



BUILDING A POWERED FUTURE

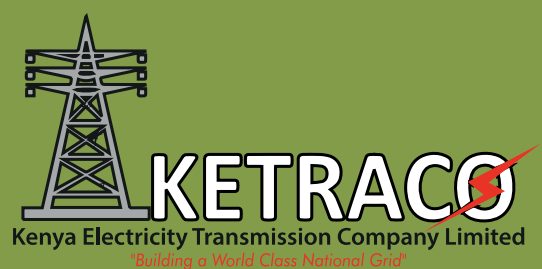


2016 / 2017
Annual Report & Financial Statements
30th June 2017



A vision for the **future.**

We at **KETRACO** understand that the future will be driven by reliable power. As a public utility whose infrastructure serves as the link in transporting electricity to millions of electricity users, we always rise above the challenge to meet the expectations of a power-hungry economy. We have the knowledge, expertise and responsibility to ensure the reliability of Kenya's transmission system.





Our Vision

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

Our Core Values

The guiding principles in the operations of the Company are:

Customer Focus

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

Integrity

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

Teamwork

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

Our Mission

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

Innovation

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

Commitment

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

Equity

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

Professionalism

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

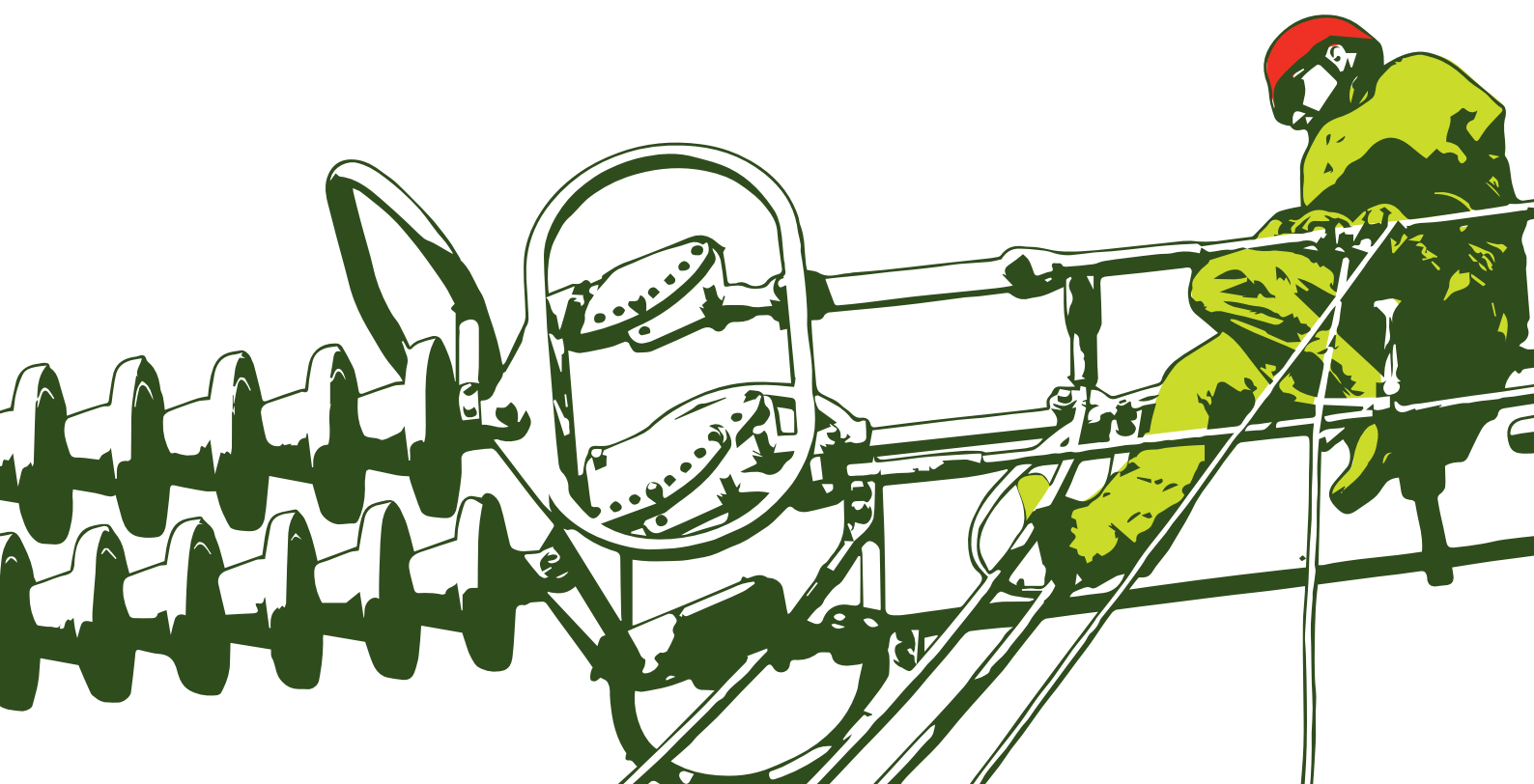




Table of Contents



Corporate Information	5
Board of Directors	6
Management Profiles	9
Notice Of Annual General Meeting	11
Chairman's Word	13
Report of the Managing Director	19
Business Performance Report 2016 / 2017	50
Financial Highlights	54
Corporate Social Responsibility	55
Corporate Governance Statement	57
Report of the Directors	61
Statement of Directors' Responsibilities	62
Report of the Auditor General	63

Financial Statements

Statement of Profit or Loss and other Comprehensive Income	69
Statement of Financial Position	70
Statement of Changes in Equity	71
Statement of Cash Flows	72
Statement of Comparison of Budget and Actual Amounts	73
Notes to the Financial Statements	74
APPENDICES	97
Form of Proxy	105



Corporate Information

Directors

Hon. (Eng.) James G. K. Rege, CBS - Chairman (appointed w.e.f. 18.4.2018)
FCPA Fernandes Barasa, OGW - Managing Director
Dr. (Eng.) Joseph K. Njoroge, CBS - Principal Secretary, Ministry of Energy
Mr. Henry K. Rotich, EGH - Cabinet Secretary, The National Treasury & Planning
Arch. Kariuki Muraya (ceased to be a Director w.e.f. 14.12.2018 but reappointed w.e.f. 8.02.2019)
Mrs. Grace Ndugu (ceased to be a Director w.e.f. 16.04.2018 but reappointed w.e.f. 8.02.2019)
Mr. Philip Mongony (ceased to be a Director w.e.f. 16.04.2018 but reappointed w.e.f. 8.02.2019)
Mr. Joakim Kamere (ceased to be a Director w.e.f. 16.04.2018 but reappointed w.e.f. 8.02.2019)
Mrs. Lizzie Chongoti (appointed w.e.f. 8.02.2019)
Mrs. Eunice Kigen (alternate to Mr. Henry K. Rotich, EGH)
Eng. Julius Mwathani (alternate to Dr. (Eng.) Joseph K. Njoroge, CBS)
Mrs. Patience K. Nyaoga (ceased to be a Director w.e.f. 16.04.2018)
Dr. Kenneth K. Sigilai, HSC - Chairman (ceased to be a Director w.e.f. 16.04.2018)

Secretary

CS. Duncan K. Macharia
 Certified Public Secretary (Kenya)
 4th Floor, Kawi Complex, Block B, South C, off Red Cross Road
 P.O. Box 34942 - 00100
 Nairobi - Kenya

Principal Office

Kawi Complex, Block B, South C, off Red Cross Road
 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

KCB Group 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





Board of Directors' Profiles



1. Hon (Eng.) James G.K Rege, CBS - Chairman

Hon. Eng. James G. K. Rege, CBS, joins the Electricity Transmission Company (KETRACO) as its 3rd Chairman. Eng. Rege holds a Master of Science in Electrical Engineering Telecommunications from the George Washington University and a Bachelor of Science Electrical Engineering and Computer Science degree from the West Virginia University, USA. Eng. Rege was the Permanent Secretary for the Ministry of Information and Communications in 2004/2005. He was also the Chairperson of the Parliament Departmental Committee on Energy, Transport, Information, Communication and Public Works from 2007 to 2013. He was a Senior Engineer with International Telecommunications Satellite Organization (INTELSAT), Vice President Engineering at Regional African Satellite Communications Organization (RASCOM), Director Iridium Africa, Managing Director, Vodacom GSM Communications Pioneer and share Holder. He has also worked in numerous top positions internationally in the telecommunications field.

2. FCPA Fernandes Barasa, OGW - Managing Director

FCPA Fernandes Barasa was appointed the Managing Director on 7th April 2016 after serving as the Company's Chief Manager, Finance and Accounts. Prior to joining KETRACO, FCPA Barasa served as the Treasury Manager and Head of Factories Accounts at the Kenya Tea Development Agency Limited (KTDA). He also worked for Kenya Airways and East Africa Re. FCPA Barasa is a fellow of the Certified Public Accountant of Kenya (ICPAK), a lead Auditor and Certified Public Accountant of Kenya. He is also the immediate former Chairman of ICPAK. FCPA Barasa has wealth of experience in Public Finance Management, Risk Management and Corporate Governance among others.

3. Dr. (Eng.) Joseph K. Njoroge, CBS - Principal Secretary, Ministry of Energy

Dr. (Eng.) Joseph K. Njoroge joined the Board upon his appointment as the Principal Secretary, Ministry of Energy on 26th June 2013. He has over 28 years of experience in engineering and management. Eng. Njoroge holds a Bachelor of Science degree in Electrical Engineering and Master of Business Administration with a major in Strategic Management. He 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 Engineers of Kenya.

4. Mr. Henry K. Rotich, EGH - CS, The National Treasury

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

5. Mr. Joakim Kamere - Director

Mr. Kamere joined the Board on 17th April 2015. He is a corporate commercial lawyer with a wealth of over 16 years' experience in corporate governance, structuring companies, drafting commercial agreements, perfection of bank securities, and Legislative drafting. Mr. Kamere is the Managing Partner at Kiarie Kamere & Co. Advocates. He holds a Bachelor of Laws degree from the University of Nairobi, is Advocate of the High Court of Kenya; Notary Public; Commissioner for Oaths, and a Certified Public Secretary- CPS (K).

6. Mrs. Grace Ndugu - Director

Grace joined the Board on 17th April 2015. She has over 25 years of experience in Justice and Peace building, including 10 years with the National Council of Churches of Kenya and 15 years with the Catholic Relief Services. She is skilled in project management, integration of Peace building 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. Grace holds a Master of Science 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 Peace building Institute at the Eastern Mennonite University and has also attended various international and national peace building, governance, human rights and protection trainings. 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.



Board of Directors' Profiles



7. Mrs. Patience K. Nyaoga - Director

Patience first joined the Board on 10th January 2012 and served until 9th February 2015. She was re-appointed for another term on 17th April 2015. She is a member of Kenya Associations of Business Owners (KAWBO), Women on Boards, Institute of Directors of Kenya and All Saints Cathedral Church. She has worked for both Private and Public Corporations and is currently the Managing Director of Tintoria Limited, a medium sized enterprise with various branches in Nairobi County. Patience holds an online Doctorate degree in Strategic Management from the University of Atlanta, a Master of Business Administration from the University of Nairobi, a Bachelor of International Business Administration from the United States International University (USIU) and has attended Management courses both locally and internationally.

8. Mr. Philip Mongony - Director

Philip joined the Board on 17th April 2015. He has over 30 years experience in Human Resources practice and Consultancy. He 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. Philip Holds a Master of Personnel Management and Bachelors of Commerce (Business Administration Option) degrees. He is also a member of the Kenya Institute of Personnel Management.

9. Arch. Kariuki Stephen Muraya - Director

Muraya joined the Board on 18th December 2015. He has over 17 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. 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. He is also a member of the Architectural Association of Kenya (AAK) and the Board of Registration of Architect and Quantity Surveyors (BORAQS).

10. Eng. Julius Mwathani (Alternate Director to Dr. (Eng.) J. Njoroge, CBS
Eng. Mwathani has wide experience in public sector management, having worked for more than 22 years in various senior positions in Government. 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 (IEK).

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

Eunice joined the Board on 18th December 2015. She 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 National Treasury at the Board of Kenya Airports Authority. Eunice holds a Bachelor of Commerce 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).

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

CS Duncan 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 Kenya Power as Shares Registrar where he rose through the ranks to the position of Deputy Company Secretary before joining KETRACO. He 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. Duncan 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. He is an alumnus 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. He is an advocate of the High Court of Kenya and a Certified Public Secretary of Kenya (CPS) K, a member of the Institute of Certified Secretaries, Kenya, Law Society of Kenya (LSK) and the Institute of Directors, IOD - (K).



Board of Directors



Back L-R:

Dir. Joakim Kamere, Dir. Grace Ndugu, Dir. Philip Mongony, Arch. Kariuki Muraya,
Eng. Julius Mwathani, Dir. Eunice Kigen, CS. Duncan Macharia.

Front L-R:

Dir. Patience Nyaoga, Hon. (Eng.) James G. K. Rege, CBS (Chairman),
FCPA Fernandes Barasa, OGW (Managing Director).



Management Profiles



FCPA Fernandes Barasa, OGW Managing Director

FCPA Fernandes Barasa was appointed the Managing Director on 7th April 2016 after serving as the Company's Chief Manager, Finance and Accounts. Prior to joining KETRACO, FCPA Barasa served as the Treasury Manager and Head of Factories Accounts at the Kenya Tea Development Agency Limited (KTDA). He also worked for Kenya Airways and East Africa Re. FCPA Barasa is a fellow of the Certified Public Accountant of Kenya (ICPAK), a lead Auditor and Certified Public Accountant of Kenya. He is also the immediate former Chairman of ICPAK. FCPA Barasa has 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 Doctorate of Philosophy in Engineering from Shanghai Jiaotong University (China) majoring in Radio Frequency Identification (RFID), a key technology for intelligent systems. He has a Bachelor of Science in Electrical Engineering and Masters in Business Administration from the University of Nairobi. He previously worked as a Director of Science, Technology Innovation and Communication at the National Economic and Social Council (NESC). He also served as a Senior Assistant Commissioner at the Kenya Revenue Authority (KRA), 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. Dr. (Eng.) Siror also worked at Kenya Posts and Telecommunications Corporation where he was part of the team that were trained in the United Kingdom for introduction and rollout of Digital Leased lines in the Country. He is a member of Institute of Electrical and Electronics Engineers (IEEE), a licensed Professional Electrical Engineer with Engineers Board of Kenya (EBK) and a Corporate Member of the Institute of Engineers in Kenya (IEK).



CPA Richard Tobiko General Manager, Finance and Strategy

CPA Tobiko 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 a Centre Leader in charge of Sub Sahara Africa regional business services hub, Nation Media Group as a Chief Accountant, African Develop-

ment 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 Limited and Tata Chemicals Magadi. CPA Tobiko holds a Master's in Business Administration (MBA) from the University of Warwick - Business School and a Bachelor of Commerce (Accounting Option) degree from the University of Nairobi. He is a Certified Public Accountant-CPA(K), a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and he has a professional certificate in Systems Applications and Products, Financial Accounting (SAP FI) module.



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

Dr. (Eng.) Mativo has more than twenty (20) years cumulative working experience in both the public and private sector accumulating extensive experience in research, design, construction supervision and contract management. He has worked with KETRACO since 2010 as the Head of Technical Services, where he was involved in the design and construction of 4,800km of high voltage transmission lines, 48 new substations and extension of 28 existing substations. As a Senior Technical Advisor, he is responsible for formulating new high voltage transmission infrastructure and carrying out Monitoring and Evaluation of ongoing projects. Prior to joining KETRACO, Dr. (Eng.) Mativo 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 holds a Bachelor's degree in Civil Engineering from the University of Nairobi, a Master's degree in Structural Engineering from Tongji University (China) and a Doctorate of Philosophy degree in Civil Engineering from Tokyo Metropolitan University (Japan). Dr. (Eng.) Mativo is a Registered Engineer (ERB) and a Corporate Member of the Institution of Engineers of Kenya (IEK).



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

CS Duncan 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 Kenya Power as Shares Registrar where he rose through the ranks to the position of Deputy Company Secretary before joining KETRACO. He 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 thrift and governance structures when it was incorporated in December, 2008. Duncan holds a Master of Business Administration degree, a Bachelor of Commerce (Business Administration Option)

Management Profiles

and a Bachelor of Laws degree from the University of Nairobi. He also holds a Diploma in Law from the Kenya School of Law. He is an alumnus of the Advanced Management Program, Strathmore Business School, and has attended Corporate Governance and Leadership training programmes at Harvard Business School, Institute of Public Private Partnerships (IP3), International Law Institute (USA), among others. He is an advocate of the High Court of Kenya and a Certified Public Secretary of Kenya (CPS) K, a member of the Institute of Certified Secretaries, Kenya, Law Society of Kenya (LSK) and the Institute of Directors IOD- (K).



CPA, Moses M. Mulonzia Senior Manager, Internal Audit & Risk

CPA Mulonzia 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 Information System Audit. Before joining KETRACO, he served as the Head of Internal

Audit and Risk Management at Kenya Wildlife Service (KWS) where he was part of the turnaround management team. He was instrumental in institutionalization of Risk Management and Balanced Scorecard performance management system. He has also worked at Jubilee Insurance Company (K) Limited as an Internal Auditor, Data Centre and as Chief Accountant, United Insurance where he served in Finance and Internal Audit Departments. CPA Mulonzia holds a Bachelors of Commerce in Finance from Catholic University of Eastern Africa and a Masters of Business Administration 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 Certified Public Accountant-CPA(K), Certified Secretary (CS)-Finalist, Certified Information Systems Auditor (CISA) and a Certified Internal Auditor (CIA). He is also a member of 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).



Mr Peter M. Njehia Senior Manager, Supply Chain

Mr Njehia has a Bachelor of Arts and Masters in Business Administration 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 Doctorate of Philosophy (PhD) degree in Management and Leadership. He has previously worked as a Procurement Officer at Egerton University, Head of Supply Chain at the Laikipia University 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 (KISM) and is a Member of KISM and Member of the Chartered Institute of Procurement and Supply (MCIPS).



Ms. Regina Kemboi Ag. Senior Manager, Human Resource and Administration

Ms. Kemboi holds a Master's degree in Human Resource from Moi University, a higher diploma in Human Resource from Institute of Human Resource Management and a Bachelor of Business Administration from Kenya Methodist University. She has attended various Man-

agement courses both locally and internationally. Prior to joining KETRACO as a Manager Administration, Ms. Regina worked as a Senior Administrative Officer at the Kenya Urban Roads Authority (KURA), Administration Officer at the Kenya Civil Aviation Authority (KCAA) and Kenya College of Communications and Technology (KCCT-Mbagathi) currently Multi Media University. She is a member of Institute of Human Resource Management (IHRM).



Mr. Raphael Mworira Manager, Corporate Communications

Mr. Mworira 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 to 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). He 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.



Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 8TH ANNUAL GENERAL MEETING of Kenya Electricity Transmission Company Limited will be held at Kawi Complex Block B, 4th Floor, South C, off Red Cross Road, Nairobi, on 12th April, 2019 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 year ended 30th June, 2017, together with the Chairman's, Directors' and Auditors' Reports thereon.
3. To note that Directors do not recommend payment of a dividend for the period under review.
4. Election of Directors: To note that there will be no election or rotation of Directors for the following reasons:-

Whereas the Company was incorporated under the Companies Act, Cap 486 as a private company limited by shares, the Government wholly owns it. The Company is, therefore, governed under the provisions of the State Corporations Act, Cap 446 by virtue of Section 2 (c) of the Act. Further, Article 2 of its Memorandum and Articles of Association provides that "The appointment and removal of Directors shall be governed by the provisions of the State 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. Auditors: To note that the audit of the Company's books of account will be undertaken on behalf of the Auditor General by M/s Deloitte & Touche, an audit firm appointed in accordance with Section 14(3) of the State Corporations Act, and Section 39(1)(b) of the Public Audit Act, 2003. M/s Deloitte & Touché carried out the audit for the period ended 30th June, 2017.
6. To authorise the Directors to fix the Auditors' remuneration.
7. Directors' Fees: To approve Directors' fees of KShs.420,000.00 (less withholding tax), for each Director who served during the period, subject to concurrence of the Ministry of Energy and The National Treasury, respectively.

By Order of the Board

Duncan Macharia
Company Secretary
14 March, 2019

Ilani Ya Mkutano Mkuu Wa Mwaka

Ilani INATOLEWA HAPA KWAMBA MKUTANO WA NANE WA KILA MWAKA wa wenye hisa wa Kampuni ya Kenya Electricity Transmission Company Limited (KETRACO) utafanyika katika jumba la Kawi Complex Block B, Ghorofa ya 4, South C, Barabara ya Red Cross, Nairobi, mnamo 12 Aprili, 2019 saa 5:00 asubuhi ili kujadili masuala yafuatayo:-

1. Kusoma Ilani ya kuitisha Mkutano huu.
2. Kupokea na kujadili taarifa za fedha zilizokaguliwa za miezi kumi na mbili iliyoishia Juni 30, 2017, pamoja na Ripoti za Mwenyekiti, Wakurugenzi na Mkaguzi wa hesabu.
3. Kufahamu kwamba Wakurugenzi hawapendekezi kufanyika malipo ya mgao wa faida (dividend) kwa kipindi tulichokuwa chini ya ukaguzi.
4. Uchaguzi wa Wakurugenzi: Kufahamu kwamba hakutakuwa na uchaguzi au mzunguko wa Wakurugenzi kwa sababu zifuatazo:-

Ingawa Kampuni ilisajiliwa chini ya Sheria ya Makampuni, Sura ya 486 kama kampuni binafsi yenye ukomo wa hisa, inamilikiwa kikamilifu na Serikali. Hivyo basi, Kampuni hii inaongozwa na vifungu vya Sheria ya Mashirika ya Umma, Sura ya 446 kwa mujibu wa Kifungu cha 2 (c) cha Sheria husika. Aidha, Ibara ya 2 ya Katiba na Kanuni za kampuni husika inasema ya kwamba "Uteuzi au utenguzi wa Wakurugenzi utaongozwa na masharti ya Sheria ya Mashirika ya Umma, Sura ya 446, ya Sheria za Kenya kama ilivyorekebisha mara kwa mara. Kila Mkurugenzi atashikilia ofisi hadi atakapotenguliwa au abadilishwe kama ilivyoielezwa hapo juu." KETRACO imezingatia Sura ya 446 Sehemu ya 6 inayotoa muundo na uteuzi wa Wakurugenzi. Chini ya hali hiyo, hakutakuwa na uchaguzi au mzunguko wa Wakurugenzi.

5. Kufahamu kwamba ukaguzi wa vitabu vya fedha vya Kampuni utafanywa na Deloitte & Touche kwani abaya Mdhbitina Mkaguzi Mkuu; hiini kampuni ya ukaguzi wa hesabu iliyoteuliwa kwamujibu wa Kifungu cha 14(3) cha Sheria ya Mashirika ya Umma, na Kifungu cha 39(i)(b) cha Sheria ya Ukaguzi wa Umma, ya mwaka 2003.

Kampuni ya Deloitte & Touché ilifanya ukaguzi kwa kipindi kilichoishia Juni 30, 2017.

6. Kuwaruhusu Wakurugenzi kupitisha malipo ya Wakaguzi.
7. Malipo ya wakurugenzi: Utendaji wa Kampuni kwa mwaka uliopitiwa ulipimwa na ukapewa alama ya 'Nzuri sana' chini ya Mpangilio wa Utendaji. Kutokana na hiyo, inapendekezwa kuwa Wakurugenzi ambao walitumikia wakati huo kulipwa KShs.420,000/- kabla kutozwa ushuru ikiwa Wizara za Kawi na Fedha zitakubali.

Kwa Agizo la Bodi



Duncan Macharia
Katibu wa Kampuni
Machi 14, 2019



Chairman's Word

Dear Stakeholders,

I am delighted to have been given this opportunity to chair the Board of KETRACO effective 18th April 2018 and to champion the good work carried out by my predecessor, Dr. Kenneth Sigilai under whose tenure these financial statements were prepared by the Board.

During this period, the Company completed and commissioned key projects that add up to about 698km of transmission lines. Notable lines include the 482km 400kV Mombasa-Nairobi and the 103km 400kV Suswa- Isinya projects. The two transmission lines are the first 400kV lines in the region and are already bridging the gap between the supply and demand of power in the country. The Mombasa- Nairobi project saw the switching off of the thermal generation plants at the coast, hence a game-changer in the energy sector.

"Effective, efficient and reliable infrastructure is critical in lowering the cost of doing business and increasing competitiveness of the national economy".

In the same year, a consultative meeting was also held with the World Bank and key stakeholders in the energy sector to discuss the possibility of a Private Public Partnership (PPP) for transmission line projects in Kenya. The PPP framework was identified in the company's strategic plan as an approach to gap the decreasing GoK/ Exchequer funding together with the Engineering Procurement and Construction plus Funding (EPC+F) model.

Economy and Operating Environment

The Economic Intelligence Unit (EIU) predicted the Gross Domestic Product (GDP) to grow at 5.5% in 2017 down from an estimated 5.8% in 2016 due to a combination of domestic and international constraints. Domestic constraints include the March 2018 General Elections and October 2018 repeat Presidential Elections, which inhibited investments. In addition, disruptive geopolitical events such as the United Kingdom's exit from the EU (BREXIT) and Trump's presidency, negatively impacted on the economy due to reduced foreign investments to emerging economies.



Hon. (Eng.) James G. K. Rege, CBS - Chairman

Chairman's Word (cont.)

The Kenya National Bureau of Statistics (KNBS) also reported that inflation increased from 7.0% in January 2017 to 9.0% in February 2017 on account of rising food and electricity prices. Inflation averaged 6.3% in 2016 due to subdued oil prices, lower electricity tariffs (due to increased reliance on drought resistant geothermal power) and low food prices due to improved rainfall.

Status of Electricity in the World

According to Global Energy Statistical yearbook 2017, China and India accounted for 2/3 of the global electricity production rise in 2016. China is responsible for half of the global increase in electricity production resulting from high demand combined with fast development of generating capacities. India was the second main contributor to the 2016 increase, followed by Russia and Canada. The world richest countries (G7) have registered a reduction in their electricity production.

KETRACO's Performance Review

The asset base of the company grew from Ksh. 109,421 Million in the financial year 2015/ 2016 to Kshs. 134,860 Million by the end of 2017. The company also received project funding amounting to Kshs 8,736 Million from external sources and

kshs 11,843 Million from the exchequer. The total income during the year amounted to kshs 2,892 Million while total operating expenses was kshs 2,326 Million compared to kshs 2,654 and kshs 1,999 incurred in 2016 respectively.

The Future

The Company has identified priority projects to be completed within the next twelve months that will greatly improve power quality and the networks stability in the country and the region. As the national power system expands (generation and transmission) a new, modern state of the art National System Control Centre (NSCC) will be constructed by KETRACO. This will incorporate smart grid principles with wider system monitoring capability, planning, training, control and load dispatch functionalities, which will be critical to meet the impending challenge of the bigger national grid within the Eastern Africa Power Pool (EAPP). The modern NSCC system will incorporate such functionalities as Automatic Generation Control, Power System Simulation, Fault Incidence Replay and Analysis, Load Forecast and Economic Load Dispatch, Unit Commitment, Import/Export Scheduling, among others.



H.E. Hon. Uhuru Kenyatta, C.G.H., commissions Garissa Substation, part of the 132kV 234km Kindaruma - Mwingi - Garissa line.



Chairman's Word (cont.)

Tribute

I take this opportunity to acknowledge your continued support as our stakeholder and pledge support on behalf of the Government, The ministry of Energy and the Board of Directors towards building a World Class National Grid!

Hon. (Eng.) James G. K. Rege, CBS
Chairman

21 May 2018



H.E. Hon. Uhuru Kenyatta, C.G.H., presents Dr. Kenneth Sigilai, HSC, KETRACO's former Chairman and FCPA Fernandes Barasa, OGW, KETRACO's MD with the trophy for emerging 1st in the Best Energy and Conservation Stand in the 2017 Nairobi International Trade Fair.

Taarifa Ya Mwenyekiti

Ninafuraha kupewa fursa hii kuwa Mwenyekiti wa Bodi ya KETRACO kuanzia tarehe 18 Aprili 2018 na kuendeleza kazi nzuri iliyofanywa na mwenzangu wa awali, Dk. Kenneth Sigilai. Chini ya usimamizi wake taarifa hii ya kifedha iliandaliwa na Bodi.

Katika kipindi hiki, kampuni ilikamilisha miradi muhimu yenye jumla ya takribani Kilomita 698 za laini za kusambaza umeme. Kati ya miradi hii, laini muhimu ni pamoja na mradi wa Mombasa – Nairobi wenye Kilomita 482, 400kV, na mradi wa 400k V. Suswa – Isinya wenye Kilomita 103, Laini hizi mbili za kusambaza umeme ni laini za kwanza zenye uwezo wa 400kV katika kanda. Miradi hii tayari inaziba pengo kati ya ugavi na uhitaji wa umeme nchini. Miradi hii ni ya kimapinduzi kwenye sekta ya nishati nchini huku mmojawapo, mradi wa Mombasa – Nairobi ukipelekea kuzimwa kwa baadhi ya vituo vya kuzalisha umeme wa jotoardhi huko Pwani.

“Miundombinu bora na fanisi ni muhimu katika kupunguza gharama za kuendesha biashara na kuongeza ushindani wa uchumi wa taifa na hili linategemea kikamilifu shughuli za KETRACO”.

Laini ya kusambaza umeme ya Suswa – Isinya nayo pia itasaidia nchi za Kenya, Uganda, Tanzania, Sudan Kusini, Rwanda, DRC Congo na Burundi kuunganisha ziada ya nishati ya umeme wa gharama nafuu inayopatikana katika nchi mbalimbali katika kipindi chote cha mwaka.

Katika mwaka husika, Benki ya Dunia (WB) iliendesha mkutano wa ushauri na wadau wakuu wa sekta ya nishati ili kujadili uwezekano wa Ushirikiano kati ya Sekta Binafsi na ya Umma (PPP) kwa miradi ya laini za kusambaza umeme nchini Kenya. PPP ilibainishwa katika mpango wa kimkakati kama njia ya kupunguza pengo la upungufu wa fedha kutoka kwa serikali ya Kenya pamoja na mtindo wa Engineer Procure and Construct plus Funding (EPC+F).



Mhe. (Eng.) James G. K. Rege, CBS - Mwenyekiti



Taarifa Ya Mwenyekiti (endelezi)

Mazingira ya uchumi na uendeshaji wa shughuli

Kitengo cha Kuhakiki Mwenendo wa Kiuchumi (EIU) kimetabiri kuwa Pato la Taifa (GDP) litakua kwa asilimia 5.5% kwa mwaka 2017 ambayo imepungua kutoka kadirio la asilimia 5.8 kwa mwaka 2016. Hii ni kutokana na mchanganyiko wa vikwazo vya ndani na vya kimataifa. Vikwazo vya ndani vilihusisha uchaguzi mkuu ujao unaoweza kuathiri uwekezaji. Vikwazo vya kimataifa vilihusisha matukio ya siasa za dunia kama vile mchakato wa Uingereza kujitoa katika Umoja wa Ulaya (EU) na uraisi wa Trump, masuala ambayo yanaweza kusababisha kupungua kwa uwekezaji kutoka nje kwenda katika nchi za uchumi unaokua kulingana na Ripoti ya Mtazamo wa Kiuchumi (Economic Outlook Report) ya mwaka 2017 iliyoandaliwa na Deloitte & Touche. Shirika la Taifa la Takwimu (KNBS) nalo liliripoti kwamba mfumuko wa bei umeongezeka kutoka asilimia 7.0



Wakurugenzi na wafanyikazi wa KETRACO wazuru Kituo cha kupoza umeme cha Awendo.

Taarifa Ya Mwenyekiti (endelezi)

mnamo Januari 2017 hadi asilimia 9.0 mnamo Februari 2017 kutokana na kuongezeka kwa bei za chakula na umeme. Mfumuko wa bei ulikadiriwa kuwa asilimia 6.3 mwaka 2016 kutokana na kupungua kwa bei ya mafuta, kupungua kwa ushuru wa umeme (kutokana na utegemezi wa nishati ya umeme wa jotoardhi inayostahimili ukame) na kupungua kwa bei za chakula kutokana na mvua kunyesha kwa wingi.

Hali ya umeme duniani

Kwa mujibu wa ripoti ya Hesabu ya Nishati ya Kimataifa ya 2017, China na India zilichangia 2/3 ya kupanda kwa uzalishaji wa umeme katika mwaka wa 2016. China imechangia nusu ya ongezeko la kimataifa la uzalishaji wa umeme kutokana na mahitaji makubwa pamoja na maendeleo ya haraka ya uwezo wa kuzalisha. Hii ilifuatwa na India, Urusi na Canada. Nchi za tajiri zaidi duniani (G7) zimeandikisha kupungua kwa uzalishaji wa umeme, kutokana na mafanikio ya ufanisi wa nishati.

Mapitio ya Utendaji wa KETRACO

Mali zetu zimeongezeka kutoka KES milioni 109,421 kwa mwaka uliopita wa fedha hadi KES milioni 134,860 kufikia mwishoni mwa 2017. Kampuni pia ilipata ufadhili wa miradi wa kiasi cha KES milioni 7,834 kutoka vyanzo vya nje na KES milioni 12,744 kutoka Hazina. Jumla ya mapato kwa mwaka huu yalikuwa KES milioni 2,892 huku jumla ya gharama za kuendesha biashara zikiwa KES milioni 2,326 kilinganishwa na KES milioni 2,654 na KES milioni 1,995 zilizotumika mwaka 2016.

Matazamia yajayo

Kampuni imebaini miradi ya kupewa kipaumbele inayopaswa kukamilishwa ndani ya miezi kumi na miwili ijayo na ambayo itaboresha kwa kiwango kikubwa ubora wa umeme na udhabiti wa mitandao nchini na kwenye kanda.

Huku mfumo wa taifa wa nishati ya umeme ukipanuka (uzalishaji na usambazaji) KETRACO itajenga Kituo kipya na cha kisasa cha National System Control Center (NSCC). Kituo hiki kitahusisha kanuni za gridi za kisasa pamoja na uwezo wa ufuatiliaji mpana wa mfumo, uwekaji mipango, mafunzo, udhibiti na kazi ya usambazaji wa mzigo; kitakuwa muhimu kwa ajili ya kukabili changamoto ijayo ya gridi kubwa zaidi ya taifa kwenye Mtandao wa Umeme wa Nchi za Afrika Mashariki (EAPP).

Mfumo wa kisasa wa NSCC utajumuisha kazi kama Automatic Generation Control, Power System Simulation, Fault Incidence Replay and Analysis, Load Forecast and Economic Load Dispatch, Unit Commitment, Import/- Export Scheduling, kwa kutaja tu baadhi.

Pongezi

Nachukua fursa hii kutambua mchango wako endelevu kama mbia wetu na naahidi kusaidiana nawe kwa niaba ya Serikali, Wizara ya Nishati na Bodi ya Wakurugenzi katika kujenga Gridi ya Taifa yenye Hadhi ya Kimataifa!

Mhe. (Eng.) James G. K. Rege, CBS
Mwenyekiti



Mei 21 2018



Report Of The Managing Director

For The Financial Year Ended 30th June 2017



FCPA Fernandes Barasa, OGW Managing Director

Dear Stakeholders,

The financial year 2016 - 2017 will go down in history as one of the most tumultuous periods in the energy sector in Kenya. An additional 698km of high voltage transmission lines were added to the national grid. Key new transmission projects were also commenced. A number of high priority projects totalling to about 2,500km of transmission lines are also expected to be completed within the next 3 years. This is guided by the overall objective of the company that focuses on:

- Strengthening and extending the national power transmission grid in order to enhance quality, reliability and security of electricity supply in the Country.
- Increasing electricity access.
- Effectively evacuating power generated and facilitating regional power exchange and trade, which goes a long way in reducing cost of power supply.

KETRACO continues to play its socio-economic transformative role in the economy as mandated by the Government of Kenya by increasing electricity access hence minimizing the cost of production. With this, significant contribution towards the national economic growth and development are met.

I must mention that KETRACO strives to create harmonious relationships with Regional Power utilities, Sector Partners, Government entities & Regulatory Authorities/ Development Partners, Persons Affected by the Projects (PAPs), Contractors, Consultants and the general public among other stakeholders taking cognizance that all these groups need to work together. During the period under review the Company made significant progress in implementation of various on-going transmission projects and prepared and planned for new projects. The Company made tremendous improvements in several other areas which include review of service delivery systems, structures and policies, risk management, enhancing the human resource capacity, providing a 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.

Within the same year, the Company progressed the implementation of the comprehensive 5,000+ MW programme and notable achievements included commissioning of the following electricity transmission lines:



Report Of The Managing Director For The Financial Year Ended 30th June 2017 (cont.)

1. 482km 400kV Mombasa - Nairobi project
2. 103km 400kV Suswa - Isinya project
3. 33km 132kV Ishiara - Kieni project
4. 26km 132kV Sotik - Bomet project
5. 13km 132kV Menengai-Soilo project
6. 13km 132kV Machakos- Konza project

As at June 2017, KETRACO had cumulatively constructed a total of 1,799km of transmission lines with the capacities of 400kV, 220kV and 132 kV as detailed in table below:-

Table 1: Length of Completed HV Transmission Lines (Km) as at June 2017

Transmission Line	Length (KM)	Commissioning Date
*Sondur Miriu - Kisumu 132kV line	50	Jul - 2007
Chemosit - Kisii 132kV line	62	Mar - 2010
Rabai - Galu 132kV line	48	Mar - 2010
Kamburu - Meru 132kV line	122	Sep - 2010
Sang'oro - Sondur 132kV line	5	Jun - 2012
Mumias-Rangala 132kV line	34	Jul - 2012
Kilimambogo-Thika-Githambo 132kV line	77	Mar - 2013
Thika-Gatundu (Nyaga) 132kV line	30	Mar - 2013
Rabai-Malindi-Garsen-Lamu 220kV line	329	Jun - 2013
Meru - Isiolo 132kV line	26	Sep - 2015
Kindaruma-Mwingi-Garissa 132kV line	234	May - 2016
Eldoret-Kitale 132kV line	66	Jun - 2016
Olkaria IV - Suswa 220kV line	18	Jun - 2016
Olkaria IAU - Suswa 220kV line	25	Aug - 2016
Olkaria IAU - Olkaria II 220kV line	3	Oct - 2016
Menengai-Soilo 132kV line	13	Dec - 2016
Sotik-Bomet 132kV line	26	Aug - 2016
Ishiara-Kieni 132kV line	33	Dec - 2016
Machakos -Konza 132kV line	13	Nov - 2016
Mombasa-Nairobi 400kV line	482	Jun - 2017
Suswa-Isinya 400kV line	103	Jun - 2017
Total Length (KM)	1,799	

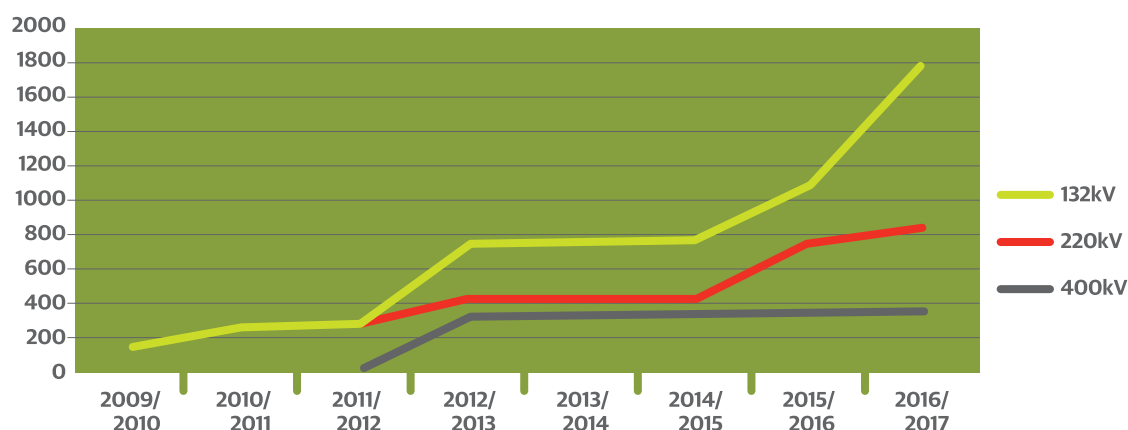
**The Sondur Miriu-Kisumu line was implemented by KenGen and handed over to KETRACO in line with its core mandate.*



Report Of The Managing Director For The Financial Year Ended 30th June 2017 (cont.)

The National Grid expansion is shown in the Figure below.

Figure 1: Length of Completed HV Transmission Lines: 2009 -2017



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

To support the national objectives of the sector, the Ministry of Energy identified and prioritized electricity transmission projects for implementation. They include review and development:

1. The Generation and Transmission Master plan 2015 - 2035
2. Least Cost Power Development Plan 2013 - 2033
3. The 10Year Power Expansion Plan 2014 - 2024
4. The 5 year Medium Term Plan 2015 - 2020

Amongst the projects the company is currently implementing include the 612km 500kV HVDC Ethiopia-Kenya interconnector, 657km of 400kV HVAC, 438km of 220kV HVAC and 704km of 132kV HVAC lines and associated substations.



An aerial shot of the ongoing construction of Loiyangalani substation.



Report Of The Managing Director For The Financial Year Ended 30th June 2017 (cont.)



An aerial view of the Suswa Substation, KETRACO's electricity hub.

2016 - 17 Projects Performance Review

During the period under review, construction of the following projects were completed;

- (i) 25km Olkaria IAU - Suswa 220kV line
- (ii) 3km Olkaria IAU - Olkaria II 220kV line
- (iii) 13km Menengai - Soilo 132kV line
- (iv) 26km Sotik Bomet 132kV line
- (v) 33km Ishiara Kieni 132kV line
- (vi) 13km Machakos Konza 132kV line
- (vii) 482km 400/220kV Mombasa - Nairobi line
- (viii) 103km 400kV Suswa - Isinya line



Report Of The Managing Director

For The Financial Year Ended 30th June 2017 (cont.)

Significant progress in construction was made in the following projects:

- (i) 372km 132kV Kenya Power Transmission System Improvement Project (KPTSIP) that include Nanyuki - Nyahururu; Lessos - Kabarnet; Olkaria - Narok; and Mwingi - Kitui - Wote -Sultan Hamud lines and associated substations
- (ii) Nairobi Ring substations at Isinya, Athi River, Ngong and Koma Rock and extension of Dandora substation
- (iii) 76km 132kV Isiolo-Nanyuki and associated substations
- (iv) 127km 400kV Lessos - Tororo (Kenya-Uganda interconnector)
- (v) 103km 132kV Isinya - Namanga
- (vi) 138km 220kV Turkwel - Ortum - Kitale
- (vii) 430km 400kV Loiyangalani - Suswa
- (viii) 300km, 400/220kV Olkaria - Lessos - Kisumu double circuit line and substation works at Olkaria, Lessos and Kisumu
- (ix) 612km 500kV HVDC Eastern Electricity Highway (Ethiopia-Kenya interconnector) bipolar line with DC/AC convertor substation and 400/220kV substation
- (x) 100km 132kV Sondu - Homabay line
- (xi) 44km 132kV Kisii - Awendo line
- (xii) 100km 400kV Isinya - Namanga (Kenya - Tanzania Interconnector)

Procurement of project Consultants and EPC Contractors for the following projects was concluded:

- (i) 520km 400kV double circuit line Lamu - Kitui - Nairobi East line
- (ii) 400/220kV Mariakani substation

The company continued to source for financing for the following 5000+MW projects.

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

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
- (iv) Electricity access projects

Implementation of the various on-going power transmission projects under the four broad categories are provided below:-



Report Of The Managing Director For The Financial Year Ended 30th June 2017 (cont.)

1. 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:

Nairobi Ring and Associated Substations

With a rating of 1,700MW, this project involves the construction of a 100km 400kV double circuit line from Suswa substation to Isinya substation and two 400/220kV Substations at Suswa and Isinya, as well as Kimuka, Athi River and Komarock(Malaa)220/66kV substations. The total cost of the project is Kshs. 16.9 billion with AFD, EIB and the GoK financing the project.

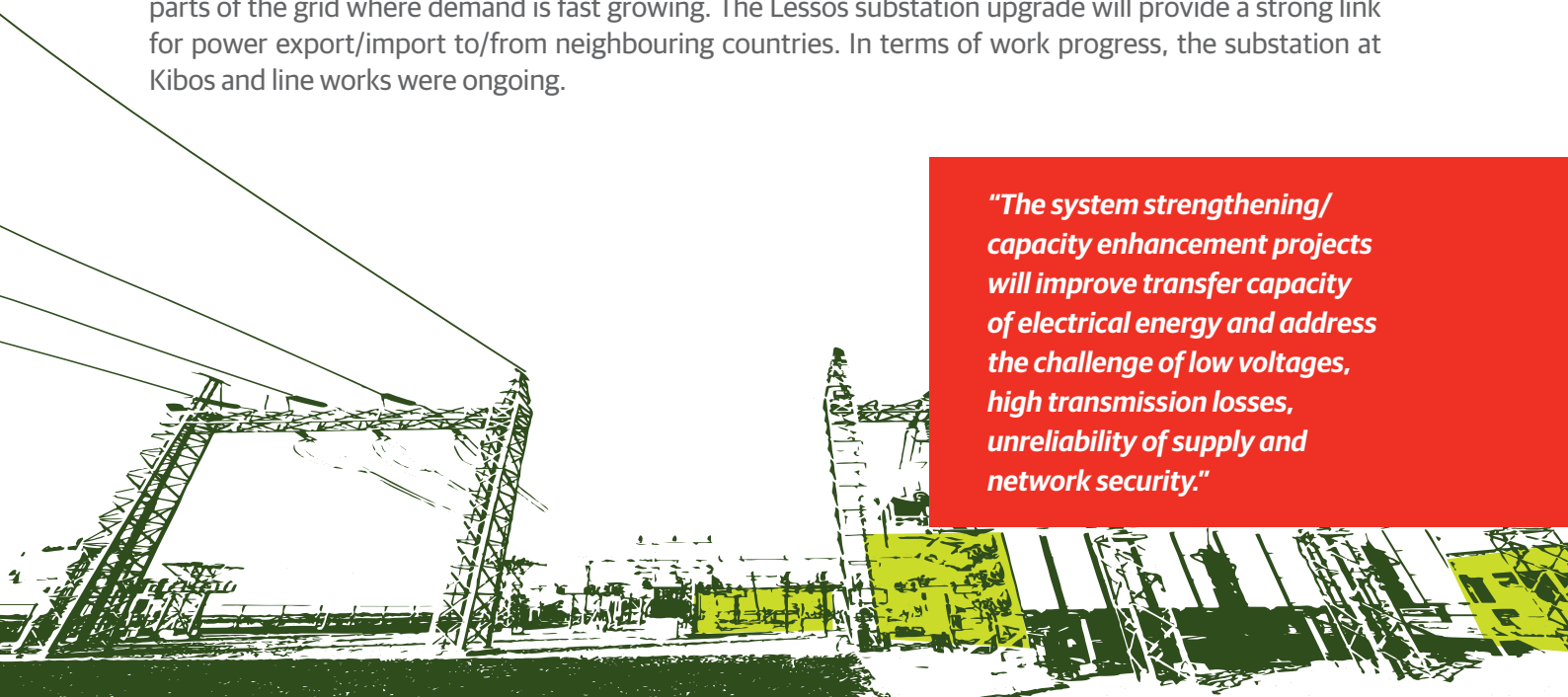
The Nairobi Ring project will offer an alternative supply path for power into the Nairobi Metropolitan Region and increase transformation capacity of removing load from the existing overloaded substations. This will increase in reliability of power supply and create an attractive climate for investors within the metropolitan 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, Rwanda and Ethiopia.

Construction of Suswa 220kV substation was 100% and Suswa - Isinya line were completed during the year. 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. Isinya substation overall completion was at 91%. Athi River substation overall completion was at 72.5%, Kimuka substation overall completion was at 64.5% while Komarock substation equipment had been procured.

300km 400/220kV Olkaria-Lessos-Kisumu project

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 200/132/33kV substation in Kisumu and extension of the existing Olkaria and Lessos substations (Olkaria-Lessos with a rating of 1,200MW and Lessos- Kisumu with a rating of 500MW). The Olkaria-Lessos-Kisumu project will strengthen the link between the South Rift where there exists massive geothermal potential and Western parts of the grid where demand is fast growing. The Lessos substation upgrade will provide a strong link for power export/import to/from neighbouring countries. In terms of work progress, the substation at Kibos and line works were ongoing.

*"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."*





Report Of The Managing Director For The Financial Year Ended 30th June 2017 (cont.)

The project is funded by JICA and GoK at a total cost of Kshs.13.2 billion and the expected completion date is March 2018. During the year under review engineering design and compensation for wayleaves was on going. Financing challenges from the exchequer hampered the progress of this project.

Mariakani 400/220KV Substation

The project involves the construction of a 4x200MVA substation. The projected cost is Kshs. 2.7 billion and will be funded by AfDB. Procurement of the EPC contractor was completed in the period under review. The project could not commence due to lack of funds.

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 World Bank is financing the project at an estimated cost of Kshs. 4.5 billion. Construction is in progress and commissioning is expected in 2019.



Garsen Substation which is part of the 328km 220kV Rabai-Malindi-Garsen-Lamu transmission line that was completed in 2016.



Report Of The Managing Director For The Financial Year Ended 30th June 2017 (cont.)

2. Power Evacuation Projects

KETRACO is implementing several projects targeting evacuation of power from various planned generation plants for injection into the national grid. The progress of the various power evacuation projects is discussed below:

430km 400kV Loiyangalani-Suswa line

The project entails construction of 430km 400kV double circuit line that will evacuate electricity from the 300MW Lake Turkana Wind Power plant in Loiyangalani to Suswa substation. At 1,300MW 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 and GoK at Kshs. 4.5 billion. In the year under review, the EPC Contractor filed for bankruptcy and was consequently terminated. The contract was then awarded to a new contractor to complete the outstanding works. The project completion and commissioning is expected in August 2018.

Projects under 5,000+MW fast tracked generation

Projects in this programme is geared towards evacuating additional power supply generated under the 5,000+MW projects. The projects are:

a. 30km 400kV Menengai-Rongai

This comprises of 400kV double circuit line with 400/220/11kV substations at Menengai and Rongai. The project is targeted at evacuating power from the 400MW Menengai Geothermal Field. Drafting of bidding documents and technical specifications was completed and awaits securing of financing to start tendering.

b. 150km 400kV Silali-Rongai line

This entails 400kV double circuit transmission line with 400/220/11kV 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. Drafting of bidding documents and technical specifications was completed and awaits securing of financing to start tendering.

c. 520km 400kV Lamu-Kitui-Nairobi East line

The project involves construction of 400kV double circuit transmission line from Lamu through Kitui to Nairobi East and 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 EPCF contractor was completed. Valuation of structures and validation of RAP from Kitui to Nairobi East substation was also completed. The project is awaiting securing of financing to start construction.

d. 75km 400kV Isinya-Nairobi East line

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. Drafting of bidding documents and technical specifications is completed and awaits securing of financing to start tendering.



Report Of The Managing Director For The Financial Year Ended 30th June 2017 (cont.)



Ongoing works at the Athi River substation.

3. Regional Interconnection Projects

The development of regional power system interconnection projects is important for most African countries as they have smaller generation capacities to fit the economies of scale. In light of the present world energy crisis, it is optimal that interconnection of the regional electric energy networks is the best alternative to displace expensive thermal generation in regional as well as international power markets.

With this in mind, KETRACO is implementing several electricity transmission projects with an aim of facilitating regional grid integration. These projects will enable the region to share/ tap the competitively generated energy and meet the rising demand created by activities aimed at transforming the economies. These projects are also intended to enhance strategic partnership among the countries, which will have significant contribution to regional economic cooperation and stability. The interconnectors will evacuate generated power and provide reliable access to cheaper power from neighbouring countries in the region. The projects will also see increased reliability within the system, reduce chances of national loss of power, provide alternative sources of markets for power and in return increase stability and provide a larger power grid.

The regional interconnectors will also facilitate the exploration of clean energy resources hence reducing pollution and vulnerability to climate change, and thus strengthening environmental resilience. Kenya's strategic position and its superior infrastructure and advanced service industry will help KETRACO play a central role in regional power trade.

The following interconnector projects are under implementation with neighbouring countries:



Report Of The Managing Director For The Financial Year Ended 30th June 2017 (cont.)

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

The Lessos- Tororo transmission line is part of the interconnection of Electric Grids of the Nile Equatorial Lakes Countries (NELSAP) Project. The NELSAP project entails the construction and upgrading of interconnection lines of the grids of Nile Equatorial Lakes Countries to increase their cross-border exchange and energy trade and to improve the transient stability of the systems, safety and affordability of supply, as well as flexibility in the operation of the interconnected networks of these five Nile Basin Initiative Countries.

The scope for Lessos-Tororo Project includes the construction of 127km of 400kV double circuit transmission line from the existing Lessos substation, in Kenya, to the Kenya - Uganda border near Tororo substation in Uganda with a capacity of 1200MW.

The Lessos-Tororo line will facilitate power interchange between the two countries, increase access to electricity, reduce transmission technical losses and improve regional integration by enabling cross border energy trade that will in the long run facilitate power trade within the countries of the Eastern Africa Power Pool (EAPP).

The project will also see improvement in planning of energy infrastructure and reduce the cost of electricity to the consumers.

The Financiers for the project are AfDB and GoK at a cost of Kshs.4.9 billion. Construction of Lessos substation was stalled due to the EPC contract termination. Parties are finalizing negotiations for amicable settlement to facilitate resumption of construction by a new contractor.

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

The project involves construction of 612km 500kV HVDC bi-pole transmission line and

400kV substations to interconnect the electricity network of Ethiopia, at the Wolayta/Sodo substation, with the Kenya network, at the Suswa substation.

The transmission capacity is 2,000 MW in either direction. The project will provide reliable and affordable energy from a regional resource base and facilitate access to considerable clean regional energy resources, reducing pollution and vulnerability to climate change, thus strengthening environmental resilience.

The World Bank, AfDB, AFD and GoK fund the project at a cost of Kshs. 63.2 billion. In the year under review, construction of the substation, tower erection and stringing continued. The transmission line is expected to be completed by 2019.

100km 400kV Kenya-Tanzania Interconnector

The project comprises of the construction of a high voltage transmission line from Isinya (Kenya) to Singida (Tanzania) together with the associated high voltage Substations. Interconnection will start from the 400kV substation at Isinya, 40 km south of Nairobi up to Arusha. From Arusha, the line will continue to Singida where Tanzania Electric Supply Company Limited (TANESCO) plans a 400kV substation.

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 100km 400kV double circuit transmission line from Isinya in Kenya to Namanga at the border with Tanzania. The project construction has not started due to lack of funds for land compensation.



Report Of The Managing Director For The Financial Year Ended 30th June 2017 (cont.)



Stringing material at the Rumuruti Yard.

4. 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 was put on hold for Nanyuki-Isiolo section, at Nanyuki Airbase due to wayleave issues which are being addressed.

Sondu - Homa Bay - Ndhiwa - Awendo line

The 100km 132kV single circuit line from the Sondu to Homa Bay and Awendo with a rating of 72MW 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 and GoK.

In the year under review, tower design, foundation and erection continued. The project is expected to be complete by 2019.

Kisii - Awendo line

This project involves the construction of approximately 44km 132kV of single circuit line with 73MW capacity. It includes the construction of a new 132/33kV substation at Awendo and extension of the existing Kegati (Kisii) 132/33kV substation. The project aims at strengthening the existing power network in the Southern Nyanza, increasing electricity access and improving reliability. The project is estimated to cost Kshs. 1.4billion with funding from the World Bank and Gok. The project has partially stalled especially on the transmission line component due to way leave compensation challenges and is expected to be completed by December 2017.



Report Of The Managing Director For The Financial Year Ended 30th June 2017 (cont.)

b) 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 with a total length of 431km and 14 associated substations. Two lines with a total length of 66km, three substations and one switchgear have already been energized. AfDB and GoK fund the KPTSIP program 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. 65km 132kV Lessos - Kabarnet line, a new 132/33kV substation at Kabarnet and an out-going bay at existing Lessos substation. The line construction is ongoing.
- ii. 79km 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 the transmission line is on hold due wayleave issues with KDF.
- 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 done. Construction of the transmission line is on-going and is expected to be complete in 2018.
- iv. 153km 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 done. Construction of the transmission line is on-going and is expected to be complete in 2018.





Report Of The Managing Director

For The Financial Year Ended 30th June 2017 (cont.)

EXIM Bank of India and GoK funded Projects:

The total length of the transmission lines is 241km transmission lines and is funded by India Exim Bank at USD 62 million and GoK. The projects are expected to be commissioned in 2018.

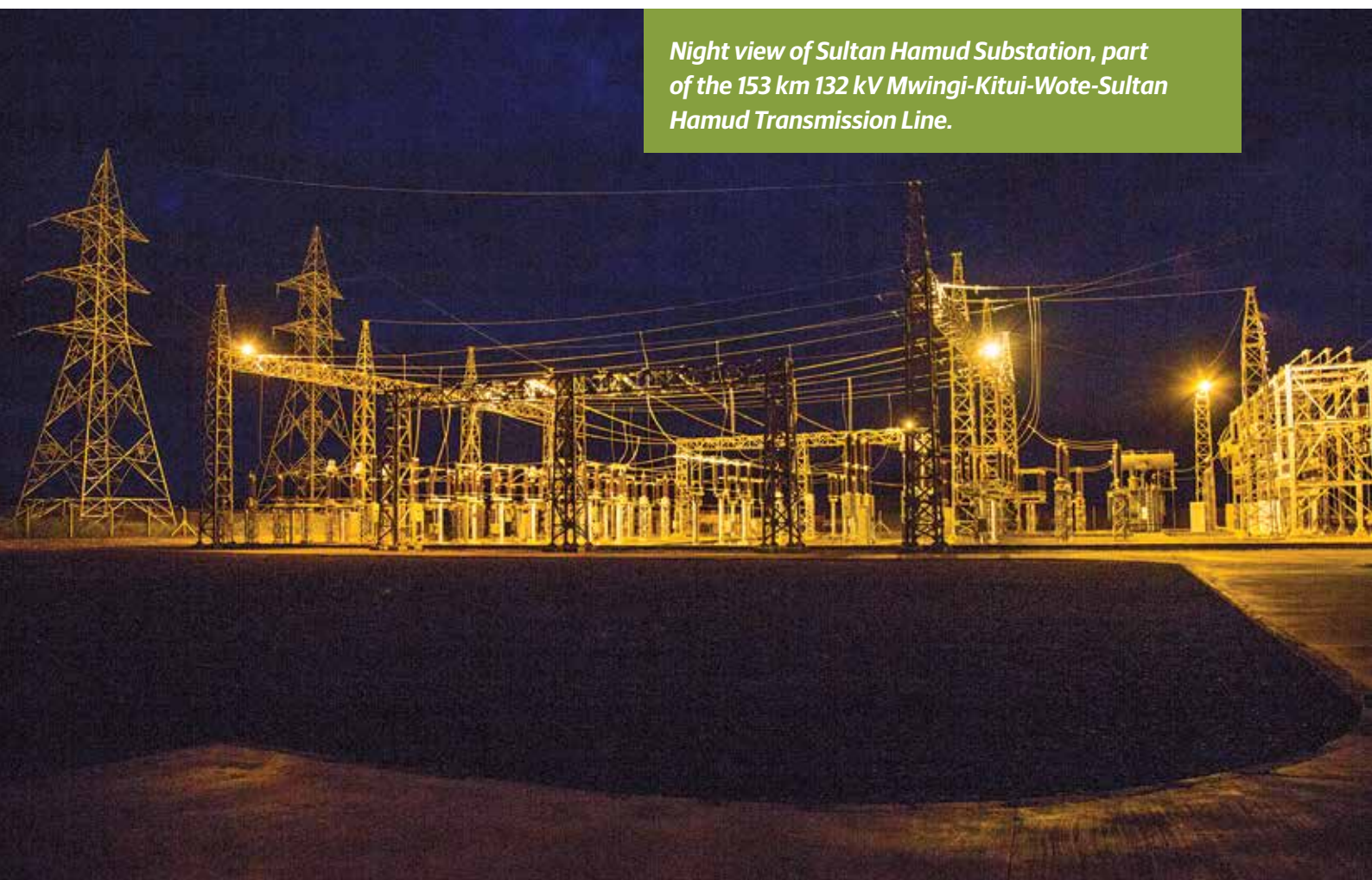
a. Turkwel - Ortum - Kitale line

The 138km 220kV single circuit line from the Turkwel Power Plant to Ortum and Kitale has a rating of 250MW. The project includes two new substations at Ortum and Kitale and expansion of Turkwel substation. It will provide an alternative power supply path for power generated at Turkwel as well as supply power to the proposed cement plant at Ortum. Construction is ongoing and the project is expected to be complete in 2018.

b. Isinya - Namanga line

The 132kV single circuit line from Machakos, Konza, Isinya and Namanga has a rating of 73MW. The project included construction of four 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 the line and substations is ongoing. Machakos and Konza substations were completed and commissioned. Isinya - Namanga transmission line construction is ongoing.

Night view of Sultan Hamud Substation, part of the 153 km 132 kV Mwingi-Kitui-Wote-Sultan Hamud Transmission Line.





Report Of The Managing Director For The Financial Year Ended 30th June 2017 (cont.)

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:

1. 150km 400kV Silali - Rongai line
2. 33km 400kV Menengai - Rongai line
3. 110km 400kV Isinya - Nairobi East line
4. 35km 132kV Meru - Maua in line with 132/33kV 7.5MVA substation at Maua and estimated to cost Kshs 1.4 billion
5. 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
6. 50km 132kV Awendo - Isebania single circuit line with a 133/33kV 23MVA substation at Isebania and extension of Awendo substation estimated to cost Kshs 1.4 billion
7. 250km 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
8. 66km 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
9. 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
10. 330km 220kV Garissa - Habaswen - Wajir single circuit line with substations at Wajir and Habaswen and extension of Garissa substation. The estimated cost is Kshs 7.3 billion
11. 107km 132kV Voi - Taveta single circuit line with a 132/33kV substation at Taveta. The estimated cost is Kshs 2.6 billion
12. 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
13. 40km 220kV Suswa - Ngong line and estimated to cost Kshs. 2.1 billion
14. 111km 132kV Kabarnet - Nyahururu (Rumuruti) line and extension of substation that is estimated to cost Kshs 1.9 billion
15. 88km 132kV Narok - Bomet line and substation extensions expected to cost Kshs 1.7 billion
16. 72km 220kV Kisumu - Kakamega - Musaga double circuit line and substation at Kakamega
17. 73km 132kV Webuye - Kimilili - Kitale line, establishment of substations at Webuye and Kimilili and extension of Kitale substation
18. 25km 132kV Kakamega - Kaimosi transmission line and establishment of substations at Kaimosi
19. 48km 132kV Sotik - Kilgoris transmission line and a new substation at Kilgoris
20. 38km 400kV Isinya - Konza double circuit line with substation at Konza that will link Konza ICT city to the 400kV grid and the generation stations in Olkaria, Menengai and beyond
21. 205km 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
22. 196km 220kV Kamburu - Embu (Kutus) - Thika line and extension of substations at Kamburu, Embu, Kiganjo and Thika
23. 132km 132kV Kitui - Mutomo - Kibwezi line and establishment of substations at Kitui, Mutomo & Kibwezi
24. 84km, 132kV Ngong - Magadi line and substation at Magadi
25. Establishment of 220/66kV substation at Uplands
26. 15km 132kV Galu T off - Likoni and establishment of substation at Likoni

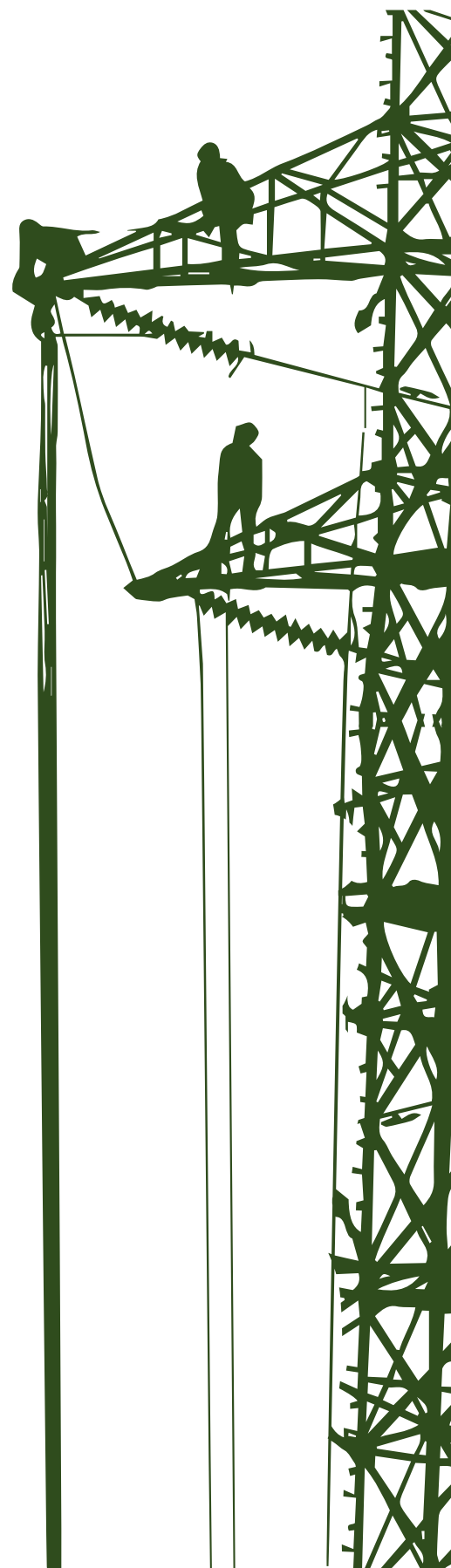


Report Of The Managing Director For The Financial Year Ended 30th June 2017 (cont.)

27. 235km Rongai - Kilgoris 400kV line with substations at Rongai and Kilgoris and offers possibility for interconnection with Tanzania to complete the Lake Victoria Ring
28. 27km 132kV Myanga - Busia line with substations at Myanga and Busia
29. 72km 132kV Rangala - Bondo - Ndigwa line and establishment of substations at Bondo and Ndigwa
30. 72km 132kV Homa Bay - Sindo line with a substation at Sindo
31. 72km 132kV Ndhiwa - Karungu Bay line with extensions of substations at Ndhiwa and Karungu
32. 288km 220kV Kiambere - Maua - Isiolo line with 220/132kV substations at Maua and Isiolo
33. 152km 220kV Isiolo - Maralal line as an alternative for power evacuation from future wind and solar sites
34. 306km 220kV Isiolo - Marsabit line with extension of substations at Isiolo and Marsabit
35. 136km 400kV Loiyangalani - Marsabit line with a substation at Marsabit that will facilitate harnessing fully the potential of wind generation resource in northern Kenya
36. 228km 220kV Turkwel - Lodwar - Lokichogio line and establishment of substations at Turkwel, Lodwar and Lokichogio

Yours Faithfully,

FCPA Fernandes Barasa, OGW
Managing Director
21 May 2018



Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Uliolishia Juni 30, 2017



FCPA Fernandes Barasa, OGW Maneja Mkurugenzi

Wadau Wapendwa,

Mwaka wa 2016- 2017 utakumbukwa kama moja ya vipindi muhimu kwenye Sekta ya Nishani nchini Kenya. Mafanikio makubwa yalipatikana ndani ya kipindi hiki huku kukiwa na nyongeza ya takribani Kilomita 698 kwenye gridi ya taifa. Laini mbalimbali muhimu za kusambaza umeme nazo zilikamilika na kuanza kutumika huku miradi mipya ikianza utekelezaji. Miradi kadhaa iliyopewa kipaumbele yenye jumla ya Kilomita 2,500 za laini za kusambaza umeme nazo zinatarajiwa kukamilika ndani ya miaka 3 ijayo. Hii inasimamiwa na lengo la jumla la Kampuni linalohusisha:

- Kuimarisha na kupanua gridi ya taifa ya kusambaza umeme ili kukuza ubora, uhakika na usalama wa ugavi wa umeme nchini.
- Kuongeza upatikanaji wa umeme.
- Kusafirisha kikamilifu umeme unaozalishwa na kuwezesha biashara ya umeme na ushirikiano kwenye nchi za kanda, hii itasaidia kupunguza gharama za ugavi wa nishati ya umeme.

KETRACO inaendelea kutekeleza jukumu lake la kuleta mabadiliko ya kijamii na kiuchumi kwenye uchumi kama itakavyo Serikali ya Kenya kwa kuongeza upatikanaji wa umeme na kwa hiyo kupunguza gharama za uzalishaji. Matokeo yake, mazingira ya uwekezaji yanaboreshwa na kwa kufanya hivyo bidhaa na huduma za Kenya zinawezeshwa kuwa na ushindani kwenye soko. Kwa jambo hili, mchango muhimu kwenye ukuaji wa uchumi wa taifa unafikiwa.

Lazima niseme kwamba KETRACO inajitahidi kuunda mahusiano na mashirika ya Nishati ya Umeme ya Kanda, wabia wa kisekta, wabia wa kimaendeleo, Watu walioathiriwa na miradi, Wakandarasi, Washauri na umma yote kati ya wadau wengine kwa sababu makundi yote haya yanahitaji kufanya kazi kwa kushirikiana.

Katika kipindi ilichokuwa chini ya ukaguzi, Kampuni ilipiga hatua kubwa katika utekelezaji wa miradi mbalimbali ambayo inaendelea hivi sasa ya usambazaji umeme na iliandaa na kuweka mipango ya miradi mipya. Kampuni ilifanya maboresho makubwa katika

maeneo mengine mbalimbali kama vile kupitia upya mifumo ya utoaji huduma, miundo na sera, usimamizi wa hatari, kuimarisha uwezo wa wafanyikazi, kutengeneza mazingira wezeshi ya kufanyia kazi, kufunga mfumo wa Upangaji na Matumizi ya Rasilimali za Kampuni (ERP) na kuboresha miundombinu ya teknolojia (ICT), kupitia upya mifumo ya kitaasisi, kisheria na udhibiti na kupitia upya mipango ya umeme ya muda wa kati na muda mrefu.

Ndani ya mwaka huo huo, Kampuni iliendelea na utekelezaji wa programu wezeshi ya Megawati 5,000+ na mafanikio ya kipekee yalikuwa ni kuanza kutumika kwa laini zifuatazo za kusambaza umeme:



Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Uliyoishia Juni 30, 2017 (endelezi)

1. Mradi wa Mombasa - Nairobi (Kilomita 482, 400kV)
2. Mradi wa Suswa - Isinya (Kilomita 103, 400kV)
3. Mradi wa Ishiara - Kieni (Kilomita 33, 132kV)
4. Mradi wa Sotik - Bomet (Kilomita 26, 132kV)
5. Mradi wa Menengai - Soilo (Kilomita 13, 132kV)
6. Mradi wa Machakos - Konza (Kilomita 13, 132kV)

Kufikia hivi leo, KETRACO imeweza kujenga jumla ya Kilomita 1,799 za laini za kusambaza umeme zenye uwezo wa 400kV, 220kV na 132kV kama ilivyoainishwa kwenye jedwali hapo chini:-

Jedwali 1: Urefu wa Laini Zilizokamilika (Kilomita) za Kusambaza Umeme wa Msongo wa Juu hadi kufikia Juni 2017

Laini ya Kusambaza Umeme	Urefu (KM)	Tarehe ya Ufunguzi
*Laini ya Sondu Miriu - Kisumu 132kV	50	Jul - 2007
Laini ya Chemosit - Kisii 132kV	62	Mac - 2010
Laini ya Rabai - Galu 132kV	48	Mac - 2010
Laini ya Kamburu - Meru 132kV	122	Sep - 2010
Laini ya Sang'oro - Sondu 132kV	5	Jun - 2012
Laini ya Mumias-Rangala 132kV	34	Jul - 2012
Laini ya Kilimambogo-Thika-Githambo 132kV	77	Mac - 2013
Laini ya Thika-Gatundu (Nyaga) 132kV	30	Mac - 2013
Laini ya Rabai-Malindi-Garsen-Lamu 220kV	329	Jun - 2013
Laini ya Meru - Isiolo 132kV	26	Sep - 2015
Laini ya Kindaruma-Mwingi-Garissa 132kV	234	Mei - 2016
Laini ya Eldoret-Kitale 132kV	66	Jun - 2016
Laini ya Olkaria IV - Suswa 220kV	18	Jun - 2016
Laini ya Olkaria IAU - Suswa 220kV	25	Ago - 2016
Laini ya Olkaria IAU - Olkaria II 220kV	3	Okt - 2016
Laini ya Menengai-Soilo 132kV	13	Des - 2016
Laini ya Sotik-Bomet 132kV	26	Ago - 2016
Laini ya Ishiara-Kieni 132kV	33	Des - 2016
Laini ya Machakos -Konza 132kV	13	Nov - 2016
Laini ya Mombasa-Nairobi 400kV	482	Jun - 2017
Laini ya Suswa-Isinya 400kV	103	Jun - 2017
Jumla ya Urefu (KM)	1,799	

*Laini ya Sondu Miriu-Kisumu ilijengwa na KenGen na wakaikabidhi kwa KETRACO.

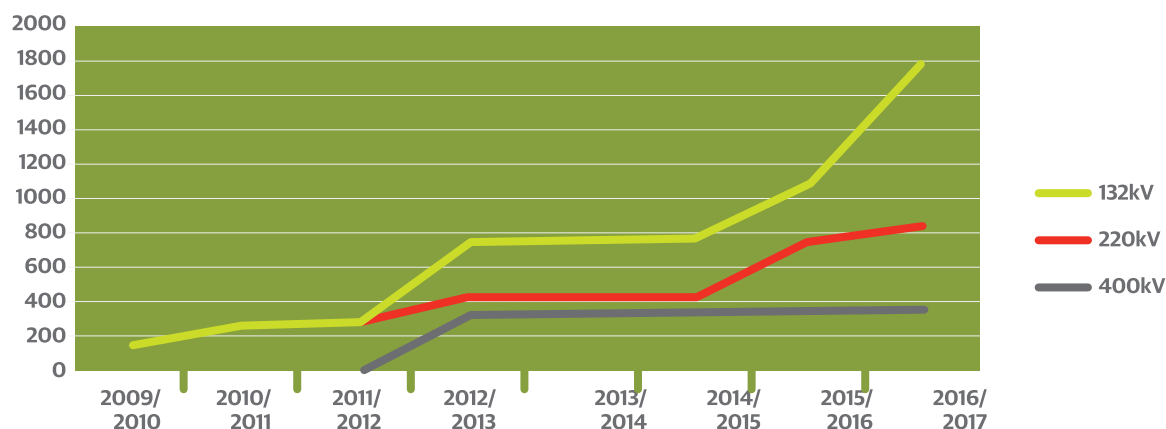


Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Uliyoishia Juni 30, 2017 (endelezi)

Upanuzi wa Gridi ya Tifa umeainishwa kwenye Kielelezo hapo chini.

Kielelezo 1: Urefu wa Laini Zilizokamilika za Kusambaza Umeme wa Msongo wa Juu: 2009 - 2017



Kukua kwa gridi ya kisasa na madhubuti nchini kumepielekea kuwepo kwa maboresho katika ubora na uhakika wa ugavi katika maeneo yaliyokosa umeme kwa sehemu kubwa hapo awali. Kwa utekelezaji wa programu zilizopangwa na Kampuni za kuimarisha uwezo, ujenzi wa miundombinu utaiweka Kampuni kwenye nafasi nzuri kimkakati ya kupanuka kwa ufanisi zaidi kama yalivyo matarajio ya sekta ya ugavi wa umeme nchini na kanda.

Ili kuunga mkono malengo ya sekta hii kitaifa, Wizara ya Nishati imetambua na kuipa kipaumbele miradi ya kusambaza umeme kwa ajili ya utekelezaji. Inahusisha:

1. Mpango Mkuu wa Kuzalisha na Kusambaza Umeme 2015 - 2035
2. Mpango wa Kuzalisha Umeme wa Gharama Nafuu 2013 - 2033
3. Mpango wa Miaka 10 wa Kupanua Wigo wa Upatikanaji wa Umeme 2014 - 2024
4. Mpango wa Muda wa Kati wa miaka mitano 2015 - 2020

Miongoni mwa miradi inayotekelezwa na kampuni inahusisha laini ya kusambaza umeme ya Ethiopia - Kenya ya kilomita 612, 500kV HVDC, laini ya kilomita 657, 400kV HVAC, laini ya kilomita 438, 220kV HVAC na laini ya kilomita 704, 132kV HVAC na vituo vidogo husika vya kupoza umeme.



Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Ulioishia Juni 30, 2017 (endelezi)



Ujenzi wa mnara unaoendelea katika laini ya Olkaria - Lessos - Kisumu huko Miwani.

Mapitio ya Utekelezaji wa Miradi ya 2016-17

Katika kile kipindi tulichokuwa chini ya ukaguzi, tulikamilisha ujenzi wa miradi ifuatayo;

- (i) Laini ya Olkaria IAU - Suswa (Kilomita 26 220kV)
- (ii) Laini ya Olkaria IAU - Olkaria II (Kilomita 3 220kV)
- (iii) Laini Menengai - Soilo (Kilomita 13 132kV)
- (iv) Laini ya Sotik Bomet (Kilomita 26 132kV)
- (v) Laini ya Ishiara Kieni (Kilomita 33 132kV)
- (vi) Laini ya Machakos Konza (Kilomita 13 132kV)
- (vii) Laini ya Mombasa - Nairobi (Kilomita 482 400/220kV)
- (viii) Laini ya Suswa - Isinya (Kilomita 103 400kV)



Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Uliyoishia Juni 30, 2017 (endelezi)

Kampuni imepiga hatua kubwa katika miradi ifuatayo:

- (i) Mradi wa Kuboresha Mfumo wa Kusambaza Umeme Kenya (KPTSIP) wa kilomita 372, 132kV unaohusisha laini za Nanyuki - Nyahururu; Lessos - Kabarnet; Olkaria - Narok; na Mwingi - Kitui - Wote - Sultan Hamud na vituo vidogo husika vya kupoza umeme
- (ii) Vituo vidogo vya kupoza umeme vya Mzunguko wa Nairobi (Nairobi Ring) vya Isinya, Athi River, Ngong na Koma Rock na upanuzi wa kituo kidogo cha kupoza umeme cha Dandora
- (iii) Laini ya Isiolo - Nanyuki ya kilomita 76, 132kV na vituo vidogo husika vya kupoza umeme
- (iv) Laini ya Lessos - Tororo ya kilomita 127, 400kV (Mradi wa Kuunganisha Kenya-Uganda)
- (v) Laini ya Isinya - Namanga ya kilomita 103, 132kV
- (vi) Laini ya Tukwel - Ortum - Kitale ya kilomita 138, 220kV
- (vii) Laini ya Loiyangalani - Suswa ya kilomita 430, 400kV
- (viii) Laini ya Olkaria-Lessos - Kisumu yenye saketi mbili, kilomita 300, 400/220kV na kazi za ujenzi wa kituo cha kupoza umeme huko Olkaria, Lessos na Kisumu
- (ix) Barabara Kuu ya Umeme ya Afrika Mashariki yenye kilomita 612, 500kV HVDC (Mradi wa Kuunganisha 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 kupoza umeme chenye nguvu ya 400/220kV
- (x) Laini ya Sondu-Homabay ya kilomita 100, 132kV
- (xi) Laini ya Kisii-Awendo ya kilomita 44, 132kV
- (vii) Laini ya Isinya-Namanga (Kenya-Tanzania) ya kilomita 100, 400kV

Mchakato wa kupata Washauri na Wahandisi wa EPC umekamilika kwa miradi ifuatayo:

- (i) Laini ya Lamu - Kitui - Nairobi East ya saketi mbili yenye kilomita 520, 400kV
- (ii) Kituo kidogo cha kupoza umeme cha Mariakani chenye nguvu ya 400/220kV

Kampuni inaendelea kutafuta fedha kwa ajili ya miradi ifuatayo ya Megawati 5000+.

- (i) Mradi wa Menengai - Rongai wa kilomita 25, 400kV
- (ii) Mradi wa Silali - Rongai wa kilomita 150, 400kV
- (iii) Mradi wa Isinya - Nairobi East wa kilomita 110, 400kV

Miradi iliyo kwenye utekelezaji imewekwa 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
- (iv) Miradi ya Upatikanaji wa Umeme

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



Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Ulioishia Juni 30, 2017 (endelezi)

I. Miradi ya Kuimarisha Mfumo

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

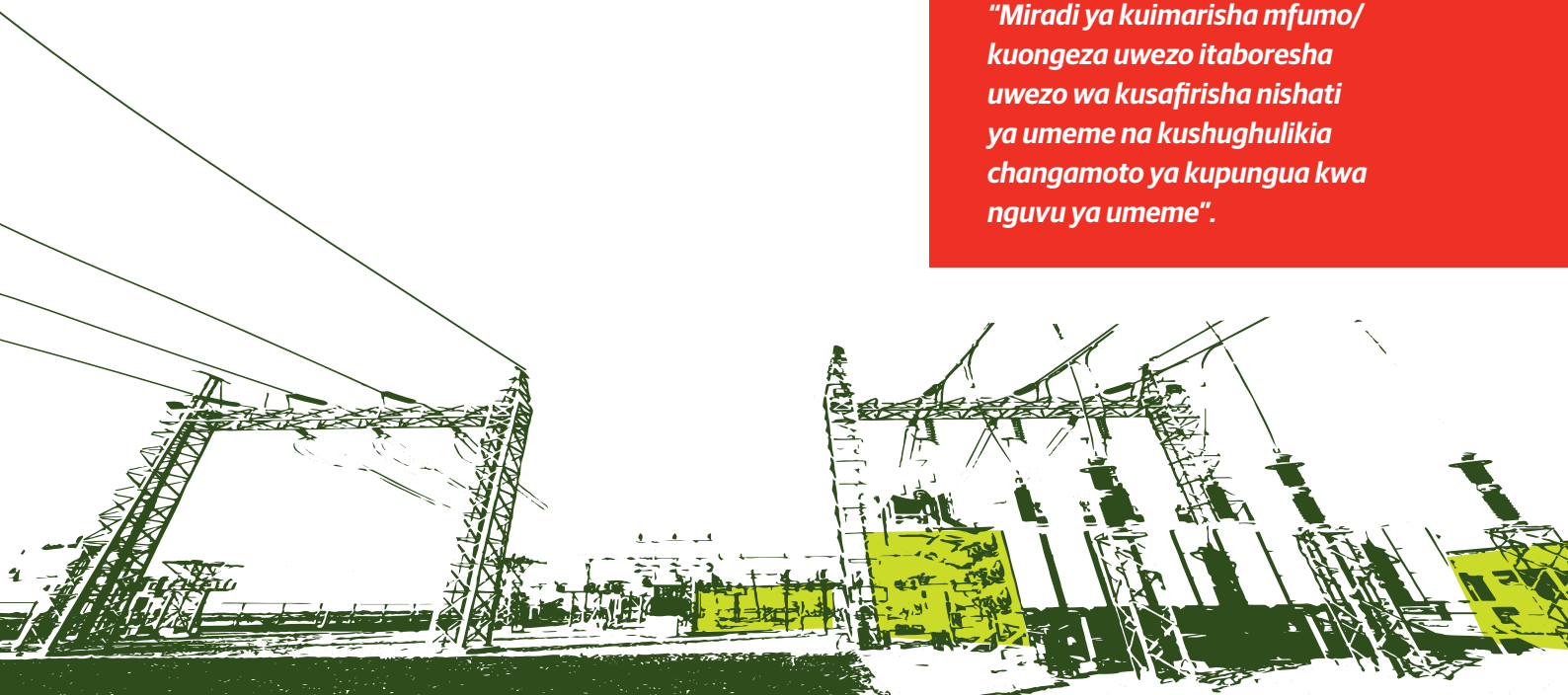
Mradi wa Vituo Vidogo vya Kupoza Umeme vya Mzunguko wa Nairobi (Nairobi Ring)

Kwa kiwango cha Megawati 1700, mradi huu unahusisha ujenzi wa laini ya saketi mbili ya kilomita 100, 400kV kutoka kituo kidogo cha kupoza umeme cha Suswa hadi kituo kidogo cha kupoza umeme cha Isinya na vituo vidogo vya kupoza umeme vya 400/220kV huko Suswa na Isinya, pamoja na vituo vidogo vya kupoza umeme vyenye uwezo wa 220 /66kV vya Kimuka, Athi River na Komarock (Malaa). Jumla ya gharama za mradi huu ni KSh. Bilioni 16.9 na mradi huu unafadhiliwa na AFD, EIB na Serikali ya Kenya.

Mradi huu wa Nairobi Ring utatoa njia mbadala ya ugavi wa nishati ya umeme kwenye Eneo la Nairobi Mjini na kuongeza uwezo wa kukuza nguvu ya umeme na kuondosha mzigo kutoka kwenye vituo vidogo vya sasa vya kupoza umeme vilivyozidiwa mzigo. Hii itaongeza uhakika wa ugavi wa umeme na kutengeneza mazingira yatakayowavutia wawekezaji kwenye ukanda huu na hivyo kuchochea maendeleo na ajira. Laini ya Suswa-Isinya itaiunganisha gridi ya Pwani na sehemu nyingine zote za Kenya na nchi za jirani za Tanzania, Uganda na Ethiopia.

Ujenzi wa kituo kidogo cha kupoza umeme cha 220kV Suswa pamoja na laini ya Suswa - Isinya ulikamilika kwa asilimia 100 katika mwaka husika. Kandarasi kwenye vituo vidogo vya kupoza umeme vya Athi River, Isinya na Kimuka zilisimama kutokana na kumalizika kwa muda wa mkandarasi wa EPC na mchakato wa kutafuta mkandarasi mpya ulianza. Ujenzi wa kituo kidogo cha kupoza umeme cha Isinya umekamilika kwa asilimia 91. Ujenzi wa kituo kidogo cha kupoza umeme cha Athi River umekamilika kwa asilimia 72.5, ujenzi wa kituo kidogo cha kupoza umeme cha Kimuka umekamilika kwa asilimia 64.5 na vifaa vya kituo kidogo cha kupoza umeme cha Komarock vimeshapatikana.

"Miradi ya kuimarisha mfumo/kuongeza uwezo itaboresha uwezo wa kusafirisha nishati ya umeme na kushughulikia changamoto ya kupungua kwa nguvu ya umeme".





Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Uliolishia Juni 30, 2017 (endelezi)

Mradi wa Olkaria - Lessos - Kisumu (Kilomita 300, 400/220kV)

Mradi huu unahusisha ujenzi wa laini ya saketi mbili ya 400kV yenye kilomita 300 kutoka Kituo cha Kuzalisha Umeme cha Olkaria hadi Lessos, laini ya saketi mbili ya 220kV kutoka Lessos hadi Kisumu, kituo kidogo kipya cha kupoza umeme cha 220kV huko Kisumu na upanuzi wa vituo vidogo vya sasa vya kupoza umeme vya Olkaria na Lessos (Olkaria - Lessos kina uwezo wa Megawati 1,200 na Lessos - Kisumu kina uwezo wa Megawati 500). Mradi wa Olkaria - Lessos - Kisumu utasaidia kuimarisha kiungo kati ya South Rift, ambapo kuna fursa kubwa ya nishati ya umeme wa jotoardhi, na sehemu za Magharibi mwa gridi ambapo uhitaji unakua kwa kasi. Kwa kuboreshwa kwa kituo kidogo cha kupoza umeme cha Lessos, kituo hiki kitaweza kuwa kiungo madhubuti cha usambazaji wa nishati ya umeme wa ndani/nje/kutoka nchi za jirani.

Mradi huu unafadhiliwa na JICA na Serikali ya Kenya kwa gharama ya KSh. Bilioni 13.2 na unatarajiwa kukamilika ifikapo Machi 2018. Katika mwaka wa ukaguzi, mchakato wa mchoro wa uhandisi na malipo ya fidia kwa ajili ya ufinyu wa njia (wayleaves) uliendelea. Changamoto za ufadhili kutoka hazina zilizorotesha upigaji hatua wa mradi huu. Kwa masuala ya upigaji hatua wa mradi, shughuli za ujenzi wa kituo kidogo cha kupoza umeme cha Kibos pamoja na laini zilikuwa zikiendelea.

Kituo Kidogo cha Kupoza Umeme cha Mariakani 400/220KV

Mradi huu unahusisha ujenzi wa kituo kidogo cha kupoza umeme chenye uwezo wa 4x200MVA. Gharama za mradi huu ni KSh. Bilioni 2.7 na unafadhiliwa na AfDB. Mchakato wa kumpata mkandarasi wa EPC ulikamilika katika kipindi cha ukaguzi. Mradi huu haukuweza kuanza kutokana na kukosekana kwa fedha. Kipande cha Kuimarisha Nguvu ya Umeme Ethiopia - Kenya.

Mradi huu unahusisha ujenzi wa kituo kidogo cha kupoza umeme chenye uwezo wa 2x450MVA huko Isinya na capacitor banks kwenye vituo vidogo vya kupoza umeme vya Athi River na Nairobi North. Mradi huu unafadhiliwa na Benki ya Dunia na unakadiriwa kugharimu KSh. Bilioni 4.5. Ujenzi unaendelea na ufunguzi wake unatarajiwa kufanyika mwaka wa 2019.

II. Miradi ya Kusafirisha Umeme kutoka Vituo vya Kuzalisha Umeme

KETRACO inatekeleza miradi kadhaa inayolenga kusafirisha umeme kutoka katika vituo mbalimbali vya kuzalisha umeme ili kuingizwa kwenye gridi ya taifa. Maendeleo ya miradi mbalimbali ya kusafirisha umeme yamejadiliwa hapo chini:

Mradi wa Loiyangalani - Suswa (Kilomita 430, 400kV)

Mradi huu unahusisha ujenzi wa laini ya saketi mbili za 400kV yenye kilomita 430 ambayo itasafirisha umeme kutoka katika Kituo cha Kuzalisha Nishati ya Upepo wa Megawati 300 cha Ziwa Turkana huko Loiyangalani hadi kituo kidogo cha kupoza umeme cha Suswa. Kwa uwezo kusafirisha umeme wa Megawati 1,300, laini hii itakuwa na uwezo wa kutosha wa kusafirisha umeme kutoka katika vituo vya kuzalisha umeme vitakavyojengwa siku za usoni kwenye maeneo yenye nishati ya jotoardhi kwenye Bonde la Ufa na mashamba ya kuvuna nishati ya upepo huko Kaskazini mwa Kenya (Marsabit). Jumla ya gharama za mradi wa laini hii ni KSh. Bilioni 16.5 na unafadhiliwa na Serikali ya Uhispania 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 kupoza umeme ulipiga hatua kubwa ikiwa ni pamoja na haki ya umiliki wa njia. Mradi huu unatarajiwa kukamilika na kuanza kutumika Julai 2018.



Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Uliyoishia Juni 30, 2017 (endelezi)



Kituo cha Menengai. Hii ni sehemu inayokamilisha laini ya Menengai - Solio (kilomita 13, 132kV).

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

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

a) Laini ya Menengai - Rongai (Kilomita 30, 400kV)

Mradi huu unahusisha laini ya saketi mbili ya 400kV na vituo vidogo vya kupoza umeme vyenye uwezo wa 400/220kV - 200MVA vya Menengai na Rongai. Mradi huu unalenga kusafirisha umeme kutoka Kituo cha Kuzalisha Umeme wa Jotoardhi cha Menengai chenye uwezo wa Megawati 400. Maandalizi ya nyaraka za zabuni na taarifa za kiufundi yamekamiliika na tunasubiri upatikanaji wa fedha ili kuanza mchakato wa zabuni.

b) Laini ya Silali - Rongai (Kilomita 150, 400kV)

Mradi huu unahusisha ujenzi wa laini ya kusambaza umeme ya saketi mbili za 400/220/11kV pamoja na kituo kidogo cha kupoza umeme chenye uwezo wa 400/11kV 350MVA huko Silali. Unalenga kusafirisha umeme kutoka Kituo cha Kuzalisha Umeme wa Jotoardhi cha Silali chenye uwezo wa Megawati 200. Katika mwaka tuiokuwa chini ya ukaguzi, mchakato wa wali wa kuchagua njia ya umeme ulianza. Maandalizi ya nyaraka za kutoa zabuni na taarifa za kiufundi yamekamiliika na tunasubiri upatikanaji wa fedha ili kuanza mchakato wa zabuni.

c) Laini ya Lamu - Kitui - Nairobi East (Kilomita 20, 400kV)

Mradi huu unahusisha ujenzi wa laini ya kusambaza umeme ya saketi mbili za 400kV kutoka Lamu kupitia Kitui hadi Nairobi East. Kutakuwa pia na kituo kidogo cha kupoza umeme cha 400kV huko Kitui. Lengo ni kusafirisha umeme kutoka Kituo cha Kuzalisha Umeme wa Makaa ya Mawe chenye uwezo wa Megawati



Ripoti Ya Maneja Mkurugenzi Kwa Mwaka Wa Fedha Uliolishia Juni 30, 2017 (endelezi)

960 huko Kitui na Megawati 960 huko Lamu. Katika mwaka tuliokuwa chini ya ukaguzi, mchakato wa kutafuta Mshauri wa Usimamizi wa Kandarasi na mkandarasi wa EPCF ulikamilika. Uthamini wa majengo umekamilika. Uthamini wa RAP kutoka Kitui hadi kituo kidogo cha kupoza umeme cha Nairobi East umekamilika pia. Mradi huu unasubiri ufadhili ili ujenzi uanze.

d) Laini ya Isinya - Nairobi East (Kilomita 75, 400kV)

Mradi huu unahusisha ujenzi wa laini ya saketi mbili ya 400kV pamoja na kituo kidogo cha kupoza umeme chenye uwezo wa 400/220kV-350MVA huko Nairobi East. Lengo ni kutoa njia mbadala kwa ajili ya nguvu ya ziada. Maandalizi ya nyaraka za zabuni na taarifa za kiufundi yamekamilika na tunasubiri upatikanaji wa fedha ili kuanza mchakato wa zabuni.

III. Miradi ya Kuunganisha Nchi za Kanda

Uanzishwaji wa miradi ya kuunganisha mifumo ya umeme ya nchi za kanda ni muhimu kwa nchi nyingi za Afrika kwa kuwa nyingi zina uwezo mdogo wa kuzalisha umeme ili kupata faida ya uzalishaji kwa wingi (economies of scale). Kwa kuzingatia janga la kidunia la nishati, kuunganisha mitandao ya nishati ya umeme katika nchi za kanda ni njia mbadala na yenye tija ya kuondoa uzalishaji wa nishati joto unaogharimu katika kanda pamoja na masoko ya kimataifa ya umeme.

Kwa kuzingatia hili, KETRACO inatekeleza miradi mbalimbali ya kusambaza umeme kwa nia ya kuwezesha uunganishwaji wa gridi za nchi za kanda. Miradi hii itawezesha kanda hii kushirikisha/kunufaika na nishati iliyozalishwa na kukidhi uhitaji unaokua kutokana na shughuli zinazolenga kuleta mageuzi ya kuichumi. Miradi hii pia inatarajiwa kuimarisha ushirikiano wa kimkakati kati ya nchi husika, jambo ambalo litakuwa na mchango mkubwa katika ushirikiano wa kiuchumi na uthabiti kwenye kanda. Miradi ya kuunganisha nchi za kanda itasafirisha umeme unaozalishwa na kuwezesha upatikanaji wa uhakika wa umeme wa gharama nafuu kutoka nchi za jirani kwenye kanda husika. Miradi hii pia itawezesha kuwepo kwa uhakika endelevu katika mfumo, kupunguza uwezekano wa nchi kukosa umeme, kutoa vyanzo mbadala vya masoko ya nishati ya umeme na hatimaye kuongeza uthabiti na kuwa na gridi kubwa zaidi ya nishati ya umeme.

"Miradi ya kuimarisha mfumo/ kuongeza uwezo itaboresha uwezo wa kusafirisha nishati ya umeme na kushughulikia changamoto ya kupungua kwa nguvu ya umeme".

Miradi ya kuunganisha nchi za kanda itawezesha pia utafiti wa vyanzo vya nishati safi na kwa kufanya hivyo kupunguza uharibifu wa mazingira na hatari ya kutokea mabadiliko ya tabia nchi, na hivyo kuimarisha ustahimiivu wa mazingira. Hivyo, nafasi ya kimkakati ya Kenya, miundombinu yake ya hali ya juu na sekta yake bora ya utoaji huduma itaisaidia KETRACO kuwa kiongozi kwenye biashara ya nishati ya umeme katika kanda husika.

Miradi ifuatayo ya kuunganisha nchi za kanda inatekelezwa pamoja na nchi za jirani:

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

Laini ya kuzambaza umeme ya Lessos - Tororo ni sehemu ya Mradi wa Kanda wa Kuunganisha Gridi za Umeme unaojulikana kama mradi wa Nile Equatorial Lakes Countries Subsidiary Action Plan (NELSAP). Mradi wa NELSAP unahusisha ujenzi na uboreshaji wa laini zinazounganisha gridi za nchi za NELSAP ili kukuza biashara ya nishati kati ya nchi na nchi na kuboresha uthabiti wa muda mfupi wa mifumo husika, usalama na nafuu wa ugavi, pamoja na ubadilikaji kwenyeshughuli za mitandao iliyounganishwa ya Nchi Tano za Mradi wa Bonde la Mto Nile.



Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Ulioishia Juni 30, 2017 (endelezi)

Wigo wa mradi wa Lessos - Tororo unahusisha ujenzi wa laini ya kusambaza umeme ya saketi mbili za 400kV yenye kilomita 127 kutoka kituo kidogo cha sasa cha kupoza umeme cha Lessos nchini Kenya, hadi kwenye mpaka wa Kenya - Uganda karibu na kituo kidogo cha kupoza umeme cha Tororo nchini Uganda, yenye uwezo wa kusafirisha umeme wenye nguvu ya Megawati 1200.

Laini ya Lessos - Tororo itawezesha kubadilishana nishati ya umeme kati ya nchi hizi mbili, kuongeza upatikanaji wa umeme, kupunguza hasara za kiufundi za kusambaza umeme na kuboresha ushirikiano wa kanda kwa kuwezesha biashara ya nishati kwa nchi na nchi, ambapo huko mbeleni itawezesha biashara ya nishati ya umeme miongoni mwa washirika wa Mtandao wa Umeme wa Nchi za Afrika Mashariki (EAPP).

Mradi huu pia utawezesha maboresho katika uwekaji mipango ya miundombinu ya nishati ya umeme na kupunguza gharama ya umeme kwa watumiaji.

Wafadhili wa mradi huu ni AfDB na Serikali ya Kenya kwa gharama ya KSh. Bilioni 4.9. Ujenzi wa kituo kidogo cha kupoza umeme cha Lessos ulisimama kutokana na kumalizika kwa muda wa mkataba wa EPC.

Mradi wa Barabara Kuu ya Umeme Afrika Mashariki (Kilomita 612, Kuunganisha Ethiopia - Kenya)

Mradi huu unahusisha ujenzi wa laini ya kusambaza umeme ya kilomita 612 na yenye nguvu ya 500kV na uwezo wa kusafirisha umeme wa kwa njia ya HVDC bi-pole na vituo vidogo vya kupoza umeme vyenye uwezo wa 400kV vya kuunganisha mtandao wa nguvu ya umeme wa Ethiopia, kwenye kituo kidogo cha kupoza umeme cha Wolayta/Sodo, pamoja na mtandao wa Kenya, kwenye kituo kidogo cha kupoza umeme cha Suswa.

Laini hii itakuwa na uwezo wa kupitisha umeme wa Megawati 2,000 kutoka pande zote mbili. Mradi huu utatoa nishati ya umeme ya uhakika na ya gharama nafuu kutoka katika kituo cha kanda cha rasilimali na kuwezesha upatikanaji wa chanzo cha nishati safi kutoka kanda husika, kupunguza uharibifu wa mazingira na hatari ya kutokea mabadiliko ya tabia nchi, na hivyo kuimarisha ustahimilivu wa mazingira.

Mradi huu unafadhiliwa na Benki ya Dunia (WB), AfDB, AFD na Serikali ya Kenya kwa gharama ya KSh. Bilioni 63.2. Katika mwaka tuliokuwa chini ya ukaguzi, ujenzi wa kituo kidogo cha kupoza umeme, ujenzi wa mnara na kuweka nyaya uliendelea. Mradi huu unatarajiwa kukamilika 2019.





Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Uliyoishia Juni 30, 2017 (endelezi)

Laini ya Kuunganisha Kenya - Tanzania (Kilomita 100, 400kV)

Mradi huu unahusisha ujenzi wa laini ya kusambaza umeme wa msongo wa juu kutoka Isinya (Kenya) hadi Singida (Tanzania) pamoja na vituo vidogo husika vya kupoza umeme wa msongo wa juu. Kazi ya kuunganisha mitandao itaanzia kwenye kituo kidogo cha kupoza umeme chenye uwezo wa 400 kV kilichopo Isinya, kilomita 40 kusini mwa Nairobi hadi Arusha. Kutoka Arusha, laini hiyo itaendelea hadi Singida ambapo kituo kidogo cha kupoza umeme cha 400 kV kinapangwa kujengwa na TANESCO.

Mradi huu ni sehemu ya upande wa Kenya wa laini ya kilomita 2,000 ya kuunganisha nchi za Kenya - Tanzania - Zambia ambayo itaunganisha washirika wa Mtandao wa Umeme wa Nchi za Afrika Kusini (SAPP) huku ikitoa fursa za bishara ya nishati ya umeme miongoni mwa washirika wa Mtandao wa Umeme wa Nchi za Afrika Mashariki (EAPP) na Mtandao wa Umeme wa Nchi za Afrika Kusini (SAPP). Mradi huu unahusisha ujenzi wa

laini ya saketi mbili ya kusambaza umeme yenye uwezo wa 400kV na kilomita 100 kutoka Isinya, Kenya hadi Namanga mpakani na Tanzania. Ujenzi wa mradi huu haujaanza kutokana na ukosefu wa fedha za kulipa fidia ya ardhi.

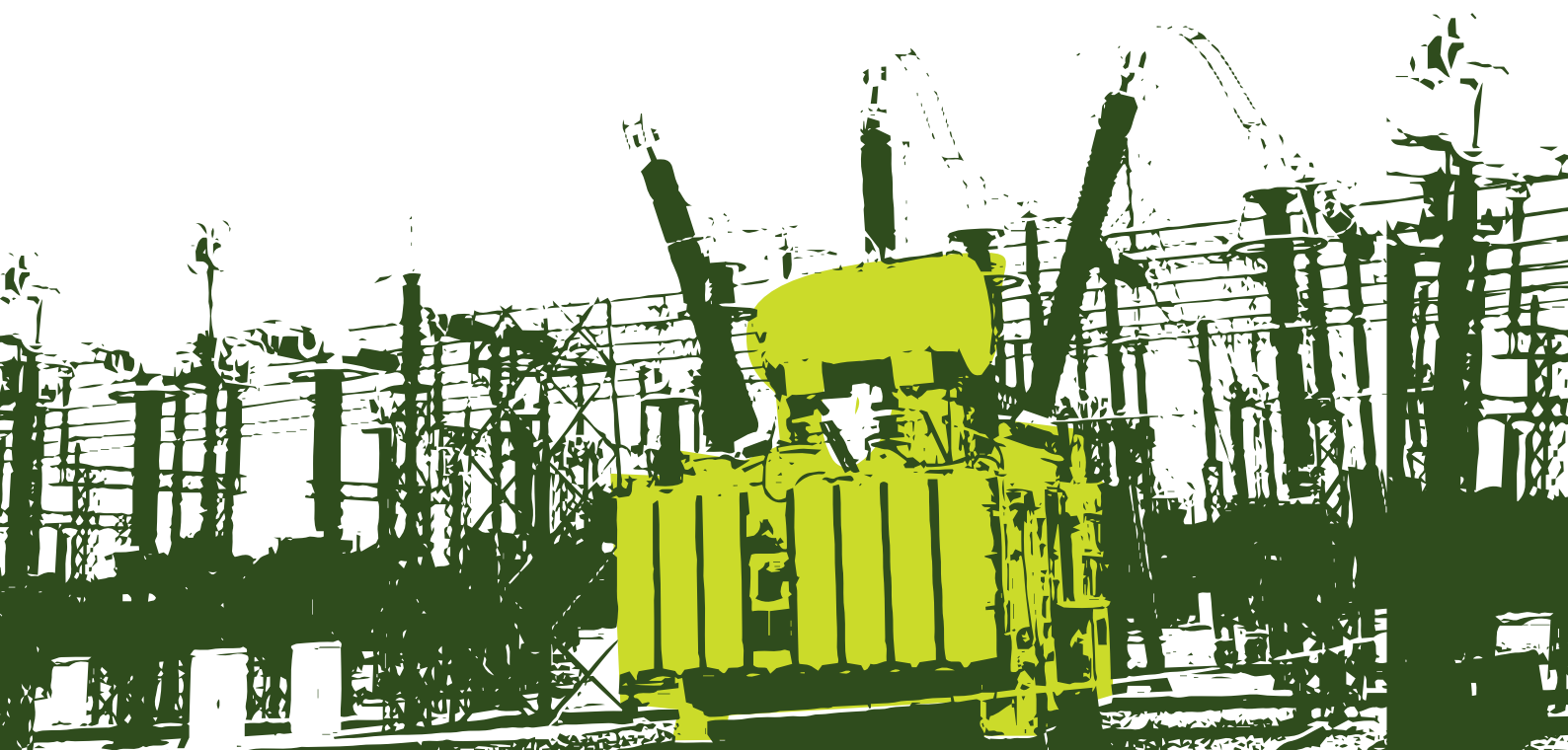
IV. Miradi ya Upatikanaji wa Umeme

Miradi ya kipengele hiki ipo katika Programu ya Kupanua Upatikanaji wa Umeme (Energy Access Scale-Up Program) na lengo lake kuu ni kuongeza upatikanaji wa nishati ya umeme na kushughulikia changamoto za kupata na kujiunga na huduma ya umeme. Miradi ya programu hii ni kama ifuatayo:

(a) Miradi ya Kupanua Mfumo wa Kusambaza Umeme

Laini ya Nanyuki - Isiolo - Meru (Kilomita 96, 132kV)

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





Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Uliyoishia Juni 30, 2017 (endelezi)

Nanyuki hadi Isiolo na Meru. Mradi huu pia unahusisha ujenzi wa kituo kidogo kipya cha kupoza umeme huko Isiolo na upanuzi wa vituo vidogo vya sasa vya kupoza umeme vya Nanyuki na Meru. Mradi huu umekamilika kwa asilimia 98.2. Ujenzi wa kipande cha laini ya Meru - Isiolo (kilomita 26) na vituo vidogo vya kupoza umeme ulikamilika na vimeanza kutumika. Ujenzi wa kipande cha Nanyuki - Isiolo ulisimama kutokana na matatizo ya ufinyu wa njia.

Mradi wa Sondu - Homa Bay (Ndhiwa) - Awendo

Laini ya saketi moja yenye kilomita na uwezo wa 132kV kutoka Sondu hadi Homa Bay na Awendo yenye nguvu ya kusafirisha Megawati 72 na inajumuisha kituo kidogo kipya cha kupoza umeme cha Homa Bay na upanuzi wa vituo vidogo vya kupoza umeme vya Sondu na Awendo. Mradi huu unalenga kuimarisha mtandao uliopo wa nishati ya umeme kusini mwa Nyanza na kuongeza upatikanaji wa umeme. Mradi huu unakadiriwa kugharimu KSh. Bilioni 2.3 na unafadhiliwa na Benki ya KBC ya Ubelgiji na Serikali ya Kenya.

Katika mwaka tukiokuwa chini ya ukaguzi, mchoro wa mnara, ujenzi wa msingi na usimamishaji wa minara uliendelea. Mradi huu unatarajiwa kukamilika 2019.

Mradi wa Kisii - Awendo

Mradi huu unahusisha ujenzi wa takriban kilomita 44 132kV wenye uwezo wa 73MW. Inajumuisha ujenzi wa kituo kidogo cha umeme cha 132 / 33kV Awendo na 132 / 33kV Kegati (Kisii). Mradi huu unalenga kuimarisha mtandao wa nguvu uliopo Nyanza ya Kusini, ili kuongeza umeme aminifu. Mradi huo unakadiriwa kuwa na gharama ya bilioni 1.4. Mradi huu unagharamiwa na Benki ya Dunia na Serikali ya Kenya. Mradi huo unatarajiwa kukamilika mnamo Desemba 2017.

(b) Programu ya Kuboresha Mfumo wa Kusambaza Nishati ya Umeme (KPTSIP)

Kampuni pia inatekeleza Programu ya Kuboresha Mfumo wa Kusambaza Nishati ya Umeme (KPTSIP), inayojumuisha laini sita zilizoainishwa hapo chini zenye jumla ya kilomita 431 na vituo vidogo 14 vya kupoza umeme. Laini mbili zenye jumla ya kilomita 66, vituo vidogo 3 vya kupoza umeme vimeanza kutumika. Programu ya KPTSIP inafadhiliwa na AfDB na Serikali ya Kenya kwa jumla ya gharama ya KSh. Bilioni 8.1.

Laini hizi zitaongeza upatikanaji wa umeme kwenye kaunti za Baringo, Laikipia, Narok, Bomet, Kitui, Makeni, 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 kuziunga mkono mamlaka za serikali za ukanda huu. Miradi hii inahusisha ujenzi wa laini zifuatazo na vituo vidogo husika vya kupoza umeme:

- i. Laini ya Lessos - Kabarnet (Kilomita 65, 132kV), kituo kidogo kipya cha kupoza umeme chenye uwezo wa 132/33kV huko Kabarnet na hadi kwenye kituo kidogo cha sasa cha kupoza umeme cha Lessos; ujenzi wa laini hii unaendelea
- ii. Laini ya Nanyuki - Nyahururu (Rumuruti) (Kilomita 79, 132kV), kituo kidogo kipya cha kupoza umeme chenye uwezo wa 132/33kV huko Nyahururu na upanuzi wa kituo kidogo cha sasa cha kupoza umeme cha Nanyuki; vituo vidogo vya kupoza umeme vimekamilika na vipo katika mchakato wa majaribio ya kuvifungua, ujenzi wa laini ya kusambaza umeme umesimama kutokana na masuala ya ufinyu wa njia kwenye eneo la KDF



Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Uliyoishia Juni 30, 2017 (endelezi)

- iii. Laini ya Olkaria - Narok (Kilomita 68, 132kV), kituo kidogo kipya cha kupoza umeme chenye uwezo wa 132/33kV huko Narok na upanuzi wa kituo kidogo cha sasa cha kupoza umeme cha Olkaria; kituo kidogo cha kupoza umeme kimekamilika kwa asilimia 100 na majaribio ya kukifungua yameshafanyika. Ujenzi wa laini unaendelea na unatarajiwa kukamilika mwaka 2018
- iv. Laini ya Mwingi - Kitui - Wote - Sultan Hamud (Kilomita 153, 132kV), vituo vidogo vipya vya kupoza umeme vyenye uwezo wa 132/33kV huko Kitui, Wote na Sultan Hamud, na upanuzi wa kituo kidogo cha kupoza umeme cha Mwingi; vituo vidogo vya kupoza umeme vimekamilika kwa asilimia 100 na majaribio ya kuvifungua yameshafanyika. Ujenzi wa laini ya kusambaza umeme unaendelea na unatarajiwa kukamilika mwaka 2018

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

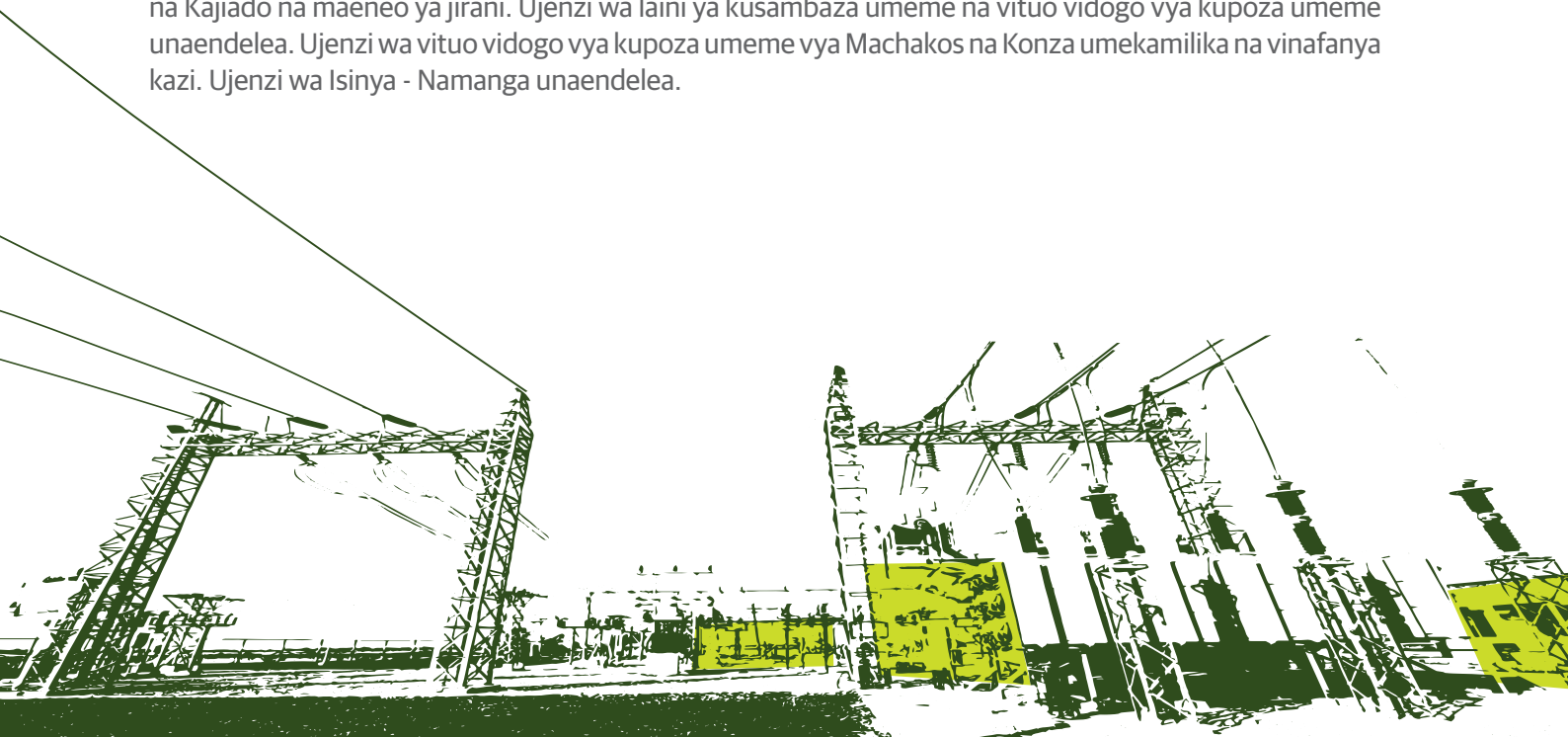
Jumla ya urefu wa laini za kusambaza umeme ni kilomita 241 na ujenzi wake unafadhiliwa na Benki ya Exim ya India na Serikali ya Kenya kwa Dola za Marekani Milioni 62. Miradi hii inatarajiwa kuanza kutumika mwaka 2016/2017.

a. Laini ya Turkwel - Ortum - Kitale

Laini ya saketi moja yenye kilomita 138 na uwezo wa 220kV kutoka Kituo cha Kuzalisha Umeme cha Turkwel hadi Ortum na Kitale; ina uwezo wa kusafirisha nguvu ya umeme wa Megawati 250. Mradi huu unajumuisha ujenzi wa vituo vidogo vipya vya kupoza umeme huko Ortum na Kitale na upanuzi wa kituo kidogo cha kupoza umeme cha Turkwel pamoja na kupeleka ugavi wa umeme kwenye kiwanda pendekezwa cha saruji huko Ortum. Ujenzi wa laini ya kusambaza umeme na vituo vidogo vya kupoza umeme unatarajiwa kukamilika 2018.

b. Laini ya Isinya - Namanga

Laini ya saketi moja yenye uwezo wa 132kV kutoka Machakos hadi Konza, na Isinya na Namanga, ina uwezo wa kusafirisha nguvu ya umeme wa Megawati 73. Mradi huu ulihusisha ujenzi wa vituo vidogo vinne vya kupoza umeme huko Machakos, Konza, Kajiado na Namanga. Utaimarisha mitandao ya umeme kwenye maeneo husika pamoja na kuongeza upatikanaji wa umeme katika kaunti za Machakos, Makueni na Kajiado na maeneo ya jirani. Ujenzi wa laini ya kusambaza umeme na vituo vidogo vya kupoza umeme unaendelea. Ujenzi wa vituo vidogo vya kupoza umeme vya Machakos na Konza umekamilika na vinafanya kazi. Ujenzi wa Isinya - Namanga unaendelea.





Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Ulioishia Juni 30, 2017 (endelezi)

V. Miradi inayohitaji ufadhili

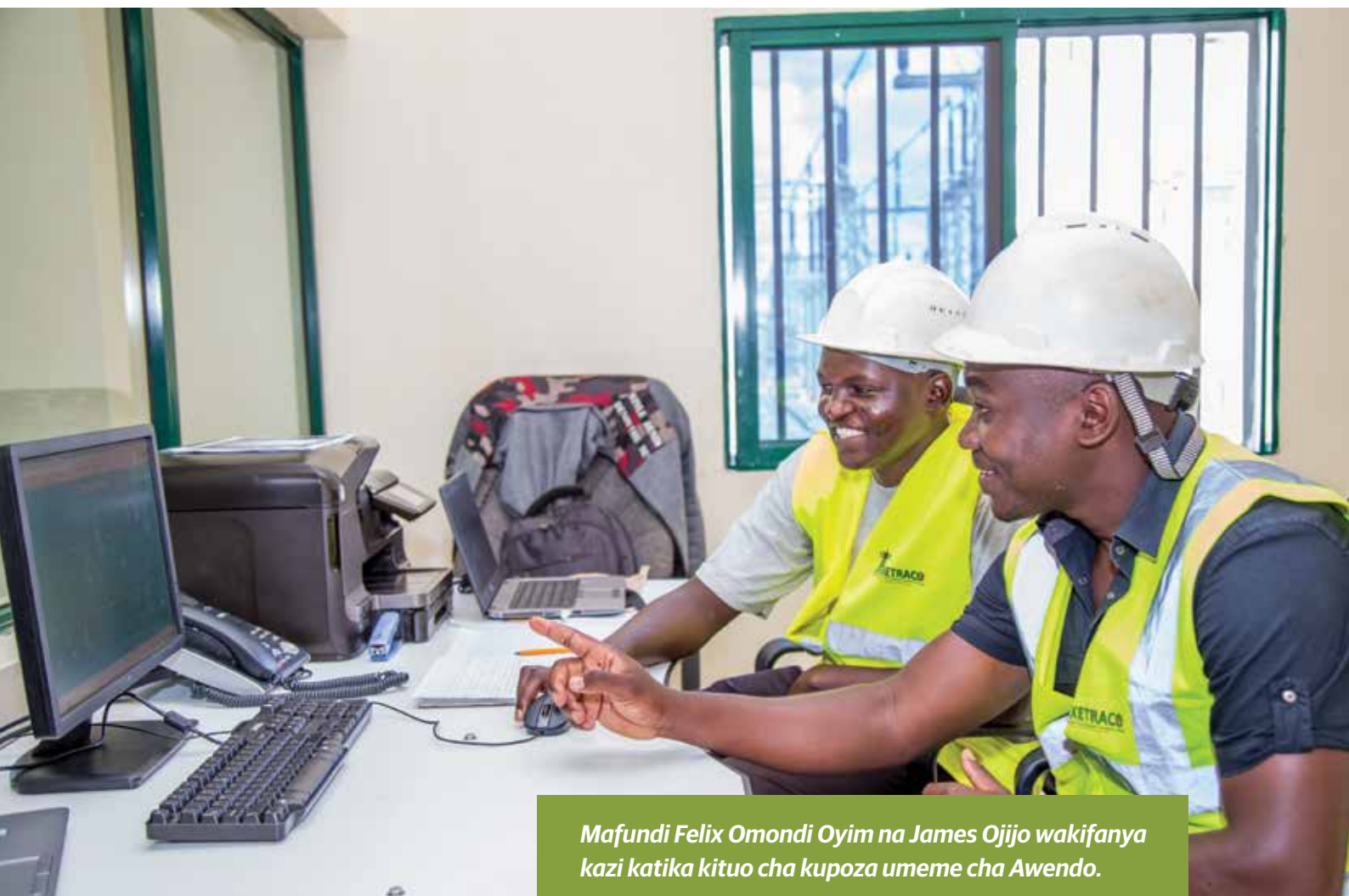
KETRACO imebainisha miradi ya ziada ya ujenzi wa laini za kusambaza umeme inayohitaji ufadhili. Baadhi ya laini zinatarajiwa kusafirisha nishati ya umeme uliozalishwa, kuimarisha mfumo wa umeme na nyingine zitawezesha upanuzi wa gridi kwenye maeneo ya mbali na hivyo kuongeza upatikanaji wa umeme. Miradi hii ni pamoja na:

1. Laini ya Silali - Rongai (Kilomita 150, 400kV)
2. Laini ya Menengai - Rongai (Kilomita 45, 400kV)
3. Laini ya Isinya - Nairobi East (Kilomita 110, 400kV)
4. Laini ya Meru - Maua (Kilomita 35, 132kV) na kituo kidogo cha kupoza umeme chenye uwezo wa 132/33kV 7.5MVA huko Maua na inakadiriwa kugharimu KSh. Bilioni 1.4
5. Laini ya Rumuruti - Maralal yenye saketi moja (Kilomita 148, 132kV) na kituo kidogo cha kupoza umeme chenye uwezo wa 132/33kV 7.5MVA huko Maralal na upanuzi wa kituo kidogo cha kupoza umeme cha Nyahururu na inakadiriwa kugharimu KSh. Bilioni 2.1
6. Laini ya Awendo - Isebania yenye saketi moja (Kilomita 39, 132kV) na kituo kidogo cha kupoza umeme chenye uwezo wa 133/33kV 23MVA huko Isabania na upanuzi wa kituo kidogo cha kupoza umeme cha Awendo na inakadiriwa kugharimu KSh. Bilioni 1.4
7. Laini ya Garsen - Hola - Bura - Garissa yenye saketi moja (Kilomita 250, 220kV) na vituo vidogo vya kupoza umeme huko Hola na Bura na upanuzi wa vituo vidogo vya kupoza umeme vya Garsen na Garissa. Makadirio ya gharama ni KSh. Bilioni 4.2
8. Laini ya Galu - Lunga Lunga yenye saketi moja (Kilomita 66, 132kV) na kituo kidogo cha kupoza umeme chenye uwezo wa 132/33kV 23MVA huko Lunga Lunga na upanuzi wa kituo kidogo cha kupoza umeme cha Galu. Makadirio ya gharama ni KSh. Bilioni 1.6
9. Laini ya Ishiara - Chogoria yenye saketi moja (Kilomita 40, 132kV) na kituo kidogo cha kupoza umeme chenye uwezo wa 132/33kV huko Chogoria na upanuzi wa kituo kidogo cha kupoza umeme cha Ishiara. Makadirio ya gharama ni KSh. Bilioni 1.3
10. Laini ya Garissa - Habaswen - Wajir yenye saketi moja (Kilomita 330, 220kV) na kituo kidogo cha kupoza umeme huko Wajir na Habaswen na upanuzi wa kituo kidogo cha kupoza umeme cha Garissa. Makadirio ya gharama ni KSh. Bilioni 7.3
11. Laini ya Voi - Taveta yenye saketi moja (Kilomita 107, 132kV) na kituo kidogo cha kupoza umeme chenye uwezo wa 132/33kV huko Taveta. Makadirio ya gharama ni KSh. Bilioni 2.6
12. Laini ya Rabai - Bamburi - Kilifi yenye saketi mbili (Kilomita 60, 132kV) kutoka Rabai hadi Bamburi, 132 kV na laini ya saketi moja hadi Kilifi, 132kV huko Rabai, na vituo vidogo viwili vya kupoza umeme vya Bamburi na Mtwapa. Makadirio ya gharama ni KSh Bilioni 2.7
13. Laini ya Suswa - Ngong (Kilomita 40, 220kV) na inakadiriwa kugharimu KSh. Bilioni 1.9
14. Laini ya Kabarnet - Nyahururu [Rumuruti] (Kilomita 111, 132kV) na upanuzi wa kituo kidogo cha kupoza umeme na inakadiriwa kugharimu KSh. Bilioni 1.9
15. Laini ya Narok - Bomet (Kilomita 88, 132kV) na upanuzi wa kituo kidogo cha kupoza umeme na inakadiriwa kugharimu KSh. Bilioni 1.7
16. Laini ya Kisumu - Kakamega - Musaga yenye saketi mbili (Kilomita 72, 220kV) na kituo kidogo cha kupoza umeme huko Kakamega
17. Laini ya Webuye - Kimilili - Kitale (Kilomita 73, 132kV), ujenzi wa vituo vidogo vya kupoza umeme huko Webuye na Kimilili na upanuzi wa kituo kidogo cha kupoza umeme cha Kitale

Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Uliyoishia Juni 30, 2017 (endelezi)

18. Laini ya kusambaza umeme ya Kakamega - Kaimosi (Kilomita 25, 132KV) na ujenzi wa vituo vidogo vya kupoza umeme huko Kaimosi
19. Laini ya kusambaza umeme ya Sotik - Kilgoris (Kilomita 48, 132kV) na kituo kidogo kipya cha kupoza umeme huko Kilgoris
20. Laini ya Isinya - Konza yenye saketi mbili (Kilomita 38, 400kV) na kituo kidogo cha kupoza umeme huko Konza ambayo itauunganisha Mji wa Kiteknolojia wa Konza (ICT city) kwenye gridi ya 400kV na vituo vya kuzalisha umeme huko Olkaria, Menengai na ng'ambo
21. Laini ya Gilgil - Thika - Nairobi East yenye saketi mbili (Kilomita 205, 400kV) na vituo vidogo vya kupoza umeme huko Longonot, Thika, Kangumdo na Konza itakayokamilisha laini ya Nairobi Ring yenye uwezo wa 400kV ambayo bado inajengwa kwa kutoa hakikisho la kuaminika la usalama la N - 1
22. Laini ya Kamburu - Embu [Kutus] - Thika (Kilomita 196, 220kV) na upanuzi wa vituo vidogo vya kupoza umeme huko Kamburu, Embu, Kiganjo na Thika
23. Laini ya Kitui - Mutomo - Kibwezi (Kilomita 132, 132kV) na ujenzi wa vituo vidogo vya kupoza umeme huko Kitui, Mutomo na Kibwezi
24. Laini ya Ngong - Magadi (Kilomita 84, 132kV) na kituo kidogo cha kupoza umeme cha Magadi;
25. Ujenzi wa kituo kidogo cha kupoza umeme huko Uplands, chenye uwezo wa 132/33 kV
26. Laini ya Galu T off - Likoni (Kilomita 15, 132kV) na ujenzi wa kituo kidogo cha kupoza umeme huko Likoni



Mafundi Felix Omondi Oyim na James Ojijo wakifanya kazi katika kituo cha kupoza umeme cha Awendo.



Ripoti Ya Maneja Mkurugenzi

Kwa Mwaka Wa Fedha Uliyoishia Juni 30, 2017 (endelezi)

27. Laini ya Rongai - Kilgoris (Kilomita 235, 400kV) pamoja na vituo vidogo vya kupoza umeme huko Rongai na Kilgoris na yenye uwezekano wa kuunganishwa na Tanzania ili kukamilisha Mzunguko wa Ziwa Viktoria
28. Laini ya Myanga - Busia (Kilomita 27, 132kV) na vituo vidogo vya kupoza umeme huko Myanga na Busia
29. Laini ya Rangala - Bondo - Ndihiwa (Kilomita 72, 132kV) na ujenzi wa vituo vidogo vya kupoza umeme huko Bondo na Ndihiwa
30. Laini ya Homa Bay - Sindo (Kilomita 72, 132kV) na kituo kidogo cha kupoza umeme huko Sindo;
31. Laini ya Ndhiwa - Karungo (Kilomita 72, 132kV) na upanuzi wa vituo vidogo vya kupoza umeme vya Ndhiwa na Karungo
32. Laini ya Kiambere - Maua - Isiolo (Kilomita 288, 220kV) na vituo vidogo vya kupoza umeme vyenye uwezo wa 220/132kV huko Maua na Isiolo
33. Laini ya Isiolo - Maralal (Kilomita 152, 220kV) kama mbadala kwa ajili ya kusafirisha umeme kutoka kwenye vituo vitakavyojengwa siku za usoni vya kuzalisha nishati ya upepo na jua
34. Laini ya Isiolo - Marsabit (Kilomita 306, 220kV) na upanuzi wa vituo vidogo vya kupoza umeme huko Isiolo na Marsabit
35. Laini ya Loiyangalani - Marsabit (Kilomita 136, 400kV) pamoja na kituo kidogo cha kupoza umeme huko Marsabit kitakachoweza kutumia kikamilifu fursa ya kuzalisha umeme kupitia nishati ya upepo huko kaskazini mwa Kenya
36. Laini ya Turkwel - Lodwar - Lokichogio (Kilomita 228, 220kV) na ujenzi wa vituo vidogo vya kupoza umeme huko Turkwel, Lodwar na Lokichogio

Shukrani

Ningependa kuwashukuru wadau wetu wapendwa kwa kutuunga mkono katika kujenga gridi ya hadhi ya kimataifa. Hakuna mafaniko tuliyoypata ambayo yangefanikiwa bila ya mchango wenu.

Wenu Mwaminifu,

FCPA Fernandes Barasa
Managing Director
Mei 21, 2018





Business Performance Report 2016/2017

KETRACO signed a performance contract with the Government of Kenya through the Ministry of Energy. The contract outlined the deliverables and measures of success for the year 2016/2017. It aimed at enhancing efficiency and effective service delivery to Kenyans in line with the provision of the constitution.

FINANCIAL STEWARDSHIP AND FISCAL DISCIPLINE

1. Absorption of Allocated Funds

In the financial year 2016/17, the company absorbed Kshs. 26.246 Billion, representing 59% of the target amount.

2. Absorption of externally mobilized resources

KETRACO absorbed 14.252 Billion, which was 38% of the target amount in the 2016/17 financial year.

3. Appropriation-in-Aid

During the financial year 2016/17, the company realized revenues totalling to Kshs 2.164 Billion against a target of Kshs.2.076 Billion.

4. Pending Bills

The company pending bills as at 30th June 2017 stood at 12% of the total budget which was equivalent to Kshs 5.489 Billion. This was against a target of less than Kshs 461.737 million.

5. Compliance with PFM Act and Treasury Circulars

The company complied with the PFM Act and all Treasury circulars. All reports required were submitted in time. This include;

- i. Annual Procurement Plan submitted on 27th July 2016
- ii. Budget estimates submitted by 30th September 2016 to the National Treasury through the Ministry of Energy
- iii. Annual work plan and cash flow projections submitted by 30th September
- iv. Annual Accounts submitted to the office of the Auditor General by 20th September 2016
- v. All Quarterly reports submitted by the 15th day after end of each quarter

CORE MANDATE

1. Vision 2030 Flagship Projects/Programmes

In the 2016/17 financial year, KETRACO completed 698km of Transmission lines comprising of;

- i. 25km Olkaria IAU - Suswa 220kV line
- ii. 3km Olkaria IAU - Olkaria II 220kV line
- iii. 13km Menengai - Soilo 132kV Line
- iv. 26km Sotik Bomet 132kV line
- v. 33km Ishiara Kieni 132kV line
- vi. 13km Machakos Konza 132kV line
- vii. 482km 400/220kV Mombasa - Nairobi line
- viii. 103km 400kV Suswa - Isinya line



Business Performance Report 2016/2017 (cont.)

2. Project Completion Rate

The company is also implementing 12 additional projects. The completion rate of the programmed activities at the end of the financial year was 79.12%. Implementation was affected by right of way and contractor challenges.

IMPLEMENTATION OF PRESIDENTIAL DIRECTIVES

During the year, KETRACO implemented all Presidential directives, circulars and executive orders issued and relevant to its mandate.

MINIMUM 30% PROCUREMENT BUDGET ALLOCATED TO YOUTH, WOMEN AND PERSONS WITH DISABILITIES (AGPO)

To facilitate absorption of funds by youth, women and persons with disabilities, the company organized two sensitization forums. Kshs. 63,972,301.12 was taken up by these target groups.

CROSS-CUTTING ISSUES

1. Customer Satisfaction

KETRACO implemented recommendations of the 2015/16 exit survey by ensuring suppliers are paid within thirty days, holding stakeholder engagement forums and sensitizing new staff on the service delivery charter.

2. Service delivery innovations and Applications

To improve service delivery, the company automated project compensation data and payment process.

3. Resolution of Public complaints

The company ensured timely resolution of all public complains referred directly or through the Commission on Administrative Justice (CAJ)

4. ISO Certification

In the period, the company continued implementing ISO procedures. An Internal audit was undertaken and all company policies and procedures updated.

5. Automation

The company increased its automation level from 78.6% to 79.6% by completing implementation of the SAP system, ensuring compliance with the National ICT Governance Standards and digitizing 50% of the institutional data

6. Asset Management

The company has continued to make the best use of its equipment, machinery and tools in order to maximize tax payers value.

7. Youth Internships/Industrial Attachments/Apprenticeships

The company involved 75 youths in Internships and industrial attachments as a way of promoting skills transfer.



Business Performance Report 2016/2017 (cont.)

8. Compliance with Constitution and other Statutory obligations

KETRACO complied with all constitutional and statutory obligations including; Public Procurement and Disposal Act, timely remittance of statutory deductions, ensuring environmental sustainability during project planning and implementation, remittances to NITA for industrial attachments, Disability and Gender mainstreaming.

9. Competence Management

To enhance skills and proficiency among staff, the company undertook a competency and needs assessment survey. Assessment of individual employee performance was also undertaken. Further, in preparation of the anticipated system and market operations role, KETRACO engaged a consultant to undertake a gap analysis and resource needs for the operationalization of an electricity market in Kenya.

10. Knowledge Management

KETRACO preserves and shares knowledge by ensuring all experiences and lessons learnt are uploaded in an intranet site for all staff.

11. Work Environment

The company implemented the recommendations of the 2015/16 survey by promoting core values and principles of equity and fairness, sensitizing staff on emergency evacuation and holding monthly staff meetings.

12. Prevention of Alcohol and Drug Abuse

To prevent alcohol and Drug abuse, KETRACO continued implementing the ADA workplace policy and undertook one awareness survey.

13. Prevention of HIV/AIDs

Prevention of HIV/AIDs was done by creating awareness in project affected areas, offering free counselling and testing services and providing free condoms to staff.

14. Safety and Security Measures

The company ensured safety and security of personnel, documents, equipment and assets by taking insurance cover for staff, office equipment and vehicles, contracting security officers and armed police for key substations and undertaking safety drills. The company also conducted safety and health audits/ inspections of transmission lines under construction.

15. Corruption Eradication

The company is committed to combating and preventing corruption, unethical practices and promoting standards and best practices in governance in line with the EACC Act No 22 of 2011 and Leadership and Integrity Act of 2012. The following measures were undertaken in the period ending 30th June 2017;

- Submitting quarterly reports to EACC
- Holding quarterly integrity committee meetings
- Building capacity on corruption prevention, ethics and integrity. To this end, 65 staff were trained on leadership and integrity regulations of 2015. The integrity committee members were also trained by EACC
- The code of conduct and ethics was resubmitted to EACC for review



Business Performance Report 2016/2017 (cont.)

16. *Mwongozo* Code of Conduct

The company complied with the *Mwongozo* Code of Governance during the financial year.

17. Promote and mainstream national cohesion and national values

The company continued to promote national cohesion, values and principles of governance by identifying and recognizing national value champions, sensitizing the values committee, public participation in projects implementation and ensuring sustainable development in project implementation by undertaking Environment and social impact assessments. Quarterly reports to the directorate of National cohesion and values were also submitted in time.

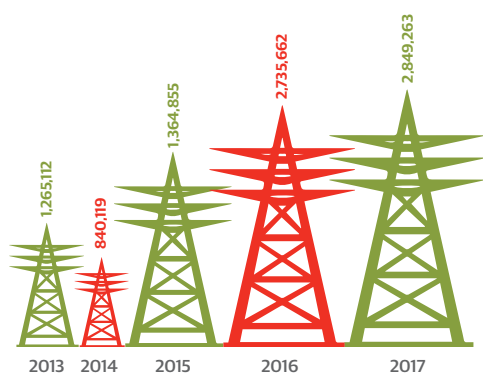
18. Implementation of President's Annual Report

KETRACO implemented commitments in the President's Annual Report on national Values and Principles of Governance.

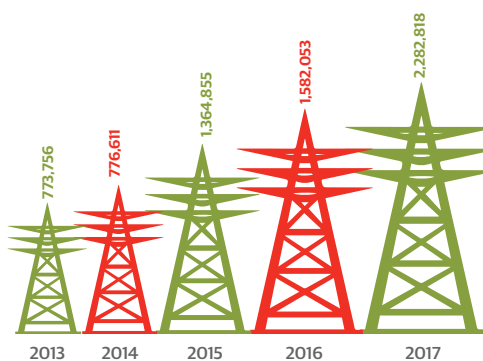


Financial Highlights

REVENUE

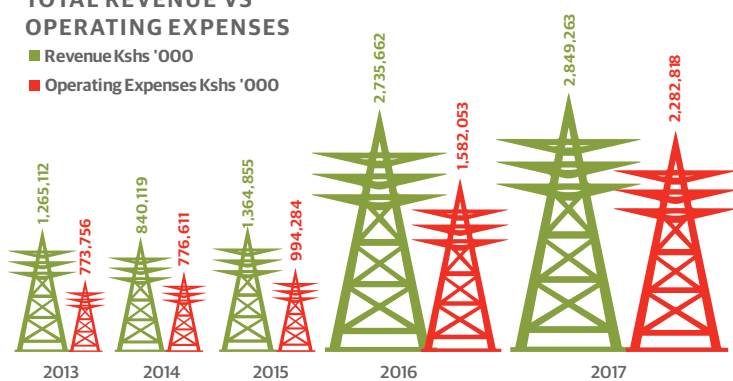


OPERATING EXPENSES

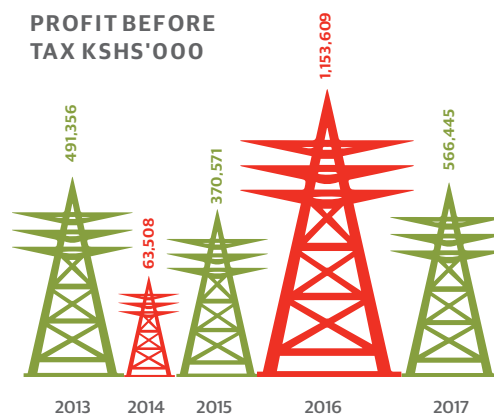


TOTAL REVENUE VS OPERATING EXPENSES

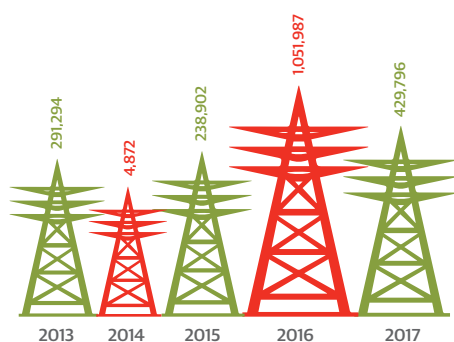
■ Revenue Kshs '000
■ Operating Expenses Kshs '000



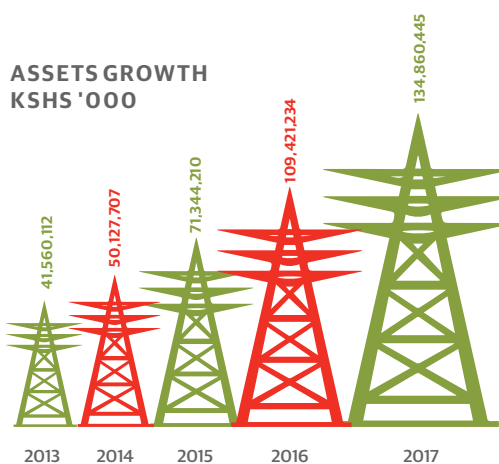
PROFIT BEFORE TAX KSHS '000



PROFIT AFTER TAX



ASSETS GROWTH KSHS '000





Corporate Social Responsibility

OUR CSR APPROACH

Guided by the principles of a responsible corporate citizen, the Company remains committed to engagement with local communities in project affected areas, the general public, sector partners and other stakeholders aiming at cultivating 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 through to commissioning. The Company further ensured that its operations were carried out observing professional and humane practices taking into account that construction of transmission projects 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 that was enacted in the previous financial period (2015-16), the Company actively participated in several engagements with various stakeholders. These engagements were propelled by the belief that change in society needs to start from the foundation, and impact affect all members of a society regardless of demographics. As such, the Company focused on environmental conservation, education, health and employment as the key elements affecting its Project affected Persons.

ENVIRONMENTAL CONSERVATION

For every project implemented the Company commits itself to establishing and maintaining high quality standards in environmental protection and conservation. KETRACO has put in place a Safety, Health and Environment (SHE) Management System which ensures that SHE concerns are managed in a comprehensive and effective manner.

The SHE Management System guides operation through two key concerns:

Environmental Policy

KETRACO's ensures that all its project activities undergo a process of thorough investigation to identify the possible impacts that they may have on the environment as well as the social wellbeing of the affected communities. The information analysed is used to formulate mitigation measures that are necessary to avoid, minimize or offset predicted adverse impacts. Some tools used in this process include Environmental and Social Impact Assessment (ESIA), Environmental Audits (EA), Geographic Information Systems (GIS), Resettlement Action Plan, (RAP) and Indigenous People Plan (IPP).

Further to this, KETRACO cooperates with Environmental Agencies, Donors and the Public on programmes to protect the environment; provide the necessary training for its employees to ensure that they have the knowledge and capability to conduct operations in a manner that is consistent with sound environmental practices; and also provides the necessary resources, advice and guidance to ensure implementation and communication of this policy.

Health and Safety Policy

KETRACO commits to conduct all its operations in a healthy and safe manner and in compliance with relevant legislations. The Company recognizes that prevention of accidents and ill health is essential to the efficient operation of its business. Accordingly, the control and management of health and safety issues commands at least equal prominence, when balanced against operational and commercial considerations.



Corporate Social Responsibility (cont.)

KETRACO's principal safety and health objective is to provide a safe working environment, for employees, contract personnel and members of the general public who may be put at risk by the activities of the Company.

EDUCATION

KETRACO endeavours to support community efforts in ensuring education opportunities are availed by way of supporting school infrastructure and equipment provision such as desks and books. In addition, the Company offers internships and attachments as well as avails its staff to offer their skills in mentorships and talks to young minds in a bid to shape the generation of learners.

This year the Company also participated in the ASK shows in Nakuru, Mombasa and Nairobi, where staff took time to shape the young inquisitive minds visiting the show grounds. The company donated exercise books to the ASK administration to distribute to identified schools in an effort to reduce the cost of education to schools and parents. Further, colourful, simplified story books on electricity were distributed to primary school age children in a bid to spark interest in STEM subjects.

HEALTH AND SPORTS

On the sports and recreation front, KETRACO supports initiatives that are aimed at ensuring the youth have healthy minds and bodies, and that are geared towards a cause. To this end the Company participated in and supported the Standard Chartered Nairobi Marathon, a tradition it has held for the past five years.

LABOUR RELATIONS

The Company's approach towards profitable, gainful employment for its stakeholders was two-fold. On the first level, the focus was sustainable job creation through direct employment, having policies that encourage its partners to create employment and the equipping of job market ready graduated through internships and attachments. On the second level, the Company focused on equipping the already employed to enhance the quality of their output.

As a policy, KETRACO ensures that all its project contractors source for unskilled labour needs from the local area during project implementation. In addition, Community Liaison Officers are selected from the affected communities and engaged under KETRACO's employment policy to address community concerns.

The Company conducts an annual workshop for its suppliers to equip them on handling the competitive business environment. The topics covered in this year's workshop were on the Procurement Act, business opportunities and regulations, quality standards and financing, with emphasis being laid on the Youth, Women and Persons Living with Disabilities category. These workshops are aimed at equipping the business sector, particularly SMEs on having profitable businesses.

For the media fraternity, KETRACO is actively engaged in building up a crop of responsible and objective journalists for the nation. Through its passionate championing and support of the Energy Journalism Excellence Awards (EJEA), the company participated in the sensitization, training, recognition and awarding of media practitioners who have demonstrated excellence in their reporting of energy matters.



Corporate Governance Statement

Incorporation Of The Company

The Company was incorporated on 2nd December 2008 under the Companies Act, Cap 486 Laws of Kenya. Although incorporated under the Companies Act, the Company is governed under the provisions of State Corporations Act, Cap 446 by virtue of the Company being wholly owned by the Government.

Shareholding Structure

The Company is 100% owned by Government with a nominal share capital of 20,000 ordinary shares of Kshs.100/= each held as follows:

• The National Treasury -	19,999
• PS, Ministry of Energy & Petroleum (as Nominee) -	1
Total shares	20,000

Governance Structure:

The State Corporations Act, Cap 446 Sec.2 (b) (v), provides that a "State Corporation" shall mean a body corporate established before or after the commencement of this Act by or under an Act of Parliament or other written law but not: *"a company incorporated under the Companies Act which is not wholly owned or controlled by the Government or by a State Corporation"*.

KETRACO, as a State Corporation is required to operate in compliance with the said Act, and the Memorandum and Articles of Association of KETRACO.

As a State Corporation, the Board of Directors of KETRACO is required to negotiate and sign a Performance Contract with the Government every financial year. The Company complied with this requirement and scored "Very Good" in the performance rating under the Performance Contract for the period since incorporating, save for the year under review when the vetting exercise did not take place.

Constitution of the Board and its Committees

The Memorandum & Articles of Association of the Company and the State Companies Act govern the appointment and removal of Board members. The composition of the Board is provided for under the Memorandum & Articles of Association Article 3. and comprises: -

- 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.

Corporate Governance Framework

"The KETRACO Board of Directors is responsible for the governance of the company. The conduct of the Board is governed by best practice corporate governance guidelines, principles and rules. KETRACO has put in place mechanisms for a corporate governance framework that is outlined in the Board Manual and Committee Charters approved by the previous Board.



Corporate Governance Statement (cont.)

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.

Mwongozo

The Government, through the State Corporations Advisory Committee (SCAC) and the Public Service Commission issued “*mwongozo*” The Code of Governance for State Corporations in January, 2015 as a 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 Directors of KETRACO attended a workshop organized by SCAC to sensitize the directors on the operationalization of *mwongozo*. KETRACO has aligned the Board and Committee Charters 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.

Board Self Evaluation

During the period under review, in line with requirements of good corporate governance practice, the Board of Directors carried out a Board Self Evaluation under the oversight of officers from SCAC and the performance was rated at ‘Very Good’.

7. E-board 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.

Board Committees

The Board of KETRACO has the following Board Committees:

a) Audit & Risk Committee

The Audit & Risk Committee is constituted in line with Gazette Notice No. 2691 and 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 Committee routinely invites the Managing Director, and at times the other key staff to attend the meetings. The Snr. Manager, Internal Audit is the Secretary to the Committee.

Attendance of Meetings:

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



Corporate Governance Statement (cont.)

NAME	ATTENDANCE
Mr. Joakim Kamere	4
Mrs. Patience Nyaoga	4
Arch. Muraya Kariuki	4
Mrs. Eunice Kigen	2
Mrs. Grace Ndugu	6

b) Staff & Remuneration Committee

The Staff & Remuneration Committee is mandated to determine the terms and conditions of service of staff and approve 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
Mr. Philip Mongony	11
Mrs. Patience Nyaoga	11
Mr. Joakim Kamere	11
Mrs. Grace Ndugu	11

c) Finance & Strategy Committee

The previous board proposed the Finance & Strategy Committee, and a Charter approved along with a Board Manual late last year.

Attendance of Meetings:

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

NAME	ATTENDANCE
Mrs. Patience Nyaoga	6
Eng. Julius Mwathani	7
Mr. Philip Mongony	8
Mr. Joakim Kamere	2
Arch. Muraya Kariuki	1



Corporate Governance Statement (cont.)

d) Ad hoc Committee on Wayleaves Acquisition

The Board which assumed office in May, 2015 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.

Directors' Remuneration

The appointing authorities in line with guidelines and recommendations of the State Corporations Advisory Committee determine remuneration of Directors. This has been noted in the book of accounts.

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, the National Treasury and the office of the Attorney General of the Republic of Kenya; Funding and Development partners including the World Bank; African Development Bank (AfDB); Agence Française de Développement (AFD); European Investment Bank (EIB); Japan International Cooperation Agency (JICA), China; Kreditan; Exim Bank of China; Kreditanstalt für Wiederaufbau (KfW) and Exim Bank of India. Others include the Kenya Power; Kenya Energy Generating Company Limited (KenGen); Geothermal Development Company Limited (GDC); Rural Electrification Authority, (REA) Energy Regulatory Commission (ERC); National Land Commission (NLC); 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 2018, 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	566,445
Taxation charge	(136,649)
Profit for the year transferred to retained earnings	429,796

Dividends

The directors do not recommend the payment of a dividend in respect of the 2016/17. No dividend was paid the previous financial year, 2015/16.

Directors

The present membership of the board is shown on page 5.

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 2017 and report to the Auditor General.

BY ORDER OF THE BOARD

Duncan Macharia
Company Secretary
21 May 2018, 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.

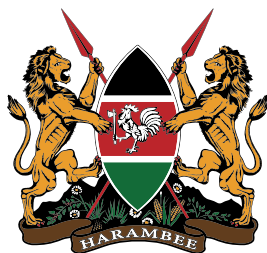
Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Hon. (Eng.) James G. K. Rege, CBS
Chairman

FCPA Fernandes Barasa, OGW
Managing Director



Report of the Auditor General



REPUBLIC OF KENYA OFFICE OF THE AUDITOR-GENERAL

P.O. Box 30084 - 00100, NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

The accompanying financial statements of Kenya Electricity Transmission Company Limited, set out on pages 75 to 108, which comprise the statement of financial position as at 30 June 2017, and the statement of profit or 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 and Touche, 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.

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 2017, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015. In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Other Matter section of my report, based on the procedures performed, I confirm that nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Opinion

The audit was conducted in accordance with International Standards on Auditing. I am independent of Kenya Electricity Transmission Company Limited in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters which, in my professional judgment, were of most significance in the audit of the financial statements. Except for the matters described in the Other Matter section of my report, I have determined that there are no key audit matters to communicate in my report.



Report of the Auditor General (cont.)

Other Matter

1. Project Contractors Performance

Significant delays were noted in the completion of five (5) of the projects under implementation by the Company, as detailed below:

1.1. Nairobi Ring Project

Nairobi Ring Project, which entails construction of a transmission line from Suswa to Isinya, together with five (5) sub-stations at Suswa, Kimuka, Isinya, Athi River and Komarock was behind schedule. This project, which is under implementation by four (4) contractors at a combined contract price of approximately Kshs.10,512,241,235, commenced in May 2012 and the initial scheduled completion date was November 2014. However, by the time of concluding this report the five sub-stations were yet to be completed. According to management, the delay arose from the termination of the initial contractor.

1.2. Lessos-Tororo Line: Kenya-Uganda Interconnector

Similarly, completion of the Lessos-Tororo Transmission Line Project which entails construction of a transmission line from Lessos Sub-station in Kenya to Tororo Sub-station near the Kenya-Uganda border was behind schedule. The Project, which is under implementation by a Spanish contractor at an initial contract price of EUR 24,220,00429 and Kshs.941,168,910, commenced in September 2013 and was scheduled to be completed in April 2015. However as at 30 June 2017 only 37% of the transmission lines and 40% of the substations had been completed. The contractor was terminated in April 2016 due to non-performance, following which he obtained court orders stopping KETRACO from accessing the site or hiring a new contractor until a final settlement is reached. By the time of concluding this audit, the dispute was yet to be settled.

1.3. Loiyangalani-Suswa Project

In addition, the Loiyangalani-Suswa Project, which entails construction of a 430 KM, 400 KV double circuit transmission line which will evacuate electricity from the 300 MW Lake Turkana Wind Power Plant in Loiyangalani to Suswa Sub-station was also behind schedule. The Project, which is under implementation by a Spanish contractor at a contract price of EUR.146,403,129 (Kshs.17,321,071,314) was to commence in August 2014, and was scheduled to be completed in October 2016. However, by the time of concluding this report, only 35% of the project was complete. According to management, the delays arose from termination of the initial contractor due to bankruptcy. However, it is not clear whether management, through prescribed procurement procedures, satisfied themselves that the initial contractor was technically and financially qualified for the job before award of the contract.

1.4. Power Transmission System Improvement Project

Further, the Power Transmission System Improvement Project (PTSIP), comprises six (6) transmission lines, fourteen (14) associated sub-stations and consultancy services at a total cost of Kshs.7,203,142,864. Included in these are four (4) transmission lines whose completion is behind schedule as detailed in the table below:



Report of the Auditor General (cont.)

Name of Line	Contractor	Contract Price				Completion %
		Curr	Amount	Exch. Rate as at 30/6/17	Ksh Equivalent	
Nyahururu - Nanyuki	Jyoti Structures Ltd	USD	15,191,618	103.7117	1,575,548,529	80%
Lessos - Kabarnet		KES	547,699,841	1.0000	547,699,841	60%
Olkaria - Narok						50%
Bomet - Sotik						100%
Kitui - Mwingi - Wote - Sultan Hamud		USD	10,028,916	103.7117	1,040,115,928	50%
Ishara - Kieni		KES	403,309,135	1.0000	403,309,135	100%
14 Substations	China CAMCE	USD	29,780,151	103.7117	3,088,550,086	100%
		KES	36,960,880	1.0000	36,960,880	
Project Consultancy	SMEC International PTY Ltd	USD	3,240,025	103.7117	336,028,501	
		KES	174,929,965	1.0000	174,929,965	
Total					7,203,142,864	

According to management, completion of the four transmission lines due in December 2017 was delayed by inadequate counterpart funding for wayleave acquisition and contractor financial challenges which led to slow delivery of materials. However, it is not clear why these risks were not identified at the project planning stage and mitigation measures established to minimize their expected impact on project completion.

1.5. Exim Bank of India Funded Projects

Exim Bank of India funded projects entail two (2) transmission lines and six (6) associated sub-stations. Among these is the Turkwel-Ortum-Kitale transmission line, which is under construction by KEC International Limited at a contract price of USD.11,861,976 (Kshs.1,230,225,696). This transmission line, which according to the contract, was scheduled to be completed by August 2015, was only 87% complete as at 30 June 2017. The projects further include construction of two (2) substations at Kitale and Ortum by an Indian contractor at a contract price of USD.18,100,120 (Kshs.1,877,194,215). These substations, which were scheduled to be completed by December 2017, were at 70% completion stage as at 30 June 2017.

According to management, delay in completion of the substations arose from right of way challenges, inadequate budgetary allocation for wayleave compensation and contractor financial challenges which led to slow delivery of materials. However, it is not clear why these risks were not identified at the project planning stage and mitigation measures put in place to minimize their impact on project completion.

Other Information Included in the Annual Report

The directors are responsible for the other information, which comprises the report of directors as required by the Kenyan Companies Act, 2015. The other information does not include the financial statements and my auditor's report thereon.



Report of the Auditor General (cont.)

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

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 which are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern accounting assumption, unless the directors are aware of any intention to terminate the Company, or there is no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process. The directors are also responsible for submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which includes my opinion 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 of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence



Report of the Auditor General (cont.)

that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of giving an assurance on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters which may reasonably be thought to bear on my independence, and where applicable, related safeguards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (i) I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;

In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records;



Report of the Auditor General (cont.)

- (ii) The Company's financial statements are in agreement with the accounting records; and
- (iii) In my opinion, the information given in the report of the Directors is consistent with the financial statements.

FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi.
21st May 2018



Statement Of Profit Or Loss And Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 Sh'000	2016 (Restated) Sh'000
WHEELING REVENUE	4(a)	2,011,000	2,011,000
DIRECT EXPENSES	3	(1,172,737)	(751,666)
GROSS MARGIN PROFIT		838,263	1,259,334
OTHER INCOME	4(b)	881,717	643,082
ADMINISTRATIVE EXPENSES		(1,146,781)	(578,733)
FINANCE COSTS	5	(6,754)	(669,633)
PROFIT BEFORE TAXATION	6	566,445	654,050
TAXATION CHARGE	8(a)	(136,649)	4,576
PROFIT FOR THE YEAR		429,796	658,626
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		429,796	658,626



Statement Of Financial Position

AS AT 30 JUNE 2017

	Notes	2017 Sh'000	2016 (Restated) Sh'000	2015 (Restated) Sh'000
ASSETS				
Non current assets				
Property and equipment	9	125,856,705	103,218,648	68,486,675
Intangible assets	10	19,357	6,403	153,222
Deferred tax asset	11	144,094	117,028	45,060
		126,020,156	103,342,079	68,684,957
Current assets				
Trade and other receivables	12		4,161,239	1,019,306
642,099				
Corporate tax recoverable	8(c)	39,623	85,094	77,865
Cash and bank balances		4,639,427	4,974,755	1,939,289
		8,840,289	6,079,155	2,659,253
Total assets		134,860,445	109,421,234	71,344,210
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	13	2,000	2,000	2,000
Retained earnings		2,088,611	1,658,815	1,000,189
Shareholders' equity		2,090,611	1,660,815	1,002,189
Non-current liabilities				
Deferred grant income	14(c)	109,247,617	89,232,161	58,090,138
Amount due to Kenya Power	17(a)	5,717,607	5,410,044	965,266
Deferred revenue	18	502,261	502,261	-
Borrowings	19	2,517,251	2,817,507	2,683,331
		117,984,736	97,961,973	61,738,735
Current liabilities				
Borrowings	19	278,768	283,803	298,062
Deferred grant income	14(c)	389,225	214,941	90,647
Amount due to Kenya Power	17(a)	810,548	551,374	387,291
Trade and other payables	15	13,306,557	8,748,328	7,827,286
		14,785,098	9,798,446	8,603,286
Total equity and liabilities		134,860,445	109,421,234	71,344,210

The financial statements on pages 9 to 34 were approved and authorised for issue by the board of directors on 25 Jan 2018 and were signed on its behalf by:

Hon. (Eng.) James G. K. Rege, CBS
Chairman

FCPA Fernandes Barasa, OGW
Managing Director



Statement Of Changes In Equity

FOR THE YEAR ENDED 30 JUNE 2017

	Share capital Kshs'000	Retained earnings Kshs'000	Total equity Kshs'000
At 1 July 2015 - as previously reported	2,000	1,420,428	1,422,428
Prior year adjustment (Note 22)	-	(420,239)	(420,239)
At 1 July 2015 - as restated	2,000	1,000,189	1,002,189
Total comprehensive income for the year	-	658,626	658,626
At 30 June 2016	2,000	1,658,815	1,660,815
At 1 July 2016 - as previously reported	2,000	2,472,415	2,474,415
Prior year adjustment (Note 22)	-	(813,600)	(813,600)
At 1 July 2016 - as restated	2,000	1,658,815	1,660,815
Total comprehensive income for the year	-	429,796	429,796
At 30 June 2017	2,000	2,088,611	2,090,611



Statement Of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 Sh'000	2016 (Restated) Sh'000
Cash flows from operating activities			
Cash generated from operations	16	2,358,092	6,572,868
Taxation paid	8(c)	(118,244)	(74,621)
Net cash generated from operating activities		2,239,848	6,498,247
Cash flows from investing activities			
Additions to property and equipment	9	(23,132,519)	(34,945,423)
Additions to intangible assets	10	(23,865)	-
Proceeds on disposal of asset		2,243	1,386
Net cash used in investing activities		(23,154,141)	(34,944,037)
Cash flows from financing activities			
Grants received	14(b)	20,578,965	31,481,257
(Decrease)/increase in cash and cash equivalents		(335,328)	3,035,466
Cash and cash equivalents at beginning of year		4,974,755	1,939,289
Cash and cash equivalents at end of year		4,639,427	4,974,755
Represented by:			
Cash in hand and bank balances		4,639,427	4,974,755



Statement Of Comparison Of Budget And Actual Amounts

FOR THE YEAR ENDED 30 JUNE 2017

Income/Expense	Actual 2017 Sh'000	Final Budget 2017 Sh'000	Variance	% Variance %
WHEELING REVENUE	2,011,000	2,011,000	-	0%
OTHER INCOME				
Exchequer funding for recurrent expenditure	301,100	301,100	-	0%
Amortisation of grants	389,225	-	389,225	-
Interest income	160,609	64,591	96,018	149%
Fibre Income	30,783	-	30,783	-
Sub Total	881,717	365,691	516,026	141%
TOTAL INCOME	2,892,717	2,376,691	516,026	22%
OPERATING EXPENSES				
Depreciation cost for transmission lines	440,758	280,051	160,707	-57%
Maintenance cost for transmission lines	731,979	765,569	33,590	- 4%
	1,172,737	1,045,620	127,117	-12%
ADMINISTRATIVE EXPENSES				
Staff Costs	637,502	758,485	120,983	16%
Office expenses	107,088	196,001	88,913	45%
Other maintaince costs	80,866	93,546	12,680	14%
Rent	52,036	50,000	-2,036	-4%
Depreciation	49,162	50,000	838	2%
Board Expenses - fees	3,473	5,400	1,927	36%
- other	36,901	49,812	12,911	26%
Security	38,030	38,913	883	2%
Corporate Communication	28,406	53,112	24,706	47%
Motor Vehicle Expenses	28,118	24,017	-4,100	-17%
Leave pay provision	22,799	13,806	-8,993	-65%
Pension Contribution	16,905	27,305	10,399	38%
Audit Fees	3,725	6,000	2,276	38%
Amortization	10,911	11,000	89	1%
Gratuity provisions	11,697	22,912	11,215	49%
Professional fees	5,410	23,600	18,190	77%
Bank Charges	4,274	2,070	-2,205	-107%
Postage and Telephone and Internet Services	3,869	5,954	2,085	35%
Transport	2,894	3,000	106	-
Electricity	1,881	2,654	774	29%
NSSF and NHIF contributions	637	979	343	35%
Printing and stationery	199	6,856	6,657	97%
Sub Total	1,146,781	1,445,422	298,641	21%
FINANCE COSTS				
Interest Expense	53,688	-	-53,688	-
Foreign exchange gain	46,934	-	46,934	-
Sub Total	6,754	-	-6,754	-
Surplus/(Deficit)	566,445	-114,351	97,023	

*Explanation of differences between actual and budgeted amounts given under Appendix I.



Notes To The Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

1 ACCOUNTING POLICIES

Statement of compliance

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

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

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

i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

The following 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 12

The amendments to IAS 12 Income Taxes clarify the following Recognition of Deferred Tax Assets for Unrealised Losses.

- 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
- 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 amendments to the standard have had no impact on the Company's financial statements.

Annual Improvements to 2010-2012. The annual improvements to IFRSs 2012-2014 cycle include a number of amendments to various IFRSs, which are summarised below:

- 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 hold 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



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

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.

Amendments to IAS 7 Disclosure Initiative

The amendments to IAS 7 Presentation of Financial Statements address perceived impediments to preparers 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 amendments to the standard have had no impact on the Company's financial statements.

ii) Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017

New standards and Amendments to standards Effective for annual periods beginning on or after

IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2018
IFRS 16 Leases	1 January 2019

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IFRS 9 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. 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 nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- 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 a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes 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.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting,
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

Based on an analysis of the company's financial assets and financial liabilities as at 30 June 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of IFRS 9 to the company's consolidated financial statements as follows:

Classification and measurement

- Loans carried at amortised cost as disclosed in note 21: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of IFRS 9;
- All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

iii) Impact of new and amended standards and interpretations on the financial statements for the year ended 30 June 2017 and future annual periods

Impairment

Financial assets measured at amortised cost, listed redeemable notes that will be carried at FVTOCI under IFRS 9 (see classification and measurement section above), finance lease receivables, amounts due from customer under construction contracts, and financial guarantee contracts will be subject to the impairment provisions of IFRS 9.

The company expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as required or permitted by IFRS 9. In relation to the amounts due from related parties (note 17), the directors have assessed that there has been a significant increase in the credit risk of the loans to related parties, from initial recognition to 30 June 2017. Accordingly, the directors expect to recognise lifetime and 12-month expected credit losses for these items respectively.

In general, the directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance recognised for these items.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 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. 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



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

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, IFRS 15 requires extensive disclosures.

The directors of the company anticipate that the application of IFRS 15 in the future may not have a significant impact on amounts reported in respect of the company's financial statements because the company does not engage in complex revenue contracts.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. The directors of the company do not anticipate that the application of IFRS 16 in the future will have a significant impact on amounts reported in respect of the company's financial assets and financial liabilities. However, it is not practical to provide a reasonable estimate of the effect of IFRS 16 until a detailed review has been completed.

Amendments to IFRS 2 Classifications and Measurement of Share-based Payment Transactions

The amendments clarify the following:

- In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
- Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

- A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
 - (i) The original liability is derecognised;
 - (ii) The equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
 - (iii) Any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors do not anticipate that the application of the amendments in the future will have a significant impact on the company's consolidated financial statements as the company does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

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

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that 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 measurement 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 effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors anticipate that the application of these amendments may have an impact on the company's financial statements in future periods should such transactions arise.

(iv) Early adoption of standards

The company did not early adopt any new or amended standards in 2017.

Basis of preparation

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



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

revaluation of certain assets. The principal accounting policies adopted in the preparation of these financial statements remain unchanged from the previous year and are set out below.

Revenue recognition

Government grants are recognised as income over the period necessary to match them with the related costs that 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



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

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



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

contributions from both the company and employees. The company and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

In addition the company pays gratuity to top management on contract. The gratuity is paid at the end of the contract period at the rate of 15% and 31% of the total basic salary over the contract period. An accrual is made for gratuity based on the rate of 15% and 31% 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 recognized in profit or loss in the period in which they arise.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired, less advances from banks repayable within three months from the date of advance.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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.



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

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.

3. DIRECT EXPENSES

	2017 Sh'000	2016 Sh'000
Depreciation cost for transmission lines (Note 9)	440,758	301,590
Maintenance cost for transmission lines	731,979	450,076
	1,172,737	751,666

4 (a). WHEELING REVENUE

	2017 Sh'000	2016 Sh'000
Wheeling revenue	2,011,000	2,011,000

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



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

4 (b). OTHER INCOME

	2017 Sh'000	2016 Sh'000
Deferred grant income amortisation (Note 14(b))	389,225	214,940
Exchequer funding for recurrent expenditure	301,100	317,000
Interest income*	160,608	101,482
Miscellaneous income**	30,784	9,659
	881,717	643,082

*Interest income relates to interest earned on the bank account balances and it is subject to 15% withholding tax.

**Miscellaneous income represents income received from sale of dark fiber capacity.

5. FINANCE COSTS

	2017 Sh'000	2016 Sh'000
Interest expense	(53,687)	(60,608)
Foreign exchange gains/(losses) - borrowings (note 19)	75,175	(357,371)
- others	(28,242)	(251,654)
	(6,754)	(669,633)

6. PROFIT BEFORE TAXATION

	2017 Sh'000	2016 Sh'000
The profit before taxation is arrived at after charging/(crediting):		
Staff costs (note 7)	689,540	338,033
Board - fees	3,473	295
- other	36,900	44,384
Depreciation (note 9)	489,920	337,960
Amortisation (note 10)	10,911	14,629
Auditors' remuneration	3,725	3,677
Deferred grant amortisation (Note 14(b))	(389,225)	(214,940)



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

7. STAFF COSTS

	2017 Sh'000	2016 Sh'000
Salaries and wages	522,840	301,215
Other staff costs	114,662	50,358
Leave pay charge/(write back)	22,799	(34,109)
Pension contribution	16,905	12,325
Gratuity provisions	11,697	7,830
NSSF contributions	637	414
	689,540	338,033

8. TAXATION

	2017 Sh'000	2016 (Restated) Sh'000
(a) Taxation charge		
Corporation tax on separate sources of income	163,715	67,391
Deferred taxation charge (note 11)	(27,066)	(71,967)
	136,649	(4,576)
(b) Reconciliation of taxation charge to expected Taxation based on profit before taxation		
Profit before taxation	566,445	654,050
Taxation at the applicable rate 30%	169,934	196,215
Tax effect of non-deductible expenses	221,310	104,297
Tax effect of revenue not taxable	(254,595)	(305,088)
	136,649	(4,576)
(c) Corporate tax recoverable		
At beginning of year - as previously reported	51,554	8,550
Prior year adjustments (Note 22)	33,540	69,314
At beginning of year - as restated	85,094	77,864
Charge for the year	(163,715)	(67,391)
Paid during the year	118,244	74,621
At end of year	39,623	85,094



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Transmission lines	Motor vehicle	Furniture, fittings & office furniture	Accessories computer	Capital work in progress*	Total
	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000
Cost							
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	-	11,890,460	-	-	-	(11,890,460)	-
Additions	-	-	-	-	-	-	-
At 30 June 2016	-	22,156,225	48,212	122,679	92,082	81,752,013	104,171,211
At 1 July 2016	-	22,156,225	48,212	122,679	92,082	81,752,013	104,171,211
Additions	-	835,330	-	10,162	55,928	22,231,099	23,132,519
Disposals	-	-	(4,542)	-	-	-	(4,542)
Transfer from WIP	-	3,542,998	4,542	-	-	(3,547,540)	-
Reclassification	236,814	(236,814)	-	-	-	-	-
At 30 June 2017	236,814	26,297,739	48,212	132,841	148,010	100,435,572	127,299,188
Depreciation							
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	-	785,506	43,759	82,154	41,144	-	952,563
At 1 July 2016	-	785,506	43,759	82,154	41,144	-	952,563
Charge for the year	-	440,758	2,162	15,092	31,908	-	489,920
Eliminated on disposal	-	-	-	-	-	-	-
At 30 June 2017	-	1,226,264	45,921	97,246	73,052	-	1,442,483
Net book value							
At 30 June 2017	236,814	25,071,475	2,291	35,595	74,958	100,435,572	125,856,705
At 30 June 2016	-	21,370,719	4,453	40,525	50,938	81,752,013	103,218,648

*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.



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

12. TRADE AND OTHER RECEIVABLES

	2017 Sh'000	2016 Sh'000
Advance payments to contractors	2,153,498	-
Wheeling charge due from KPLC	1,166,380	388,793
Receivable from Ministry of Energy and Petroleum	279,644	253,605
VAT receivable	329,050	169,562
Medical and insurance prepayments	51,784	35,060
Rent deposit	-	11,523
Other receivables	180,883	160,763
	4,161,239	1,019,306

13. SHARE CAPITAL

	2017 Sh'000	2016 Sh'000
Authorised, issued and fully paid: 20,000 fully paid ordinary shares of Shs 100 each	2,000	2,000

The ordinary shares carry one vote each.

14. 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.

	2017 Sh'000	2016 (Restated) Sh'000
(a) Deferred grant income reconciliation		
Direct component*		
Deferred grant income brought forward	25,861,588	20,903,578
Received in the year	12,744,639	5,040,762
Amortisation	(146,215)	(82,752)
Deferred grant income carried forward	38,460,012	25,861,588
Indirect component**		
Deferred grant income brought forward - as previously reported	66,260,864	40,037,684
Prior year adjustments (Note 22)	(2,675,350)	(2,760,477)



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

14. DEFERRED GRANT INCOME (CONT.)

	2017 Sh'000	2016 (Restated) Sh'000
Deferred grant income brought forward - as restated	63,585,514	37,277,207
Received in the year	7,834,326	26,440,495
Amortisation for the period	(243,010)	(132,188)
Deferred grant income carried forward	71,176,830	63,585,514
Total direct and indirect components (note 14(b))	109,636,842	89,447,102

*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.

	2017 Sh'000	2016 (Restated) Sh'000
(b) Total reconciliation		
Deferred grant income brought forward - as previously reported	92,122,452	60,941,262
Prior year adjustments (Note 22)	(2,675,350)	(2,760,477)
Deferred grant income brought forward - as restated	89,447,102	58,180,785
Additions	20,578,965	31,481,257
Amortisation (Note 4(b))	(389,225)	(214,940)
Deferred grant income carried forward	109,636,842	89,447,102
(c) Amounts will be amortised as below:		
Grant income to be amortised within one year	389,225	214,941
Grant income to be amortised after one year	109,247,617	89,232,161
At the end of the period	109,636,842	89,447,102



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

15. TRADE AND OTHER PAYABLES

	2017 Sh'000	2016 (Restated) Sh'000
Trade payables	8,515,632	8,142,664
Accruals	4,711,574	541,773
Provisions	79,351	63,891
	13,306,557	8,748,328

16. (a) CASH AND BANK BALANCES (SEE ANALYSIS AT APPENDIX III)

	2017 Sh'000	2016 Sh'000
Cash at bank	4,638,428	4,973,877
Cash in hand	1,000	878
	4,639,428	4,974,755

16. (b) CASH GENERATED FROM OPERATIONS

Reconciliation of profit before taxation to cash generated from operations:

	2017 Sh'000	2016 Sh'000
Profit before taxation	566,445	654,050
Adjustments for:		
Depreciation on property, plant and equipment (note 9)	489,920	337,960
Amortization of intangible assets (note 10)	10,911	14,629
Amortization of deferred grant income (note 14(b))	(389,225)	(214,940)
Loss on disposal of property, plant and equipment	2,299	6,294
Exchange differences - borrowings	(75,175)	357,371
Accrued interest	53,687	60,608
Changes in working capital:		
Increase in trade and other receivables	(3,141,933)	(377,207)
Increase in amount due to Kenya Power	566,737	4,608,861
Loan repayments by Kenya Power	(283,803)	(298,061)
Increase in trade and other payables	4,558,229	921,042
Movement in deferred revenue	-	502,261
Cash generated from operations	2,358,092	6,572,868



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

	2017 Sh'000	2016 Sh'000
Year 1	27,931	19,233
Year 2 - 3	57,576	58,052
Year 4 - 5	48,698	59,846
After year 5	1,910,042	1,926,659
	2,044,247	2,063,790

21. 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.

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:



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

	Fully performing Sh '000	Past due Sh '000	Impaired Sh '000
At 30 June 2017			
Trade receivables	1,166,380	-	-
Bank balances	4,639,427	-	-
	5,805,807	-	-
At 30 June 2016			
Trade receivables	388,793	-	-
Bank balances	4,974,755	-	-
	5,363,548	-	-

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 Sh 43,984,260 held in an escrow account (2016 – Sh 85,702,205), the remainder is held in current accounts.

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

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.



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

	Less than 1 month Sh '000	Between 3-12 months Sh '000	Over 12 months Sh '000	Total Sh '000
At 30 June 2017				
Trade payables	8,515,632	-	-	8,515,632
Due to Kenya Power	-	810,548	5,717,607	6,582,155
Borrowings	-	278,768	2,517,251	2,796,019
	8,515,632	1,089,316	8,234,858	17,893,806
At 30 June 2016				
Trade payables	8,142,664	-	-	8,142,664
Due to Kenya Power	-	551,374	5,410,044	5,961,418
Borrowings	-	283,803	2,817,507	3,101,310
	8,142,664	835,177	8,227,551	17,205,392

(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 on-going 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.



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

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

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

	2017 Sh'000	2016 Sh'000
Financial Assets		
Bank balances	1,569,277	2,356,689
Financial Liabilities		
Borrowings	2,796,019	3,101,310
Trade creditors	1,834,254	2,300,152
Total	4,630,273	5,401,462
Currency Gap	(3,060,996)	(3,044,773)
Exposure	(306,100)	(304,477)

(b) Interest rate risk

Interest rate risk is the risk that the company's financial condition may be adversely affected as a result of changes in interest rate levels. The 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.



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

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 536,879 (2016: Sh 606,075). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Sh 2,684,397 (2016 – Sh 3,030,374).

(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 2017 and 30 June 2016.

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

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.



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

22. PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to the recognition of loans arising from the novation agreements transferring ownership of the Sondu-Miriu, Kisii-Chemosit and Kamburu-Meru transmission lines from Kenya Power and Kenya Electricity Generation Company (KenGen). The cost of the lines had previously been recognised under deferred grant income; however, the agreements indicate that the amounts are payable and should therefore have been reclassified to borrowings. The loans were used to construct the lines and are payable to the Japan International Co-operation Agency (JICA) and the Export-Import Bank of China (EXIM Bank). The JICA and EXIM Bank of China facilities are repayable in 60 and 30 instalments at 0.75% and 2.5% respectively.

The financial statements for the financial year ended 30 June 2016 and 30 June 2015 have therefore been restated to reflect these changes. The effect of the restatement on those financial statements is summarised below.

	As previously reported at 1 July 2016 Sh'000	Adjustment	As restated at 1 July 2016 Sh'000
Reserves:			
Retained earnings	2,472,415	(813,600)	1,658,815
Assets:			
Deferred tax asset	15,011	102,017	117,028
Current tax recoverable	51,554	33,540	85,094
Liabilities:			
Deferred grant income	92,122,452	(2,675,350)	89,447,102
Amount due to Kenya Power	24,629	526,745	551,374
Borrowings	-	3,101,310	3,101,310
	As previously reported at 1 July 2015 Sh'000	Adjustment	As restated at 1 July 2015 Sh'000
Reserves:			
Retained earnings	1,420,428	(420,239)	1,000,189
Assets:			
Deferred tax asset	31,060	14,001	45,061
Current tax recoverable	8,550	69,314	77,864
Liabilities:			
Deferred grant income	60,941,262	(2,760,477)	58,180,785
Amount due to Kenya Power	104,652	282,639	387,291
Borrowings	-	2,981,392	2,981,392



Notes To The Financial Statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2017

23. CONTINGENT LIABILITIES

	2017 Sh'000	2016 Sh'000
Project claims	4,744,018	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.

24. CAPITAL EXPENDITURE COMMITMENTS

	2017 Sh'000	2016 Sh'000
Authorised and contracted for	8,736,000	17,010,000
Authorised but not contracted for	11,842,937	4,102,050
	20,578,937	21,112,050

25. INCORPORATION

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

26. CURRENCY

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



APPENDICES

APPENDIX I: Explanation Of Variances Between Actual And Budget Amounts (10% Over/under)	98
APPENDIX II: Breakdown Of Transfers From The Ministry Of Energy	99
APPENDIX III: Detailed Cash Analysis	100
APPENDIX IV: Progress On Follow Up On Auditors Recommendation For 2016	101
APPENDIX V: Recording Transfers	102
APPENDIX VI: Detailed Statement Of Profit And Loss	103
Form Of Proxy	



Explanation Of Variances Between Actual And Budget Amounts (10% Over/Under)

Income/Expense	Actual 2017 Sh'000	Final Budget 2017 Sh'000	% Var.	Reason for variance of <= 10%
WHEELING REVENUE	2,011,000	2,011,000	0%	Not applicable
OTHER INCOME				
Exchequer funding for recurrent expenditure	301,100	301,100	0%	Not applicable
Amortisation of grants	389,225	-	-	Not applicable
Interest income	160,609	64,591	149%	Interest rates increase on bank balances
Fibre Income	30,783	-	-	Not applicable
Sub Total	881,717	365,691	141%	
TOTAL INCOME	2,892,717	2,376,691	22%	
OPERATING EXPENSES				
Depreciation cost for transmission lines	440,758	280,051	-57%	Additional capitalisation
Maintenance cost for transmission lines	731,979	765,569	4%	Not applicable
Sub Total	1,172,737	1,045,620	-12%	
ADMINISTRATIVE EXPENSES				
Staff Costs	637,502	758,485	16%	Fewer activities in the year than had been planned
Office expenses	107,088	196,001	45%	Fewer activities in the year than had been planned
Other maintaince costs	80,866	93,546	14%	Fewer activities in the year than had been planned
Rent	52,036	50,000	-4%	Not applicable
Depreciation	49,162	50,000	2%	Not applicable
Board Fees - fees	3,473	5,400	36%	Fewer activities in the year than had been planned
- other	36,901	49,812	26%	Fewer activities in the year than had been planned
Security	38,030	38,913	2%	Not applicable
Corporate Communication	28,406	53,112	47%	Fewer activities in the year than had been planned
Motor Vehicle Expenses	28,118	24,017	-17%	High maintenance of aging fleet & increased activities in projects
Leave pay provision	22,799	13,806	-65%	provision is a non cash item
Pension Contribution	16,905	27,305	38%	Savings on staffs engaged on contract
Audit Fees	3,725	6,000	38%	Savings on projected costs
Amortization	10,911	11,000	1%	Not applicable
Gratuity provisions	11,697	22,912	49%	Savings on projected expenses
Professional fees	5,410	23,600	77%	FFewer activities in the year than had been planned
Bank Charges	4,274	2,070	-107%	Increased bank transactions
Postage and Telephone and Internet Services	3,869	5,954	35%	Fewer activities in the year than had been planned
Transport	2,894	3,000	4%	Not applicable
Electricity	1,881	2,654	29%	Savings on projected consumption
NSSF and NHIF contributions	637	979	35%	Savings on projected expenditure
Printing and stationery	199	6,856	97%	Savings on projected expenditure
Sub Total	1,146,781	1,445,422		
FINANCE COSTS				
Interest Expense	53,688	-	-	Interest expense had not been budgeted for
Foreign exchange gain	-46,934	-	-	Expense is a non budget item
Sub Total	6,754	-	-	
Surplus/(Deficit)	566,445	-114,351	595%	



Breakdown Of Transfers From The Ministry Of Energy

FOR THE YEAR ENDED 30 JUNE 2017

a. Recurrent Grants

Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
15/09/2016	75,275,000	FY 2016/2017
04/11/2016	75,275,000	FY 2016/2017
06/02/2017	75,275,000	FY 2016/2017
02/06/2017	75,275,000	FY 2016/2017
Total	301,100,000	

b. Development Grants

Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
23/09/2016	1,502,750,000	FY 2016/2017
14/10/2016	1,502,750,000	FY 2016/2017
17/10/2016	425,000,000	FY 2016/2017
02/03/17	2,302,750,000	FY 2016/2017
28/04/2017	352,900,000	FY 2016/2017
06/02/17	2,686,050,000	FY 2016/2017
23/6/2017	1,301,502,610	FY 2016/2017
23/6/2017	1,525,434,713	FY 2016/2017
07/10/17	43,800,000	FY 2016/2017
24/7/2017	200,000,000	FY 2016/2017
Total	11,842,937,323	



Detailed Cash Analysis

Financial Institution			Foreign Currency			
			2017	2016	2017	2016
a) Current accounts	Account number	Currency			Shs	Shs
Kenya Commercial Bank	1111251622				2,555,941,154.00	1,734,263,668.61
Kenya Commercial Bank	1200560752				377,847,547.00	-
National Industrial Credit Bank	1001309443				54,952,882.00	24,885,857.92
National Industrial Credit Bank	1003385554	USD	261,530.96	17,933.26	27,123,255.00	1,814,127.23
Co-operative Bank of Kenya	01136160914100				43,984,260.00	85,750,205.28
Co-operative Bank of Kenya	01136160914101				21,199,956.00	48,878,962.69
Co-operative Bank of Kenya	01136160914102				8,906,317.00	52,760,575.37
Commercial Bank of Africa	7612350017				31,717,468.00	47,965.00
Commercial Bank of Africa	7612350025				10,997,504.00	1,962,850.75
National Bank of Kenya	1037033184100				5,374,512.00	5,381,222.20
Standard Chartered Bank	0104026386601				(82,669,492.00)	97,314.85
Standard Chartered Bank	9304026386600	EUR	1,933.44	218,904.45	228,746.83	22,169,863.14
Standard Chartered Bank	8704026386600	USD	5,048.61	775.20	523,599.93	80,397.31
Standard Chartered Bank	0104026386600				86,307.00	419,478,966.55
Citi Bank	300092007				13,687,702.00	38,515,133.00
Citi Bank	300092018	EUR	13,694,090.06	22,852,178.77	1,568,525,812.00	2,334,188,620.59
Sub Total					4,638,427,530.76	4,770,275,70.49
b) On Call Deposit						
Commercial Bank of Africa					-	203,601,923.25
c) Others						
Cash in Hand					1,000,000.74	877,818.54
Total					4,639,427,531.50	4,974,755,472.28



Progress On Follow Up On Auditors Recommendation For 2016

FOR THE YEAR ENDED 30 JUNE 2017

The Following is a Summary of issues raised by the external Auditor and Management comments that were provided to the auditor

The matters have been classified as

- 1) Resolved - Management has either carried out and completed the audit Recommendation or based on the nature of the issue no recurrence has been noted during the current year.
- 2) Partially Resolved – Management has made efforts to address the issue although the entire matter is yet to be closed.
- 3) Issue Open – Management has not initiated Steps or made notable effort to satisfy the action called for by the audit recommendation.

	Matter	Status of Implementation
1	Financial review and closing procedures In the prior year, numerous post audit adjustments were recorded by management. These mainly related to correction of errors and recording of previously unrecorded transactions.	Partially Resolved Refer to post audit report section 2.1
2	Inadequacies in project tendering process During review it was noted that 4 projects, Nairobi Ring, Lessos-Tororo, Loyangalani-Suswa, Power Transmission Systems improvement (PTSI) had significantly delayed as a result of contractor's performance.	Partially Resolved Refer to post audit report section 2.2
3	Long outstanding reconciling items It was noted that outstanding reconciling items in the various accounts of KES 982,540 were not cleared	Resolved
4	Preparation and review of Bank Reconciliations It was noted that there is a delay in preparation of bank reconciliations for some accounts.	Resolved
5	Leave pay provision. It was noted that several staff had outstanding leave days in excess of the required maximum balance as at year end.	Resolved



Recording Transfers

Where Recorded/recognized

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of Energy and Petroleum	15/09/2016	Recurrent	75,275,000	75,275,000	-	-	-	-	75,275,000
Ministry of Energy and Petroleum	23/09/2016	Development	1,502,750,000	-	1,502,750,000	-	-	-	1,502,750,000
Ministry of Energy and Petroleum	14/10/2016	Development	1,502,750,000	-	1,502,750,000	-	-	-	1,502,750,000
Ministry of Energy and Petroleum	17/10/2016	Development	425,000,000	-	425,000,000	-	-	-	425,000,000
Ministry of Energy and Petroleum	04/11/2016	Recurrent	75,275,000	75,275,000	-	-	-	-	75,275,000
Ministry of Energy and Petroleum	03/02/2017	Development	2,302,750,000	-	2,302,750,000	-	-	-	2,302,750,000
Ministry of Energy and Petroleum	06/02/2017	Recurrent	75,275,000	75,275,000	-	-	-	-	75,275,000
Ministry of Energy and Petroleum	28/04/2017	Development	352,900,000	-	352,900,000	-	-	-	352,900,000
Ministry of Energy and Petroleum	02/06/2017	Recurrent	75,275,000	75,275,000	-	-	-	-	75,275,000
Ministry of Energy and Petroleum	02/06/2017	Development	2,686,050,000	-	2,686,050,000	-	-	-	2,686,050,000
Ministry of Energy and Petroleum	23/06/2017	Development	1,301,502,610	-	1,301,502,610	-	-	-	1,301,502,610
Ministry of Energy and Petroleum	23/06/2017	Development	1,525,434,713	-	1,525,434,713	-	-	-	1,525,434,713
Ministry of Energy and Petroleum	24/07/2017	Development	200,000,000	-	-	-	200,000,000	-	200,000,000
Ministry of Energy and Petroleum	10/07/2017	Development	43,800,000	-	-	-	43,800,000	-	43,800,000
Total			11,900,237,323	301,100,000	11,599,137,323	-	243,800,000	-	12,144,037,323



Detailed Statement Of Profit And Loss

FOR THE YEAR ENDED 30 JUNE 2017

	2017 Sh'000	2016 (Restated) Sh'000
WHEELING REVENUE	2,011,000	2,011,000
OTHER INCOME		
Exchequer funding for recurrent expenditure	301,100	317,000
Amortisation of grants	389,225	214,940
Interest income	160,609	101,482
Fibre Income	30,783	9,659
Sub Total	881,717	643,081
TOTAL INCOME	2,892,717	2,654,081
OPERATING EXPENSES		
Depreciation cost for transmission lines	440,758	301,590
Maintenance cost for transmission lines	731,979	450,076
	1,172,737	751,666
ADMINISTRATIVE EXPENSES		
Expensing grant	-	-
Staff Costs	637,502	351,573
Office expenses	107,088	6,971
Other maintaince costs	80,866	20,554
Rent	52,036	47,860
Depreciation	49,162	36,370
Board Fees - fees	3,473	295
- other	36,901	44,384
Security	38,030	11,329
Corporate Communication	28,406	14,511
Motor Vehicle Expenses	28,118	9,085
Leave pay provision	22,799	-34,109
Pension Contribution	16,905	12,325
Audit Fees	3,725	3,677
Amortization	10,911	14,629
Gratuity provisions	11,697	7,830
Professional fees	5,410	15,464
Bank Charges	4,274	1,879
Postage and Telephone and Internet Services	3,869	4,270
Transport	2,894	1,345
Electricity	1,881	1,810
NSSF and NHIF contributions	637	414
Printing and stationery	199	6,267
Sub Total	1,146,781	578,733
FINANCE COSTS		
Interest Expense	53,688	60,608
Foreign exchange gain	-46,934	609,025
Sub Total	6,754	669,633
PROFIT BEFORE TAXATION	566,445	654,049

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED
 Kawi Complex, Block B
 Popo Lane, off Red Cross, South C
 P.O. BOX 34942-00100, NAIROBI

FORM OF PROXY FOR ANNUAL GENERAL MEETING

I/We _____ BLOCK _____
 _____ CAPITALS _____
 _____ PLEASE _____

being (a) Member(s) of the above-named Company, HEREBY APPOINT

_____ of P.O. BOX _____

or failing him/her the Chairman of the Meeting as My/our proxy to vote for me/us and on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on 19th May, 2017 and at any adjournment thereof.

My/our proxy is to vote in favour of/against the Resolutions as indicated here below:

ITEM	BUSINESS	FOR	AGAINST
1.	The receipt, consideration and adoption of the audited financial statements for the period ended 30th June, 2017 together with the Chairman's, Directors' and Auditors' reports thereon		
2.	Declaration of Dividends		
3.	To authorize Directors to fix the Remuneration of Auditors		
4.	To approve Directors' fees of KShs.420,000.00 (less withholding tax), for each Director who served during the period, subject to concurrence of the Ministry of Energy and The National Treasury, respectively.		

Signature _____

Dated this _____ day of _____ 2019 _____

NB: If the appointor is a corporation, the Proxy must be executed under its Common Seal or under the hand of an Officer or Attorney duly authorized in writing. Unless otherwise indicated the proxy will vote as he/she deems fit.





KETRACO Development Partners



Agence Francaise Development (AFD)



African Development Bank



World Bank (IDA)



European Investment Bank



Japan International Cooperation Agency



Exim Bank of China



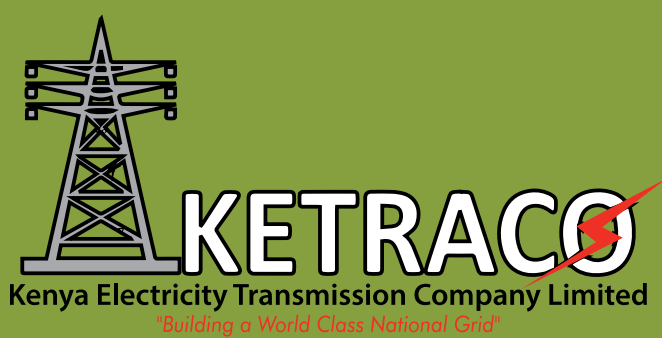
KBC Bank of Belgium



Government of Spain and Societe Generale



Export-Import Bank of India



Kenya Electricity Transmission Company Limited
Kawi Complex, Block B
Popo Lane, Off Red Cross Road, South C
P. O. Box 34942 - 00100
NAIROBI, KENYA

E-mail address: info@ketraco.co.ke

Phone number: (+254) 719 018000 / (+254) 732 128000

www.ketraco.co.ke