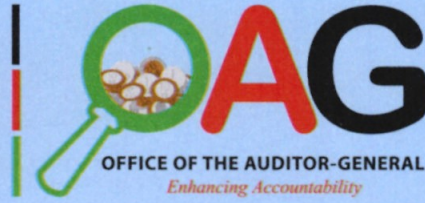


REPUBLIC OF KENYA



REPUBLIC OF KENYA



REPORT


OF

THE AUDITOR-GENERAL

ON

ENERGY AND PETROLEUM REGULATORY
AUTHORITY

FOR THE YEAR ENDED
30 JUNE, 2025

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 08 APR 2026	DAY: WEDNESDAY
TABLED BY: HON. DIDO RASO, MP	ON BEHALF OF LOM
CLERK-AT-THE-TABLE: J. LEMERELLO	

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ENERGY AND PETROLEUM REGULATORY AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

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1. Acronyms and Definition of Key Terms

A: Acronyms

EPRA	Energy and Petroleum Regulatory Authority
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management Act, 2012

B: Definition of Key Terms

Fiduciary Management	Members of Management directly entrusted with the responsibility of financial resources of the organization.
Comparative Year	Means the prior period.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

2. Key Entity Information and Management

1. General Information

a. Background information

The Energy and Petroleum Regulatory Authority (EPRA) is established as the successor to the Energy Regulatory Commission (ERC) under the Energy Act, 2019 as Kenya's Energy and Petroleum sector regulatory agency. The Energy Act 2019 and the Petroleum Act 2019 gives EPRA the mandate for economic and technical regulation of electricity, renewable energy, petroleum and coal. The Authority is domiciled in Kenya and has branches in Mombasa, Kisumu, Eldoret, Nakuru, Isiolo, and Lodwar.

b. Principal activities

The principal activity/mission of the EPRA is to regulate the energy and petroleum sector with responsibility for economic and technical regulation of electric power, renewable energy, and mid & downstream petroleum sub sectors. Its functions include tariff review and setting, licencing, enforcement, dispute settlement and approval of power purchase and network services contracts.

c. Key management

The Authority's management is under the following key organs:

- i) The Board of Directors
- ii) The Director General
- iii) Management

The Board of Directors who held office during the financial year ended 30th June 2025 were:

Name	Designation	Changes
Hon Adan Haji Ali	Chairman	Appointed: 16th June 2025
Mr. George O. Wanga	Chairman	Appointed: 17th January 2025 Retired: 15th June 2025
Hon.Prof Justice Jackton Boma Ojwang	Chairman	Retired 16th January 2025
Mr. Alex Wachira, BSCN	PS, State Department for Energy	
Mr. Mohamed Liban	PS, State Department for Petroleum, Member	
Mr. Albert Mwenda	Representing PS, National Treasury Member	
Mr. Abdulkarim Mohamed	Representing PS, State Department of Petroleum, Member	
Mr. Gabriel Kaunda Kitumu	Representing PS, State Department of Energy, Member	
Mr. Diba Daudi Huka	Board Member	
Ms. Jennipher Nawoi Long'or	Board Member	
Mr. Antony Gachau Mbuthia	Board Member	
Ms. Jane Cheptoo Masai	Board Member	
Dr. Jeremiah Obingo	Board Member	
Ms. Martha Nyangwaria	Representing Council of Governors	Appointed: 16th May 2025
Mr. Daniel Kiptoo Bargoria	Director General	

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Annual Report And Financial Statements for the year ended 30 June, 2025

2. Key Entity Information and Management

d. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibilities were:

Name	Designation	Changes
Mr. Daniel Kiptoo Bargoria	Director General	
CS Ibrahim Kitoo	Corporation Secretary & Director Legal Services	
CPA. Marona Cheplel	Director, Corporate Services	
Dr. Eng. Joseph Oketch	Director, Electricity & Renewable Energy	
Eng. Edward Kinyua	Director, Petroleum & Gas	
CPA. Cyprian Nyakundi	Director, Public Education, Advocacy & Consumer Protection	
Dr. John Mutwii Mutua	Director, Economic Regulation & Strategy	
Ms. Loise Thuge	Deputy Director, Supply Chain Management	
CPA. Everlyne Orege	Director, Internal Audit & Risk Assurance	

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

2. Key Entity Information and Management

e. Fiduciary Oversight Arrangements

The Authority is chaired by a non-Executive Chairman Hon Adan Haji Ali appointed by the President. All Board members have extensive business and administrative experience in private and/or public sectors that is applied in the management of the EPRA. Board meetings are held regularly to review EPRA's performance against set targets and business plans as well as to formulate and implement strategy. The Board works through the Committees listed below;

Board Finance and Administration Committee

The Authority's Finance and Administration Committee is chaired by an independent Board members and meets at least once on quarterly basis. The members are Ms. Jennipher Nawoi (Chairperson), Mr. Albert Mwendwa, Mr. Abdulkarim Mohamed, Mr. Gabriel Kaunda Kitumu and the Director General. The Committee's responsibilities are to ensure sound financial reporting, internal system controls, business plans and budgets, procurement, ICT, Public Relations, administration and staff matters.

Board Audit & Risk Committee

EPRA has established an Audit & Risk Committee of the Board which has an approved Audit & Risk Committee Charter that provides the terms of reference for its operations. The Audit Committee is chaired by an independent Director. The members are Mr. Diba Daudi (Chairman), Ms. Jane Cheptoo Masai, Mr. Albert Mwenda, Mr Antony Gachau Mbuthia, and Mr. Gabriel Kaunda Kitumu. The purpose of the Committee is to assist the board in their oversight responsibilities regarding:

- i) The effectiveness of the process of corporate governance.
- ii) The integrity of the financial statements and financial reporting.
- iii) The adequacy of the internal control system and risk management system.
- iv) The performance of the internal audit function.
- v) The adequacy of management response to issues identified by external audit.
- vi) Compliance with legislation, regulatory requirements and internal policies, procedures and code of conduct.
- v) The effectiveness of the performance management framework and performance reporting.

The Directorate of Internal Audit & Risk Assurance provides secretarial services to the Committee in line with the Internal Audit Charter and public financial management laws and regulations.

Board Technical Committee

The Technical Committee is chaired by an independent director and meets at least on quarterly basis. The members are Mr. Antony Gachau Mbuthia (Chairman), Mr. Gabriel Kaunda Kitumu, Mr. Abdulkarim Mohamed, Mr. Diba Daudi, Mr. Albert Mwenda, Ms. Jane Cheptoo Masai and the Director General. The Committee's responsibilities are to provide strategic technical direction of EPRA and to approve technical plans, activities, reports and budgets.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

2. Key Entity Information and Management

f. Authority headquarters

Eagle Africa Centre
Longonot Road, Upperhill
P O Box 42681-00100
Nairobi

g. Authority contacts

Telephone (254) 20 2847200
Email: info@epra.go.ke
website: www.epra.go.ke
P O Box 42681-00100
Nairobi

h. Authority bankers

1. KCB Bank

Moi Avenue Branch
P.O Box 48400-00100
Nairobi, Kenya

2. National Bank of Kenya

Harambee Avenue Branch
P.O Box 41862-00100
Nairobi, Kenya

3. NCBA Bank

Upperhill Branch
P.O Box 30437-00100
Nairobi, Kenya

i. Independent Auditors




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




j. Principal legal adviser




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



3. The Board of Directors

 <p>Hon Adan Haji Ali Board Chairman</p>	<p>Hon. Adan is a seasoned public sector leader and strategic advisor with over twenty-eight (28) years of experience driving and mainstreaming legal and policy reforms, legislative development, and social economic transformation. A former Member of Parliament, he has had the privilege and honour to serve as the Chair of Trade, Industry and Co-operatives Parliamentary Committee with a strong record in shaping national policies and strategic initiatives. He has been adept at navigating inter-governmental relations, driving good governance and accountability and representing Kenya on global platform and has proven capacity to build consensus, lead legislative change and advise executive leadership on policy and development planning.</p> <p>He holds a master's degree in business administration (MBA) specialising in Strategic Management and a Bachelor of Commerce degree all from the University of Nairobi. Hon. Adan is an active Member of the esteemed Institute of Directors (IoD – Kenya) and currently chairs the General Assembly of the Energy Regulators Association of East Africa (EREA) a multilateral association of National Energy regulators of the East Africa Community (EAC) countries.</p> <p>Date of Birth: 3rd January 1979</p> <p>Appointed: 16th June 2025</p>
 <p>Mr. George O. Wanga Board Chairman</p>	<p>Mr. Wanga has a wealth of experience spanning over two decades in senior leadership and entrepreneurial roles in the public, private and the financial services sector. In these roles, he demonstrated strategic leadership, governance and expertise in risk management. Throughout his professional journey, Mr. Wanga has been instrumental in driving organizational growth, implementing effective credit strategies, and fostering customer-centric services. His leadership acumen and operational efficiency have significantly contributed to the growth and profitability of the institutions he has hitherto served.</p> <p>He holds a Master's Degree in Business Administration (MBA) with a focus on Operations Management and a Bachelor of Arts degree majoring in Economics all from the University of Nairobi.</p> <p>Date of Birth: 8th August 1977</p> <p>Appointed: 17th January 2025</p> <p>Retired: 15th June 2025</p>

 <p>Hon. Justice. Prof. Jackton B. Ojwang Board Chairman</p>	<p>Hon. Justice. Prof. Jackton B. Ojwang, was appointed Chairman of EPRA’s Board of Directors for a four-year term with effect from 12th May 2020. Prof. Ojwang is a retired judge of the Supreme Court of Kenya with a span of 45 years’ experience in the legal profession. Prof. Ojwang has had an illustrious 17-year career in the Judiciary after having been first appointed a high court Judge in 2003 and then elevated to the Supreme Court in 2011 as one of the key seven Judges of the newly created apex court. He holds bachelor’s and master’s degrees in law from the University of Nairobi and a PhD in Comparative Constitutional Law from Downing College, Cambridge. In 2015, he earned a Doctor of Laws degree (LLD) from the University of Nairobi making him the first sitting judge to receive the Degree. He is an accomplished scholar and who has authored numerous academic papers and other scholarly works. He has also taught at reputable universities around the world including the University of Nairobi where he served for 27 years. He has also been a visiting Associate Professor of Law at the J. Reuben Clark Brigham Young University Law School in the United States. Prof. Ojwang was awarded the University of Nairobi’s Staff Merit Award in recognition of his outstanding contribution towards the University’s mission. He was also bestowed the coveted East African Law Society Senior Lawyer of Year Award in 2013 for his remarkable legal and judicial career. Up to February 2020, he sat on the Council of Legal Education Board where he chairs the Quality Assurance & Compliance Committee.</p> <p>Date of Birth: 10th February 1950</p> <p>Appointed: 12th May 2020</p> <p>Retired: 16th January 2025</p>
 <p>Mr. Alex Wachira, BSCN Principal Secretary, State Department for Energy</p>	<p>Mr. Alex Wachira was appointed the Principal Secretary, Ministry of Energy & Petroleum, State Department of Energy in December 2022. He holds a Bachelor of Science degree in Nursing from the University of Nairobi and is currently pursuing a Master of Arts degree in Leadership at Pan African Christian University. He has a wealth of experience from the private sector where he worked as an investment banker. He previously worked with Faida Investment Bank where he traded and structured treasury bonds and corporate bonds at the Nairobi Securities Exchange.</p> <p>He has also worked with Dyer & Blair Investment Bank and Genghis Capital limited. Mr. Wachira was a founding member of the Bonds Market Association as well as a member of the Steering Committee of the Kenya Association of Stock Brokers and Investment Bankers. He has spearheaded community initiatives such as youth mentorship programme and sports tournaments among other similar projects.</p> <p>Date of Birth: 12th January 1982</p>
 <p>Mr. Mohamed Liban Principal Secretary, State Department for Petroleum</p>	<p>Mr. Mohamed Liban is the Principal Secretary for the State Department for Petroleum having been appointed to the position in December, 2022. Prior to the appointment, he was the Chairman of the Ewaso Ng’iro North Development Authority, a position he held from 2019.</p> <p>Mr. Liban has a wealth of leadership capabilities having served as Regional Elections Coordinator under the Independent Electoral and Boundaries Commission from 2009 - 2017. Other positions held include Regional Health Manager with the Kenya Red Cross Society and Deputy Chief Clinical Officer at the Ministry of Health.</p> <p>Among other qualifications, Mr. Liban holds a Masters of Public Health and Epidemiology from Kenyatta University, Higher National Diploma in Cataract Surgery from the Kenya Medical Training College (KMTTC), International Diploma in Community Eye Health from London University and, Higher National Diploma in Ophthalmology from KMTTC. He has also attended several Human Resource Management courses. The PS is a Life Member of the Kenya Society for the Blind and Kenya Red Cross Society.</p> <p>Date of Birth: 2nd June 1961</p>

 <p>Mr. Albert Mwenda Alternate to PS, National Treasury</p>	<p>Mr. Albert Mwenda is the Director General, Budget, Fiscal and Economic Affairs. He holds a Master's degree in Public and Economic Policy from the London School of Economics and Political Science (LSE), UK as well as a Masters of Business Administration (Finance) from the University of Nairobi (UON). He also holds a Bachelor of Arts degree in Economics from the University of Nairobi (UON).</p> <p>He has over 20 years of experience in central government and private sector organizations. Albert was appointed as an Advisor to the National Treasury of the Government of Kenya in 2011. In this capacity, he advised the National Treasury on public finance management reforms as well as fiscal decentralization.</p> <p>Prior to his current appointment he served as the Director of the Intergovernmental Fiscal Relations Department of the National Treasury which he helped to establish. He has made significant contributions in the recent development of Kenya's policy and legislative framework for public finance management, including the management of fiscal relations between the two levels of government. He was appointed Board member of the Authority on 10th August, 2020.</p> <p>Date of Birth: 10th May 1971</p>
 <p>Mr. Gabriel Kaunda Kitumu Alternate to PS, State Department for Energy</p>	<p>Mr. Gabriel Kaunda is currently the Director of Planning in the Central Planning and Project Monitoring Unit at the State Department for Energy, Ministry of Energy and Petroleum.</p> <p>He previously served at the same level at the State Department for Devolution, at the Office of the Deputy President.</p> <p>Mr. Kaunda has vast experience in trade negotiations (COMESA Free Trade Area and COMESA Customs Union), International Trade statistics and social statistics, Monitoring and Evaluation and national development planning spanning over 30 years.</p> <p>He previously worked in the ministries of Trade and Industry; Tourism; and Health. He holds a Master of Science, Bachelor of Statistics and Post Graduate Diploma from the University of Nairobi.</p> <p>He has a number of professional qualifications from various institutions across the world in Monitoring & Evaluation and International trade statistics.</p> <p>Date of Birth: 23rd January 1966</p>
 <p>Mr. Diba Daudi Huka Board Member</p>	<p>Mr. Diba Daudi Huka is a result driven business management leader with over 25 years of experience in the banking and finance sector with a proven ability to drive business growth and capture untapped opportunities through energizing teams to jointly deliver results beyond expectations.</p> <p>Mr. Huka is an expert at assessing the creditworthiness of customers, negotiating deals and terms, minimizing debt losses, increasing sales, investigating credit applications, analysing and averting risks, managing corporate financing programs, and maintaining the corporate credit policies. Further, he's experienced in building lasting and mutually beneficial banking relationships with corporates, small and medium enterprises and private banking clients.</p> <p>Date of Birth: 1st January, 1965</p>

 <p>Mr. Antony Gachau Mbuthia Board Member</p>	<p>Mr. Antony Gachau Mbuthia joins the Authority as an accomplished executive and initiative-driven leader with a career spanning of over 12 years, excelling in overseeing the day-to-day operations as well as overall management and provision of strategic leadership to the company. I have a proven track record of performance turnaround and effective management of personnel whilst utilizing keen analysis and effective team motivation and Management to ensure organizational improvements and implementation of best practices.</p> <p>Mr. Mbuthia is proficient at comprehensive review and analysis of business policies and procedures as well as developing and implementing strategies and solutions that achieve consensus among key stakeholders across organizations through effective communication and management skills,</p> <p>He has wide experience leveraged from his expertise in leadership, strategic management, operation management, training and mentorship, overall coordination of the company's activities, and ensuring the company operates within the legal framework. Being a great communicator who values work ethic and integrity.</p> <p>Date of Birth: 12th September, 1985</p>
 <p>Ms. Jennifer Nawoi Lang'or Board Member</p>	<p>Ms. Jennipher Nawoi Long'or is currently the CEO/Programme Coordinator for USAID ubora mashinani programme, Turkana Development Trust. She is a former County Executive Finance and Economic Planning in Turkana County; a fully qualified, results driven professional with demonstratable experience in successfully managing teams and monitoring all organization financial operations. She holds a Bachelors' degree in Commerce (Finance major) from Kenyatta University; Nairobi-Kenya and a Master of Science degree in Energy Studies with Specialization in Energy Finance from University of Dundee, Scotland, United Kingdom.</p> <p>Ms. Long'or has over fifteen (15) years' work experience in Public, corporate and Non-Governmental Organizations in areas Public Sector Management, Policy formulation, Accounting and Financial Management and experience in streamlining robust tools, strategies, and financial systems in humanitarian emergency responses.</p> <p>Date of Birth: 2nd December, 1980</p>
 <p>Mr. Abdulkarim Mohamed Alternate to PS, State Department for Petroleum</p>	<p>Mr. Abdulkarim Mohamed is an accomplished professional with a diverse and extensive background in Public Administration. He holds a BA from Kenyatta University and a Post Graduate Diploma in Public Administration. Abdulkarim has held significant roles in various ministries, showcasing his expertise and adaptability.</p> <p>His is currently serving as the Deputy Head of Administration in the Ministry of Energy and Petroleum. His previous roles span across key ministries, including Petroleum and Mining, Industry, Trade, Cooperatives, East African Affairs, Commerce, Tourism, and Education, reflecting a broad and comprehensive understanding of different governmental sectors.</p> <p>Date of Birth: 1st June, 1972</p>

 <p>Ms. Jane Cheptoo Masai Board Member</p>	<p>Ms. Jane Cheptoo Masai is a seasoned legal professional with a dynamic presence across prominent legal associations. With 12 years of practice as an Advocate of the High Court of Kenya, she boasts a wealth of experience and expertise. Her affiliations include memberships in the Law Society of Kenya, the Federation of Women Lawyers, the East Africa Law Society, and the Commonwealth Lawyers Association.</p> <p>Her academic journey includes a Bachelor of Laws Degree (LLB) from Moi University and further honing her skills at the Kenya School of Law with a Diploma in Law through the Advocates Training Programme. Jane embodies a commitment to the legal field and a dedication to professional growth and service within the Kenyan legal landscape</p> <p>Date of Birth: 17th August 1985</p>
 <p>Dr. Jeremiah Obingo Board Member</p>	<p>Dr. Obingo brings to the board vast experience from the private sector having worked in the healthcare industry, rising from a marketing executive to senior management in a period of only six (6) years.</p> <p>Dr. Jeremiah Obingo was appointed to the Board of the Authority on 28th February 2025. During his time in formal employment, Dr. Obingo interacted with professionals from multinational companies where he gained immense experience in key accounts management, strategic business negotiations within the sector and has closed in high value businesses. Outside the healthcare sector, Dr. Obingo has interests in real estate, farming, philanthropy and corporate governance. After a successful stint in employment, Dr. Obingo ventured into private business that led to the formation of Maxim Solutions and later Radiance Pharmaceuticals Limited, a company he has led for the last 18 years. The company currently has over 50 members of staff working in all regions of Kenya. He continues to be involved in high level multinational within the sector and has closed in high value businesses. Outside the healthcare sector, Dr. Obingo has interests in real estate, farming, philanthropy and corporate governance. He brings to the Board of the Authority the private sector work ethics, innovation, efficiencies, business resilience and the core values of integrity, hard work and clarity of mind, high performance and accountability culture in achieving corporate goals.</p> <p>Date of Birth: 5th April 1975</p>



Eng. Martha Nyangwaria
Representative, Council of
Governors

Martha Nyangwaria is a seasoned mechanical engineer with extensive experience spanning energy policy, industry transformation, climate governance and sustainable development. She has held senior leadership roles spanning government and industry, combining technical knowledge with policy influence to advance Kenya's energy transition, regulatory effectiveness and private sector development. Currently a County Executive Committee Member in Uasin Gishu County, she has before served as the Deputy Chief Executive Officer at Kenya Private Sector Alliance (KEPSA) and served at the Kenya Power and Lighting Company Limited (KPLC) and the Kenya Association of Manufacturers (KAM).

Ms. Nyangwaria holds a Bachelor's Degree in Mechanical Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT), Efficient Energy Use & Planning from the Swedish International Development Cooperation Agency (SIDA) and a masters degree specialising in Management & Leadership from Management University of Africa (MUA) where she is currently pursuing a Ph.D in the same specialization. She has pursued several other courses locally and internationally, building a distinguished career at the intersection of engineering, policy and public service. She is a member of the Institution of Engineers of Kenya (IEK), Engineers Board of Kenya (EBK) and Institute of Directors (IoD-K).

A recognized thought leader in Kenya's energy and development sectors, she has been honored with multiple awards including Women in Energy Professional Technical Award, Kenya and TechWomen Emerging Leaders Program, USA. She has also represented Kenya in various highlevel

regional and international forums on energy, trade, climate change and industrialization. As Certified Energy Manager, Martha has been instrumental in promoting adoption of energy efficiency and conservation. She has co-chaired two national taskforces spearheading development of Climate Change Policy, Climate Change Act 2016 and Green Economy Strategy and Implementation Plan and has been a member of various committees developing national and regional policies and legal frameworks.

Date of Appointment: 16th May 2025

Date of Birth: 17th August 1985



Mr. Daniel Kiptoo
Director General

Mr. Daniel Kiptoo is a consummate energy professional, he is a lawyer by training but an energy specialist by trade. He has vast experience in the electricity and petroleum sub sectors with a specific focus in policy formulation, legislative drafting, regulation, negotiation, and structured financing.

He is currently the Director General of the Energy and Petroleum Regulatory Authority (EPRA) in Kenya, the Authority is the body mandated with the technical and economic regulation of the electricity and petroleum sectors in the Republic of Kenya. In his current role, which commenced on the 14th of December 2020, he regulates the entire value chain in electricity, from generation, transmission, distribution and retail as well as upstream, midstream and downstream in petroleum.

Previously, he served as the legal advisor in the Ministry of Energy and Petroleum. At the Ministry, he was the Chairman of the Government's First Oil Committee charged with delivery of first oil for Kenya. He also represented Kenya in several Investor-State Arbitrations and was a member of two task forces on Independent Power Producers (IPPs). Prior to his role as legal advisor, he worked in the private sector with an Africa centric oil &

gas risk consultancy as the oil & gas legal affairs director and with the Energy Regulatory Commission (ERC) in the Legal department. He is one of the drafters of the Kenyan Energy Act (2019) and Petroleum Act (2019)...

He holds Master of Business Administration (MBA) degree in Energy & Sustainability from the University of Cumbria and a Master of Laws (LLM) in Petroleum Law and Policy from University of Dundee, both in the United Kingdom, a bachelor's degree in law (LLB) from the University of Nairobi and a Post Graduate Diploma (Dip.) from the Kenya School of Law. Mr. Kiptoo is a Harvard Senior Executive Fellow (SEF) and he holds two executive certificates, one in public policy and another in economic development, both from the Harvard Kennedy School of Government. He is currently pursuing a PhD from the Centre for Energy, Petroleum and Mineral Law and Policy (CEPMLP) at the University of Dundee.

With respect to professional associations, in addition to being a member of the law society of Kenya in good standing having been called to the bar to as an Advocate of the High Court of Kenya, he is a corporate governance practitioner being a qualified Certified Secretary (CS) and is also a member of the Association of International Energy Negotiators (AIEN), a global body of international energy negotiators.

Mr. Kiptoo has been awarded the Order of the Grand Warrior by the President of the Republic of Kenya. The Order of the Grand Warrior (OGW) is an award presented to individuals in recognition of an outstanding service rendered to the Country.

Date of Birth: 17th February, 1984



CS Ibrahim Kitoo
Corporation Secretary and
Director, Legal Services

CS Ibrahim Kitoo has more than Fifteen (15) years' post-admission and a over-decade experience in the energy sector, and in the legal corporate milieu. He is an Advocate of the High Court of Kenya; Notary Public & Commissioner for Oaths; Practising Certified Secretary, Governance Auditor; Governance, Ethics, Risk & Compliance Expert; Legal Auditor; Public Finance; Development Finance; Public Procurement; Public Private Partnerships (CP3P); Contract Manager and Alternative Dispute Resolution (ADR) Practitioner.







Ibrahim Kitoo has previously served and held senior positions as a Legal Counsel, Chief Legal Officer, Legal Services Manager and Legal Counsel at the Public Private Partnerships Directorate at the National Treasury; Kenya Electricity Generating Company PLC; Equity Group Holdings Limited and National Oil Corporation of Kenya Limited. Passionate for energy access, affordability and sustainability, he is credited for, among others, offering bespoke and turnkey legal advice and negotiations expertise in the origination, financing and successful delivery of several strategic infrastructure projects in the renewable energy spectrum.




He holds a Master's Degree (LL.M) in Public Finance & Financial Services Law and Bachelor's Degree in Law (LL.B) all from The University of Nairobi, a Post – Graduate Diploma in Law from the Kenya School of Law, a Master Certificate in Sustainable Infrastructure Financing and Development from York University, Canada.

He is, among others, an alumnus of the London School of Economics and Political Science Negotiation Programme 2024; Oxford Renewable Energy Program Fellow 2022; Saïd Business School Leading Strategic Projects Programme 2021; King's College London/FIDIC Summer School 2021 Programme; Kenya School of Government Strategic Leadership Development Programme 2020; Centre for Corporate Governance Programme 2020; Institute of Directors Advanced Directorship Programme, IFC/World Bank Group Corporate Governance Masterclass 2019; and Australia – Africa Public Private Infrastructure Partnerships Programme 2018.

His professionalism, technical proficiency and stellar commitment to the legal and governance professions has seen him receive multiple accolades and legal excellence awards having recently been feted and featured in the Legal 500 General Counsel Power list 2024 and as the Public Sector Lawyer of the Year 2022 under the auspices of the Law Society of Kenya. He has also served as a Council Member and Honorary Secretary of the Chartered Institute of Arbitrators (Kenya).

Date of Birth: 13th May 1982

 <p>Mr. Daniel Kiptoo Bargoria LL.M, LL.B(Hons), CPS(K), Dip. Law(LSK)</p>	<p>Director General: Board Member and Chief Executive Officer of the Authority.</p>
 <p>Dr. John Mutua PhD (Economics)</p>	<p>Director, Economic Regulation and Strategy: Heading the Economic Regulation function of the Authority.</p>
 <p>CS Ibrahim Kitoo LL.M, LL.B (Hons), CPS (K), Dip. Law (KSL),CP3P</p>	<p>Corporation Secretary & Director, Legal Services: Secretary to the Board and Head of the Legal, Regulatory and Commercial Services departments of the Authority.</p>
 <p>Dr. Eng. Joseph Oketch MBA, BSc (Elec. Eng.), C. Eng., MIEK, PhD.</p>	<p>Director, Electricity & Renewable Energy: Heading the Electricity & Renewable Energy subsector regulation function of the Authority.</p>
 <p>Eng. Edward Kinyua Msc (Energy Management), B.Tech (Mech. & Prod.Eng)</p>	<p>Director Petroleum & Gas: Heading the Upstream and Downstream Petroleum & Gas Regulation function of the Authority.</p>
 <p>Mr. Cyprian Nyakundi MBA, Bcom, CPA(K)</p>	<p>Director, Public Education, Advocacy & Consumer Protection: Heading the Public Education, Advocacy & Consumer Protection function of the Authority.</p>

 <p>Mr. Marona Cheplel MBA, Bcom, CPA(K)</p>	<p>Director, Corporate Services: Heading the Corporate Services functions of the Authority (Finance & Accounts, HR & Admin, Corporate Communications & ICT)</p>
 <p>CPA Everlyne Orenge MBA, Bcom, CPA (K)</p>	<p>Director, Directorate of Internal Audit and Risk Assurance: Heading the Internal Audit and Risk Assurance function of the Authority.</p>
 <p>Ms. Loise Thuge Msc, BA, MCIPS(UK), MKISM</p>	<p>Deputy Director, Supply Chain Management: Heading the supplies and procurement functions of the Authority.</p>

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

5. Chairman's Statement

In the 2024/2025 financial year, the global energy sector continued to register changes characterized by a complex interplay of accelerating transitions, geopolitical tensions, and technological innovation.

The world witnessed interest in clean energy, with investments growing to outpace fossil fuel financing. There has also been increased pressure on countries to meet climate commitments and secure sustainable energy futures. The global focus is now firmly on renewable power, storage technologies, and the policies that will ensure affordability, reliability, and inclusivity in the transition.

Africa has not been left behind, with conversations centering on energy access and security. Policy development and conversations are on how to scale generation of renewable power, financing, how to enhance regional power trade and developing frameworks that enhance cross border infrastructure. Strengthening policies that support public-private partnerships, enhance market competition, and safeguarding consumers is central to sustaining momentum.

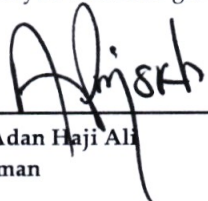
In this regard, the Ministry of Energy and Petroleum developed the National Energy Policy 2025-2034 to reaffirm Kenya's commitment to universal access, green energy growth, and climate resilience. It prioritizes expanding electrification, scaling renewable projects, and integrating smart technologies in the sector.

The Energy and Petroleum Regulatory Authority (EPRA) has on its part contributed to shaping policies on emerging areas such as green hydrogen, which will position Kenya as a continental leader in clean energy innovation. In 2024, we launched guidelines on green hydrogen and its derivatives to define the country's short- and medium-term goals toward a green hydrogen economy as well as providing a monitoring mechanism for projects under development.

In the Petroleum sector, the Authority sharpened oversight of the petroleum supply chain through the Cost-of-Service Study (COSSOP), which examined costs and inefficiencies, ensuring only prudent expenses are reflected in pricing. The Implementation of the study is being done in phases with the first phase commencing in February 2025. Further, ten new petroleum regulations were gazette in May 2025. These regulations focus on the construction and operation of petroleum logistics facilities, with the twin objectives of ensuring safety and safeguarding the quality of petroleum products reaching consumers.

In the electricity sector, EPRA steered the development and public participation of draft regulations to strengthen governance, reliability, and safety. The Draft Energy (System Operations) Regulations, 2023 are designed to enhance coordination, stability, and efficiency in managing the national grid. The Draft Energy (Electricity Reliability, Quality of Supply and Service) Regulations, 2024 set clear standards for service delivery and power quality. In parallel, the Draft Energy (Electricity Incident and Accident Reporting) Regulations, 2024 introduce stronger accountability and safety measures by requiring transparent reporting and timely response to electricity-related incidents.

Looking ahead, EPRA remains steadfast in supporting an energy future which is secure, sustainable, and inclusive. By strengthening regulation, encouraging investment, and protecting consumers, we will continue to play our part in powering not only Kenya's economic growth but also Africa's collective progress towards a just energy transition.



Hon Adan Haji Ali
Chairman

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

6. Report of the Director General

It is my pleasure to present our financial statements for the financial year 2024/2025. Our work was anchored on building frameworks, enforcing standards, and supporting innovation to deliver reliable, accessible, and sustainable energy and petroleum.

Guided by our strategic plan and in line with our vision to be a leading energy and petroleum regulator and our mission to promote sustainability in the sector for improved livelihoods through effective regulation, we advanced the sector in some of the following ways.

To support electrification and infrastructure expansion, EPRA processed nine new Power Purchase Agreements between Kenya Power and independent generators, approved tariff applications for new projects, and oversaw a wheeling agreement between Kenya Electricity Transmission Company (KETRACO) and Tanzania's TANESCO. These approvals, mandated under the Energy Act 2019, are central to keeping Kenya's power sector attractive to investors while expanding cross-border trade in electricity.

In the petroleum sub-sector, EPRA issued 15,396 petroleum business licenses. The LPG supply chain was bolstered by the commissioning of Lake Gas's new terminal in Kilifi County, with a 10,000 MT installed capacity and berth handling of up to 60,000 MT. This development pushed national LPG storage capacity to 44,434 MT, strengthening Kenya's ability to meet growing demand for cleaner cooking fuels. On the upstream front, government received a proposal for the transfer of Tullow Kenya's assets in the South Lokichar Basin (blocks 10BA, 10BB, and 13T) to Gulf Energy, a move currently under evaluation.

The year also brought Kenya global recognition in clean energy. In December 2024, EPRA was appointed by the International Tracking Standard Foundation as the official issuer of International Renewable Energy Certificates (I-REC(E)) in Kenya. This gives the Authority the responsibility of verifying renewable generation and certifying it for global markets, enabling local and international firms to meet sustainability targets while driving fresh investment into Kenya's green energy sector.

Financially, the Authority observed an increase of 85% in revenue from the petroleum levy compared to the previous year, while electricity levy revenue increased by 8.4%. Total non-exchange revenue saw a 60.4% increase, with total recurrent expenditure rising by 17.5% from the previous financial year. The Authority's total asset base increased by 124.9%, with both non-current and current assets experiencing significant growth. Current decrease by 10.6%, while total equity increased by 447.5%.

To empower data driven decisions in the sector, the Authority released the Energy and Petroleum Statistics Report. This publication serves as a critical resource for policymakers, industry players, investors, and other stakeholders by providing accurate and timely data on the sector's performance and trends. By making this information accessible, the Authority not only enhances transparency but also supports evidence-based planning, investment, and policy development, ultimately driving efficiency, sustainability, and growth in the energy and petroleum sector.

These achievements were made possible by the dedication of EPRA's staff, the guidance of our Board of Directors, and the support of our stakeholders. Together, we continue to strengthen Kenya's energy and petroleum sector, guided by our commitment to reliability, safety, and sustainability.

Mr. Daniel Kiptoo Bargoria
Director General



ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

7. Statement of Performance against Predetermined Objectives for FY 2024 - 2025

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

EPRA has 6 strategic pillars and objectives within its Strategic Plan for the FY 2023/2024 - 2027/2028 These strategic pillars are as follows:

Pillar 1	Sector Growth and Development
Pillar 2	Applied Research and Innovation
Pillar 3	Data Management
Pillar 4	Consumer Protection & Awareness
Pillar 5	Partnership & Collaboration
Pillar 6	Institutional Capacity & Development

EPRA develops its annual work plans based on the above 6 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The EPRA achieved its performance targets set for the FY 2024/2025 period for its 6 strategic pillars, as indicated in the diagram below:

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Annual Report And Financial Statements for the year ended 30 June, 2025

Statement Of Performance Against Predetermined Objectives for FY 2024/2025

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
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Annual Report And Financial Statements for the year ended 30 June, 2025

Statement Of Performance Against Predetermined Objectives for FY 2024/2025

<p>Pillar 1-Sector Growth and Development</p>	<p>To improve the regulatory framework and promote sustainable energy and petroleum sector</p>	<p>a)Number of Regulatory Impact Assessment (RIA) study reports b)Number of regulations developed/ reviewed c)Number of stakeholder engagements forums for regulations d)Number of renewable energy and energy efficiency capacity building and awareness forums conducted e)Number of technical audits and control audits conducted f)Number of licenses/permits issued g)Turn-around time for processing licenses/ permits</p>	<p>a)Develop/ review regulations in line with the Energy Act 2019 and Petroleum Act 2019 b)Develop guidelines for the energy and petroleum sectors c)Undertake renewable energy and energy efficiency capacity building d)Conduct technical audits on petroleum and gas, electricity, renewable energy, and energy efficiency facilities e)Monitor committed electricity generation, transmission and distribution projects f) Process applications for Petroleum Business Licenses, Energy Auditors, Solar PV technicians, Energy Audit Firms, Solar PV contractors, electrical workers, electrical contractors and Power Purchase Agreements</p>	<p>a)Gazetted 13 regulations and undertook public participation for 6 regulations b)Developed guidelines for electric cooking, renewable energy power projects development and mini-grid construction c)Finalised the Cost-of-Service Study in Petroleum (COSSOP), which informed the LPG pricing framework d)Conducted 7 capacity building forums for energy efficiency practitioners e)Conducted 8 sensitization forums on renewable energy f)Conducted 275 technical audits for petroleum and gas, electricity, renewable energy, and energy efficiency facilities g)Monitored 7 electricity generation, transmission and distribution projects h)Processed 24,639 petroleum and LPG business license applications within an average of 8.10 days i)Reviewed and approved 20 minigrids & PPAs within an average of 47 days j)Processed 579 electrical workers' and 532 electrical contractors' license applications within an</p>
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Annual Report And Financial Statements for the year ended 30 June, 2025

Statement Of Performance Against Predetermined Objectives for FY 2024/2025

				average of 50 and days, respectively.
				k)Processed 183 Solar PV technicians, 457 solar PV manufacturers/ importers/ manufacturers and 4 energy audit firms applications within an average of 52, 13 and 15 days, respectively.
Pillar 2-Applied Research and Innovation	To enhance efficient and evidence-based decision-making in the sector	a)Number of study reports b)Number of conferences held c)Percentage implementation of adopted recommendations	a)Organize an Annual Research and Innovation Conference b)Undertake research on emerging areas in the energy and petroleum sector c)Coordinate benchmarking studies/ exercises and implementation of recommendations	a)Hosted the 6th EPRA Research and Innovation Conference, where researchers and innovators showcased their works b)Conducted a study on the effectiveness of training carried out for operators of LPG facilities
Pillar 3-Data Management	To enhance efficient and evidence-based decision-making in the sector	a)No. of published Energy and Petroleum Statistics Reports b)Percentage level of compliance with the Data Protection Act c)Percentage of records digitized	a)Publish the annual Energy and Petroleum Statistics Report b)Validate energy and petroleum data and information c)Comply with the Data Protection Act, 2019	a)Published the July 2023–June 2024 and the July–December 2024 Energy & Petroleum Statistics Reports b)Created a database for importers, traders and users of coal in the country c)Drafted the EPRA data protection policy and prepared the Data Protection Impact Assessment Report

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

Statement Of Performance Against Predetermined Objectives for FY 2024/2025

<p>Pillar 4-Consumer Protection & Awareness</p>	<p>To empower and protect sector consumers & stakeholders</p>	<p>a)Number of public education and awareness forums b)No. of public safety campaigns conducted c)Number of surveillance inspections d)Number of audited petroleum retail stations e)Turn-around time for review of ESIA reports f)Percentage resolution of complaints and disputes g)Percentage of investigated accidents</p>	<p>a)Organize public education and awareness forums b)Design and implement public safety campaigns c)Undertake inspections of petroleum, LPG, Renewable Energy and Electricity facilities to enforce compliance with Energy Act 2019 and Petroleum Act 2019 d)Undertake technical audit of petroleum retail stations to check compliance e)Resolve complaints and disputes for the energy and petroleum sectors f)Investigate petroleum, gas and electricity-related accidents</p>	<p>a)Undertook 91 public education and consumer awareness forums across the country b)Published a driver’s handbook for the Nairobi-Central region to increase road hazard awareness among petroleum/ LPG tanker drivers c)Received 362 and 110 energy and petroleum sector complaints and disputes, respectively, out of which 342 complaints (94.48%) and 80 disputes (72.72%) were concluded. d)Conducted 3,897 surveillance and compliance inspections and 507 follow-ups of non-compliant sites across the country e)Undertook enforcement actions - currently following up on 142 criminal cases which are pending hearing and determination in various courts across the country f)Audited 1,462 petroleum retail stationsg)Investigated 217 petroleum, gas and electricity-related accidents</p>
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Annual Report And Financial Statements for the year ended 30 June, 2025

Statement Of Performance Against Predetermined Objectives for FY 2024/2025

Pillar 5-Partnership & Collaboration	To empower and protect sector consumers & stakeholders	Percentage implementation of partnerships and collaborations	<p>a) Establish strategic partnerships and collaborations</p> <p>b) Implement sustainable collaboration and partnerships for increased surveillance & consumer awareness</p>	<p>a) Organised 3 knowledge exchange workshops on electricity market development, jointly with the Danish Energy Agency, for the energy sector agencies</p> <p>b) Collaborated with the Ministry of Energy & Petroleum for the “Kaa Safe Mtaani” campaign aimed at promoting energy safety and advancing responsible energy practices across Kenya.</p> <p>c) Engaged with the regional security committees of Marsabit, Moyale and Nyeri counties to address the smuggling of fuel</p>
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ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

Statement Of Performance Against Predetermined Objectives for FY 2024/2025

<p>Pillar 6-Institutional Capacity & Development</p>	<p>To enhance institutional capability, effectiveness and efficiency</p>	<p>a)Skill gap analysis report b)Percentage of implemented staff establishment c)Number of interns/ attachés engaged d)Approved Strategic Plan e)Revised ERM framework f)External quality assessment report g)Percentage implementation of cybersecurity programs h)Amount allocated to special groups, i.e., youth, women and PWDs i)Amount allocated to procurement budget for locally sourced goods and services j)No. of CSR activities k)Customer satisfaction & brand perception survey report</p>	<p>a)Undertake skills gap analysis b)Recruit new employees c)Offer youth internship and attachment opportunities d)Develop the Authority's Strategic Plan e)Review and Implement the Enterprise Risk Management framework f)Undertake an external internal audit quality assurance g)Establish and implement cyber security programmes h)Allocate 30% value of available procurement budget to Youth, Women and Persons with Disabilities i)Reserve a minimum of 40% of the procurement budget for locally sourced goods and services j)Conduct Corporate Social Responsibility (CSR) programs</p>	<p>a)Undertook the Legal and Compliance Audit b)Finalised the recruitment and placement for 121 positions c)Successfully undertook testing of the disaster recovery site in Kisumu. d)Upgraded the on-premises Microsoft environment to the online Microsoft 365 and migrated to the epra.go.ke domain e)Finalized recruitment and placement for 121 positions f)Engaged 32 interns and 15 attachés g)Awarded contracts worth Kshs. 128,870,009.40 to Youth, Women and PWDs categories of suppliers. h)Awarded contracts worth Kshs. 801,796,501.54 for the supply of locally produced and services i)Planted 150,000 seedlings as part of CSR</p>
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ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

8. Corporate Governance Statement

1. Introduction

The Board of Directors acknowledge the need to conduct the business and operations of the Authority with integrity and in accordance with generally accepted corporate practice and internationally developed principles of corporate governance. The Board recognize corporate governance as an essential element towards achieving the Authority's regulatory mandate provided in both the Energy Act, 2019 and Petroleum Act, 2019. The Board members adhere to good corporate governance by embracing the following principles:

- Observation of high standards of ethical and moral behavior;
- Act in the best interests of the Authority;
- Ensure fair staff remuneration and promotion
- Promotion of legitimate interests of all stakeholders;
- Ensure that the organization acts as a good corporate citizen.

The Board members will continue to focus their attention on maintaining the highest standards of corporate governance and business ethics in the Authority's operations.

1.1 Compliance with Legal and Regulatory Frameworks.

The Board operates in full compliance with the Constitution of Kenya, the Energy Act, No. 1 of 2019, the Petroleum Act, No. 1 of 2019, the Public Finance Management Act, 2012, the State Corporations Act, Cap 446, and all other applicable laws and regulations. The Board is further committed to adhering to the guidelines and directives issued by the Government of Kenya and relevant oversight bodies, ensuring that the Authority's operations are conducted within the bounds of the law and in alignment with national policies and objectives.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

8. Corporate Governance Statement

2. Board members

2.1 Board Composition, Appointment and Size

The Board of Directors of the Authority as provided under section 12 of the Energy Act, 2019 consist of the Chairman, the Principal Secretary in the State Department for Energy or his representative, the Principal Secretary in the State Department for Petroleum or his representative, the Principal Secretary in the National Treasury or his representative, one County Executive Committee member or his representative nominated by the Council of County Governors, the Director General and five other members who represent the private sector.

The Chairman and the five members from the private sector are appointed by the President and the Cabinet Secretary respectively. The Chairman (Hon. Adan Haji Ali) is Non- Executive. The Chairman's term is four years and that of the other Board members is three years and the respective terms are renewable once for the same duration.

The Director General is the Chief Executive Officer of the Authority appointed by the Cabinet Secretary through competitive selection for a term of three-year renewable once. The Director General is an ex officio member of the Board with no voting rights at the Board meetings.

The Board is well composed in terms of diversity in skills, knowledge of business and administrative experience acquired from both private and public sectors that is essential in the effective management of the Authority's operations.

The appointment of the Board members can be terminated in accordance with the provisions of Second Schedule of the Energy Act, 2019 or through voluntary resignation.

2.2 Independence and Separation of Roles and Responsibilities.

The Board members exercise independent judgment in discharging their duties. The Board sets the strategic plan of the organization, oversees implementation of policies, evaluates the performance and reports to the stakeholders.

The Chairman of the Board is primarily responsible for the activities of the Board and its Committees. The Chairman in consultation with the Director General sets the agenda for Board meetings, chairs the meetings and ensure effective communication to stakeholders. The Chairman acts as the spokesperson for the Authority and is the principal contact for the Director General. The Director-General who is the Chief Executive of the Authority, is responsible for the day-to-day management of the Authority subject to the Board's direction.

2.3 Board Responsibilities.

The Board's responsibility is to promote the long-term success of the organization. The Board provides leadership, strategic direction and exercises effective control of the Authority. The Board members assume collective responsibilities though their duties are discharged through the Board or its Committees.

2.4 Board and Committee Meetings.

The Energy Act 2019 provides that Board meetings will be held at least four times a year, and not more than four months shall lapse between the date of one meeting and the next meeting. A schedule of dates of the meetings is agreed upon by Board members and set out in the Board Work Plan. Notices of the location and the timing of meetings are issued seven days prior to the meetings. The Work Plan is adjusted when deemed necessary by the Board.

The Committees conduct their business within the rules and procedures set by the Board. The matters deliberated by the Committees are consequently presented to the Board by the respective Chairman during the next Board meeting for adoption.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

8. Corporate Governance Statement

The Committees are designed to ensure the Board runs efficiently and effectively and in a manner that embraces corporate governance. The Committees enable the Board to effectively discharge its responsibility by delving into issues that require greater attention than would be possible during regular Board meetings. The Board has three Committees: Technical, Finance and Administration and Audit and Risk.

2.5 Finance and Administration Committee.

The Finance and Administration Committee is responsible for ensuring overall sound financial reporting, overseeing risk management, establishing internal system of controls, business plans and budgets, procurement, ICT, public relations, Administration and staff affairs. During the year, members were Ms. Jennipher Nawoi (Chairperson), Mr. Albert Mwendwa, Mr. Abdulkarim Mohamed, Mr. Gabriel Kitumu and the Director General.

2.6 Technical Committee

The Technical Committee's responsibilities are to provide technical and strategic direction to the Authority and approve technical plans, activities, reports and budgets. During the year, the Committee members were; Mr. Anthony Gachau Mbuthia (Chairman), Mr. Gabriel Katumu, Mr. Abdulkarim Mohamed, Mr. Diba Daudi, Mr. Albert Mwendwa, Ms. Jane Cheptoo Masai and the Director General.

2.7 Audit & Risk Committee

The responsibilities of the Audit and Risk Committee are to; review the financial information of the Authority, monitor the effectiveness of management information and internal control systems, deliberate on significant findings arising from both internal and external audits, and reviewing the overall risks facing the Authority. During the year the Committee members were; Mr. Diba Daudi (Chairman), Mr Antony Gachau Mbuthia, Ms. Jane Cheptoo Masai, Mr. Albert Mwenda, and Mr. Gabriel Katumu.

2.8 Board Charter and Work Plan.

The Authority has formulated a Charter, which defines the role and responsibilities of the board in executing their strategic oversight function of the organization. The board members prepare an annual Work Plan. The Plan sets out the specific activities to be undertaken by the Board members towards fulfilling their mandate.

2.9 Directors Induction and Skills Development.

The Authority provides new directors with an effective induction programme in order to familiarize them with their responsibilities as Board members and with general principles of corporate governance. The programme also provides the members with an orientation of the organization, strategic plan, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics. The Authority ensures that a competence needs assessment is carried out periodically and an Annual Development Plan prepared to address identified gaps. The Authority ensures that its members are up-to-date with continuous professional development in their respective professional bodies.

2.10 Board Effectiveness and Evaluation.

The Board, its composition and performance evaluation is central to corporate governance. Further, Article 1.12 of Mwongozo requires Boards to undertake performance evaluation. It is in this regard that the Authority under the guidance of a representative of the State Corporation Advisory Committee (SCAC) conducts Board performance evaluation.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

8. Corporate Governance Statement

The Authority conducts an annual evaluation to appraise its performance. This evaluation is carried out in accordance with the Evaluation Tool. The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Authority also reviews the performance of each committee against the set Terms of Reference.

The Evaluation is undertaken at three levels:

- ◆ Peer Review
- ◆ Self-evaluation
- ◆ Board evaluation

The results are analyzed and a mean score rate for each of the levels determined. Through this exercise, the Board identifies areas of strength and weaknesses and the Board is committed to addressing areas of challenges that are identified.

2.11 Remuneration of the Board of Directors.

The remuneration of the Chairman and the other Board members is determined by SCAC as provided in the State Corporations Act. The members are paid taxable sitting allowance. The Chairperson is paid a monthly fee and honoraria and the other members are paid monthly fee. The Board members are entitled to daily subsistence allowances while attending official duties. The members are reimbursed their transport expenses at the prevailing AA rates. The Board members are also provided with outpatient, inpatient medical and personal accident covers.

2.12 Ethical Leadership and Corporate Citizenship.

The Board members are required to act in the best interest of Authority and uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of Authority over other interests. The Directors on appointment are sensitized on the requirements of the Mwongozo Code of Governance and have expressly committed to adhere to it.

Both the Board members and employees of the Authority are expected to act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency. The Authority has developed a Code of Conduct and Ethics to guide the Directors and the employees when undertaking their duties. All the Board members and employees sign a declaration of interest form indicating they will disclose any interest that may conflict with the interest of the organization. The Board members declare their interest at every Board or Committee meeting. The Board members and employees declare their wealth status as per the Public Service Commission requirements. The organization maintains a Register of Gifts as per the requirements of the Public Officer Ethics Act, 2003 and this register is continuously updated.

2.13 Succession Plan.

Succession planning is an ongoing process of systematically identifying, assessing and developing talent and capacity to ensure continuity in specific positions within the organization. The Plan is designed to identify and prepare candidates for positions that become vacant due to retirement, resignation or death. The Energy Act requires that the Board members are appointed at different times so that the respective expiry dates of their terms of office falls at different times. The Board Chairman is appointed by the President while the Board Directors are appointed by the Cabinet Secretary, Ministry of Energy and Petroleum

2.14 Compliance With Statutory Requirements.

i) Governance Audit.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

8. Corporate Governance Statement

The Mwongozo Code requires all State Corporations to comply with governance parameters as set out in the Constitution, applicable laws and best practices. It sets out the modalities of compliance on governance matters within State Corporations. State Corporations are required to conduct a governance audit annually with an objective of establishing their level of compliance with relevant regulatory requirements and sound governance practices.

This makes it necessary for the Authority to carry out periodic governance audits to ensure that their structures, policies, systems and practices are in conformity with the Constitution and relevant regulatory requirements as well as the highest standards of good governance and identify areas for improvement.

Within the financial year 2023-2024, the Authority engaged a consultant, M/s Robson Harris Advocates LLP to undertake a Governance Audit of the Authority.

The audit exercise shall enable the Authority to minimize governance risks and ensure it conducts and operates in accordance with the Constitution, all relevant laws and best practices anchored in principles of good governance, accountability and transparency. In addition, the audit shall ascertain the Authority's compliance and enforcement levels.

ii) Legal Audit.

The *Mwongozo: Code of Governance for State Corporations* (2015) requires all State Corporations to conduct a legal compliance audit at least once every two years to assess their level of compliance with the Constitution of Kenya, 2010, and applicable laws, regulations, policies, guidelines, and circulars.

In the financial year 2024/2025, the Authority engaged the Kenya School of Law (KSL) to undertake a legal compliance audit in line with this requirement. The audit covered the 2022/2023 and 2023/2024 financial years and was completed within the 2024/2025 financial year.

Implementation of the audit recommendations was scheduled for the financial years 2025/2026 and 2026/2027.

2.15 Delegation of Responsibilities.

The preparation of Authority's financial statements is a role that has been delegated to management. These financial statements have been prepared in accordance with internationally accepted accounting principles based on appropriate accounting policies consistently applied and supported by reasonable judgment and estimates. Management ensures that adequate internal financial control systems are developed to provide reasonable certainty in respect of;

- i. The completeness and accuracy of accounting records
- ii. The integrity and reliability of Authority's annual financial statements and
- iii. The safeguarding of Authority's assets

Responsibility for the integrity, reliability and objectivity of the Authority's financial statements lies with the Board. External auditors are responsible for independently examining and expressing an opinion on the reasonableness of the financial statements based on their audit.

2.16 Statement of Risk Management and Internal Control.

The Board has recognized its responsibility to manage both internal and external risks as a key component of good corporate governance and is committed to embedding risk management into the daily operations of the Authority; from the setting of objectives, to financial planning towards achieving the set objectives, through to departmental processes established to aid provision of services by the Authority. It is believed that effective risk management will help the Authority to achieve its corporate objectives and provide better services. The Authority has developed and is implementing an Institutional Risk Management Policy Framework (IRMPF).

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

8. Corporate Governance Statement

2.17 Responsibility.

Risk management is one of the most important activities of the Authority. The Authority through the Audit and Risk Committee has a responsibility for overseeing risk management within Authority by ensuring that appropriate risk management strategies and policies are in place, and that processes established are adequate and effective. The Board defines the Authority's overall level of risk tolerance and ensures that there are adequate tools and resources for managing risks. The Board has assigned responsibility for risk management to the Director General; hence management ensures that sound risk management processes are implemented and functioning effectively. The costs and resources employed in risk management are proportional to obtainable benefits.

2.18 Internal Controls.

Internal controls are designed to support the Authority in achieving its objectives. The risks related to the achievement of objectives need to be identified and evaluated in order to manage them. Thus, identification and assessment of risks is a prerequisite for internal control in EPRA. The continuity of operations is ensured by safeguarding critical functions and essential resources.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

8. Corporate Governance Statement

3. Number of Scheduled meetings and attendance.

The attendance of the meetings during the year is as summarized below:

	Board of Directors	Classification	Board Meeting Total No. of Meetings (10)	Finance & Administration Committee Total No. Meetings (6)	Technical Committee Total No. of Meetings (7)	Audit & Risk Committee Total No. of Meetings (4)	Pension Board Meetings (4)
1.	Hon. Justice Jackton Ojwang	Board Chairman	4/10	N/A	N/A	N/A	N/A
2.	Mr. George Wang	Board Chairman	2/10	N/A	N/A	N/A	N/A
3.	Hon. Adan Haji Ali	Board Chairman	1/10	N/A	N/A	N/A	N/A
4.	Mr. Abdulkarim Mohammed	Rep. MOEP	10/10	6/6	7/7	N/A	N/A
5.	Mr. Gabriel Kaunda Kitumu.	Rep. MOE	10/10	4/6	6/7	4/4	N/A
6.	Mr. Albert Mwenda	Rep. National Treasury	0/10	2/6	N/A	0/4	N/A
7.	Mr. Antony Gachau Mbuthia	Member	10/10	N/A	7/7	4/4	N/A
8.	Mr. Diba Huka	Member	10/10	N/A	7/7	4/4	N/A
9.	Ms. Jennipher Nawoi	Member	10/10	6/6	N/A	N/A	4/4
10.	Ms. Jane Cheptoo Masai	Member	10/10	N/A	7/7	4/4	N/A
11.	Dr. Jeremiah Obingo	Member	10/10	N/A	N/A	N/A	N/A
12.	Eng. Martha Nyangwaria	Rep. CoG	1/10	N/A	N/A	N/A	N/A
13.	Mr. Daniel Kiptoo Bargariora	Director General	8/10	3/6	4/7	N/A	N/A

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

9. Management discussion and Analysis

Section A: Operational and Financial Performance.

ECONOMIC REGULATION.

1. Energy Pricing

The Authority is mandated under Sections 11(c) and 163(1) of the Energy Act, 2019 to review and approve bulk tariffs and network tariffs.

i) Bulk Electricity Tariffs/Prices.

The Energy Act, 2019 mandates the Energy & Petroleum Regulatory Authority to process Power Purchase Agreements within 60 days of their receipt.

During the financial year 2024/25, the Authority received and approved eleven (11) Power Purchase Agreements (PPA) and Network Service Contracts (NSC) as follows:

- 1) The energy exchange agreement between Kenya Power Lighting Company Limited (KPLC) and Tanzania Electric Supply Company (TANESCO)
- 2) A power purchase agreement between Kenya Power Lighting Company Limited (KPLC) and Orpower Twenty-Two Limited.
- 3) Provisional tariff for a transmission Public Private Partnership (PPP) between KETRACO and Adani Energy Services Limited.
- 4) The 3rd Supplemental Agreement to the PPA between Kenya Power Lighting Company Limited (KPLC) and Kenya Electricity Generating Company Plc (Kengen) for the Isolated Thermal, Small Hydro and Wind Power Generating Plants.
- 5) The Energy Exchange Agreement (EEA) between Kenya Power Lighting Company Limited (KPLC) and Uganda Electricity Transmission Company Limited (UETCL)
- 6) The PPA between Chania Power Company (Seller) and KTDA Power Company Limited (Sponsor) and Kenya Power Lighting Company Limited (Buyer).
- 7) The PPA between Metumi Power Company (Seller) and KTDA Power Company Limited (Sponsor) and Kenya Power Lighting Company Limited (Buyer).
- 8) The PPA between Nyakwana Power Company (Seller) and KTDA Power Company Limited (Sponsor) and Kenya Power Lighting Company Limited (Buyer).
- 9) Appeal of the PPA between KPLC and KenGen for the isolated thermal wind and small hydro plants.
- 10) The Wheeling Agreement Between Kenya Electricity Transmission Company Limited (KETRACO) and Tanzania Electric Supply Company Limited (TANESCO)
- 11) The C&I Application between Empower Projects KNY Limited and Abysinnia Steel & Iron Limited for a 4 MW captive power solar plant.

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ii) Mini-grid Tariffs.

During the financial year under review, the Authority received and approved various mini-grid applications for tariff approval as shown below:

- 1) A Power Purchase Agreement between Be Africa C&I Limited and Del Monte Kenya Limited
- 2) The PPA between Ecoligo Limited and Tegat Tea Factory Limited
- 3) The PPA between Ecoligo KEN Assets One Ltd and Toror Tea Factory Limited
- 4) The PPA between Compass Energy Solutions Limited and Nyali Bazaar Limited
- 5) The PPA between Ofgen Limited and Kambaa Tea Factory Limited
- 6) The PPA between Gusii Tea Solar Company Limited and Gianchore Tea Factory Limited.
- 7) Renewable Safi Power International Projects Limited (Seller) And Sitima Printers & Stationers Limited.
- 8) Korean Solar Power Consortium Kenya (Kspc) Ltd. as System Owner and Michimikuru Tea Factory Limited.
- 9) SOMA Associates, Sarit Mall Building Nairobi County and the Sarit Centre Tenants;
- 10) The Retail Electricity Tariff Renewal for Renewvia Energy Kenya Limited Mini-Grid Sites;
 - a) Turkana County;
 - Lorengelup Mini Grid
 - Locheremoit Mini Grid
 - Kangitan Kori Mini Grid
 - Nakukulas Mini Grid
 - Kalobeyei Town Mini Grid
 - b) Siaya County;
 - Oyamo Island Mini Grid
 - Ndeda Island Mini Grid
 - c) Homa Bay County;
 - Ringiti Island Mini Grid
 - d) Kajiado County;
 - Olkiramatian Mini Grid
- 11) The Retail Electricity Tariff Renewal by Hydrobox Kenya Ltd for Kiamahindu Power Station Mini-grid in Muranga County.
- 12) The Retail Electricity Tariff Renewal by Hydrobox Kenya Ltd for Mwangaza Power Station Mini-grid in Kirinyaga County.
- 13) The Retail Electricity Tariff Renewal for three NAL Offgrid Limited Mini-Grid Sites in Turkana County;

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- Lolupe Mini Grid
- Longech Mini Grid
- Kataboi Mini Grid

iii) Retail Electricity Prices.

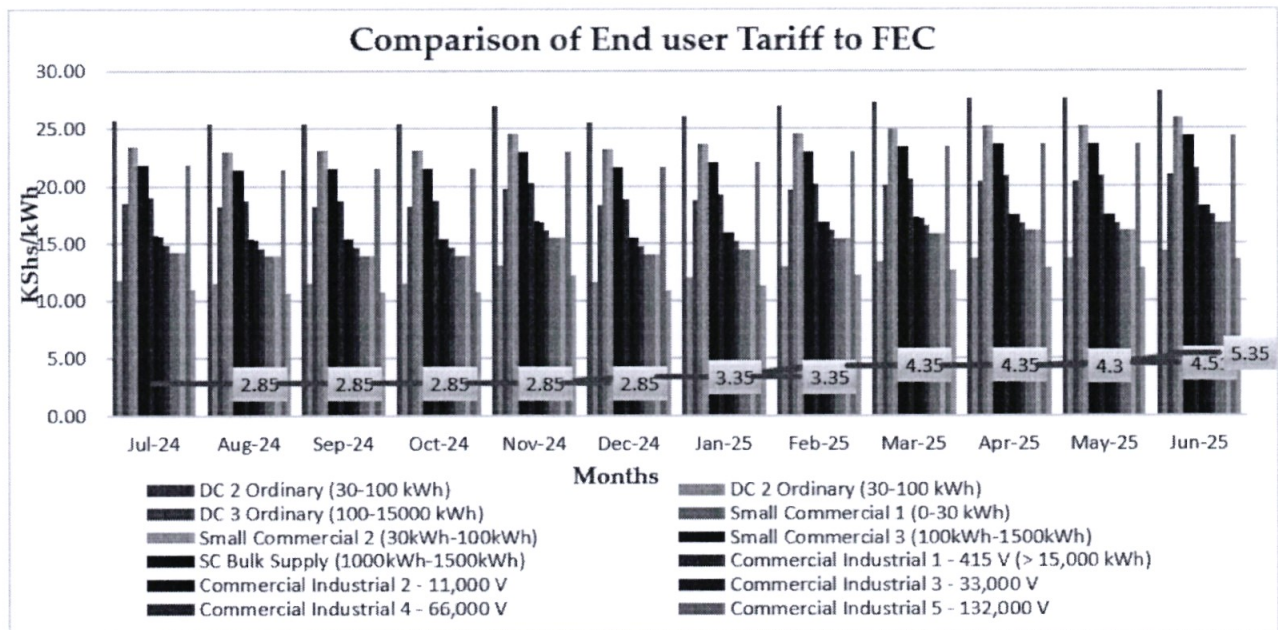
During the financial year under review, the effective tariffs and tariff structures for Kenya Power was the 4th Tariff Control Period had been effective from 1st April 2023.

Further, during the year, the Authority allowed the recovery for RES schemes excluding street lighting and street lighting operation and maintenance costs of KShs.466.67Million per month from January 2025.

The approved Fuel Energy Cost (FEC) increased from Kshs 3.25/kWh in July 2024 to Kshs 3.80/kWh in June 2025 as thermal generation increased from 7.53% to 7.82% over the same period. Hydropower generation decreased over the period from 28.48% to 23.75% due to decreased hydrology. WARMA levy was therefore reflected at Kshs 0.0169/kWh and 0.0163/kWh in July 2024 and June 2025 respectively.

FERFA decreased over the financial year and was reflected in consumer bills at Kshs +0.9833/kWh in July 2024 and Kshs +0.7015kWh in June 2025. Inflation adjustment increased on end-user tariffs from Kshs 0.33 /kWh to Kshs 0.44/kWh. A trend analysis of the end user tariff for select customer categories is as shown in figure 1.

Figure 1: Tariff evolution



iv) Petroleum Pump Prices.

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According to Part III section 11 (b) of the Energy Act 2019, the Energy & Petroleum Regulatory Authority has the powers set, review and approve contracts, tariffs and charges for common user petroleum logistics facilities and petroleum products. On this account, the Authority, on 14th of every month publishes prices for selected petroleum products which includes Premium Motor Spirit (PMS), Automotive Gas Oil (AGO) and Dual-Purpose Kerosene (DPK).

During the financial year 2024/25, the importation of Super Petrol, Diesel and Jet A-1/Kerosene was undertaken through a Government-to-Government arrangement which aimed at easing the growing pressure on the US Dollar demand through extended credit period. Applicable prices of PMS, AGO and DPK were mostly cross subsidized and published at significantly lower prices than their actual prices. This was done in order to cushion citizenry from the recent escalating prices of petroleum and the Government utilized the funds collected through the Petroleum Development Levy.

The Authority undertook the Cost-of-Service Study in the Supply of Petroleum Products (COSSOP) in the financial year 2024/25 which recommended review of the costs along the petroleum supply chain. The Authority Board approved a phased approach to the implementation of the COSSOP. Phase one and two implementations were effected in Marcy-April 2025 and July-August 2025 Pricing cycle respectively. Phase three is scheduled for July-August 2026 Pricing cycle.

As at June 2025, the breakdown of the petroleum pump prices is as shown in table 1.

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Breakdown of the costs of Super Petrol (PMS), Diesel (AGO) and Kerosene (DPK) in Nairobi: 15th June - 14th July 2025				
Cost Item	Cost Description	Super Petrol	Diesel	Kerosene
		KShs/Litre	KShs/Litre	KShs/Litre
Landed Cost (a)	Weighted Average costs for all imports	76.83	75.43	73.80
Pipeline Transport (Msa-Nrb)	Pipeline (100% PMS, AGO & IK)	2.79	2.79	2.79
Road Transport (Msa-Nrb) - Bridging	Road (0% PMS, AGO & IK)	0.00	0.00	0.00
Pipeline Losses	Pipeline (0.00%)	0.05	0.05	0.04
Depot Losses	0.5% PMS; 0.3% For DPK & AGO	0.67	0.36	0.32
Delivery within 40kms of Nrb	Delivery to retail stations	0.86	0.86	0.86
Storage and distribution (b)		4.37	4.06	4.02
Importers Margin	Wholesale	5.52	5.44	5.37
Dealers Margin	Retail Investment & Operating Margin	9.72	9.72	9.72
Oil marketing companies margins (c)		15.24	15.16	15.09
Excise Duty	Tax	21.95	11.37	11.37
Road Maintenance Levy	Levy	25.00	25.00	0.00
Petroleum Development Levy	Levy	5.40	5.40	0.40
Petroleum Regulatory Levy	Levy	0.75	0.75	0.75
Railway Development Levy	Levy	1.46	1.44	1.42
Anti-adulteration Levy	Levy	0.00	0.00	18.00
Merchant Shipping Levy	Levy	0.03	0.03	0.03
Import Declaration Fee	Levy	1.82	1.80	1.78
Value Added Tax (VAT)	Tax	24.46	22.47	20.27
Taxes and levies (e)		80.87	68.26	54.02
Retail Prices in Nairobi (a) + (b) + (c) + (d)		177.32	162.91	146.93
		177.32	162.91	146.93
Summary		Super Petrol	Diesel	Kerosene
		KShs/Litre	KShs/Litre	KShs/Litre
Products Costs (a)		76.83	75.43	73.80
Distribution and storage Costs (b)		4.37	4.06	4.02
Margins (c)		15.24	15.16	15.09
Price Stabilization (Deficit)/Surplus (d)		-	-	-
Taxes & Levies (e)		80.87	68.26	54.02
Retail Prices in Nairobi		177.32	162.91	146.93

2. Energy Planning

Energy Planning cuts across electricity and petroleum subsectors. In the financial year 2024/2025 EPRA sought to undertake several activities as listed below:

- Medium Term Plan (MTP) 2025-2029 update of the Least Cost Power Development Plan (LCPDP).

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During the 2024/2025 period the Authority participated in the development of the MTP 2025-2029 update of the LCPDP 2024-2043. Medium Term Plans (MTPs) are shorter versions of the Long-Term Plans (LTPs) and cover the immediate 5-year period for which conditions are more predictable and foreseeable. The MTP 2025-2029 contained a demand forecast section, required generation and transmission capacity projects for the period, including expected plant retirements in the period together with the envisaged investment plan for the projects. The MTP incorporated emerging issues in the planning including the growing role of electric transportation (EVs), electric cooking (e-cooking), and the growing need for ancillary services and minimization of vented geothermal steam. Accordingly, power storage featured prominently in the form of battery energy storage systems (BESS).

Based on the results of the forecast, the system peak demand was forecasted to grow from 2,288 MW in the base year, 2024, to 2,847 MW by 2029 for the reference scenario representing an average growth rate of 4.35% for the planning period. Regarding generation expansion, the simulation results for the reference scenario showed that the total interconnected effective capacity would rise from 3,099 MW in 2024 to 4,988 MW by 2029. Similarly, the firm system capacity was expected to increase from 2,389 MW to 3,430 MW in the same period. Throughout the review period, an average reserve margin of 13 % was maintained, while the combined peak load and reserve margin was expected to grow from 2,599 MW in 2024 to 3,309 MW by 2029.

Within the medium-term period, although annual effective capacity appeared adequate, the firm capacity did not meet the peak demand and reserve requirements. In 2025 and 2026, the peak demand plus reserve margin exceeded available supply by 283 MW and 322 MW respectively. This shortfall could possibly be addressed by utilizing capacity from regional interconnections. Ongoing and planned investment in transmission consisted of 3063.50 KM of circuit length at an estimated cost of 2,471.28 million USD was expected to be realized in the medium term. The reference scenario projected the peak demand to increase by an average growth rate of 4.5% from 2,288 MW in 2024 to 2,847 MW by the end of the plan period in 2029. The overall system cost in the Tariff Projection Period (2025 - 2029) was expected to increase from KSh. 298 billion in 2025 to KSh. 415 billion in 2029. Finally, the tariff projection indicated that the end user retail tariff would increase from KSh. 23.29/kWh in 2025 to KSh. 26.31/kWh in 2029. The average generation cost per unit over the tariff projection period would be KSh 12.65 /kWh. The projected tariff trajectory indicated a slight marginal increase over the same period, primarily attributed to generation capacity additions from the year 2027, such as KenGen LNG 200MW in 2028.

The following were the key conclusions and recommendations from demand forecasting, generation and transmission planning:

- i. Accelerate implementation of Government flagship projects earmarked for economic growth during the plan period to ensure that no generation capacity is left stranded should all planned projects be implemented. The key flagship projects include electrification of the standard gauge and light rail, development of key industrial and economic zones and data centers.
- ii. The Energy sector to collaborate with other relevant institutions to support development of the E-mobility charging infrastructure and catalyze e-mobility transition. Further, the development of the E-vehicle infrastructure and the roll-out of EVs need to be monitored closely as their demand is projected to increase substantially in the medium term.
- iii. Leverage on County programmes to promote demand creation through the inter-governmental relations processes, noting that counties have a role in electricity reticulation. This would enable synergies between the National and County Governments in the electrification of unserved areas.
- iv. Review the national demand side management strategies adopted by KPLC and approved by the regulator including Time-of-Use tariffs (ToUs), to enhance efficiency, increase the uptake of power during low demand periods, and to minimize energy curtailment. The roll-out of the existing TOU has not been effective due to challenges of uptake and buy in by energy consumers. This needs to be restructured to allow for better rollout.
- v. Support clean cooking initiatives and put in place mechanisms to monitor its demand requirements for effective supply response.
- vi. Adopt and roll out captive power policy and guidelines together with the proposed energy auctions.

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- vii. Leverage on the bilateral agreements and regional market to address capacity gaps and possible ancillary services support.
- viii. Expedite installation of LNG infrastructure as well as the development of 200 MW LNG Gas Turbine to enable integration of the plant by 2028. This plant will provide the required flexible capacity for peaking and ancillary service to the system. The infrastructure will also support the development of other proposed LNG plants in the long-term plan.
- ix. Support the relevant sector agencies to explore the viability of adopting efficient and flexible geothermal technologies for future generation projects in the country.
- x. Strengthen the legal and regulatory framework to enforce geothermal resource licensing and compliance and leverage local capacity and expertise to accelerate geothermal development.
- xi. Facilitate timely issuance of project development support instruments including Letters of Support and PPP Approvals for projects in the recommended expansion plan.
- xii. Accelerate the implementation of firm capacity projects to enhance grid reliability and energy security and invest in flexible capacity solutions to meet fluctuating energy demands efficiently.
- xiii. Expedite the operationalization of ancillary markets to support grid stability and flexibility.
- xiv. Fast-track commissioning of the Ground Electrode to enable bipolar operation of the Ethiopia-Kenya HVDC link to mitigate against link failure as has been experienced in the recent past and enable importation of additional 200MW from Ethiopia.
- xv. Enhance investment in system upgrade, reinforcement and completion of missing transmission links to improve stability and security of supply. This will address weaknesses along the value chain that have increased system losses and constrained demand. It will also deal with potential stranded power in areas with high generation and limited transmission capacity.
- xvi. Fast track construction of ongoing transmission reinforcement projects to enhance grid capacity, efficiency and reliability including Narok-Bomet, Ndhiwa-Sondu, Rabai-Kilifi 132 kV lines.
- xvii. Develop transmission line rings for areas served by radial networks to enhance grid reliability
- xviii.
- xix. Timely develop, finance and construct proposed transmission grid expansion projects to ensure adequate transmission capacity, maintain grid efficiency and enhance power system security.
- xx. Install additional transformers in transmission substations with single transformers, deploy mobile substations and uprate highly loaded substations to enhance grid reliability.
- xxi. Install phase shifting transformers on Suswa-Nairobi North 220 kV transmission lines to manage power flows and improve grid security.
- xxii. Install mobile reactors to manage system voltages during off-peak periods
- xxiii. Implement specialized protection schemes to automatically switch capacitors and reactors and provide mobile reactors for effective grid voltage management.
- xxiv. Upgrade Substation Automation Systems (SAS) and SCADA systems for improved grid reliability and operational efficiency.
- xxv. Install adequate metering systems for improved energy accounting and loss reduction.

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xxvi Establish a legal framework to guide carbon trading in the country to participate in carbon markets as part of its climate change mitigation efforts

b) Ancillary Service Study.

In the FY 2024/2025, the Authority received support under the project "Promoting the framework conditions for 100% renewable energies in Kenya, RE 100". This is within the Climate and Development Partnership (P+) collaboration between the Federal Government of Germany and the Republic of Kenya. Under it, the Authority commissioned and began Phase. II of the Ancillary Services Study in the power sector for Kenya.

The project is funded through GIZ, who in turn recruited a group of consultants to execute and deliver on the assignment. The assignment is divided into Situational Analysis, Power System Modelling, Financial Modeling and Pricing, Capacity Building and Knowledge transfer. The main objective is to undertake a comprehensive techno-economic study on ancillary service needs of the Kenyan power system to enhance its reliability, stability and efficiency in the medium to long term planning period. The consultants on-boarded for the assignment were, Ea Energy Analyses, GME and IED Consult.

During FY 2024/2025 as part of the situational analysis, the Authority coordinated a team of consultants and select members of the Sector counterpart team in undertaking the plant site visits and tests between 24th March - 4th April 2025. Questionnaires were also circulated to different institutions to gather relevant. The planning team also provided the various PPA samples to inform the situational analysis report. The situational analysis report is yet to be circulated.

c) Cost of Service Study in Petroleum.

The Authority coordinated the Second Cost of Service Study in Petroleum (COSSOP II) in the FY 2024/2025. The broad objective of the study was to analyze the petroleum sector supply chain in Kenya including procurement of imported regulated refined products commonly referred to as the Open Tender System (OTS) as well as the Recent Government to Government arrangement, Freight and Premium under it, handling costs, inland transportation through the Kenya pipeline and last mile delivery to retail outlets through road transportation. These were to be interpreted into tangible parameters in the pricing formula for purposes of application under the Petroleum (Pricing) Regulations 2022. The study further intended to identify potential inefficiencies in the supply chain and their causes and propose solutions to remedying them as well as identifying the triggers of the changes in the retail parameters identified and the tolerance levels.

By end of FY 2024/2025 the Authority had received the final report and development of an implementation plan on the recommendation of the 2nd Cost-of-Service Study in Petroleum (COSSOP) was ongoing following the board's approval. Implementation was underway through review of pump price parameters and development of the LPG pricing framework.

3. Regulatory Research and Policy Analysis.

- i. EPRA Energy and Petroleum Statistics Report 2025. Pursuant to Section 10(jj) of the Energy Act, 2019, the Energy and Petroleum Regulatory Authority is mandated to collect and maintain energy data. During the financial year 2024/2025, the authority undertook the collection, collation, analysis, and maintenance of the energy data and statistics which was used in the preparation of the quarterly, July- December 2024 biannual report, and the 2024/2025 Annual Energy and Petroleum Statistics Reports.
- ii. Research Papers. During the financial year 2024/2025, the Authority undertook a study on the effects of geothermal curtailment in Kenya. The study revealed that curtailment poses a significant challenge for geothermal power plants. Its effects varied based on the technology used: direct steam technologies were notably impacted, experiencing mechanical damage, scaling in heat exchangers, and limited capacity to conduct resource sustainability assessments. In contrast, binary cycle technologies did not involve steam venting, thus avoiding these issues.

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The impacts of curtailment extended beyond technical challenges to environmental and economic concerns. Vented steam releases gases like Hydrogen Sulfide into the atmosphere, contributing to local environmental degradation mostly due to the absence of abatement systems in many plants. Economically, vented steam represents wasted energy that could have supported other sectors.

To address these challenges, the study recommended:

- Investing in flexible generation technologies capable of adjusting to shifts in energy demand without the need for steam venting.
 - Promoting industrial direct-use applications to harness excess steam that would otherwise be wasted.
 - Establishing wholesale and regional power markets to facilitate the consumption of surplus energy and generate additional revenue for producers.
- iii. Research and Innovation Week. The Authority in its current strategic plan has identified Regulatory Research and Data Management as a strategic issue that will enable the Authority to achieve through leadership and consequently its vision of becoming a 'leading energy and petroleum regulator'. The EPRA Research and Innovation Conference 2025 was held at the Edge Convention Centre in Nairobi from 3rd to 5th June 2024. It was centered on the theme of energy access. The conference attracted participation from both the Authority's internal and external stakeholders. Nineteen (19) research papers were presented at the conference: eight papers from the Authority's staff and eleven (11) from the external stakeholders. The conference also included various high level panel discussions on the role of applied research and innovation in energy access: challenges, opportunities and path forward and the Outlook of the Energy Sector in energy access. Additionally, Energy entrepreneurs from organizations like KPLC, South African Centre for Excellence and ePure Charge showcased their innovative solutions.
- iv. Performance and Competition monitoring in the Energy Sector. The Energy and Petroleum Regulatory Authority (EPRA) undertakes an annual assessment of the performance and state of competition in the Energy Sector. This is in a bid to provide an in-depth analysis of the trends in energy sector growth and development in terms of the Key Performance Indicators (KPIs) which include competition, infrastructural development, governance, and regulatory environment and their combined outcome as based on impact to consumers. The information paper for the financial year 2024/2025 analyzed the impacts of emerging trends both exogenous and endogenous that have had an impact on the Energy and Petroleum Sectors in Kenya. With regards to competition in the electricity subsector, the paper established the rate of competition in electricity generation to be high at 0.351 in comparison to the EPRA required threshold of 0.1, signifying a presence of low competition in the environment. The paper recommends the need to create a conducive environment to attract new entrants into the renewable energy generation market by expediting the review process of power purchase agreements. For the petroleum subsector, competition is high, as the HHI stood at 0.0965. 54.82% of the market being controlled by four companies. As such, the paper recommends increased participation amongst Oil Marketing Companies, through the continued support from the regulator.

PETROLEUM AND GAS.

It is estimated that Kenya has over 4,500 operating retail petrol stations. EPRA has embarked on a project of mapping out all the stations in the country and making a baseline compliance assessment.

Table 1 shows the performance over the last three (3) financial years.

Period	Year Target	Retail Sites Audited
FY 2022/23	900	947
FY 2023/24	700	750
FY 2024/25	1500	1462

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Review of Field Development Plan (FDP) for the South Lokichar Basin.

The first oil discovery was made in March 2012 at Ngamia 1 in Block 10BB by Tullow Oil B.V. followed by more discoveries in block 13T. Since then, additional discoveries have been made in Twiga, Ngamia, Ekales, Etuko, Agete, Ewoi, Etom, Amosing, Ekunyuk and Erut fields in Blocks 10BB and 13T all in the South Lokichar Basin.

A Field Development Plan (FDP) was submitted to the Energy and Petroleum Regulatory Authority (EPRA) on 10th December 2021 and a further revised version on 3rd March 2023 in line with Section 30 of the Petroleum Act 2019 for review, prior to being recommended to the Cabinet Secretary in charge of Petroleum for approval. The Cabinet Secretary is thereafter required to submit the approved FDP plus the Production Sharing Contract for the respective blocks to Parliament for ratification in accordance with Article 71 of the Constitution of Kenya 2010.

In recommending the FDP to the Cabinet Secretary, EPRA is required to satisfy itself of its technical and commercial viability. In order to ensure a thorough review of the FDP, EPRA requires the services of highly qualified firms of international repute to provide support during the technical review of the FDP.

Consequently, EPRA procured the services of three Consultants in the FY 2023/24 to assist in reviewing the technical, legal and commercial aspects of the FDP.

The three consultancies were awarded and execution of the consultancy services continued in the period 2024/25. These services and the consultants are as listed below:

1. Provision of Consultancy Services for the Commercial Review of the South Lokichar Field Development Plan (FDP) - delivered by Beicip-Franlab;
2. Provision of Consultancy Services for the Legal Review of the South Lokichar Field Development Plan (FDP) - delivered by Simmons and Simmons; and
3. Provision of Consultancy Services for the Technical Review of the South Lokichar Field Development Plan (FDP) - delivered by Taylor DeJongh.

During the FY 2024/2025, the execution of the consultancy services continued, and the Authority held multi-sectoral meetings to review the Consultants' reports on Technical, Commercial and Legal aspects of the Field Development Plan (FDP) for the South Lokichar Basin as submitted by the Contractor.

The three consultancies will lapse on different dates in the FY 2025/2026.

Upstream EHS Baseline Risk Assessment.

The upstream activities are likely to bring environmental and social impacts. EPRA engaged the services of a consultant in a project that helped establish a baseline to enable future monitoring of positive or negative impacts so as to help in early mitigation measures.

The consultancy was delivered and closed in the FY 2024/2025.

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10. Environmental and Sustainability Reporting

EPRA exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

1. Environmental performance

The Authority in execution of its mandate directly and indirectly contributes to environmental conservation. To complement the regulatory activities that impact on environmental sustainability, the Authority promotes environmental stewardship through its Corporate Social Responsibility Pillar on Responsibility to Environment.

This is also in line with the Presidential Directive on Tree Growing made in November 2022 to improve the country's forest cover by restoring 5.1 million hectares of degraded and deforested forest landscapes with the aim of reversing deforestation and reducing greenhouse gas emissions.

In the year under review, the Authority planted a total of 150,000 seedlings of which 120,000 were planted in Koibatek forest while 30,000 were planted in Maji Mazuri forest, all in Baringo County.

The exercise was conducted in collaboration with the Kenya Forest Service and the local community through their respective registered Community Forest Associations (CFA). The former allocated the land, and the latter supplied seedlings and provided labour for the planting and maintenance of the seedlings.

2. Employee welfare

The Authority is compliant with the Employment Act (2007), the Labour Relations Act (2007), OSHA (2007), among other statutory requirements on employee welfare. In the year 2024/2025, the Authority conducted several sensitizations on employee welfare including mental health, financial wellness, reproductive health, alcohol and substance abuse, among others. In addition, the Authority conducted the mandatory occupational safety and health (OSH) wellness checks across all the seven regions and certificates of compliance were issued from the Directorate of Occupational Safety and Health (DOSHA). The Authority also carried out the mandatory annual workplace audits in all the regions. The recommendations to be implemented within quality management system framework for continuous improvement.

Recruitment is guided by the Human Resource Policy and Procedures Manual. In the year under review, employees were recruited, on boarded and inducted accordingly within the policy provisions. The Authority adhered to the existing welfare policies (Workplace Guidelines) that are established not only to comply with the legal requirements, but also to ensure that from onboarding to exit, employees' welfare is taken care of in a conducive working environment. The policies include Sexual Harassment, Bribery and Corruption, Disability mainstreaming, HIV and Aids, Gender Mainstreaming, Sexual harassment, Drug and Alcohol Abuse.

The Authority continued to implement the recommendations of the skills gap analysis carried out in the year 2023/2024. Performance appraisal was carried out for all employees, and additional training needs and competency gaps identified. The Authority ensured adherence to the provisions of the training and development policy, which focuses on wholesome development, through mentorship, coaching, on the job training and networking opportunities, workshops and conferences among other methods of training and development. In addition, the Authority worked with the National Productivity & Competitiveness Centre (NPCC) to guide on productivity improvement. The Rewards and Sanctions policy is in place and its implementation is linked to the overall organization productivity as guided by NPCC. All these measures ensure a healthy balance between an individual's aspirations, career growth and the needs of the Authority. The Authority strives to maintain employee engagement index of over 75%, which is determined through periodic employee engagement surveys. In the financial year 2024/2025, the employee satisfaction index was at 78%.

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10. Environmental and Sustainability Reporting

3. Market place practices

3.1 Responsible Supply chain and supplier relations

The Authority maintains good business practices by working closely with its key suppliers after a contract has been signed by embracing supplier relationship management by observing the highest ethical standards as laid out in the supply chain management policy document. This is done by ensuring continuous capacity building of suppliers and communication with the suppliers by holding supplier sensitization workshops with the aim of improving their bidding experience and ensuring dedicated services thus enhancing value for money for the organization.

The Authority engages suppliers through valid contracts and purchase orders which have clear obligations to be met by all the parties from time to time. Compliance to the relevant laws and guidelines in the procurement process is wholly observed. Notably, the Authority conducts bi-annual supplier appraisal in order to monitor and measure the supplier's performance for businesses to reduce the cost associated with the activities, analyze risk management and maintain scope for constant improvement in selecting the suppliers.

The supply chain management function also engages the internal customers by ensuring that they are actively involved in the procurement process by soliciting feedback and information regarding their objectives and business needs to ensure continuous availability of supplies and increased responsiveness to customers' changing needs.

3.2 Responsible marketing and advertisement

The Authority has been at the forefront of promoting responsible marketing to ensure business continuity. The marketing and advertising priorities were centered on having socially conscious consumers, align stakeholders to the Authority's strategic objective number two (2) on consumer awareness, and ensure business continuity. The Authority deploys a mix of communication channels including, radio, television, newspaper and social media in a bid to ensure that it reaches every stakeholder in their various preferred choice of media. A brand awareness campaign to create awareness on the Authority's mandate was undertaken during the financial year 2024/2025.

4. Corporate Social Responsibility / Community Engagements

4.1 Enhancing Community Wellbeing through Corporate Social Responsibility.

The Authority is committed to making a positive impact on the community through its Corporate Social Responsibility (CSR) efforts. These efforts are guided by the CSR pillars outlined in the communications policy, which encompass Environmental Rehabilitation, Responsibility for Communities, Responsibility for energy and petroleum Consumers, Promotion of education causes and Promotion of energy efficiency practices amongst Communities. Here are some highlights of the CSR initiatives undertaken during the year:

a) Responsibility to Communities.

Health for both our staff and stakeholders is a top priority. With this in mind, the Authority sponsored the Kenya Diabetes Management and Information Centre's Annual Diabetes Walk on 5th July 2025, which aimed to raise public awareness about diabetes and its management.

The Authority also sponsored the Kenya Red Cross Society's Cycling competition held in Nakuru city with the aim of promoting road safety among all road users including pedestrians and cyclists. The Authority also sponsored the construction of a classroom at Kimoloi primary school in Keiyo South and construction of an adult learning center in Nandi County.

b) Responsibility to Energy Consumers

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10. Environmental and Sustainability Reporting

Under this pillar, the Authority sponsored the Media Council of Kenya's Annual Journalism Excellence Awards in May 2025 held in Nairobi, the Kenya Institute of Public Policy & Research Analysis (KIPPRA) Annual Conference as well as an exhibition at the Engineers Board of Kenya (EBK) Annual conference.

c) Promotion of Energy Efficiency

In promotion of energy efficiency pillar of the CSR, the Authority partnered with the Kenya Association of Manufacturers (KAM) for the Clean Energy Expo and Conference 2025 held in Nairobi.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

11. Report of the Directors

The Board of directors submit their report together with the audited financial statements for the year ended 30 June, 2025. which show the state of the Authority's affairs.

1) Principal activities

The principal activities of the Authority are:

a) To regulate: -

- Importation, exportation, generation, transmission, distribution, supply and use of electrical energy;
- Importation, exportation, transportation, refining, storage and sale of petroleum and petroleum products;
- Production, distribution, supply and use of renewable and other forms of energy;

b) Protect the interests of consumer, investor and other stakeholders.

2) Results

The results of the Authority for the year ended June 30, 2025 are set out from page 38.

3) Board Members

The members of the Board of Directors who served during the year are shown on pages 7-14. The Directors are appointed in line with the 2nd Schedule of the Energy Act 2019.

4) Surplus remission

In accordance with section 219(2) of the Public Financial Management Act regulations, regulatory entities shall remit into the consolidated fund, ninety per centum of its surplus funds reported in the audited financial statement after the end of each financial year. The Authority has received approval to utilise its surplus in the purchase of office block.

5) Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with the Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

The annual report and financial statements set out on pages 38, which have been prepared on the going concern basis, were approved by the on2025 and were signed on its behalf by:

By Order of the Board



Mr. Ibrahim Kitoo
Corporation Secretary & Director Legal Services

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management (PFM) Act, 2012, section 8 (3) of the Second Schedule of the Energy Act 2019 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the Authority;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

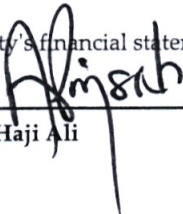
The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2025, and of the Authority's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Authority's, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of financial statements.

The Authority's financial statements were approved by the Board on.....2025 and signed on its behalf by:



Hon Adan Haji Ali
Chairman



Mr. Daniel Kiptoo Bargarora
Director General

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ENERGY AND PETROLEUM REGULATORY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Energy and Petroleum Regulatory Authority set out on pages 49 to 76, which comprise of the statement of financial position as at 30 June, 2025, and the statement of statement of statement of

financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Energy and Petroleum Regulatory Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Energy Act, 2019 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on the Effectiveness Internal Controls, Risk Management and Governance. Review of the status during audit of the Authority in 2024/2025 revealed that the following matters remained unresolved.'

No.	Financial Year	Audit Issue
1	2023/2024	Budgetary Control and Performance
2	2023/2024	Irregular Procurement of Motor Vehicles
3	2023/2024	Irregular Procurement of Consultancy Services
4	2023/2024	Lack of Governance Audit
5	2023/2024	Non -Compliance with the One Third Gender Rule
6	2023/2024	Authentication of Academic Qualifications for Employees Certificate
7	2023/2024	Non-Compliance with One-Third of Basic Salary Rule
8	2023/2024	Non- Compliance with the One-Third Basic Rule

No.	Financial Year	Audit Issue
9	2023/2024	Non-Compliance with Leave Management Policy
10	2023/2024	Non-Compliance with Migration to E -Citizen Platform
11	2023/2024	Long Outstanding Receivables
12	2023/2024	Long Outstanding Payables

Other Information

The Directors are responsible for the Other Information set out on page 3 to 47 which comprise of Key Authority Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Director General, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Statutory One-Third Salary Rule

Analysis of payroll data provided for audit revealed that fourteen (14) employees were paid a net salary less than one-third (1/3) of their basic pay. This is contrary to Section 19(3) of the Employment Act, 2007 which provides that deductions made from an employee's wages or salary at any one time shall not exceed two-thirds of such wages or salaries.

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

2. Non-Reservation of 5% of Employment to Persons with Disability

During the year under review, the Authority had a total of two hundred and ninety-three (293) employees, out of which none was classified as persons with disabilities. This was contrary to Section 21 (2) (a) of the Persons with Disabilities Act, 2025 which requires an employer with at least twenty employees, to reserve at least five per cent direct employment opportunities for persons with disabilities to secure employment.

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

3. Gender Inequality in Senior Management

Review of the composition of the Authority's senior management team revealed that seven (7) out of the nine (9) senior managers were male translating to 78%, and two (2) were female translating to 22%. This is contrary to the provisions of Article 27 (8) of the Constitution and Section B22 (2) of the Human Resource Policies and Procedures Manual for the Public Service which provides that no more than two-thirds of the members of any elective or appointive body shall be of the same gender

In the circumstances, Management was in breach of the provisions of the Constitution and the Human Resource Policies and Procedures Manual.

4. Misalignment of Procurement Plan with the Approved Budget

Review procurement budget process revealed that Management prepared and presented an annual procurement plan for approval before the budget was finalized. Due to this, the cost estimates for several items in the procurement plan were significantly higher than the amounts allocated in the approved budget. Despite the disparities, Management awarded tenders based on the estimates in the procurement plan rather than the approved budget. This resulted in subsequent budget amendments to accommodate the procurement plan. This was contrary to Section 53 (2) of the Public Procurement and Asset Disposal Act, 2015 which requires an accounting officer to prepare an annual procurement plan which is realistic and within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

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

5. Irregular Procurement of Consultancy Services

The Authority engaged a a consultant for provision of staff recruitment services of seventy-two (72) vacant positions at a contract price of Kshs.39,788,000. This was followed by second contract for recruitment services for six (6) vacant positions for Kshs.4,402,200. Both services were procured through direct procurement method. Review of the procurement process revealed the following anomalies:

- i. The services procured in the two tenders did not meet the conditions for direct procurement method set out in Section 103 (2) of the Public Procurement and Asset Disposal Act, 2015 which provides that an entity can use direct procurement method when a particular supplier has exclusive rights in respect of the consultancy services,

where no reasonable alternative or substitute exists, or for tasks that represent a natural continuation of previous work carried out by the firm;

- ii. No evidence was provided to demonstrate that the acquisition price was fair and reasonable and compared well with known prices of goods, works or services in the circumstances; and
- iii. The two tenders for recruitment services for seventy-two (72) and six (6) positions was awarded at a combined price of Kshs.44,190,200 against an approved budget of Kshs.40,000,000, exceeding the budget by Kshs.4,190,200 or 10.5%. This was contrary to Section 44 (2) and 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which requires the accounting officer to ensure that procurements of goods, works and services of the public entity are within approved budget of that entity and not to commence any procurement proceeding until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates.

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

6. Irregular Procurement of Motor Vehicles

Management awarded a tender for supply of three (3) motor vehicles at a contract price of Kshs.27,955,648 using the State Department for Public Works' Supply Branch tender recommendations. However, Management made full advance payment before delivery of the vehicles and without a signed contract. This was contrary to Section 146 of the Public Procurement and Asset Disposal Act, 2015 which provides that no works, goods or services contract shall be paid for before they are executed or delivered, and accepted by the Accounting Officer of a procuring entity or an officer authorized by him or her in writing, and that no advance payment shall be made before the contract is signed. Further, the inspection and acceptance committee certified the vehicles as received on 24 June, 2025, 26 June, 2025 and 14 July, 2025 respectively, and certified that the vehicles had been received and taken on charge as per order and specifications. However, deliveries for the three (3) vehicles were made in August and October, 2025.

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

7. Irregular Procurement of Enterprise Resource Planning (ERP) System

Management awarded three (3) contracts for the implementation of an ERP system (the Systems, Applications, and Products (SAP) in Data Processing) at a total cost of Kshs.994,879,529 to three (3) firms. The contracts comprised of supply, installation and commissioning of the SAP system at a cost of USD.5,077,297.58 (approximately Kshs.660,048,685), provision of quality assurance for SAP system implementation project at a cost of Kshs.84,186,906 being 13% of the overall system implementation cost, and supply, installation, configuration and commissioning of S/4HANA system certified servers and storage for phase 1 and 2 at a cost of Kshs.250,643,938. Review of the procurement process revealed several inconsistencies and anomalies as detailed below:

- i The three (3) tenders were initiated and awarded at a total cost of Kshs.994,879,529. However, the approved budget for the implementation of SAP upgrade system project was Kshs.283,500,000 resulting in excess cost over the budget amount of Kshs.711,379,529.00. This was contrary to Section 53 (2) of the Public Procurement and Asset Disposal Act, 2015 which requires an accounting officer to prepare an annual procurement plan which is realistic and within the approved budget prior to commencement of each financial year as part of the annual budget preparation process. Further, there was no evidence to show that prices in the two contracts were fair, reasonable, and comparable to market prices, as required for direct procurement transactions;
- ii The Authority used the direct procurement method while the approved procurement method was the open tender. Management justified the use of direct procurement method based on requirements set out on Regulation 90(1)(a) of the Public Procurement and Asset Disposal Regulations, 2020 require that where an Accounting Officer uses direct procurement method, the procuring entity shall record the reasons upon which it makes a determination that the relevant condition set out in section 103 of the Act has been satisfied. However, the conditions which had been satisfied were not specified and the approval for change of the method was not provided for audit review;
- iii The Authority approved the open tender procurement method. However, Management used direct procurement method;
- iv The contracted consultancy firm was neither an Original Equipment Manufacturer (OEM) nor an authorized SAP partner, raising concerns on supplier suitability and compliance with technical requirements. Further, the contracted consultancy firm wrote to the Authority on 9 July, 2025 advising that SAP licenses should be procured from a third-party supplier who was not part of the contract. This contradicted the basis of award, which relied on a joint venture arrangement where the SAP partner was expected to supply all required licenses;
- v The tender included an electronic procurement license costing USD 318,028.50 (approximately Kshs.41,343,705). However, all Government entities had been required to use the unified e-Government Procurement (e-GP) system, raising concerns about the need of secondary procurement system; and
- vi As part of mandatory requirements during the tendering process, the Joint venture was required to provide a Manufacturer Authorization and SAP Partnership Certificate. However, an SAP Manufacturer Authorization and SAP Partnership Certificate submitted by the bidder was not authenticated by Management before contract award.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weaknesses in Petroleum Pump Prices Setting

The Authority is mandated by the Petroleum Act, 2019 and the Petroleum (Pricing) Regulations, 2022 to determine retail prices for petroleum and petroleum products charged to consumers in the Country. The function is undertaken by the Authority on a monthly basis.

A special audit conducted in March 2025 on importation of petroleum products for the period between March, 2023 and June, 2024 revealed several anomalies and weaknesses in petroleum retail price settings which included; lack of support for prices set, use of manual and excel worksheets for price computations, insufficient safeguards and controls for petroleum pricing data, lack of framework for shortfall financing, and lack of approvals for legal costs and shortfall financing included in petroleum pump prices.

In the circumstances, the governance framework and the correctness of petroleum prices charged to consumers could not be confirmed.

2. Long Outstanding Receivables

The statement of financial position and as disclosed in Notes 21 and 22 to the financial statements reflects a balance of Kshs.21,660,455 and Kshs.586,719,861 in respect of receivables from exchange transactions and non-exchange transactions respectively, totaling to Kshs.608,380,316. However, the aging analysis reflects an amount of Kshs.100,394,328 that has been outstanding for more than three (3) years, indicating potential impairment and weaknesses in debt recovery processes.

In the circumstances, the effectiveness of internal control measures put in place to collect outstanding debts could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance

were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 December 2025

ENERGY AND PETROLEUM REGULATORY AUTHORITY


Annual Report And Financial Statements for the year ended 30 June, 2025

14. Statement of Financial Performance for the year ended 30 June, 2025

Figures in Kenyan Shilling	Note(s)	2025	2024
Revenue			
Revenue from non-exchange transactions			
Revenue			
Transfers from other government entities	6	280,708,603	200,731,704
Levies	7	4,298,991,928	2,746,918,810
License fees	8	107,371,501	65,688,211
Total revenue from non-exchange transactions		4,687,072,032	3,013,338,725
Revenue from exchange transactions			
Miscellaneous	9	166,101	5,633,157
Interest income	10	49,508,095	7,396,212
Total revenue from exchange transactions		49,674,196	13,029,369
Total revenue		4,736,746,228	3,026,368,094
Expenses			
Use of goods and services	11	1,266,444,744	1,227,940,670
Employee costs	12	1,296,159,075	880,662,342
Remuneration of Directors	13	29,185,845	29,093,088
Depreciation and amortisation	14	96,036,912	61,654,611
Repairs and maintenance	15	20,172,495	19,406,890
Contracted services	16	117,348,955	197,485,426
Transfers	17	50,000,000	20,000,000
Total expenses		2,875,348,026	2,436,243,027
Other gains (losses)			
Loss on disposal of assets and liabilities	18	-	(4,537)
Surplus for the year		1,861,398,202	590,120,530

The notes set out on pages 55 to 74, form an integral part of these Financial Statements. The annual report and financial statements set out on pages 49 to 54, were signed on its behalf by:

Mr. Daniel Kiptoo Bargarioria
Director General



Hon Adan Haji Ali
Chairman

Ms. Muznah Sisiwa
Deputy Director, Finance & Accounts
ICPAK M/NO 21186



ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

15. Statement of Financial Position as at 30 June, 2025

Figures in Kenyan Shilling	Note(s)	2025	2024
Assets			
Current Assets			
Cash and cash equivalents	20	2,123,824,442	525,265,085
Receivables from exchange transactions	21	21,660,455	22,656,050
Receivables from non-exchange transactions	22	586,719,861	566,886,064
Inventories	23	7,013,454	5,492,014
Total Current Assets		2,739,218,212	1,120,299,213
Non-Current Assets			
Property, plant and equipment	24	546,819,821	393,875,962
Intangible assets	25	47,796,486	24,608,982
Total Non-Current Assets		594,616,307	418,484,944
Total Assets		3,333,834,519	1,538,784,157
Liabilities			
Current Liabilities			
Payables under exchange transactions	26	553,028,339	367,871,990
Payables under non-exchange transactions	27	95,929,509	641,732,230
Employee benefit obligations	28	135,590,431	74,173,899
Total Liabilities		784,548,279	1,083,778,119
Net Assets/Equity Attributable to Owners of Controlling Entity			
Reserves			
Capital replacement reserve	29	55,000,000	55,000,000
Accumulated surplus		2,494,286,240	400,006,038
Total Net Assets/Equity		2,549,286,240	455,006,038
Total Net Assets and Liabilities		3,333,834,519	1,538,784,157

The annual report and financial statements and the notes on pages 49 to 74, were approved by the board on2025 and were signed on its behalf by:

Mr. Daniel Kiptoo Bargarior
Director General

Ms. Muznah Sisiwa
Deputy Director, Finance & Accounts
ICPAK M/No. 21186

Hon Adan Haji Ali
Chairman

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

16. Statement of Changes in Net Assets for the year ended 30 June, 2025

Figures in Kenyan Shilling	Capital replacement reserve	Accumulated surplus	Total net assets/equity
Balance at 01 July, 2023	55,000,000	338,643,144	393,643,144
Changes in net assets/equity			
Surplus for the year	-	590,120,530	590,120,530
Remission to the National Treasury	-	(531,108,477)	(531,108,477)
Prior Year Adjustment-stores & accrual	-	2,350,841	2,350,841
Total changes	-	61,362,894	61,362,894
Balance at 01 July, 2024	55,000,000	400,006,037	455,006,037
Changes in net assets/equity			
Surplus for the year	-	1,861,398,202	1,861,398,202
Provision- 90% Remission to National Treasury Balance reversal	-	231,108,478	231,108,478
Prior Year Adjustments	-	1,773,523	1,773,523
Total changes	-	2,094,280,203	2,094,280,203
Balance at 30 June, 2025	55,000,000	2,494,286,240	2,549,286,240

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

17. Statement of Cash Flows for the year ended 30 June, 2025

Figures in Kenyan Shilling	Note(s)	2025	2024
Cash flows from operating activities			
Receipts			
Levies		4,333,910,539	2,553,991,221
License fees		107,371,501	65,688,211
Other Income(Miscellaneous)		166,101	5,633,157
Interest received		49,508,095	7,396,212
		4,490,956,236	2,632,708,801
Payments			
Use of goods and services		(1,308,770,707)	(1,130,286,638)
Employee Costs		(1,266,634,036)	(866,434,347)
Remuneration of Directors		(28,069,570)	(29,093,087)
Repair and maintenance		(14,809,031)	(15,747,659)
Contracted Services		(168,990,977)	(122,611,148)
Transfers		(50,000,000)	(20,000,000)
		(2,837,274,321)	(2,184,172,879)
Net cash flows from operating activities	30	1,653,681,915	448,535,922
Cash flows from investing activities			
Purchase of property, plant and equipment	24	(35,937,134)	(157,961,929)
Purchase of other intangible assets	25	(19,185,424)	(20,582,570)
Net cash flows from investing activities		(55,122,558)	(178,544,499)
Net increase/(decrease) in cash and cash equivalents		1,598,559,357	269,991,423
Cash and cash equivalents at the beginning of the year		525,265,085	255,273,662
Cash and cash equivalents at the end of the year	20	2,123,824,442	525,265,085

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

18. Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2025

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% of Utilisation
Figures in Kenyan Shilling						
Statement of Financial Performance						
Revenue						
Revenue from non-exchange transactions						
Transfers from other government entities	511,009,800	(341,009,800)	170,000,000	280,708,603	110,708,603	165 %
Transfer revenue						
Levies	4,460,946,578	-	4,460,946,578	4,298,991,928	(161,954,650)	96 %
License fees	79,328,182	-	79,328,182	107,371,501	28,043,319	135 %
Total revenue from non-exchange transactions	5,051,284,560	(341,009,800)	4,710,274,760	4,687,072,032	(23,202,728)	100 %
Revenue from exchange transactions						
Miscellaneous	5,637,694	-	5,637,694	166,101	(5,471,593)	3 %
Interest income	7,500,000	14,000,000	21,500,000	49,508,095	28,008,095	230 %
Total revenue from exchange transactions	13,137,694	14,000,000	27,137,694	49,674,196	22,536,502	183 %
Total revenue	5,064,422,254	(327,009,800)	4,737,412,454	4,736,746,228	(666,226)	100 %
Expenditure						
Use of goods and services	(581,710,879)	(742,486,389)	(1,324,197,268)	(1,266,444,744)	57,752,524	96 %
Employee costs	(1,258,528,211)	(95,541,365)	(1,354,069,576)	(1,296,159,075)	57,910,501	96 %
Remuneration of Directors	(30,000,000)	-	(30,000,000)	(29,185,845)	814,155	97 %
Transfer	(5,000,000)	(35,000,000)	(40,000,000)	(50,000,000)	(10,000,000)	125 %
Depreciation and amortisation expense	(86,557,300)	-	(86,557,300)	(96,036,912)	(9,479,612)	111 %
Contracted services	(155,400,000)	-	(155,400,000)	(117,348,955)	38,051,045	76 %
Repairs and maintenance	(15,000,000)	(5,000,000)	(20,000,000)	(20,172,495)	(172,495)	101 %
Total expenditure	(2,132,196,390)	(878,027,754)	(3,010,224,144)	(2,875,348,026)	134,876,118	96 %
Surplus before taxation	2,932,225,864	(1,205,037,554)	1,727,188,310	1,861,398,202	134,209,892	108 %
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	2,932,225,864	(1,205,037,554)	1,727,188,310	1,861,398,202	134,209,893	108 %

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

18. Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% of Utilisation
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Figures in Kenyan Shilling

The budget and financial statements of EPRA are reported on an accrual basis, hence differences arising from accounting treatment are not expected. The variances between the approved and final budget are due to reallocations, which were submitted to the National Treasury through the Ministry of Energy & Petroleum for approval. Significant variances between the actual and budget are as enumerated and explained hereunder.

- Transfers from other entities is above budget by 165%. This however is due to the accounting treatment where income is recognized in the statement of financial performance when spent.
- License fees were above budget by Kes. 28,043,319 representing an over collection of 35%. This is due to a higher number of license applicants and renewals than projected.
- Interest received was above budget by Kes. 28,008,095 representing a variance of 130% this was due to high interest earned on higher cash balances as a result of increased petroleum and electricity levy collection and delays in budget approval.
- Depreciation and amortisation expense above the budget by Kes. 9,479,612 an over expenditure of 11%.
- Contracted services was below the budget by 24%. This is because of the delays in budget approval.

NOTE:

RECONCILIATION

In the period expenses relating to upstream activities were recognised as income in the statement of financial performance and deferred Income upstream hence difference with budget statement.

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	1,861,398,202
Variance is due to Accrual basis of Accounting	262,426,240
Closing Cash and Cash Equivalent as per the statement of Cash flows	2,123,824,442

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

19. Notes to the Annual Report And Financial Statements

Figures in Kenyan Shilling

Note(s)

2025

2024

1. General Information

The Energy Regulatory Commission was established under the Energy Act, 2006. In March 2019, the Energy Act 2019 and the Petroleum Act 2019 were enacted. The Energy Act 2019 provides for the establishment of the Energy and Petroleum Regulatory Authority as the successor to the Energy Regulatory Commission. EPRA is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activities are regulation of all forms of energy except nuclear power.

2. Statement of compliance and basis of preparation

The Authority's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Authority. The accounting policies have been consistently applied to all the years presented.

The Authority adopted IPSAS in the year 2014 following the gazette of the Public Sector Accounting Standards Board (PSASB), which was established by the Public Financial Management Act (PFM) No. 18 of 24th July 2012. PSASB issued financial reporting standards and guidelines to be adopted by all state organs and public sector entities, which the Authority complies with.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

The accounts are presented in Kenya Shillings (KES) which is the functional and reporting currency of the Authority and all values are rounded to the nearest shilling

3. Adoption of new and revised standards

3.1 New and amended standards and interpretations in issue, effective in the year ended 30 June 2025

There were no new and amended standards issued in the financial year

3.2 New and amended standards and interpretations in issue, but not yet effective in the year ended 30 June 2024

Standard/ Interpretation:

Effective date:

Expected impact:

Standard/ Interpretation:	Effective date:	Expected impact:
	Years beginning on or after	
• IPSAS 43: Leases	01 January 2025	
• IPSAS 44: Non-current Assets Held for Sale and Discontinued Operations	01 January 2025	
• IPSAS 45: Property, Plant and Equipment	01 January 2025	
• IPSAS 46: Measurement	01 January 2026	
• IPSAS 47: Revenue	01 January 2026	
• IPSAS 48: Transfer Expenses	01 January 2026	
• IPSAS 49: Retirement Benefit Plans	01 January 2026	

3.3 Early adoption of standards

The Authority did not early- adopt new or amended standards in the F/Y 2024/2025.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

19. Notes to the Annual Financial Statements

4. Summary of Significant Accounting Policies

a Revenue recognition

i Revenue from non-exchange transactions

Levies and licenses

The Authority recognizes revenues from Electricity, Petroleum levies and license fees when the event occurs and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably.

ii Revenue from exchange transactions

Miscellaneous Revenue

Miscellaneous revenue from exchange transactions comprise of sale of stores, tenders and surplus goods.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period

b Budget information

The original budget for FY 2024/2025 was approved by the National Treasury through Ministry of Energy and Petroleum on 28th June 2024. Subsequent revision or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities on 25th June 2025. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or commission differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c Taxation/Transfer to treasury

The Authority remits 90% surplus to the National Treasury. No Income tax or deferred tax accrue as a result.

d Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

19. Notes to the Annual Financial Statements

d Investment property (continued)

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e Impairment of cash-generating assets

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Authority. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Authority also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Authority will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in surplus or deficit on a straightline basis over the lease term.

g Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a nonexchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

h Research and development costs

The Authority expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Authority can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

19. Notes to the Annual Financial Statements

h Research and development costs (continued)

- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i Financial instruments

a) Financial assets

Classification of financial assets

The Authority classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Authority's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Authority classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

19. Notes to the Annual Financial Statements

i Financial instruments (continued)

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Authority manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The Authority assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Authority recognizes a loss allowance for such losses at each reporting date.

b) Financial liabilities

Classification

The Authority classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j Inventory

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through nonexchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

k Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

19. Notes to the Annual Financial Statements

l Social Benefits

Social benefits are cash transfers provided to;

- i) specific individuals and / or households that meet the eligibility criteria,
- ii) mitigate the effects of social risks and
- iii) Address the need of society as a whole.

The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m Contingent Liabilities

The Authority does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

n Contingent Assets

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

o Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements, which is accumulated Surplus. The Authority's capitals consist of the Accumulated reserves.

p Changes in accounting policies and estimates

The Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

q Employee benefits

Retirement benefit plans

The Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the Authority pays fixed contributions into a separate fund, and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

19. Notes to the Annual Financial Statements

r Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

s Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t Related parties

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority. Members of key management are regarded as related parties and comprise Board of Directors the Director General and senior managers.

u Services concession arrangements

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

v Cash and cash equivalents

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

w Comparative figures

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

x Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

19. Notes to the Annual Financial Statements

y Internal reserves

1.1 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

5 Significant Judgement & Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur IPSAS 1.140.

Useful lives and residual values

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

- a) The condition of the asset based on the assessment of experts employed by the Authority.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

19. Notes to the Annual Financial Statements

Figures in Kenyan Shilling	2025	2024
6. Transfers from other government entities		
Government support	276,941,692	191,249,815
UNEP	3,766,911	9,481,889
	280,708,603	200,731,704

Transfers from other government entities

Name of Entity	Amount recognised to Statement of Financial Performance	Amount recognised to capital funds	Total transfers during the FY 2024-2025	Comparative period
Ministry of Energy & Petroleum conditional	276,941,692	-	276,941,692	191,249,815
Other Stakeholders	3,766,911	-	3,766,911	9,481,889
Total	280,708,603	-	280,708,603	200,731,704

7. Levies

Electricity levy	755,199,445	830,413,932
Petroleum levy	3,543,792,483	1,916,504,878
	4,298,991,928	2,746,918,810

Electricity Levy-Energy Act 2019

Petroleum Levy-Legal Notice No. 45 of 2024

8. License fees

License fees	107,371,501	65,688,211
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9. Other income (Miscellaneous)

Miscellaneous	166,101	5,633,157
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10. Interest income

Interest	49,508,095	7,396,213
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ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

19. Notes to the Annual Financial Statements

Figures in Kenyan Shilling	2025	2024
11. Use of goods and services		
Training, seminars and workshops	59,509,962	86,515,712
Subscriptions	2,563,114	3,572,537
Staff Welfare	13,038,208	11,207,554
General office expenses	14,694,219	19,880,726
Fuel	15,796,750	16,444,358
Insurance license & MV subscriptions	6,043,560	2,966,466
Travel, inspections, surveillance and audit	448,310,945	477,445,654
Corporate Subscriptions	22,798,314	22,801,513
Seminars, workshops, public hearings	50,090,370	35,926,992
Advertising and gazette notices	49,496,442	61,050,716
Bank Charges	2,255,589	1,669,484
W/T on interest received	7,230,925	824,542
Branding / Printing	8,730,112	2,986,972
Telephone and Internet	5,978,312	3,625,941
Software licenses support and disaster recovery	65,903,330	37,536,318
Rent and service charges	71,625,313	60,277,240
Security-Office	15,819,280	13,396,547
Electricity- Office Electricity Bills	10,305,885	8,185,699
Office Cleaning	8,051,835	7,325,606
Consultancies	91,965,985	205,914,645
HIV, safety, culture change and related	31,064,948	41,176,635
Energy Act Expenses (EPRA Contributions)	4,305,440	507,200
Utilities - Water	337,975	148,950
Corporate social responsibility	20,034,614	7,231,939
Audit Fees & Expenses	3,848,000	748,000
Legal fees & regulatory expenses	41,888,455	31,694,661
Corporate strategy, Risk & Resource mobilisation	21,661,779	36,248,748
Public education & advocacy expenses	169,147,379	21,147,426
EPRA & UNEP SSFA-Emobility expenses	3,947,704	9,481,889
	1,266,444,744	1,227,940,670

12. Employee costs

Basic salaries	748,366,742	502,822,495
Pension and Gratuity	148,934,580	109,853,369
Special duty / Acting allowance	3,337,339	6,662,078
Car and commuter allowance	56,521,990	36,801,020
House allowance	170,837,324	106,382,579
Fringe benefits	12,245,188	10,866,797
Leave and other allowance	22,776,408	16,098,090
Medical	84,976,766	55,709,875
General life and Personal insurance	19,889,141	18,131,532
Affordable Housing Levy	14,562,097	8,119,545
Telephone and Airtime Expenses	13,711,500	9,214,962
	1,296,159,075	880,662,342

ENERGY AND PETROLEUM REGULATORY AUTHORITY

Annual Report And Financial Statements for the year ended 30 June, 2025

19. Notes to the Annual Financial Statements

Figures in Kenyan Shilling	2025	2024
13. Remuneration of Directors		
Monthly fees and honorarium	5,202,096	6,456,774
Sitting allowance	7,080,000	9,034,428
Meeting, entertainment and other allowances	2,498,581	2,470,774
Seminars, travel and accommodation	13,913,165	10,580,891
Insurance and medical	492,002	550,220
	29,185,844	29,093,087
14. Depreciation and amortisation		
Property, plant and equipment	86,309,686	60,486,303
Intangible assets	9,727,227	1,168,307
	96,036,913	61,654,610
15. Repairs and maintenance		
Repair and service motor vehicle	15,120,220	16,675,247
Repair and maintenance office equip	5,052,274	2,731,642
	20,172,494	19,406,889
16. Contracted services		
Fuel marking	113,608,524	158,668,179
LPG inspections	3,740,432	38,817,247
	117,348,956	197,485,426
17. Transfers		
Transfers to Mortgage and Car Loan	50,000,000	20,000,000
18. Gain(Loss) on sale of assets		
Property, plant and equipment	-	(4,537)
19. Surplus remission		
The Surplus Remission has been computed as follows:		
Surplus for the year	1,861,398,202	590,120,530
Realised surplus	1,861,398,202	590,120,530
90% of realised profit	1,675,258,382	531,108,477

In accordance with section 219(2) of the Public Financial Management Act regulations, regulatory entities shall remit into the consolidated fund, ninety per centum of its surplus funds reported in the audited financial statement after the end of each financial year. The Authority had a surplus of KES 1,861,398,202 which shall be utilised towards purchase of office space.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

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19. Notes to the Annual Financial Statements

Figures in Kenyan Shilling	2025	2024
20. Cash and cash equivalents		
Mpesa	13,169,501	1,176,990
Bank balances	2,033,033,103	479,221,535
KCB-Snr Mgt Gratuity Current Account	77,621,838	44,866,560
	2,123,824,442	525,265,085

In the month of October 2018 all Senior management staff were placed on renewable contract. KCB Senior Management Gratuity Account is held for Senior Management gratuity obligation. This is cash payable at the end of each employees' contract.

Detailed analysis of cash and cash equivalents

Financial institution	Account number		
KCB Bank	1107180198	2,027,336,418	473,715,064
National Bank	01003003110800	4,779,542	4,578,167
NCBA Bank	6959370012	917,143	928,303
		2,033,033,103	479,221,534

Gratuity Custody Accounts

KCB-Snr Mgt Gratuity Current Account	1273022599	77,621,838	44,866,560
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Other cash and cash equivalents

Mobile Money Accounts M-pesa	923311	13,169,501	1,176,991
Total cash and cash equivalents		2,123,824,442	525,265,085

21. Receivables from exchange transactions

Prepayments		9,399	1,004,994
Deposits		21,651,056	21,651,056
		21,660,455	22,656,050

Ageing analysis for receivables from exchange transactions

	Current FY	% of the Total	ComparativeFY	% of the Total
Under one year	120,000	1 %	3,935,533	17 %
1-2 years	120,000	1 %	4,252,088	18 %
2-3 years	17,399	- %	3,363,678	15 %
Over 3 years	21,403,056	98 %	11,104,751	50 %
	21,660,455	100 %	22,656,050	100 %

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19. Notes to the Annual Financial Statements

Figures in Kenyan Shilling	2025	2024
22. Receivables from non-exchange transactions		
Board imprest	176,649	90,999
Staff imprest	48,986,547	24,993,691
Other receivables	47,618,834	21,529,670
KPLC-Electricity Levy	189,554,534	236,654,619
KRA-Petroleum Levy	289,353,576	277,171,102
Staff salaries & Medical advances	11,029,721	6,445,983
	586,719,861	566,886,064

	Current FY	% of the Total	ComparativeFY	% of the Total
Under one year	478,908,110	61 %	393,561,817	64 %
1-2 years	16,467,509	3 %	14,045,645	3 %
2-3 years	12,352,970	2 %	10,400,338	2 %
Over 3 years	78,991,272	34 %	148,878,264	31 %
	586,719,861	100 %	566,886,064	100 %

23. Inventories

Inventories	7,013,454	5,492,014
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24. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	423,150,193	(197,018,889)	226,131,304	412,654,148	(161,396,650)	251,257,498
Motor vehicles	207,973,154	(156,680,864)	51,292,290	180,017,501	(141,683,148)	38,334,353
Office equipment	93,473,610	(30,178,357)	63,295,253	51,301,276	(25,868,346)	25,432,930
IT equipment	259,381,784	(180,383,257)	78,998,527	227,854,718	(149,003,537)	78,851,181
WIP	127,102,447	-	127,102,447	-	-	-
Total	1,111,081,188	(564,261,367)	546,819,821	871,827,643	(477,951,681)	393,875,962

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24. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment

	Furniture and Motor vehicles fixtures	Motor vehicles	Office equipment	IT equipment	Capital Work in progress	Total
Cost						
At 01 July, 2023	213,754,600	158,959,522	36,838,701	141,110,966	164,192,444	714,856,233
Additions	5,636,579	21,057,979	14,102,575	87,114,651	29,430,525	157,342,309
	-	-	-	-	-	-
Transfers	193,262,969	-	360,000	-	(193,622,969)	-
Disposals	-	-	-	(370,900)	-	(370,900)
	-	-	-	-	-	-
At 30 June, 2024	412,654,148	180,017,501	51,301,276	227,854,717	-	871,827,642
Additions	10,496,045	27,955,648	42,172,334	31,527,066	127,102,447	239,253,540
At 30 June, 2025	423,150,193	207,973,149	93,473,610	259,381,784	127,102,447	1,111,081,183
Depreciation and impairment						
At 01 July, 2023	(147,387,012)	(125,217,075)	(22,931,893)	(122,295,761)	-	(417,831,741)
Disposals	-	-	-	368,799	-	368,799
Depreciation	(35,622,239)	(14,997,716)	(4,310,011)	(31,379,720)	-	(86,309,686)
At 30 June, 2024	(183,009,251)	(140,214,791)	(27,241,904)	(153,306,682)	-	(503,772,628)
Depreciation	(35,622,239)	(14,997,716)	(4,307,505)	(31,379,720)	-	(86,307,180)
At 30 June, 2025	(197,018,889)	(156,680,864)	(30,175,851)	(180,383,257)	-	(564,258,861)
Net book values						
Cost	423,150,193	207,973,154	93,473,610	259,381,784	127,102,447	1,111,081,188
Accumulated depreciation and impairment	(197,018,889)	(156,680,864)	(30,178,357)	(180,383,257)	-	(564,261,367)
At 30 June, 2025	226,131,304	51,292,290	63,295,253	78,998,527	127,102,447	546,819,821
	-	-	-	-	-	-

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19. Notes to the Annual Financial Statements

Figures in Kenyan Shilling	2025	2024
25. Intangible assets		
Reconciliation of intangible assets		
Cost		
Opening balance	141,971,624	141,971,624
Additions	32,914,731	-
Closing balance	174,886,355	141,971,624
Amortisation and impairment		
Opening balance	(117,362,642)	(116,194,335)
Amortisation	(9,727,227)	(1,168,307)
Closing balance	(127,089,869)	(117,362,642)
Net book value	47,796,486	24,608,982

26. Payables under exchange transactions

Trade payables	551,404,211	366,247,862
Accruals	1,624,128	1,624,128
	553,028,339	367,871,990

Ageing analysis-Payables underexchange transactions	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	503,212,349	89 %	313,481,304	85 %
1-2 years	4,234,008	1 %	2,467,865	1 %
2-3 years	2,413,653	1 %	3,529,516	1 %
Over 3 years	43,168,329	9 %	48,393,305	13 %
	553,028,339	100 %	367,871,990	100 %

27. Payables under non-exchange transactions

Deferred Income- Upstream Petroleum	40,000,000	66,941,692
Provision- 90% Remission to National Treasury	-	531,108,478
Taxes and other statutory deductions	40,029,458	26,211,870
Deferred Income-Energy Act	15,900,051	15,900,051
Deferred Income-UNEP Project	-	742,911
Other Employee payables	-	827,228
	95,929,509	641,732,230

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19. Notes to the Annual Financial Statements

Figures in Kenyan Shilling

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27. Payables under non-exchange transactions (continued)

The deferred income movement is as follows:

	Deferred Income- Upstream Petroleum	Deferred Income- Energy Act	Deferred Income- UNEP Project	Total
Balance brought forward	66,941,962	15,900,051	742,911	83,584,924
Amount received during the year	250,000,000	-	3,024,000	253,024,000
Transfers to income statement	(276,941,962)	-	(3,766,911)	(280,708,873)
	40,000,000	15,900,051	-	55,900,051

Ageing analysis-Payables under non-exchange transactions	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	40,000,000	74 %	551,059,287	84 %
1-2 years	7,549,390	5 %	14,106,451	3 %
2-3 years	46,071,011	14 %	66,728,692	11 %
Over 3 years	2,309,108	7 %	9,837,800	2 %
	95,929,509	100 %	641,732,230	100 %

28. Employee benefit obligations

Snr Mgt Gratuity Payable	73,710,060	43,783,987
Salary Payable	1,632,964	4,565,025
Other payroll benefits	60,247,407	25,824,887
	135,590,431	74,173,899

The Authority operates a pension scheme for all full-time permanent employees, which is remitted to the pension fund at the end of every month. The scheme is based on defined percentage of salary of an employee at the time of retirement. Contract staff are paid gratuity at the end of respective contracts. The Authority has a gratuity custody account with KCB Bank. Gratuity is paid at the end of the contract or upon termination of the contract as defined in the Human Resource policy.

29. Capital replacement reserve

The KES 55 million has been set aside as a sinking fund for capital replacement in compliance with Section 16(1) of the State Corporation Act.

ENERGY AND PETROLEUM REGULATORY AUTHORITY

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19. Notes to the Annual Financial Statements

Figures in Kenyan Shilling	2025	2024
30. Cash generated from operations		
Surplus	1,861,398,202	59,012,053
Adjustments for:		
Depreciation and amortisation expense	96,036,912	61,654,611
Changes in working capital:		
(Increase) Decrease in Inventories	(1,521,440)	(65,274)
(Increase) Decrease in Receivables from exchange transactions	995,595	5,103,128
(Increase) Decrease in gratuity	-	18,469,660
(Increase) Decrease in Receivables from non-exchange transactions	(164,993,250)	(218,873,303)
Increase(Decrease) in Payables under exchange transactions	107,002,188	204,804,901
Increase (Decrease) in Employee Benefit Obligation	49,152,480	(28,744,993)
Increase(Decrease) in Payables under non-exchange transactions	(294,388,772)	347,175,139
Cash generated from operations	1,653,681,915	448,535,922

31. Financial risk management

Risk management is carried out by the management under the supervision of the Board of Directors. The Directors provide policies for overall risk management, as well as policies covering specific areas such as, interest rate risk, credit risk, use of non-derivative financial instruments and investing excess liquidity.

The activities of the Authority expose it to a variety of financial risk: credit risk, liquidity risk and market risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Authority regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices.

(i) Credit risk management

As at June 2025	Fully performing	Past Due	Impairment	Total
Receivables from non-exchange transactions	586,719,860	-	-	586,719,860
Receivables from exchange transactions	21,660,455	-	-	21,660,455
Bank Balances	2,123,824,442	-	-	2,123,824,442
Subtotal	2,732,204,757	-	-	2,732,204,757
	2,732,204,757	-	-	2,732,204,757

As at June 2024	Fully performing	Past Due	Impairment	Total
Receivables from non-exchange transactions	566,886,064	-	-	566,886,064
Receivables from exchange transactions	22,656,050	-	-	22,656,050
Bank Balances	525,265,084	-	-	525,265,084
Subtotal	1,114,807,198	-	-	1,114,807,198
	1,114,807,198	-	-	1,114,807,198

(ii) Liquidity risk management

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19. Notes to the Annual Financial Statements

Figures in Kenyan Shilling 2025 2024

31. Financial risk management (continued)

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations when they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of damaging reputation.

The Authority ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. All liquidity policies and procedures are subject to review and approval by the Board of Directors.

The table below provides a contractual maturity analysis of the Authority's financial liabilities:

As at 30 June 2025	Less than 1 Month	1 - 3 Months	Over 5 Months	Total
Trade & other payables from exchange transactions	433,091,699	70,987,508	47,325,004	551,404,211
Deferred Income-Energy Act	-	-	15,900,051	15,900,051
Accrual	1,624,128	-	-	1,624,128
Taxes and other statutory deductions	40,029,458	-	-	40,029,458
Employee benefits obligation	135,590,431	-	-	135,590,431
Deferred Income- Upstream Petroleum	40,000,000	-	-	40,000,000
Subtotal	650,335,716	70,987,508	63,225,055	784,548,279
	650,335,716	70,987,508	63,225,055	784,548,279

As at 30 June 2024	Less than 1 Month	1 - 3 Months	Over 5 Months	Total
Trade & other payables from exchange transactions	97,013,747	14,671,871	42,052,621	153,738,239
Deferred Income-Energy Act	-	-	14,493,451	14,493,451
Accrual	1,624,128	-	-	1,624,128
Taxes and other statutory deductions	2,609,572	-	-	2,609,572
Other Payables	827,228	-	-	827,228
Employee benefits obligation	74,173,899	-	-	74,173,899
UNEP Project	9,787,350	-	437,450	10,224,800
Deferred Income- Upstream Petroleum	-	-	66,341,692	66,341,692
Subtotal	186,035,924	14,671,871	123,325,214	324,033,009
	186,035,924	14,671,871	123,325,214	324,033,009

(iii) Market risk

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 Authority's income or the value of its holding of financial instruments.

Foreign currency risk

The Authority 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.

(iv) Capital Risk Management

The objective of the Authority's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Authority capital structure comprises of the following funds:

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Figures in Kenyan Shilling	2025	2024
31. Financial risk management (continued)		
Heading		
Retained Earnings	2,436,212,658	400,006,038
Capital replacement reserve	55,000,000	55,000,000
Less: Cash and Bank Balances	(2,123,824,442)	(525,265,085)
	367,388,216	(70,259,047)

32. Related parties

Related party transactions

Purchases from related parties

Purchases of Electricity from KPLC	11,245,690	8,185,699
Rent expenses paid to Government agencies (Lake Basin)	3,422,651	2,486,400
Training and Conferences fees paid to Govt Agencies (KSG)	3,256,001	4,489,382

Compensation to director and other key management

Compensation to Senior Managers	116,583,421	105,761,366
Compensation to Director General	11,750,000	6,897,976
	128,333,421	112,659,342

33. Contingent Liabilities

EPRA is a party to a number of court cases whose determination is yet to be made. In view that damages or court awards are known upon conclusion of a matter. Below is a summary of key matters whose contingent liability is high.

1	Apollo Mboya & Electricity Consumers Society of Kenya vs. KPLC & 4 Others- Petition No. 6 of 2018;
2	Okiya Omtatah Okoiti -vs- ERC -Petition No. 38 of 2017;
3	EPRA v Gitson Energy Limited, Cabinet Secretary of the National Treasury, Ministry of Energy, Central Bank of Kenya, Kenya Power & Lighting Company & Attorney General -HCCA No. E190 of 2022-;
4	Samwel Owino and Geoffrey Obegi & 4 Others Vs Dardols Petroleum Limited and Dardols Petroleum Limited T/A Maxxis Nairobi Energy & 7 Others -HCHHR E242 of 2024;
5	Francis Mureithi Vs EPRA and 5 Others -HCCHR PET/E101/2024.

	2024-2025	2023-2024
Court cases against EPRA	80,000,000	100,000,000

34. Events after the reporting date

There were no material adjusting and non-adjusting events after the reporting period:

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19. Notes to the Annual Financial Statements

35. Ultimate and Holding Entity

EPRA is a state corporation under the Ministry of Energy. Its ultimate parent is the Government of Kenya

36. Currency

The financial statements are presented in Kenya Shillings (Kshs)

ENERGY AND PETROLEUM REGULATORY AUTHORITY

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Appendix I: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
1	Irregular procurement of Motor Vehicle	CFAO Motors Ltd's policy required full payment for vehicles before allocation and registration. This was outlined in letters reference numbers CFAOM/TDGO/EPRA/001/05/24A and CFAOM/TDGO/EPRA/002/06/24A, dated May 15, 2024, and June 18, 2024, respectively. (Purchase letter-Annex VIII). Additionally, a proforma invoice confirmed that the vehicles would be available from September 2024, subject to full payment. The payment was done in accordance to their terms of the proforma invoice.	The matter has been addressed pending concurrence by the National Assembly	Waiting for summon from the National Assembly
2	Lack of Governance Audit	The Governance Audit Process was finalized with no identified material non-compliance. The recommendations have since been acted upon and implemented successfully. The Authority is embarking on year 2025/2026 Governance Audit this year.	The matter has been addressed pending concurrence by the National Assembly	Waiting for summon from the National Assembly

ENERGY AND PETROLEUM REGULATORY AUTHORITY

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Appendix I: Implementation Status of Auditor-General's Recommendations

3	Non-Compliance with the One third gender rule	Board Appointments to EPRA is a creature of the Energy Act, 2019. Reference is made to the provisions of Section 12 of the Act. We note that whereas the specific provision does not make express provisions for the 1/3 gender rule, Second Schedule to the Act, and specifically Clause makes specific reference to this gender balance. There currently exists two (2) remaining Board appointments and its expected that the said appointments will take care of the gender balance imperative.	The matter has been addressed pending concurrence by the National Assembly	Waiting for summon from the National Assembly
4	Authentication of Academic Qualifications for Employee Certificate	All the certificates were Authenticated.	The matter has been addressed pending concurrence by the National Assembly	Waiting for summon from the National Assembly
5	Non-Compliance with the one-third of basic salary rule	All employees have now complied with the 1/3 rule	The matter has been addressed pending concurrence by the National Assembly	Waiting for summon from the National Assembly
6	Non-Compliance with leave Management Policy	The affected staff have since proceeded on leave	The matter has been addressed pending concurrence by the National Assembly	Waiting for summon from the National Assembly
7	Non-Compliance with Migration to E-citizen platform	Migration will be done in F/Y 2024-2025	Not Resolved	30 June, 2026
8	Long Outstanding payables	Part of the payables is subject to a court case which has not concluded. The other payables are retainers for existing contractual obligations that have yet to be finalized.	The matter has been addressed pending concurrence by the National Assembly	Waiting for summon from the National Assembly



Mr. Daniel Kiptoo Bargariora
Director General

Date:

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Appendix II: Projects Implemented by the Entity

The Authority did not implement any projects during the Financial year.

Appendix IV: Recording of Transfers from Other Government Entities

The Authority received Kes 250M from Government entities during the period.