldoret. Mradi ulikamilika mwezi Juni 2016.

Laini ya Kisii – Awendo (Kilomita 44, 132kV)

Mradi huu unahusisha ujenzi wa laini ya kusambaza umeme ya 132kV na saketi moja kutoka Kisii hadi Awendo, ujenzi wa kituo kidogo kipya cha umeme huko Awendo na outgoing bay kwenye kituo kidogo cha umeme chenye uwezo wa 132kV cha Kisii. Ujenzi wa laini na hatua za awali za kukifungua kituo kidogo cha umeme bado unaendelea. Mradi huu unatarajiwa kukamilika mwezi Juni 2017.

(c) Programu ya Kuboresha Mfumo wa Kusambaza Nishati ya Umeme Kenya (KPTSIP)

Kampuni inatekeleza pia mradi unaoitwa Programu ya Kuboresha Mfumo wa Kusambaza Nishati ya Umeme Kenya (KPTSIP), unaojumuisha laini sita zilizoainishwa hapo chini zenye jumla ya urefu wa kilomita 431 na vituo vidogo vya umeme 14. Programu ya KPTSIP inafadhiliwa na Benki ya Maendeleo ya Africa (AfDB) na Serikali ya Kenya kwa jumla ya gharama ya KSh. Bilioni 8.1

Laini hizi zitaongeza upatikanaji wa umeme kati ka maeneo ya kaunti za Baringo, Laikipia, Narok, Bomet, Kitui, Makueni, Embu na maeneo ya jirani. Upatikanaji wa ugavi wa uhakika wa umeme utayabadilisha maeneo haya kuwa vivutio vya viwanda vya mazao ya kilimo na viwanda vinginevyo na hivyo kusaidia kuunga mkono mamlaka za kiserikali za ukanda huu. Miradi hii inajumuisha ujenzi wa laini zifuatazo na vituo vidogo husika vya :

i. Laini ya Lessos – Kabarnet (Kilomita 65, 132kV), kituo kidogo kipya cha umeme chenye uwezo wa 132/33kV huko Kabarnet na outgoing bay kwenye kituo kidogo cha umeme cha Lessos; Vituo vidogo vya umeme vimekamiliika na kwa sasa vipo katika mchakato wa majaribio ya kuvifungua, ujenzi wa laini nao pia unaendelea. Mradi huu unatarajiwa kukamilika mwezi Desemba 2016.

ii. Laini ya Nanyuki – Nyahururu [Rumuruti] (Kilomita 79, 132kV), kituo kidogo kipya cha umeme chenye uwezo wa 132/33kV huko Nyahururu na upanuzi wa kituo kidogo kipya cha umeme cha Nanyuki; Vituo vidogo vya umeme vimekamiliika na vipo katika mchakato wa majaribio ya kuvifungua, ujenzi wa laini ya kusambaza umeme umesimama kutokana na masuala ya ufinyu wa njia na KDF. Mradi unatarajiwa kukamilika ifikapo mwezi Aprili 2017.

iii. Laini ya Olkaria – Narok (Kilomita 68, 132kV), kituo kidogo kipya cha umeme chenye uwezo wa 132/33kV huko Narok na upanuzi wa kituo kidogo cha umeme cha Olkaria; Kituo kidogo cha umeme kimekamiliika kwa asilimia 100 na kipo kwenye mchakato wa majaribio ya kufungua. Ujenzi wa laini ya kusambaza umeme unaendelea na unatarajiwa kukamilika ifikapo mwezi Aprili 2017.

iv. Laini ya Sotik – Bomet (Kilomita 33, 132kV) na kituo kidogo kipya cha umeme chenye uwezo wa 132/33kV huko Bomet na Sotik; Mradi huu ulikamilika na kuanza kufanya kazi mwezi Agosti 2016;

v. Laini ya Mwingi – Kitui – Wote – Sultan Hamud (Kilomita 153, 132kV), vituo vidogo vipya vya umeme vyenye uwezo wa 132/33kV huko Kitui, Wote na Sultan Hamud, na upanuzi wa kituo kidogo cha umeme cha Mwingi; ujenzi wa vituo vidogo vya umeme umekamilika kwa asilimia 100 na vipo kwenye mchakato wa majaribio ya kuvifungua. Ujenzi wa laini ya kusambaza umeme unaendelea na unatarajiwa kukamilika ifikapo mwezi Aprili 2017.

vi. Laini ya Ishiara – Kieni (Kilomita 33, 132kV), kituo kidogo cha umeme chenye uwezo wa 132/33kV huko Kieni na switchgear huko Ishiara. Ujenzi wa vituo vidogo vya umeme umekamilika kwa asilimia 100 na mchakato wa kufanya majaribio ya kuvifungua unaendelea. Mradi huu ulikamilika mwezi Septemba 2016.

Miradi inayofadhiliwa na Benki ya EXIM ya India na Serikali ya Kenya:

Jumla ya urefu wa laini za kusambaza umeme ni kilomita 243 na ujenzi wake unafadhiliwa na Benki ya Exim ya India na Serikali ya Kenya kwa Dola za Marekani Milioni 62. Miradi hii inatarajiwa kuanza mwaka 2016/2017.

a. Laini ya Turkwel – Ortum – Kitale

Laini ya kilomita 90 yenye uwezo wa 220kV na saketi moja kutoka mtambo wa nishati ya umeme wa Turkwel hadi Ortum na Kitale; ina uwezo wa kusafirisha nguvu ya umeme ya Megawati 250. Mradi huu unajumuisha ujenzi wa vituo vidogo vipya vya umeme huko Ortum na Kitale na upanuzi wa kituo kidogo cha umeme cha Turkwel pamoja na kupeleka ugavi wa umeme kwenye kiwanda pen-dekezwa cha saruji huko Ortum. Ujenzi wa laini ya kusambaza umeme na vituo vidogo vya umeme unatarajiwa kukamilika mwezi Juni 2017.

b. Laini ya Machakos – Konza – Kajiado – Namanga

Laini ya kilomita 153 yenye uwezo wa 132kV na saketi moja kutoka Machakos hadi Konza, Kajiado na Namanga ina uwezo wa kusafirisha nguvu ya umeme ya Megawati 73. Mradi huu unajumuisha ujenzi wa vituo vidogo vinne (4) vya umeme huko Machakos, Konza, Kajiado na Namanga. Utai-marisha mitandao ya umeme iliyopo maeneo hayo pamoja na kuongeza upatikanaji wa umeme katika kaunti za Machakos, Makeni na Kajiado na maeneo ya jirani. Ujenzi wa laini ya kusambaza umeme na vituo vidogo vya umeme unaendelea. Ujenzi wa kituo kidogo cha umeme cha Konza umekamilika na kinafanya kazi na mchakato wa kukifungua kituo kidogo cha umeme cha Machakos unaendelea. Kipande cha Machakos - Konza kitafunguliwa mwezi Oktoba 2016 huku kipande cha Kajiado-Namanga kitafunguliwa mwezi Aprili 2017.

V. Miradi inayohitaji ufadhili

KETRACO imebainisha miradi ya ziada ya laini za kusambaza umeme inayohitaji ufadhili. Baadi ya miradi inategemewa kusafirisha umeme unaozalishwa, kuimarisha mfumo wa umeme huku minigine itawezesha upanuzi wa gridi kwenye maeneo ya mbali na hivyo kuongeza upatikanaji wa umeme hata huko. Miradi hii inajumuisha ifuatayo:

- i. Laini ya Silali – Rongai (Kilomita 150, 400kV)
- ii. Laini ya Menengai – Rongai (Kilomita 25, 400kV)
- iii. Laini ya Isinya – Nairobi Mashariki (Kilomita 110, 400kV)
- iv. Laini ya Meru – Maua (Kilomita 50, 132kV) na kituo kidogo cha umeme cha Maua chenye uwezo wa 132/33kV 7.5MVA yenye makadirio ya gharama ya KSh. Bilioni 1.4;
- v. Laini ya Rumuruti – Marahal (Kilomita 148, 132kV) na saketi moja na kituo kidogo cha umeme chenye uwezo wa 132/33kV 7.5MVA huko Maralal na upanuzi wa kituo kidogo cha umeme cha Nyahururu na mradi huu unakadiriwa kugharimu KSh. Bilioni 2.1;
- vi. Laini ya Awendo – Isabania (Kilomita 50, 132kV) na saketi moja na kituo kidogo cha umeme chenye uwezo wa 133/33kV 23MVA huko Isabania na upanuzi wa kituo kidogo cha umeme cha Awendo, mradi unakadiriwa kugharimu KSh. Bilioni 1.4;
- vii. Laini ya Garsen – Hola – Bura – Garissa (Kilomita 240, 220kV) na saketi moja na vituo vidogo vya umeme huko Hola na Bura na upanuzi wa vituo vidogo vya umeme vya Garsen na Garissa. Makadirio ya gharama ni KSh Bilioni 4.2;
- viii. Laini ya Galu – Lunga Lunga (Kilomita 60, 132kV) na saketi moja na kituo kidogo cha umeme chenye uwezo wa 132/33kV 23MVA huko Lunga Lunga na upanuzi wa kituo kidogo cha umeme cha Galu. Makadirio ya gharama ni KSh Bilioni 1.6;





Picha ya usiku ya kituo kidogo cha umeme cha Suswa

- ix. Laini ya Ishiara – Chogoria (Kilomita 40, 132kV) na saketi moja na kituo kidogo cha umeme chenye uwezo wa 132/33kV huko Chogoria na upanuzi wa kituo kidogo cha umeme cha Ishiara. Makadirio ya gharama ni KSh. Bilioni 1.3;
- x. Laini ya Garissa – Habaswen – Wajir (Kilomita 330, 220kV) yenye saketi moja pamoja na kituo kidogo cha umeme huko Wajir na Habaswen na upanuzi wa kituo kidogo cha umeme cha Garissa. Makadirio ya gharama ni KShs Bilioni 7.3;
- xi. Laini ya Voi – Taveta (Kilomita 107, 132kV) yenye saketi moja na kituo kidogo cha umeme chenye uwezo wa 132/33kV huko Taveta. Makadirio ya gharama ni KSh. Bilioni 2.6;
- xii. Laini ya Rabai – Bamburi – Kilifi (Kilomita 60, 132kV) yenye saketi mbili kutoka Rabai hadi Bamburi, 132 kV na saketi moja hadi Kilifi, 132kV huko Rabai, na vituo vidogo viwili vya umeme Bamburi na Mtwapa. Makadirio ya gharama ni KSh Bilioni 2.7;
- xiii. Laini ya Suswa – Ngong (Kilomita 40, 220kV) na mradi unakadiriwa kugharimu KSh Bilioni 1.9;
- xiv. Laini ya Kabarnet – Nyahururu [Rumuruti] (Kilomita 111, 132kV) na upanuzi wa kituo kidogo cha umeme na unakadiriwa kugharimu KSh Bilioni 1.9;
- xv. Laini ya Narok – Bomet (Kilomita 88, 132kV) na upanuzi wa kituo kidogo cha umeme unakadiriwa kugharimu KSh. Bilioni 1.7.
- xvi. Laini ya Kisumu – Kakamega – Musaga (Kilomita 70, 220kV) ya saketi mbili na kituo kidogo cha umeme huko Kakamega.
- xvii. Laini ya Webuye – Kimilili – Kitale (Kilomita 73, 132kV), ujenzi wa vituo vidogo vya umeme huko Webuye na Kimilili na upanuzi wa kituo kidogo cha umeme cha Kitale.



- xviii. Laini ya kusambaza umeme ya Kakamega – Kaimosi (Kilomita 25, 132KV) na ujenzi wa vituo vidogo vya umeme huko Kaimosi.
- xix. Laini ya kusambaza umeme ya Sotik – Kilgoris (Kilomita 48, 132kv) na kituo kidogo kipa cha umeme huko Kilgoris.
- xx. Laini ya Isinya – Konza (Kilomita 38, 400kv) yenye saketi mbili na kituo kidogo cha umeme huko Konza ambayo itauunganisha Mji wa kiteknolojia wa Konza (ICT city) katika gridi ya 400kv na vituo vya kuzalisha umeme huko Olkaria, Menengai na ng'ambo;
- xxi. Laini ya Gilgil – Thika – Nairobi Mashariki (Kilomita 205, 400kv) yenye saketi mbili na vituo vidogo vya umeme huko Longonot, Thika, Kangumdo na Konza itakayokamilisha laini ya Mzunguko wa Naironi yenye uwezo wa 400kv ambayo bado inajengwa kwa kutoa hakikisho la kuaminika la usalama la N-1.
- xxii. Laini ya Kamburu – Embu [Kutus] – Thika (Kilomita 196, 220kv) na upanuzi wa vituo vidogo vya umeme huko Kamburu, Embu, Kiganjo na Thika;
- xxiii. Laini ya Kitui – Mutomo – Kibwezi (Kilomita 144, 132kv) na ujenzi wa vituo vidogo vya umeme huko Kitui, Mutomo na Kibwezi;
- xxiv. Laini ya Ngong – Magadi (Kilomita 84, 132kv) na kituo kidogo cha umeme Magadi;
- xxv. Ujenzi wa kituo kidogo cha umeme Uplands, chenye uwezo wa 132/33 kV;
- xxvi. Laini ya Galu T off – Likoni (Kilomita 15, 132kv) na ujenzi wa kituo kidogo cha umeme huko Likoni;
- xxvii. Laini ya Rongai – Kilgoris (Kilomita 235, 400kv) pamoja na vituo vidogo vya umeme huko Rongai na Kilgoris na inatoa uwezekano wa kuunganika na Tanzania ili kukamilisha Mzunguko wa Ziwa Viktoria;
- xxviii. Laini ya Myanga – Busia (Kilomita 41, 132kv) na vituo vidogo vya umeme huko Myanga na Busia;
- xxix. Laini ya Rangala – Bondo – Ndigwa (Kilomita 72, 132kv) na ujenzi wa vituo vidogo vya umeme huko Bondo na Ndigwa;



Kuchimba kwa mashimo yakujenga mikingi ya umeme

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Wafanyikazi wa KETRACO
wakionyesha umoja wao
kwenye hafla ya kuwaleta
pamoja

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- xxx. Laini ya Homa Bay – Sindo (Kilomita 72, 132kV) na kituo kidogo cha umeme huko Sindo;
- xxxi. Laini ya Ndhiwa – Karungo (Kilomita 72, 132kV) na upanuzi wa vituo vidogo vya umeme vya Ndhiwa na Karungo;
- xxxii. Laini ya Kiambere – Maua – Isiolo (Kilomita 288, 220kV) na vituo vidogo vya umeme vyenye uwezo wa 220/132kV huko Maua na Isiolo;
- xxxiii. Laini ya Isiolo – Maralal (Kilomita 152, 220kV) kama mbadala kwa ajili ya kusafirisha umeme kutoka mitambo ijayo ya nishati ya upepo na jua;
- xxxiv. Laini ya Isiolo – Marsabit (Kilomita 306, 220kV) na upanuzi wa vituo vidogo vya umeme huko Isiolo na Marsabit;
- xxxv. Laini ya Loiyangalani – Marsabit (Kilomita 188, 400kV) pamoja na kituo kidogo cha umeme huko Marsabit ambacho kitaweze kutumia kikamilifu fursa ya kuzalisha umeme kupitia chanzo cha upepo huko kaskazini mwa Kenya;
- xxxvi. Laini ya Turkwel – Lodwar – Lokichogio (Kilomita 228, 220kV) na ujenzi wa vituo vidogo vya umeme huko Turkwel, Lodwar na Lokichogio.

Mafanikio mengine

Ili kutekeleza kikamilifu majukumu yake, kampuni inahitaji kuhakikisha inaweka mazingira hamasishi na wezeshi yanayosaidia utumiaji mkamilifu wa fursa za shirika letu. Ninayo furaha kuripoti kwamba pamoja na kuandaa Mpango Mkakati wetu wa 2015/16-2019/20, Kampuni iliweza kutekeleza programu nyinginezo katika nyanja mbalimbali za majukumu yake ya kazi kama vile kuboresha uwezo wa rasilimali watu, kuboresha miundombinu ya Teknolojia ya Habari na Mawasiliano (ICT), mapitio na maboresho ya mifumo sahihi, sera, miundo na michakato kama ilivyoainishwa hapo chini. Suala hili limeiwezesha Kampuni kujiweka katika nafasi nzuri ya kutekeleza majukumu yake ipasavyo na kwa ufanisi na kuweza kujiandaa kuwasilisha mipango yake kwenye mnyororo wa ugavi wa umeme nchini Kenya.

Kuandaa Mpango Mkakati 2015/16-2019/20

Mwaka tuliokuwa chini ya ukaguzi ulikuwa mwanzo wa Mpango Mkakati wa Miaka Mitano wa awamu ya pili wa kampuni ya KETRACO. Baada ya kutekeleza kikamilifu Mpango Mkakati wake wa awamu ya kwanza, Kampuni iliandaa Mpango Mkakati mpya kwa kipindi cha mwaka 2015/2016 – 2019/2020. Mpango Mkakati huu mpya umeainisha uelekeo wa kimkakati wa Kampuni kwa

kipindi cha miaka mitano ijayo na umesisitiza kuwekeza nguvu kwenye maendeleo ya miundombinu ya kusambaza umeme, kuitumia na kuifanyia marekebisha miundombinu hiyo, kusimamia nishati ya umeme na kuiwezesha biashara ya nishati ya umeme ya ndani ya nchi na ya kikanda.

Ili kutekeleza majukumu yake ipasavyo na kwa ufanisi na kuwa na mchango wake muhimu katika uchumi wa nchi na ukanda wa Afrika Mashariki, mkakati wa Kampuni umeegemezwwa kwenye nguzo sita zifuatazo za kimkakati, ambazo zinaunda maeneo muhimu ya kimatokeo: (i) Kuboresha na Kupanga Mifumo ya Kuzambaza Umeme; (ii) Kusimamia na Kushughulikia Mfumo wa Kusambaza Umeme; (iii) Mifumo ya Kiseru na Kisheria; (iv) Uendeleu na Uratibu wa Fedha; (v) Uwezo wa Shirika; na (vi) Kuwashirikisha Wadau.

Uzinduzi wa Mpango Mkakati wa awamu ya pili wa KETRACO tarehe 31 Machi 2016

Katika kipindi cha Mpango Mkakati huu KETRACO itajenga takribani kilomita 7,000 za laini za kusambaza umeme za msongo mkubwa wa umeme (132kV na zaidi) na vituo vidogo husika vya umeme, itaendelea kuimarisha uwezo wake katika kusimamia miradi na kuandaa programu za kuwashirikisha wadau ili kuhakikisha miradi yake inakamilika ndani ya muda, itajenga na kuimarisha uwezo wake wa kusimamia shughuli na matengenezo ya miundombinu ya kusambaza umeme, itajenga National Load Dispatch na Control Centre ifikapo 2018/19 na kujenga ofisi za kimkoa kwenye maeneo ya miradi muhimu nchini ikiwa ni miongoni mwa mipango mingine muhimu. Wakati huo huo, kampuni ilifanya mapitio ya muundo wake wa uongozi na kuanza utekelezaji wa suala hilo.

Kuendeleza Rasilimali Watu

Kampuni ilipiga hatua kubwa katika mchakato wake wa kuendeleza uwezo wa rasilimali watu kwa kiwango kizuri, kitu ambacho ni kigezo cha utendaji kazi wenye ufanisi unaohitajika ili kufikia lengo la kuwa kampuni ya kusambaza umeme yenye haki ya kimataifa. Kuhusiana na hili, Kampuni ilien-

delea kujitahidi kuwaongezea uwezo wafanyakazi wake kwa kuwapa mafunzo yanayopatikana hapa nyumbani na nchi za ng'ambo katika nyanja muhimu zilizobainika kutokana na kufanya tathmini ya uhitaji wa mafunzo. Wafanyakazi mbalimbali walihudhuria mafunzo muhimu ya kiufundi yanayotolewa sambamba na shughuli za kikazi chini ya miradi na vipengele vya mafunzo.

Ili kuwezesha kampuni kutekeleza majukumu yake ipasavyo, iliimarisha mchakato wa utafutaji wa wafanyakazi, uajiri, na ugawaji majukumu kwa wafanyakazi: wafanyakazi zaidi walijiunga na Kampuni katika mpango wa kudumu pamoja na mpango wa kimkataba na kupelekea kuongezeka kwa idadi ya wafanyakazi kufikia 355 hadi mwishoni mwa mwaka wa fedha.

Kampuni ilihakikisha anuwai katika usimamizi wa rasilimali watu na usawa wa kijinsia ulizingatiwa wakati wa kutafuta wafanyakazi wapya na kugawa majukumu ya kazi. Sera ya usawa wa kijinsia ilien-delea kutekelezwa na Sera ya Ukatili wa Kijinsia iliandaliwa.

Wafanyakazi pia walifundishwa kuhusu masuala ya kijinsia na kujilinda dhidi ya maaambukizi ya VVU na huduma zake. Aidha, sera ya usawa kwa watu wenye ulemavu iliandaliwa na watu wenye ulemavu walipewa fursa sawa wakati wa mchakato wa kutafuta wafanyakazi wapya.

Uendeshaji Biashara kwa njia ya Ufundi Mitambo

Kampuni iliendelea na utumiaji wa mitambo katika shughuli zake za kibiashara ili kuongeza ufanisi na thamani kwenye shughuli zake pamoja na huduma zinazotolewa. Ili kuandaa mfumo shirikishi wa usimamizi wa taarifa, kampuni ya INDRA Consultants ilipewa mkataba wa kuweka mfumo wa Upangaji na Matumizi ya Rasilimali za Kampuni (ERP). Awamu ya Kwanza ya mfumo wa SAP ERP ilianza kazi mwezi Januari 2016 na imeweza na kufanikisha mtiririko wa taarifa kati ya shughuli zote za kibiashara ndani ya Kampuni na kupelekea kupatikana kwa huduma zilizoboreshwa. Moduli



tano zilifungwa chini ya awamu ya kwanza ikiwa ni pamoja na (i) Usimamizi wa Vifaa, (ii) Mfumo wa Mradi, (iii) Fedha na Udhibiti, (iv) Usimamizi wa Mtaji Watu na Mfumo wa Ulipaji Mishahara, na (v) Usimamizi wa Fedha.

Kampuni bado ina dhamira ya kujenga na kuwekeza kwenye miundombinu ya hadhi ya kimataifa inayoendeshwa kwa Teknolojia ya Habari na Mawasiliano (ICT) ili kukuza upelekeaji wa shughuli zake pamoja na huduma. Miradi ya laini za kusambaza umeme inayoendelea kujengwa imefungwa uwezo wa kubeba nyuzi aina ya Fibre (Optical Ground Wire - OPGW) ili kuwezesha matumizi ya mfumo wa mawasiliano ya ndani na kushirikishana takwimu ndani ya kampuni yaani Supervisory Control & Data Acquisition and Energy Management Systems (SCADA/EMS). Mradi wa kuongeza uwezo wa mtandao na upanuzi ulitekelezwa. Kampuni pia iliamisha kikamilifu na kujenga mtandao na miundombinu ya Teknolojia ya Habari na Mawasiliano (ICT) kwenye ofisi yake mpya iliyopo KAWI Complex.

Usimamizi wa Utendaji

Usimamizi wa utendaji ni jambo muhimu kwenye shirika lolote lenye nia ya kukua na wakati tulipokuwa chini ya ukaguzi, Mafunzo ya Usimamizi wa Utendaji, Uundaji na Utekelezaji wa Vifaa Bora, washauri walimaliza kazi na wafanyakazi wote wa Kampuni walisaini mikataba ya utendaji kama sehemu ya Mfumo wa Kutathmini Utendaji. Aidha, utekelezaji wa Mikataba wa Utendaji kwa mwaka 2014/2015 ulifanyiwa tathmini na Serikali na Kampuni ilipata alama ya ujumla ya 2.9574, hivyo utendaji ulithaminishwa kuwa ni 'Vizuri Sana'.

Cheti cha ISO

Katika mwaka tuliokuwa chini ya ukaguzi, Ukaguzi wa Fedha ulitekelezwa na utumiaji wa shughuli za uendeshaji kupitia mitambo ya programu ya kuhakikisha utendakazi bora wa makampuni duniani inayojulikana kama ISO QMS, yaliendelea.

Kuwawezesha Vijana na Wanawake

Sambamba na Sera ya Serikali ya sasa ya kuwawezesha Vijana na Wanawake nchini, Kampuni ilikuwa mstari wa mbele katika jambo hilo.

Wanafunzi arobaini na nane (48) wa vyuo vikuu walipewa fursa ya kufanya kazi kwenye Kampuni kama industrial attachment. Zaidi, katika bajeti ya jumla ya manunuzi kwa mwaka ya KSh. Milioni 125 kwa ajili ya vifaa vya jumla ikiwa ni pamoja na vitu vya matumizi ya ofisini, takribani KSh. Milioni 39 zilipelekwa kwa vikundi/biashara zinazomilikiwa na vijana na wanawake pamoja na watu wenye ulemavu na kuandikishwa na Hazina ya Taifa.

Utunzaji wa Mazingira

Kulinda na kutunza mazingira ilibaki kuwa kipaumbele cha Kampuni na mipango kadhaa ilifanyika kuhusiana na lengo hili la kiungwana. Jumuiya pamoja na wafanyakazi walifundishwa kuhusu utunzaji wa mazingira. Ushirikiano na NEMA na KFS ulidumishwa wakati wa kufanya uthamini wa ESIA na uthamini wa njia kwa miradi yote mipya. Usimamizi wa ESMP na kaguzi za mazingira zilifanyika kwenye miradi inayojengwa na iliyokamilika kwa mtiririko huo.

Kuboresha Huduma kwa Wateja

Sambamba na maadili yetu ya msingi ya kumweka mteja kwanza, Kampuni inatambua kwamba kuboresha huduma kwa wateja ni jambo la muhimu ili kukamilisha majukumu yake ipasavyo. Mbali na wazalishaji na wasambazaji wa nishati ya umeme, ambao ni wateja wakuu, kampuni inawatendea kwa usawa wadau wengine wote kama wateja wa kibishara. Hivyo, Kampuni iliendelea na mchakato wa kutoa taarifa na kuwapa uelewa wateja kwa njia ya midahalo shirikishi kama vile vikao vya kuelimisha umma, kupanga na kushauri, kufungua kinywa na vyombo vya habari, mikutano ya kiuwekezaji na maonesho ya kibiashara. Kampuni iliendelea kuboresha mchakato wa kutoa zabuni/manunuzi, kuboresha sehemu ya mapokezi, kutoa mrejesho kwa wateja ndani ya muda na kukuza uwezo wa wafanyakazi katika nyanja ya mahusiano na wateja.

Ili kupima kiwango cha kuridhika kwa wateja wetu, Kampuni iliajiri kampuni ya nje ambayo ilifanya uthamini wa kuridhika kwa wateja (2015/16 exit survey), ambayo ilitoa ripoti ya jumla ya kuridhika kwa wateja kwa kiwango cha asilimia 78.2. Uthamini huo ilibainisha matakwa ya wateja na ulitoa mapendekezo ya maboresho.



Wajibu wa Shirika kwa Jamii (CSR)

Ikiongozwa na kanuni za kuwajibika kwa kampuni katika jamii, Kampuni inadunisha dhamira yake ya kushirikisha jumua mahalia kwenye maeneo yanayoathiriwa na mradi, umma wote, washirika wa kisékta na wadau wengine ikiwa na lengo la kujenga uaminifu kwao, ushirikiano na uhusiano wa kirafiki. Kwa msingi huu, KETRACO ilihakikisha kwamba miradi yote inatekelezwa kupitia mchakato wa kuwashirikisha washauri (consultative process) tangu hatua ya awali ya kuweka mipango ya mradi husika hadi kukamilika kwake. Zaidi, Kampuni ilihakikisha kwamba shughuli zake zilifanyika kwa kuzingatia taratibu za kitaalamu na kibinadamu ukizingatia kwamba ujenzi wa laini za kusambaza umeme unahusisha umiliki wa ardhi kwa ajili ya vituo vidogo vya umeme na upatikanaji wa njia kwa ajili ya laini. Suala hili linahusisha kulipa fidia na wakati mwingine kuwahamisha kimakazi watu walioathiriwa na Miradi (PAPs) na hitaji la kutekeleza mchakato huu kwa makubaliano ya pande zote mbili. Ikiongozwa na Sera yake ya Wajibu wa Shirika kwa Jamii (CSR) Kampuni ilishiriki kikamilifu kwenye vikao mbalimbali pamoja na wadau.

Shukrani

Ninachukua fursa hii kutoa shukrani zangu za dhauti kwa Serikali, wabia wa kimaendeleo, washauri, wakandarasi, watu walioathiriwa na miradi yetu, uongozi wa Kampuni na wafanyakazi na wadau wetu wote, kwa ushirikiano na msaada wao unaoendelea hata hivi leo, katika kipindi cha mwaka 2015/2016. Hakuna mafaniko tuliyoyapata ambayo yangefanikiwa bila ya mchango kutoka kwa kila mmoja wenu. Kwa umoja na ushirikiano wenu unaoendelea hata hivi leo, Kampuni imeendelea kuweka mkazo katika kuwezesha huduma ya uga-vi wa nishati ya umeme iliyo bora, ya uhakika, na salama ili kuunga mkono ajenda ya kitaifa ya maendeleo.



FCPA. Fernandes Barasa
Mkurugenzi Mkuu
Machi 28 2017



Corporate Governance Statement

1. INTRODUCTION

KETRACO's Board of Directors and management strongly support the principles of good corporate governance, and are committed to building on the Company's strong reputation for integrity. The governance arrangements adopted by the Company are reflective of a high performing well governed organization.

This governance framework enables the Board and management to make well informed decisions, provide appropriate accountability and transparency, and establish the proper culture and behaviors. For KETRACO this is essential as it enhances our opportunities to achieve our objectives.

2. CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement outlines the main corporate governance principles and practices obtaining during the 2015/2016 financial year and at the date of this statement. The Company's corporate governance practices are reviewed regularly and will continue to be developed and refined to meet the needs of the Company and taking account of best practice. KETRACO observed the following governance framework during the year under review.

(i) Board Manual and Committee Charter

KETRACO has put in place mechanisms for a corporate governance framework which is outlined in the Board Manual and Committee Charters approved by the previous Board.

The framework ensures separation of functions and duties of the Board and shareholders, the duties of the Board and Management, the duties of the Chairman and Managing Director, and responsibilities of individual directors and the Board as an entity.

(ii) MWONGOZO

The Government, through the State Corporations Advisory Committee and the Public Service Commission issued "MWONGOZO" The Code of Governance for State Corporations in January, 2015. It stated that this Code of Governance is a Government response to the need for effective utilization of public resources. The reforms are targeted at achieving improvement in public service delivery as part of the wider public reforms. The Government developed Mwongozo as a critical building block in entrenching principles and values of public service and best practices in corporate governance geared to address the challenges of governance in State Corporations.

The State Corporations Advisory Committee is expected to come up with a roadmap for all state corporations to implement the Code of Governance. The Directors of KETRACO attended a workshop organized by the State Corporations Advisory Committee late last year to sensitize the directors on the operationalization of MWONGOZO. KETRACO will review its Board and Committee Charters to align them to "MWONGOZO". All Directors have access to an electronic copy of the Code which was uploaded in the eBoard System for easy reference and perusal as per the Code's requirements.

(iii) KETRACO's Code of Conduct

The Code of Conduct applies to Directors, executives, management and employees, sets high standards for ethical behaviour and business practice beyond complying with the law and is based on guiding principles. The Code of Conduct also sets out the Company's policies in respect of ethical issues such as conflicts of interest, social accountability and fair dealing.



3. eBOARD SYSTEM

The Board of KETRACO has embraced technology to effectively and efficiently conduct its business. In this regard, the Board introduced an electronic system for conducting board meetings and other functions, eliminating paper work. All the members have undergone training to effectively interrogate and use the electronic system.

4. BOARD AND MANAGEMENT COMPOSITION, ROLES AND RESPONSIBILITIES

(i) Board Composition

The Memorandum & Articles of Association of the Company provide that the appointment and removal of Board shall be governed by the provisions of the State Corporations Act. The constitution of the Board is provided under the Memorandum & Articles of Association Section 3. The Board of Directors shall consist of: -

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

The current Board with nine (9) members is, therefore, properly constituted as provided above.

(ii) Board Roles and Responsibilities

KETRACO has put in place mechanisms for a corporate governance framework which is outlined in the Board Manual and Committee Charters.

The framework ensures separation of functions and duties of the Board and shareholders, the duties of the Board and Management, the duties of the Chairman and Managing Director, and responsibilities of individual directors and the Board as an entity.

The Company observed this governance framework during the year under review.

To assist the Board with carrying out its responsibilities, certain powers have been delegated to management, including the authority to undertake transactions and incur expenditure on behalf of the Board up to specified thresholds.

Management provides relevant information to the Board in a concise and timely manner to enable the Board to make informed decisions and effectively discharge their duties. The Board regularly monitors the flow of information it receives from management, and Directors may request additional information where necessary.



5. BOARD PERFORMANCE EVALUATION

Every year it is also a requirement under MWONGOZO, referred to earlier. The results for previous year's performance evaluation were submitted by the SCAC to the chairman.

The corporate performance rating for the Board was 91.04% of which was rated as "Very good."

The board received accolades for this sterling performance, being a relatively new company and this being the 1st formal board evaluation report. Evaluation planned with the supervision of SCAC for the period under review was deferred due to logistical issues.

6. BOARD COMMITTEES

The Board of KETRACO has the following Board Committees: -

a) Audit & Risk Committee

The current Audit & Risk Committee was constituted in line with Treasury Circular No. 16/2005 on establishment and operationalization of audit committees in the Public Service. There is an Audit & Risk Committee Charter to guide the members in carrying out their mandate, which is outlined in the charter.

The framework and Audit Committee Charter is under review to align it with the Gazette Notice No. 2691, The Public Finance Management Act (No. 18 of 2012) The Public Finance Management Regulations, 2015 Audit Committee Guidelines for National Government issued on 15th April, 2016

The Committee routinely invites the Managing Director, and at times the other key staff to attend the meetings. The Senior Manager, Internal Audit & Risk is the Secretary to the Committee. He reports functionally to the Audit Committee and administratively to the Managing Director.

Attendance of Meetings:

The Committee held 7 meetings during the period which were well attended as shown below:

NAME	ATTENDANCE
1 Mr. Fidesius Nyaga (Ceased w.e.f 17.12.15)	3
2 Mrs. Felister Kivlisi (Ceased w.e.f 17.12.15)	2
3 Mr. Joakim Kamere	4
4 Mrs. Patience Nyaoga	4
5 Arch. Muraya Kariuki	4
6 Mrs. Eunice Kigen (Joined w.e.f 18.12.15)	2
7 Mrs. Grace Ndugu	6

b) Staff & Remuneration Committee

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



Attendance of Meetings:

The Committee held 11 meetings during the period which were well attended as shown below:

	NAME	ATTENDANCE
1	Mr. Philip Mongony	11
2	Mrs. Patience Nyaoga	11
3	Mr. Joakim Kamere	11
4	Mrs. Grace Ndugu	11

c) Finance, Technical & Strategy Committee

The Finance, Technical & Strategy Committee was established to interrogate reports emanating from the management and finance reviews as well as technical and strategic issues that impact the company and makes recommendations to the Board as it deems appropriate.

Attendance of meetings:

The Committee held 8 meetings during the period which were well attended as shown below:

	NAME	ATTENDANCE
1	Mrs. Patience Nyaoga	6
2	Eng. Julius Mwathani	7
3	Mr. Philip Mongony	8
4	Mr. Fidesius Nyaga (Ceased w.e.f. 17.12.2015)	5
5	Mr. Joakim Kamere	2
6	Arch. Muraya Kariuki	1

d) Ad hoc Committee on Wayleaves Acquisition

When the current Board assumed office in May 2015 it was unanimous in reaching the conclusion that the challenges posed by wayleave acquisition required deliberate and focused attention if KETRACO was to effectively implement its mandate of building the transmission infrastructure required for the National Grid. To achieve this objective, an adhoc committee of the board was constituted on 10th July, 2015 to drive this initiative. The mandate of the adhoc Committee was to review and explore new ways, and devise innovative strategies to address the challenge of wayleaves acquisition and make appropriate recommendations to the Board.

The Committee submitted its final report & recommendations to the Board on 22nd February, 2016, and was consequently disbanded.



7. DIRECTORS' REMUNERATION

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

8. 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 included the Kenya Power & Lighting Company (KPLC); Kenya Energy 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.



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 30th June 2016 which show its state of affairs.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to design, construct and maintain electricity transmission infrastructure that forms the backbone of the 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

	Sh'000
Profit before taxation	1,153, 609
Taxation charge	(101,,622)
	<hr/>
Profit for the year transferred to retained earnings	1,051,987
	<hr/>

DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the 2015/16. No dividend was paid the previous financial year, 2014/15.

DIRECTORS

The current board of directors is as shown on page 4.

AUDITORS

The Auditor General is responsible for the audit of the company's statutory financial statements in accordance with Section 14 of the State Corporations Act, Section 23 of the Public Audit Act, No. 34 of 2015 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 30th June 2016 and report to the Auditor General.

By order of the board



Duncan Macharia
Secretary
27th April 2017
Nairobi



Statement of Directors' responsibilities

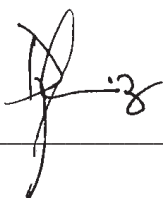
The Kenyan Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for that year. It also requires the directors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

The directors are responsible for the preparation and fair presentation of these financial statements 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 the financial 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, HSC– Chairman

Signature 

FCPA Fernandes Barasa–Managing Director

Signature 



REPUBLIC OF KENYA

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 Website: www.kenao.go.ke



P.O Box 300084-00100
 NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY TRANSMISSION COMPANY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

The accompanying financial statements of Kenya Electricity Transmission Company set out on pages 73-107, which comprise the statement of financial position as at 30 June 2016, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Deloitte & Touché, auditors appointed under Section 23 of the Public Audit Act, 2015. 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.

Directors' Responsibility for the Financial Statements

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as directors determine 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 the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Auditing Standards. 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 misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks 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 preparation 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the statements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis of audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Electricity Transmission Company Limited as at 30 June, 2016, 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 Kenyan Companies Act.

Other Matter

Project Contractors Performance

Significant delays were noted in the implementation of three (3) of the seven (7) Projects namely EXIM bank of India, Nile Equatorial Lakes Countries (NELSAP) and Nairobi Ring Transmission Line donor funded projects due to contractor non-performance. Consequently, some of the contracts were terminated during the year under review and procurement of replacement contractors initiated.

In the circumstances, the completion of the three Projects within the approved budgets and timelines could not be confirmed. My opinion is not qualified in respect of this matter.

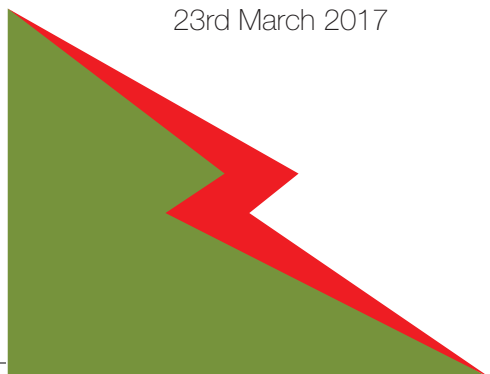
Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, I report based on my audit, that;

- i) I have Obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
- ii) In my opinion, proper books of account have been kept by the Company, so far as appears from my examination of those books; and
- iii) The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



FCPA Edward R. O. Ouko, CBS
Auditor-General
Nairobi
23rd March 2017



Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2016

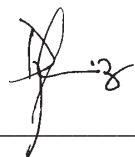
	Notes	2016 Sh'000	2015 Sh'000
Wheeling Revenue	4(a)	2,011,000	735,000
Direct Expenses	3	(751,666)	(281,232)
		<hr/>	<hr/>
Gross Margin Profit		1,259,334	453,768
Other Income	4(b)	724,662	629,855
Administrative Expenses		(830,387)	(713,052)
		<hr/>	<hr/>
Profit Before Taxation	5	1,153,609	370,571
Taxation Charge	7(a)	(101,622)	(131,669)
		<hr/>	<hr/>
Profit For The Year		1,051,987	238,902
		<hr/>	<hr/>
Total Comprehensive Income For The Year		1,051,987	238,902
		=====	=====



Statement of Financial Position as at 30 June 2016

	Notes	2016 Sh'000	2015 Sh'000
ASSETS			
Non current assets			
Property and equipment	8	103,218,648	68,486,675
Intangible assets	9	6,403	153,222
Deferred tax asset	10	15,011	31,060
		<u>103,240,062</u>	<u>68,670,957</u>
Current assets			
Trade and other receivables	11	1,019,305	642,099
Corporate tax recoverable	7(c)	51,554	8,550
Cash and bank balances		4,974,755	1,939,289
		<u>6,045,614</u>	<u>2,589,938</u>
Total assets		<u>109,285,676</u>	<u>71,260,895</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	2,000	2,000
Retained earnings		2,472,415	1,420,428
Shareholders' equity		<u>2,474,415</u>	<u>1,422,428</u>
Non-current liabilities			
Deferred grant income	13(c)	91,555,405	60,667,190
Amount due to Kenya Power	16(a)	5,410,044	965,266
Deferred revenue	17	502,261	-
		<u>97,467,710</u>	<u>61,632,456</u>
Current liabilities			
Deferred grant income	13(c)	570,593	274,072
Amount due to Kenya Power	16(a)	24,630	104,652
Trade and other payables	14	8,748,328	7,827,287
		<u>9,343,551</u>	<u>8,206,011</u>
Total equity and liabilities		<u>109,285,676</u>	<u>71,260,895</u>

The financial statements on pages 73 to 107 were approved and authorised for issue by the board of directors on 27th April 2017 and were signed on its behalf by:



Dr. Kenneth K. Sigilai, HSC- Chairman



FCPA Fernandes Barasa –Managing Director

Statement of Changes in Equity for the Year Ended 30 June 2016

	Share capital Kshs'000	Retained earnings Kshs'000	Total equity Kshs'000
At 1 July 2014	2,000	1,181,526	1,183,526
Total comprehensive income for the year	-	238,902	238,902
At 30 June 2015	2,000	1,420,428	1,422,428
	=====	=====	=====
At 1 July 2015	2,000	1,420,428	1,422,428
Total comprehensive income for the year	-	1,051,987	1,051,987
At 30 June 2016	2,000	2,472,415	2,474,415
	=====	=====	=====



Statement of Cash Flows for the Year Ended 30 June 2016

	Notes	2016 Sh'000	2015 Sh'000
Cash flows from operating activities			
Cash generated from operations	15	6,626,823	3,919,079
Taxation paid	7(c)	(128,577)	(19,093)
		<hr/>	<hr/>
Net cash generated from operating activities		6,498,246	3,899,986
		<hr/>	<hr/>
Cash flows from investing activities			
Additions to property and equipment	8	(34,945,423)	(23,148,306)
Additions to intangible assets	9	-	(142,340)
Proceeds on disposal of asset		1,386	-
		<hr/>	<hr/>
Net cash used in investing activities		(34,944,037)	(23,290,646)
		<hr/>	<hr/>
Cash flows from financing activities			
Grants received	13(b)	31,481,257	17,761,345
		<hr/>	<hr/>
Increase/ (decrease) in cash and cash equivalents		3,035,466	(1,629,315)
Cash and cash equivalents at beginning of year		1,939,289	3,568,604
		<hr/>	<hr/>
Cash and cash equivalents at end of year		4,974,755	1,939,289
		=====	=====
Represented by:			
Cash in hand and bank balances		4,974,755	1,939,289
		=====	=====



General Information

The company was incorporated in December 2008 and is wholly owned by the government. The company is mandated to plan, design, construct own, operate and maintain high voltage (132 kV and above) electricity transmission grid and regional power interconnectors.

1. Accounting Policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Kenyan Companies Act.

Adoption of new and revised International Financial Reporting Standards (FRS)

- i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2016

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.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions.

The amendments to IAS 19 clarify the accounting treatment for contributions from employees or third parties to a defined benefit plan. According to the amendments, discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plan specify contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- i. If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they affect the remeasurement of the net defined benefit liability (asset).
- ii. If contributions are linked to services, they reduce service costs. If the amount of contribution is dependent on the number of years of service, the entity should reduce service cost by attributing it to the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 (for the gross benefits). If the amount of contribution is independent of the number of years of service, the entity is permitted to either reduce service cost in the period in which the related service is rendered, or reduce service cost by attributing the contributions to the employees' periods of service in accordance with IAS 19 paragraph 70.

1. Accounting Policies (Continued)



The amendment requires retrospective application. The amendments to the standard has had no impact on the Company's financial statements, as the Company's defined benefit scheme is closed and receives no contributions.

Annual Improvements to 2010-2012

The annual improvements to IFRSs 2010-2012 cycle include a number of amendments to various IFRSs, which are summarised below:

The amendments to IFRS 2 amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

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

- i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2016 (Continued)

The amendments to IFRS 3 require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

The amendments to 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.

The amendments to IFRS 13 clarify that issuing IFRS 13 and amending The amendments to 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).

The amendments to 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.

The application of these amendments has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.

Annual Improvements to 2011-2013

The annual improvements to IFRSs 2011-2013 cycle include a number of amendments to various IFRSs, which are summarised below:

The amendments to IFRS 8 requires entities to disclose judgements made by management in applying the aggregation criteria set out in paragraph 12 of IFRS 8 Operating Segments. The Company has aggregated several operating segments into a single operating segment and made the required disclosures in Note 5 in accordance with the amendments.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

4 Accounting Policies (Continued)



Annual Improvements to 2011-2013 (Continued)

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- a) the property meets the definition of investment property in terms of IAS 40;
- b) the transaction meets the definition of a business combination under IFRS 3.

The application of these amendments has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.

- ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2016

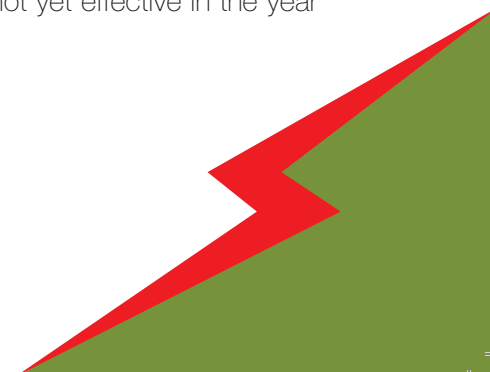
New standards and Amendments to standards

Effective for annual periods beginning on or after

IFRS 16 Leases	1 January 2019
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2018
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised	1 January 2017
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 1: Disclosure Initiative	1 January 2016
Amendments to IAS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	1 January 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	1 January 2016
Annual Improvements to 2012-2014	1 January 2016

- iii) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2016

1. Accounting Policies (Continued)



Application of new and amended International Financial Reporting Standards (IFRSs) (Continued)

iii) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2016 (Continued)

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The directors of the Company are assessing the impact of the application of IFRS 16 in the future. It is not practical to provide a reasonable estimate of this effect until a detailed review has been completed.

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.

iii) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2016 (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 are assessing the impact of the application of IFRS 9 in the future. It is not practical to provide a reasonable estimate of this effect until a detailed review has been completed.

1 Accounting Policies (Continued)

Application of new and amended International Financial Reporting Standards (IFRSs) (Continued)

iii) Impact of new and amended standards and interpretations in issue but not yet effective in the year

ended 30 June 2016 (Continued)

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

IFRS 15 Revenue from Contracts with Customers (Continued)

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company are assessing the impact of the application of IFRS 15 in the future. It is not practical to provide a reasonable estimate of this effect until a detailed review has been completed.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments to IAS 12 Income Taxes clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences

1. Accounting Policies (Continued)

Application of new and amended International Financial Reporting Standards (IFRSs) (Continued)

iii) Impact of new and amended standards and interpretations in issue but not yet effective in the year

ended 30 June 2016 (Continued)



- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The directors of the Company are assessing the impact of the application of IAS 12 in the future. It is not practical to provide a reasonable estimate of this effect until a detailed review has been completed.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The Standard is available only to first-time adopters of IFRSs who recognised regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes, and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income. Disclosures are also required to identify the nature of, and risks associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.

IFRS 14 is effective for an entity's first annual IFRS financial statements for annual periods beginning on or after 1 January 2016, with earlier application permitted. IFRS 14 on Regulatory Deferral Accounts is for first time adopters of IFRS. The Company has been preparing its financial statements in accordance with IFRS in the prior years and therefore, the recent IFRS 14 on Regulatory Deferral Accounts is not specifically applicable to the Company.

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

Currently, the Company uses the straight-line method for depreciation and amortisation for its property and equipment, and intangible assets respectively. The application of the amendments to the standard has had no significant impact on the Company's financial statements.

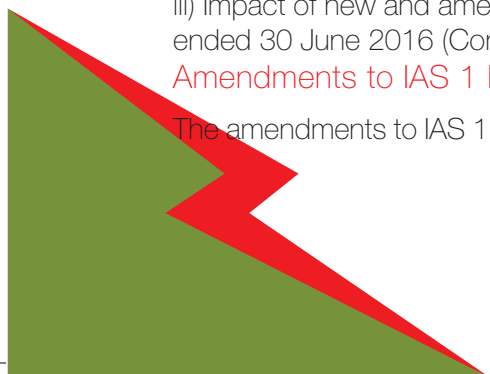
1. Accounting Policies (Continued)

Application of new and amended International Financial Reporting Standards (IFRSs) (Continued)

iii) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2016 (Continued)

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements address perceived impediments to pre-



parers exercising their judgement in presenting their financial reports by making the following changes:

- a) clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- b) clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements;
- c) clarification that an entity's share of Other Comprehensive Income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and
- d) additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The directors of the Company believe that the application of the amendments to the standard has had no significant impact on the Company's financial statements.

Amendments to IAS 27 Equity Method in Separate Financial Statements

The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost;
- in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9); or
- using the equity method as described in IAS 28 Investments in Associates and Joint Ventures.

The same accounting must be applied to each category of investments. The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.

The Company does not prepare any Separate financial statements and consequently, the amendments to this standard have had no significant impact on the Company's financial statements.

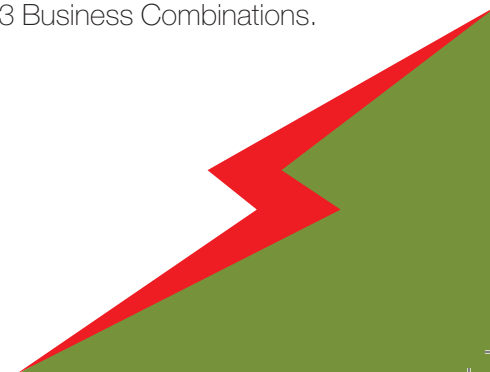
1. Accounting Policies (Continued)

Application of new and amended International Financial Reporting Standards (IFRSs) (Continued)

iii) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2016 (Continued)

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations.



Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (such as IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

The Company does not hold any interest in joint operations and consequently, the amendments to this standard have had no significant impact on the Company's financial statements.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted. As a transitional provision, entities need not disclose the quantitative information required by paragraph 28(f) of IAS 8 for the current period. However, quantitative information for each prior period presented is still required.

Also, on the initial application of the amendments, entities are permitted to use the fair value of items of bearer plant as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognised in opening retained earnings at the beginning of the earliest period presented.

The amendments to this standard have had no significant impact on the Company's financial statements as the Company has no bearer plants in its statement of financial position.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. IAS 28 and IFRS 10 are amended, as follows:

IAS 28 has been amended to reflect the following:

1. Accounting Policies (Continued)

Application of new and amended International Financial Reporting Standards (IFRSs) (Continued)

iii) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2016 (Continued)

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Continued)

Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associate or joint venture.



Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments to this standard have had no significant impact on the Company's financial statements as the Company did not have a sale or contribution of assets between an investor and its associate or joint venture in the current year.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

1. Accounting Policies (Continued)

Application of new and amended International Financial Reporting Standards (IFRSs) (Continued)

iii) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2016 (Continued)

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Continued)

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments to this standard have had no significant impact on the Company's financial statements



as the Company is not part of a group and does not prepare consolidated financial statements.

Annual Improvements to 2012-2014 Cycle

The amendments to IFRS 5 add specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

The amendments to IFRS 7 add additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. Clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.

The amendments to IAS 19 clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

The amendment to IAS 34 clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

The application of these amendments has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.

Accounting policies

i) Early adoption of standards

The Company did not early-adopt any new or amended standards in the year 2016.

Basis of preparation

The financial statements are prepared under the historical cost convention as modified to include the re-valuation 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

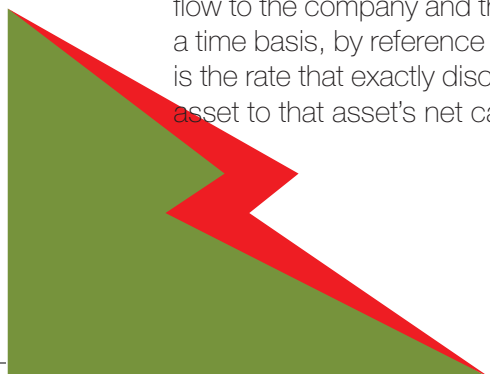
Government grants are recognised as income over the period necessary to match them with the related costs which they are intended to compensate on a systematic basis.

The wheeling revenue is based on a fixed amount approved by the Energy Regulatory Commission.

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 profit or loss and other 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.

Property and equipment

Property 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 lines	2.5%
Motor vehicles	25%
Furniture, fittings and office equipment	12.5%
Computers and 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.

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 31% of the total basic salary over the contract period. An accrual is made for gratuity based on the rate of 31% per annum.

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.

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.

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.

i) 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.

ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

iii) 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.

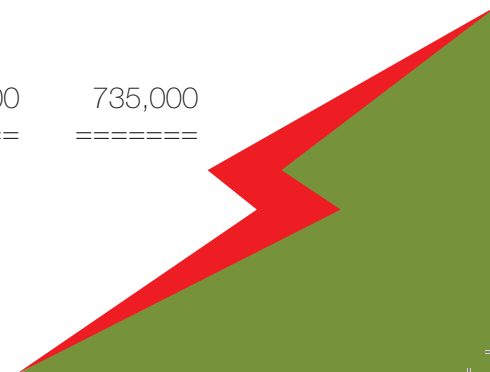
iv) Contingent liabilities

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.

	2016 Sh'000	2015 Sh'000
3. Direct Expenses		
Depreciation cost for transmission lines (Note 8)	301,590	172,220
Maintenance cost for transmission lines	450,076	109,012
	<hr/>	<hr/>
	751,666	281,232
	=====	=====

4(a) Wheeling Revenue

Wheeling revenue	2,011,000	735,000
	=====	=====



Wheeling revenue is based on a fixed amount approved by the Energy Regulatory Commission.

	2016 Sh'000	2015 Sh'000
4(b) Other Income		
Exchequer funding for recurrent expenditure	317,000	316,800
Interest income*	101,482	139,540
Deferred grant income amortisation (Note 13(b))	296,521	172,227
Miscellaneous income**	9,659	1,288
	<u>724,662</u>	<u>629,855</u>
	=====	=====

*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.

	2016 Sh'000	2015 Sh'000
5. Profit Before Taxation		

The profit before taxation is arrived at after charging/(crediting):

Staff costs (note 6)	338,033	396,634
Board - fees	295	2,243
Other	44,384	21,772
Depreciation (note 8)	337,960	194,948
Amortisation (note 9)	14,629	13,282
Auditors' remuneration	3,677	3,466
Deferred grant amortization (Note 13 (b))	(296,521)	(172,227)
	=====	=====



	2016 Sh'000	2015 Sh'000
6. Staff Costs		
Salaries and wages	301,215	291,378
Other staff costs	50,358	39,830
Leave pay (write back)/ charge	(34,109)	47,801
Pension contribution	12,325	14,029
Gratuity provisions	7,830	3,141
NSSF and NHIF contributions	414	455
	<u>338,033</u>	<u>396,634</u>
	=====	=====
7. Taxation		
(a) Taxation charge		
Corporation tax on separate sources of income	<u>85,573</u>	<u>128,486</u>
Deferred taxation (note 10) - current year	77,793	(6,891)
- prior year (under)/ over provision	<u>(61,744)</u>	<u>10,074</u>
	<u>16,049</u>	<u>3,183</u>
	<u>101,622</u>	<u>131,669</u>
	=====	=====
(b) Reconciliation of taxation charge to expected taxation based on profit before taxation		
Profit before taxation	<u>1,153,609</u>	<u>370,571</u>
	=====	=====
Taxation at the applicable rate 30%	346,083	111,171
Tax effect of non-deductible expenses	106,977	62,092
Tax effect of revenue not taxable	(289,694)	(51,668)
Prior year deferred tax (under)/over provision	<u>(61,744)</u>	<u>10,074</u>
	<u>101,622</u>	<u>131,669</u>
	=====	=====
(c) Corporate tax (payable)/recoverable		
At beginning of year	8,550	117,943
Charge for the year	(85,573)	(128,486)

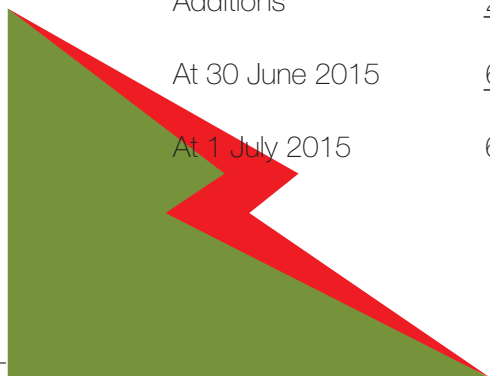


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Paid during the year	<u>128,577</u>	<u>19,093</u>
At end of year	<u>51,554</u>	<u>8,550</u>

8. Property and Equipment

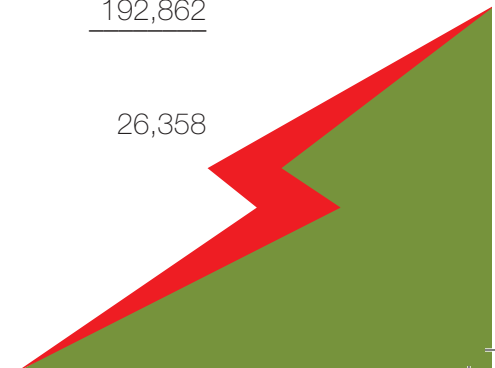
	Transmission lines	Motor vehicles	Furniture, fittings & office furniture	Accessories computer	Capital work in progress*	Total
	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000
Cost						
At 1 July 2014	4,073,555	42,246	124,876	34,816	41,681,177	45,956,670
Additions	<u>2,800,157</u>	<u>-</u>	<u>1,682</u>	<u>-</u>	<u>20,346,467</u>	<u>23,148,306</u>
At 30 June 2015	<u>6,873,712</u>	<u>42,246</u>	<u>126,558</u>	<u>34,816</u>	<u>62,027,644</u>	<u>69,104,976</u>
At 1 July 2015	6,873,712	42,246	126,558	34,816	62,027,644	69,104,976



Additions	3,392,053	5,966	6,979	57,786	31,482,639	34,945,423
Reclassification from intangible assets	-	-	-	-	132,190	132,190
Disposals	-	-	(10,858)	(520)	-	(11,378)
Transfer from WIP	<u>11,890,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,890,460)</u>	<u>-</u>
At 30 June 2016	<u>22,156,225</u>	<u>48,212</u>	<u>122,679</u>	<u>92,082</u>	<u>81,752,013</u>	<u>104,171,211</u>
Depreciation						
At 1 July 2014	311,696	41,503	45,878	24,276	-	423,353
Charge for the year	<u>172,220</u>	<u>743</u>	<u>16,825</u>	<u>5,160</u>	<u>-</u>	<u>194,948</u>
At 30 June 2015	<u>483,916</u>	<u>42,246</u>	<u>62,703</u>	<u>29,436</u>	<u>-</u>	<u>618,301</u>
At 1 July 2015	483,916	42,246	62,703	29,436	-	618,301
Charge for the year	301,590	1,513	22,731	12,126	-	337,960
Eliminated on disposal			(3,280)	(418)		(3,698)
At 30 June 2016	<u>785,506</u>	<u>43,759</u>	<u>82,154</u>	<u>41,144</u>	<u>-</u>	<u>952,563</u>
Net book value						
At 30 June 2016	<u>21,370,719</u>	<u>4,453</u>	<u>40,525</u>	<u>50,938</u>	<u>81,752,013</u>	<u>103,218,648</u>
At 30 June 2015	<u>6,389,796</u>	<u>-</u>	<u>63,855</u>	<u>5,380</u>	<u>62,027,644</u>	<u>68,486,675</u>

*Capital work in progress relates to transmission lines whose construction had not been completed as at year end. Intangible assets relates to computer software and licenses (ERP).

	2016 Sh '000	2015 Sh '000
9. Intangible Assets - Computer software		
Cost		
At beginning of year	192,862	50,522
Additions	-	142,340
Reclassification to WIP	<u>(132,190)</u>	<u>-</u>
At end of year	<u>60,672</u>	<u>192,862</u>
Amortisation		
At beginning of year	39,640	26,358



Charge for the year	14,629	13,282
At end of year	54,269	39,640
Net book value		
At end of year	6,403	153,222
	=====	=====

10. Deferred Tax (Liability)/Asset

The net deferred tax (liability)/ asset is attributable to the following items:

Accelerated depreciation over capital allowances	(4,157)	(3,693)
Leave pay provision	11,798	22,859
Staff gratuity provision	7,370	11,894
	15,011	31,060
	=====	=====

Movement in deferred tax account is as follows:

At beginning of the year	31,060	34,243
Profit or loss (charge)/credit (note 7(a))	(77,793)	6,891
Prior year (under)/ over provision	61,744	(10,074)
At end of the year	15,011	31,060
	=====	=====

11. Trade and Other Receivables

	2016	2015
	Sh '000	Sh '000
Wheeling charge due from KPLC	388,793	367,622
Medical and insurance prepayments	35,060	29,252
Rent deposit	11,523	7,841
Receivable from Ministry of Energy and Petroleum	253,605	-
VAT receivable	169,562	80,466
Other receivables	160,762	156,918
	1,019,305	642,099
	=====	=====

2016
Sh '000

2015
Sh '000



12. Share Capital

Authorised, issued and fully paid:

20,000 fully paid ordinary shares of Shs 100 each	2,000 =====	2,000 =====
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The ordinary shares carry one vote each.

13. Deferred Grant Income

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

	2016 Sh '000	2015 Sh '000
(a) Deferred grant income reconciliation		
Direct component*		
Deferred grant income brought forward	20,903,578	15,936,168
Received in the year	5,040,762	5,031,865
Amortisation	<u>(82,752)</u>	<u>(64,455)</u>
Deferred grant income carried forward	<u>25,861,588</u> =====	<u>20,903,578</u> =====
Indirect component**		

13. Deferred Grant Income (Continued)


	2016 Sh '000	2015 Sh '000
Deferred grant income brought forward	40,037,684	27,415,976
Received in the year	26,440,495	12,729,480
Amortisation	<u>(213,769)</u>	<u>(107,772)</u>
Deferred grant income carried forward	<u>66,264,410</u> =====	<u>40,037,684</u> =====
Total direct and indirect components (note 13(b))	<u>92,125,998</u> =====	<u>60,941,262</u> =====

*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.

2016
Sh '000

2015
Sh '000



(b) Total reconciliation

Deferred grant income brought forward	60,941,262	43,352,144
Additions	31,481,257	17,761,345
Amortisation (Note 4(b))	<u>(296,521)</u>	<u>(172,227)</u>
Deferred grant income carried forward	92,125,998	60,941,262
	=====	=====
	2016	2015
	Sh '000	Sh '000

(c) Amounts will be amortised as below :

Grant income to be amortised within one year	570,593	274,072
Grant income to be amortised after one year	<u>91,555,405</u>	<u>60,667,190</u>
At the end of the period	92,125,998	60,941,262
	=====	=====

14. Trade and Other Payables

	2016	2015
	Shs '000	Shs '000
Trade payables	2,785,935	674,150
Accruals	<u>5,962,393</u>	<u>7,153,137</u>
	<u>8,748,328</u>	<u>7,827,287</u>
	=====	=====

The accruals mainly relate to amounts payable to the contractors in relation to the construction of transmission lines and these are settled by the donors directly.

15. Cash Generated from Operations

Reconciliation of profit before taxation to cash generated from operations:

Profit before taxation	1,153,609	370,571
Adjustments for:		
Depreciation on property, plant and equipment (note 8)	337,960	194,948

Amortisation of intangible assets (note 9)	14,629	13,282
Amortisation of deferred grant income (note 13 (b))	(296,521)	(172,227)
Loss from disposal	6,294	
Changes in working capital:		
(Increase)/ decrease in trade and other receivables	(377,206)	207,337
Increase in amount due to Kenya Power	4,364,756	1,069,918
Increase in trade and other payables	921,041	2,235,250
Movement in deferred revenue	502,261	-
Cash generated from operations	6,626,823	3,919,079
	=====	=====

16. Related Parties

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

16. Related Parties (Continued)

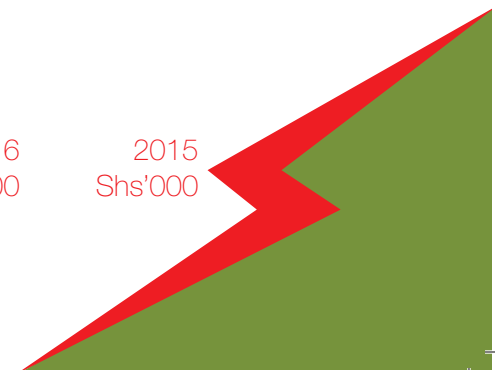
	2016 Shs'000	2015 Shs'000
(a) Amount due to Kenya Power		
Current portion	24,630	104,652
Non-current portion	5,410,044	965,266
Balance at year end	5,434,674	1,069,918
	=====	=====

The amounts due to Kenya Power relate to the 0.75% JICA loan on Kenya Electricity Expansion Project transmission line whose aim is to increase the capacity, efficiency, and quality of electricity supply; and expand access to electricity in urban, peri-urban, and rural areas.

(b) Related party transactions

Transactions with related parties are detailed as follows:-

(i) Government of Kenya	2016 Shs'000	2015 Shs'000
-------------------------	-----------------	-----------------



Deferred grants	20,903,578	15,936,168
Exchequer funding for recurrent expenditure	317,000	316,800
Grants received during the year	<u>5,040,762</u>	<u>5,031,865</u>
Balance at year end	<u>26,261,340</u>	<u>21,284,833</u>
(ii) The Kenya Power and Lighting Company Limited		
The transactions in the period included:		
Wheeling revenue	2,011,000	735,000
Operating and maintenance expense	450,076	109,012
Included in trade payables:		
Payable against maintenance	<u>363,990</u>	<u>153,393</u>
Included in trade receivables:		
Wheeling charges receivable	<u>388,793</u>	<u>367,622</u>

16. Related Parties (Continued)

(iii) Key management compensation

The remuneration of directors and other members of key management during the year was as follows:

Management salaries and other benefits	42,667	55,002
	=====	=====
Directors' fees and emoluments	44,679	26,390
	=====	=====

17. Deferred Revenue

The balance relates to performance guarantee that was recalled for the construction of the Nairobi ring substations - Lot A and B. It arose because the contractor (Ibedrola Ingenieria) was in breach of its obligations as specified in the contract. The matter is still under arbitration hence management decision to defer recognition of the revenue.

18. 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:

2016 2015

	Shs '000	Shs '000
Within one year	-	6,937
	=====	=====

19. 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.

19. Financial Risk Management (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 Sh '000	Past due Sh '000	Impaired Sh '000
At 30 June 2016			
Trade receivables	388,793	-	-
Bank balances	4,974,755	-	-
	=====	=====	=====
At 30 June 2015			
Trade receivables	367,622	-	-
Bank balances	1,939,289	-	-
	=====	=====	=====

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 85,702,205 held in an escrow account (2015 - Ksh 92,914,000), 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. The liability will however be disposed of when funding is received.

19. Financial Risk Management (Continued)

	Less than 1 month	Between 3-12 months	Over 12 months	Total
	Sh '000	Sh '000	Sh '000	Sh '000
At 30 June 2016				
Trade payables	2,785,935	-	-	2,785,935
Due to Kenya Power	-	24,630	5,410,044	5,434,674
	<u>2,785,935</u>	<u>24,630</u>	<u>5,410,044</u>	<u>8,220,609</u>
	=====	=====	=====	=====
At 30 June 2016				
Trade payables	674,150	-	-	674,150
Due to Kenya Power	-	104,652	965,266	1,069,918
	<u>674,150</u>	<u>104,652</u>	<u>965,266</u>	<u>1,744,068</u>
	=====	=====	=====	=====

(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:

(iii) Market risk (Continued)

(a) Foreign currency risk (Continued)

	Euro Sh '000
At 30 June 2016	
Financial assets	<u>2,355,657</u>
Liabilities	
Trade and other payables	<u>1,980,739</u>
Net foreign currency asset	<u>374,918</u> =====
At 30 June 2015	
Financial assets	<u>12,065</u>
Liabilities	
Trade and other payables	<u>99,955</u>
Net foreign currency liability	<u>(87,890)</u> =====

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of profit or loss and other



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comprehensive income of 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 currency rate

	Effect on profit before tax Shs' 000	Effect on equity Shs' 000
2016		
Euro10%	37,492	26,244
2015		
Euro10%	(8,789)	(6,152)
=====	=====	=====

19. Financial Risk Management (Continued)

(iii) Market risk (Continued)

(b) Interest Rate Risk (Continued)

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.

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 profit or loss and other comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Sh 1 million (2015: Sh 1.4 million). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Sh 5 million (2015 – Sh 7 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 2016 and 30 June 2015.

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. The Company had no debt noted in the period under review.

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

19. Financial Risk Management (Continued)

(iv) Capital Management (Continued)

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.

20. Contingent Liabilities

	2016 Sh '000	2015 Sh '000
(a) Legal contingent liabilities	-	4,200
	=====	=====

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.

2016 Sh '000	2015 Sh '000
-----------------	-----------------



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(a) Project claims

3,062,843

-

=====

=====

Some projects have faced delays in completion due to challenges in obtaining way-leaves resulting in extension of the duration of the projects beyond the original contract period. Cost overruns and accumulated costs of idling resources are considered for reimbursement after a claims review mechanism is completed.

2016

2015

Sh '000

Sh '000

21. Capital Expenditure Commitments

Authorised and contracted for

17,010,000

13,799,398

Authorised but not contracted for

4,102,050

4,715,065

21,112,050

18,514,463

=====

=====

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).

Appendix I

Detailed statement of profit or loss for the Year Ended 30 June 2016

2016

2015

Sh'000

Sh'000

Wheeling Revenue

2,011,000

735,000

Operating Expenses

Depreciation cost for transmission lines

301,590

172,220

Maintenance cost for transmission lines

450,076

109,012

751,666

281,232



Gross Margin Profit/(Loss)	<u>1,259,334</u>	<u>453,768</u>
Other Income		
Exchequer funding for recurrent expenditure	317,000	316,800
Interest income	101,482	139,540
Amortisation of grants	296,521	172,227
Miscellaneous income	<u>9,659</u>	<u>1,288</u>
	<u>724,662</u>	<u>629,855</u>
Administrative Expenses		
Salaries and wages	301,215	291,378
Other staff costs	50,358	39,830

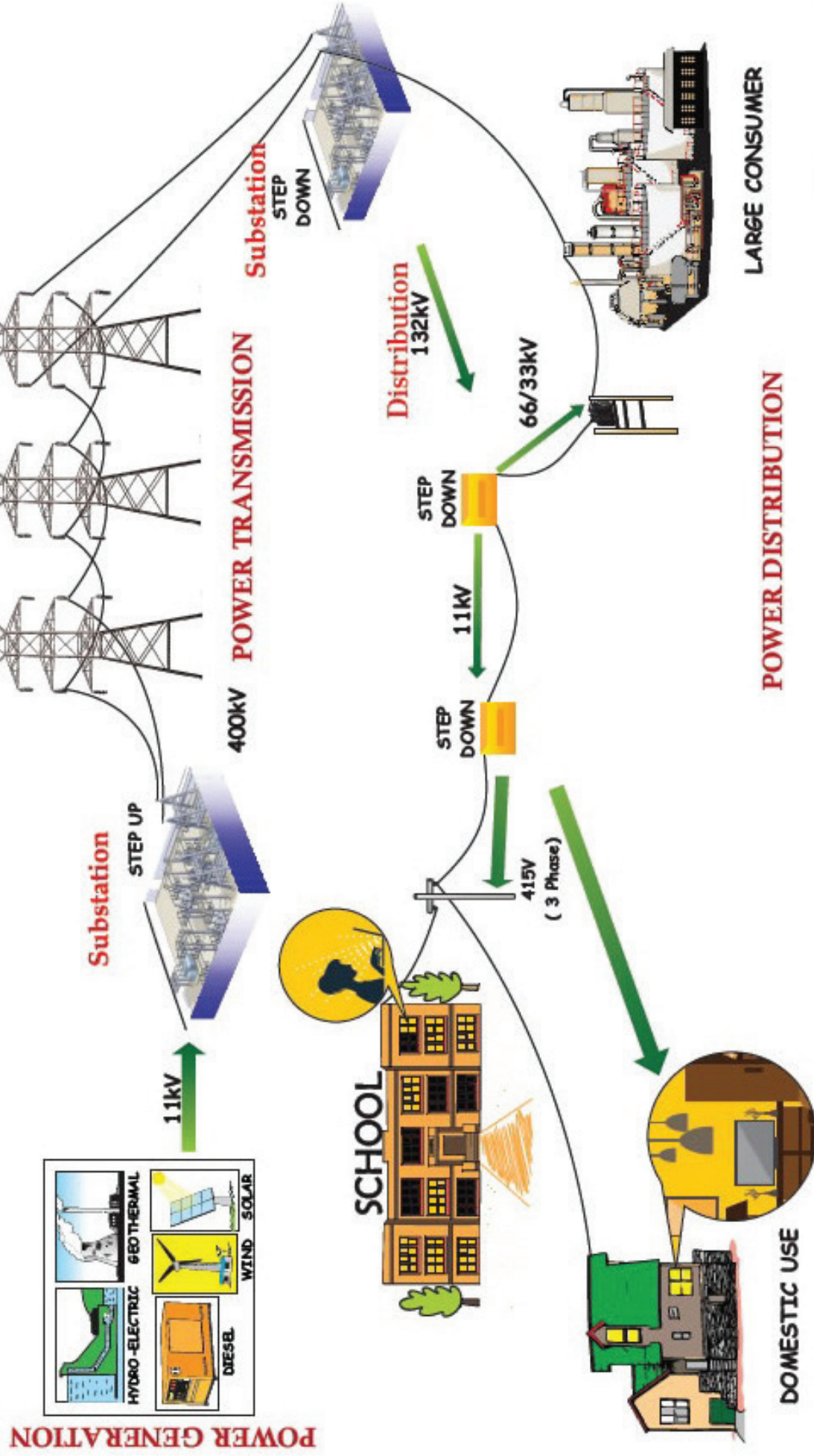


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Depreciation	36,370	22,728
Rent	47,860	19,272
Printing and stationery	6,267	11,840
Professional fees	15,464	7,955
Pension contribution	12,325	14,029
Office expenses	258,625	135,270
Board Fees - fees	295	2,243
- other	44,384	21,772
Motor vehicle expenses	9,085	8,050
Leave pay provision	(34,109)	47,801
Postage and telephone and internet services	4,270	8,580
Corporate communication	14,511	26,655
Amortization	14,629	13,282
Gratuity provisions	7,830	18,931
Transport	1,345	1,684
Audit fees	3,677	3,466
Bank charges	1,879	1,877
Electricity	1,810	2,097
Security	11,329	6,042
NSSF and NHIF contributions	414	455
Other maintenance cost	20,554	7,815
	<u>830,387</u>	<u>713,052</u>
Profit Before Taxation	<u>1,153,609</u> =====	<u>370,571</u> =====



HOW ELECTRICITY GETS TO YOU



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