

KETRACO

Kenya Electricity Transmission Company Limited

"Building a World Class National Grid"

20¹⁴ 15 ANNUAL REPORT AND FINANCIAL STATEMENT

Annual Report and Financial Statements
30th June 2015

OUR VISION

To be a world-class electricity transmission company and the leading interconnector in Africa

OUR MISSION

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

OUR CORE VALUES

CUSTOMER FOCUS

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

INTEGRITY

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

TEAMWORK

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

INNOVATION

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

SUSTAINABILITY

Everything the company will do will contribute to a more sustainable world. It means simultaneously pursuing performance, environment quality and social responsibility. The company will strive toward sustainability in all dimensions -people, product, place and process.

EQUITY

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

PROFESSIONALISM

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

SAFETY

For the Company to be truly successful, it will be committed/responsible for the safety of its employees, contractors and stakeholders both in the work places and project sites.

KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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Corporate Information

Directors	<p>Dr. Kenneth K. Sigilai – Chairman FCPA Fernandes Barasa - Ag. Managing Director & CEO Eng. Joseph K. Njoroge- Principle Secretary, State Department for Energy, Ministry of Energy and Petroleum</p> <p>Mr. Henry Rotich –Cabinet Secretary, The National Treasury Mrs. Patience K. Nyaoga (appointed w.e.f. 17.4.2015) Mrs. Grace Ndugu (appointed w.e.f. 17.4.2015) Mr. Philip Mongony (appointed w.e.f. 17.4.2015) Mr. Joakim Kamere (appointed w.e.f. 17.4.2015) Mr. Kariuki Muraya (appointed w.e.f. 18.12.2015) Eng. Joel Kiilu (Ceased as MD w.e.f 3.9.2015) Mr. Fidesius Nyaga (Ceased w.e.f. 17.12.2015) Mrs. Elizabeth W. Maina (Ceased w.e.f. 9.2.2015) Ms. Esther N. M'ithiria (Ceased w.e.f. 9.2.2015) Mr. Daniel K. Mwaura (Ceased w.e.f. 9.2.2015) Ms. Eunice Kigen– (Alternate to Mr. Henry Rotich) Eng. Julius Mwathani- (Alternate to Eng. Joseph Njoroge)</p>
Secretary	<p>Duncan K. Macharia Certified Public Secretary (Kenya) 4th Floor, Kawi Complex, Block B, South C, Popo Lane off Red Cross Road, P.O. Box 34942 – 00100 Nairobi - Kenya</p>
Principal Office	<p>Kawi Complex, Block B, South C, Popo Lane off Red Cross Road, P.O. Box 34942 – 00100 Nairobi – KENYA</p>
Delegated Auditors	<p>Deloitte & Touche (For Auditor-General) Certified Public Accountants (Kenya) Deloitte Place, Waiyaki Way, Muthangari P.O. Box 40092 - 00100 Nairobi</p>
Bankers	<p>Kenya Commercial Bank Limited Moi Avenue P.O. Box 30081-00100 Nairobi</p> <p>Cooperative Bank of Kenya Limited Upper Hill P.O. Box 48281-00100 Nairobi</p> <p>Citibank Kenya City House, Upper Hill P.O. Box 30711-00100 Nairobi</p>
Advocate	<p>The Company maintains a Panel of Advocates</p>

KETRACO BOARD OF DIRECTORS' PROFILES

DR. KENNETH K. SIGILAI, HSC – CHAIRMAN



Born in 1967, Dr. Kenneth Sigilai holds a graduate and post graduate degree in Medicine from the University of Nairobi. He has served as a specialist general surgeon at Kapkatet District Hospital. He is also a clinical researcher having graduated from the University of Liverpool with a Master of Science in Clinical Research Administration (MCR). Dr. Sigilai has a wealth of experience in management, having served in management positions for the last 17 years, during which he also served as a District Medical Officer and Medical Superintendent. He has attended various trainings including performance contracting and strategic management.

Dr. Sigilai was first appointed the Chairman of the Board of KETRACO on 10th January, 2014.

FCPA FERNANDES BARASA – AG. MANAGING DIRECTOR & CEO



Born in 1973, FCPA Fernandes Barasa holds a Bachelor of Commerce (Accounting) and Master of Business Administration-Finance degrees from Kenyatta University. He is a Certified Public Accountant of Kenya (CPA-K) and is the current Chairman of the Institute of Certified Public Accountants of Kenya (ICPAK).

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

ENG. JOSEPH K. NJOROGE, CBS - PRINCIPAL SECRETARY, STATE DEPARTMENT FOR ENERGY, MINISTRY OF ENERGY & PETROLEUM



Eng. Joseph K. Njoroge was born in 1958 and holds a Bachelor of Science degree in Electrical Engineering and a Master of Business Administration with a major in Strategic Management. He has over 28 years of experience in engineering and management. Eng. Njoroge is a Chartered Electrical Engineer, a Member of the Institute of Engineering and Technology, UK, a Registered Consulting Engineer, and is also a Fellow of Engineer of Kenya.

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

MR. HENRY ROTICH, E.G.H - CABINET SECRETARY, THE NATIONAL TREASURY



Born in 1969, Mr. Rotich has a Master's Degree in Public Administration (MPA) from the Kennedy School of Government at Harvard University, and a Master's Degree – Economics and Bachelor's Degree- Economics (First Class Honours) from the University of Nairobi.

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

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

KETRACO BOARD OF DIRECTORS' PROFILES

MR. JOAKIM KAMERE

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

Mr. Kamere is a corporate commercial lawyer serving both corporate and individual clients with a wealth of practice experience spanning over 16 years in corporate governance, structuring companies, drafting commercial agreements, perfection of bank securities, and legislative drafting.

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



MRS. GRACE NDUGU

Grace Ndugu was born in 1960, and holds a Master of Science in Development Administration and Planning, with a concentration in Political Development from Bristol University, UK. She is an alumna of the Eastern Mennonite University's Summer Peacebuilding Institute at the Eastern Mennonite University and has also attended various international and national peacebuilding, governance, human rights and protection trainings. Grace has over 25 years of experience in Justice and Peacebuilding, including 10 years with the National Council of Churches of Kenya and 15 years with the Catholic Relief Services. Prior to joining the Civil Society Grace worked for 10 years at the High Court of Kenya and the Ministry of Constitutional and Home Affairs.

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

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



MRS. PATIENCE K. NYAOGA

Born in 1968, Patience Nyagoa holds an online Doctorate degree in Strategic Management from the University of Attanta, a Master of Business Administration, (MBA) from the University of Nairobi, a Bachelor of International Business Administration (IBA) from the United States International University (USIU), and has attended management courses both locally and internationally.

Patience is a member of Kenya Association of Business Owners (KAWBO), Women on Boards, Institute of Directors of Kenya and All Saints Cathedral Church. Mrs. Nyagoa has worked for both private and public corporations and is currently the Managing Director of Tintoria Limited, a medium sized enterprise with various branches in Nairobi County.

Patience was 1st appointed to the Board of KETRACO on 10th January, 2012 and served until 9th February, 2015. She was re-appointed for another term on 17th April, 2015.



KETRACO BOARD OF DIRECTORS' PROFILES

MR. PHILIP MONGONY

Born in 1954, Philip holds a Master of Personnel Management (MPM) and a Bachelor of Commerce (Business Administration Option) degrees. He has over 30 years experience in Human Resources Practice and Consultancy and is a member of the Kenya Institute of Personnel Management.

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

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



ARCH. KARIUKI MURAYA

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

Arch. Muraya has over 17 years experience in architecture having handled projects such as the Uchumi Supermarket Bombolulu Mombasa branch, the Enashipai Resort & Spa and the Doctors' Plaza for The Nairobi Hospital, among others. Stephen is currently a partner with AAKI Consultants, Architects & Urban Designers. He is also a member of the Architectural Association of Kenya (AAK) and the Board of Registration of Architect and Quantity Surveyors (BORAQS).

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



ENG. JULIUS MWATHANI (ALTERNATE DIRECTOR TO ENG. J. NJOROGE)

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

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



KETRACO BOARD OF DIRECTORS' PROFILES

MS. EUNICE KIGEN (ALTERNATE DIRECTOR TO MR. HENRY ROTICH)

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

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



MR. DUNCAN MACHARIA, COMPANY SECRETARY

Mr. Duncan Macharia was born in 1960. He holds a Master of Business Administration, a Bachelor of Commerce (Business Administration Option) and Bachelor of Laws degrees from the University of Nairobi.

Duncan is a Certified Public Secretary of Kenya (CPS) K and previously worked as Deputy Company Secretary at The Kenya Power & Lighting Company Limited before he left after serving the company for over 18 years, to join KETRACO in year 2009. He is also a member of the Institute of Directors, (IOD) Kenya.



KETRACO BOARD OF DIRECTORS



(STANDING: L-R) DIR. EUNICE KIGEN, ENG. JULIUS MWATHANI, DIR. JOAKIM KAMERE, DIR. KARIUKI MURAYA, FCPA FERNANDES BARASA – AG. MANAGING DIRECTOR & CEO, MR. DUNCAN MACHARIA - COMPANY SECRETARY. (SEATED: L-R) DIR. GRACE NDUGU, DR. KENNETH K. SIGILAI – CHAIRMAN, DIR. PATIENCE K. NYAOGA, AND DIR. PHILIP MONGONY.

MANAGEMENT PROFILES



FCPA Fernandes O. Barasa- Ag. Managing Director & CEO (**Centre**)

Mr. Godfrey M. Kariuki - Ag. Chief Manager, Corporate Planning (**Top Left**)

Mr. Duncan Macharia, Company Secretary and Chief Manager Legal Services (**Top Right**)

Ms. Agnes Ongadi - Chief Manager, Human Capital Development & Administration (**Right**)

Ms. Mumbua Giati - Chief Manager, Information Communication and Technology (**Left**)

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

CPA – Tom O. Imbo - Ag. Chief Manager, Finance & Accounts (**Bottom Left**)

MANAGEMENT PROFILES

FCPA Fernandes O. Barasa- Ag. Managing Director & CEO

Born in 1973, FCPA Fernandes Barasa holds a Bachelor of Commerce (Accounting) and Master of Business Administration-Finance degrees from Kenyatta University. He is a Certified Public Accountant of Kenya (CPA-K) and is the current Chairman of the Institute of Certified Public Accountants of Kenya (ICPAK).

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

He was appointed Acting Managing Director effective 5th August, 2015.

Mr. Duncan Macharia, Company Secretary & Chief Manager Legal Services

Mr. Duncan Macharia was born in 1960. He holds a Master of Business Administration degree, a Bachelor of Commerce (Business Administration Option) and Bachelor of Laws degrees from the University of Nairobi.

Duncan is a Certified Public Secretary of Kenya (CPS) K and previously worked as Deputy Company Secretary at The Kenya Power & Lighting Company Limited before he left, after serving the company for over 18 years, to join KETRACO in year 2009.

He is also a member of the Institute of Directors, (IOD) Kenya.

Ms. Agnes Ongadi -Chief Manager, Human Capital Development & Administration

Born in 1970, Agnes holds a Bachelor of Commerce degree from the University of Nairobi, an Executive MBA from Moi University and a Post-Graduate Diploma in Human Resource Management from Kenya Institute of Management.

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

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

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

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

Ms. Mumbua Giati - Chief Manager, Information Communication and Technology

Born in 1960, Ms. Mumbua Giati holds a Bachelor of Commerce degree (Management Science option) from the University of Nairobi.

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

She is a member of the Computer Society of Kenya.

MANAGEMENT PROFILES

Mr. Godfrey M. Kariuki - Ag. Chief Manager, Corporate Planning

Born in 1971, Mr. Godfrey Kariuki holds Master of Arts (Economics) and Bachelor of Arts (Economics & Mathematics) degrees, both from the University of Nairobi. He is a full member of The Kenya Institute of Management (MKIM). He joined KETRACO in March 2010 as the pioneer Economist/Head of Corporate Planning. Prior to joining KETRACO, Mr. Kariuki worked as an Economic Analyst/Researcher with The Kenya Institute for Public Policy Research and Analysis (KIPPRA). Previously, he worked as a Senior Economist with the Ministry of Planning, National Development and Vision 2030 whereby he coordinated projects monitoring under the National Integrated Monitoring and Evaluation System (NIMES). Mr. Kariuki started his working career in 1996 as a Research Assistant with FeKaGi Investment Consultants. He has a wide wealth of experience in strategic and projects planning, economic analysis and regulation, tariff formulation, investment appraisal, budgeting, research and performance contracting, monitoring and evaluation.

CPA – Tom O. Imbo AG. Chief Manager Finance & Accounts

CPA Tom Imbo was born in 1976. He holds a Master of Business Administration-Finance and a Bachelor of Education (Economics, Business Administration) degrees from Kenyatta University. He is a certified Public Accountant of Kenya (CPA, K) and serves as a member of Services Committee of ICPAK.

CPA Imbo has over 15 years experience in financial management in the private and public sectors. Prior to joining KETRACO he was the Head of Management Accounts at United States International University (USIU).



KETRACO members of the board and management with Charles Keter CS Ministry of Energy & Petroleum (seated, centre) PS State Department for Energy, Eng Joseph Njoroge (seated 3rd left) and PS State Department for Petroleum Mr. Andrew Kamau (seated 3rd right), along with KETRACO's Chairman Kenneth Sigilai (seated 2nd right) and Ag. MD FCPA Barasa (seated extreme right).

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 6TH ANNUAL GENERAL MEETING of the Kenya Electricity Transmission Company Limited will be held at Kawi Complex Block B, 4th Floor, South C, Popo Lane off Red Cross Road, Nairobi, on 1st April 2016 at 11:00 a.m. to transact the following business:-

1. To read the Notice convening the Meeting.
2. To receive and consider the Company's audited financial statements for the twelve months ended on 30th June 2015 together with the Chairman's, Directors' and Auditors' Reports thereon.
3. To note that Directors do not recommend payment of a dividend for the period under review.
4. Election of Directors: To note that there will be no election or rotation of Directors for the following reasons:-

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

5. To note that the audit of the Company's books of account will be undertaken on behalf of the Auditor General by M/s Deloitte & Touché, an audit firm appointed in accordance with Section 14(3) of the State Corporations Act, and Section 23 of the Public Audit Act, No. 34 of 2015.

M/s Deloitte & Touché carried out the audit for the period ended 30th June, 2015.

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

By Order of the Board



Duncan Macharia
Company Secretary

24th February 2016

ILANI YA MKUTANO MKUU WA MWAKA

ILANI INATOLEWA HAPA KWAMBA MKUTANO WA SITA WA KILA MWAKA wa wenyahisa wa kampuni ya Kenya Electricity Transmission Company Limited (KETRACO) utafanyika katika jumba la Kawi Complex Bloku B, gorofa la nne, South C, barabara ya Popo kutoka barabara ya Red Cross, Nairobi, mnamo 1 Aprili 2016 saa 11:00 asubuhi kujadili yafuatayo: -

1. Kusoma ilani ya kuitisha Mkutano huo.
2. Kupokea na kuchunguza taarifa za kifedha zilizokaguliwa kwa mwaka uliomalizika Juni 30, 2015, pamoja na ripoti za Mwenyekiti, Wakurugenzi na Wakaguzi hapo baadaye.
3. Kuidhinisha kwamba Wakurugenzi hawapendekezi malipo ya mgao kwa kipindi hicho.
4. Uchaguzi wa Wakurugenzi: Kwa kutambua kwamba hakutakuwa na uchaguzi au mzunguko wa wakurugenzi kwa sababu zifuatazo: -

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

5. Kufahamu kwamba ukaguzi wa vitabu vya hesabu zitafanyika kwa niaba ya Mdhambi na Mkaguzi Mkuu na M /S Deloitte & Touche, kampuni ya ukaguzi iliyoteuliwa kwa mujibu wa Kifungu cha 14 (3) cha Sheria ya Mashirika ya Umma, na Sehemu ya 23 cha Sheria ya Ukaguzi wa Umma, Nambari 34 ya 2015.

Kampuni ya M /S Deloitte & Touche ilifanya ukaguzi kwa kipindi kilichomalizika tarehe 30 Juni, 2015.

6. Kuwaruhusu Wakurugenzi kuamua malipo ya Wakaguzi.

Kwa agizo ya Halmashauri



Duncan Macharia
Katibu wa Kampuni

Februari 24, 2016

CHAIRMAN'S OVERVIEW

On behalf of the Board of Directors, I am delighted to present the Annual Report and Financial Statements for the Kenya Electricity Transmission Company Limited for the financial year ended 30th June 2015. During the period under review the Company registered growth in its projects portfolio resulting in an increased asset base that further resulted in the growth of shareholders' value.

Review of the Economy

The Country's gross domestic product had expanded by 5.8% by 2015 which was the highest growth rate since the 2nd quarter of 2014. This was mainly supported by strong performance in the agriculture, transportation and construction sectors, along with financial activities in internal trade. This was coupled with a shrinkage of growth in accommodation and restaurants sectors.

Economic Outlook

Although the Country is already experiencing faster growth than expected, the World Bank projects that there will be sustained growth in the years to come. Growth in spending, household consumption and infrastructure will remain strong between 2016 and 2019. The World Bank further projects that by 2017 the Country's GDP will have risen by 7%. This will offer better living standards and growth opportunities across board.

Performance Review

The Company's asset base has continued to grow and rose from Ksh.50,127 million in the last financial year to Ksh.71,260 million in 2015. The Company also received project funding amounting to Ksh.43,352 million: Ksh.27,416 million from external sources and Ksh.15,936 million from the Exchequer. The total income during the year amounted to Ksh.840 million while the total operating expenses was Ksh.777 million compared to Ksh.1,265 million and Ksh.774 million respectively in 2012/2013.

Review of the Electricity Sub-Sector

The global focus has shifted to green energy. Today renewable energy provides just a fraction of its potential to the nation. The ideal is to have the vastly available renewable energy streams added to the state portfolio. This is becoming a reality in Kenya; having an inexhaustible energy supply that is constantly replenished. The country is advantageously located where wind, solar and geothermal energy sources are available. KETRACO, in partnership with

sector players within the Ministry of Energy and Petroleum, is embarking on numerous projects that will be used in the transmission of high voltages clean energy, nationwide and regionally.

Future Outlook

In addition to the already completed transmission infrastructure projects, the Company intends to complete several projects in the coming financial year which will vastly change the reliance on non-renewable energy to green sources. Among the projects aimed at making this transition are:

1. **From the Olkaria geothermal** site the Company is constructing 300km 220/400kV Olkaria-Lessos-Kisumu, 25km 220kV Olkaria-Suswa and 68km 132kV Olkaria-Narok projects. These lines will ensure the availability of reliable electricity supply, which will in turn



transform the affected areas into an attractive industrial region.

2. **From Menengai**, the ongoing 13km 132kV Menengai-Soilo and 25km 400kV Menengai-Rongai transmission line projects, the Company will supply geo-energy to the grid. The Menengai-Soilo and Menengai-Rongai are projects under the 5,000MW + Project which is geared towards evacuating over 5,000MW to the National Grid, in addition to the existing and ongoing grid projects.
3. **From Silali**, the 150km 400kV Silali-Rongai project, which is also a 5,000+ MW project, targets to evacuate power from the 200MW Silali geothermal field.
4. Among projects to evacuate **wind** energy is the 430km 400kV Loiyangalani-Suswa project that involves the construction of a double circuit line that will evacuate electricity from the 300MW Lake Turkana Wind Power Plant in Loiyangalani to Suswa substation. At 1,300MW rating, it will have sufficient capacity to evacuate power from the future power plants to be located in the geothermal fields, along the Rift and wind farms in Northern Kenya (Marsabit). This will be further reinforced by the proposed 188km 400kV Loiyangalani-Marsabit line whose

feasibility study is underway.

Further feasibility studies are ongoing for the proposed Isiolo-Maralal line that will offer an alternative for power evacuation from future wind and solar sites as well as the Isiolo-Marsabit transmission line that will evacuate the geo-power generated in Marsabit.

Tribute

I take this opportunity to thank all our stakeholders for the continued support throughout the year. The Government, the secretaries particularly for the Ministry of Energy and Petroleum, and The National Treasury, the Board of Directors, Management, Staff as well as development partners have played crucial roles in enabling KETRACO to achieve major milestones in the year under review.

As always, we are eager to continue collaborating with all our stakeholders in order to achieve our vision of building a world class national transmission grid.



**Dr. Kenneth Sigilai, HSC
CHAIRMAN
24th February, 2016**



Siemens's Bikoko explains the Mombasa-Nairobi projects to Dr. Sigilai (centre) and visiting KETRACO team at Rabai Sub-station.

MUHTASARI WA MWENYEKITI



Kwa niaba ya Bodi ya Wakurugenzi nina furaha kuwasilisha ripoti ya mwaka na taarifa za fedha za Kampuni ya Kenya Electricity Transmission Company Limited ya mwaka wa fedha ulioishia tarehe 30 Juni 2015. Katika kipindi hiki, kampuni ilisajili ukuaji mkubwa katika miradi yake, uliosababisha kuongezeka kwa utajiri wa mali ya Kampuni hivyo kusababisha kuongezeka kwa thamana ya wadau.

Mapitio ya Uchumi

Pato la nchi liliongezeka na asilimia 5.8 mwaka 2015 ambao ulikuwa ukuaji wa juu kabisa tangu kota la pili la mwaka wa 2014.

Utendaji huu uliegemezwa hasa na shughuli hima katika sekta za kilimo, usafiri na ujenzi, pamoja na shughuli za fedha katika biashara ya kindani. Hii imekuwa pamoja na upungufu katika sekta za malazi na mikahawa.

Mtazamo wa Uchumi

Ingawa nchi tayari inaendelea kwa kasi zaidi kuliko ilivyotarajiwa, Benki ya Dunia inakisia kwamba kutakuwa na ukuaji endelevu katika miaka ijayo. Ukuaji katika matumizi, ulaji wa kaya na miundombinu utabaki mkubwa katikati ya mwaka wa 2016 na mwaka wa 2019. Benki ya Dunia inakisia zaidi kwamba ifikapo mwaka wa 2017, Pato la Taifa litakuwa limeongezeka kwa asilimia 7. Hii itaimarisha viwango vya maisha na fursa za ukuaji katika sekta zote.

Tathmini ya utendaji

Mali yetu ya msingi imeendelea kukua kutoka shilingi 50,127 milioni katika mwaka wa fedha uliopita, hadi Shilingi 71260 milioni mwaka 2015. Pia tumepokea fedha za kuendeleza miradi shilingi 43,352 milioni zikiwa shilingi 27,416 milioni kutoka wafadhili wa nje na shilingi 15,936 milioni kutoka hazina ya taifa.

Jumla ya mapato katika mwaka ilifikia shilingi 840 milioni huku jumla ya gharama za uendeshaji ilikuwa shilingi 777 milioni, ikilinganishwa na shilingi 1,265 milioni na shilingi 774 milioni kwa mtiririko huo katika mwaka wa 2012/2013.

Tathmini ya Sekta Ndogo ya Umeme

Lengo la kimataifa linasogea kuelekea kwa nishati mbadala. Hivi sasa, nishati mbadala inatumika sehemu ndogo tu ya uwezo wake nchini. Hali bora ingekuwa kuongezeka kwa miradi za nishati mbadala. Hali hii ina mwezekano mkuu Kenya; kuwa na usambazaji wa nishati isiyokuwa na mipaka, inayojazika daima. Nchi ya Kenya inanufaika kuwa na upepo, jua na mvuke kutoka kwa bonde la ufa. KETRACO, kwa kushirikiana na kampuni zinginezo katika sekta ya Wizara ya Nishati na Petroli, inatekeleza miradi mbalimbali ambazo zitatumika katika usambazaji wa volteji za juu za nishati safi, nchi nzima na katika mikanda.

Matarajio ya baadaye

Mbali na miradi mingi ya usambazaji ambayo kampuni inatarajia kukamilisha, miradi mingine kadhaa inatekelezwa kubadilisha utegemezi wa nishati unayakuzwa kwa mafuta. Miongoni mwa miradi zinazolenga kutekeleza mpito huu ni:

1. **Kutokana na eneo la nishati ya mvuke Olkaria**, tunajenga mradi wa 300km ulio na uwezo wa 220/400kV ya Olkaria-Lessos-Kisumu, ya kilomita 25 na uwezo wa 220kV ya Olkaria-Suswa na ya kilomita 68 ulio na uwezo wa 132kV ya Olkaria-Narok. Laini hizi zitahakikisha upatikanaji madhubuti wa umeme, ambao utabadilisha maeneo yaliyoathirika ili kuvutia kanda la viwanda.
2. **Kutokea Menengai**, ni miradi inayoendelea ya 13km ulio na uwezo wa 132kV ya Menengai-Soilo na ya 25km ulio na uwezo wa 400kV ya Menengai-Rongai zitakazo sambaza nishati ya

mvuke katika gridi la taifa. Miradi hii ni kati ya 5,000MW+ ambayo inalenga kusafirisha kuzidia 5,000MW kwa Gridi la Taifa mbali na miradi ya gridi iliyopo na inayoendelea.

3. **Kutokea Silali**, ni mradi wa kilomita 150 wa uwezo wa 400kV wa Silali-Rongai ambayo pia ni mradi wa 5,000MW+. Mradi huu unalenga kuokoa nguvu kutoka shamba nishati ya Silali ya 200MW.
4. Miongoni mwa miradi ya kuokoa **nishati ya upepo** ni mradi ya kilomita 430 ya uwezo wa 400kV ya Loiyangalani-Suswa, ambao unahusisha ujenzi wa laini ya sabeti mbili, mzunguko ambao unasambaza umeme kutoka Kiwanda cha Nguvu ya Upepo cha Ziwa Turkana ya 300MW ya Loiyangalani hadi kituo cha Suswa. Iliyopo na ainishi ya 1300 MW, itakuwa na uwezo wa kutosha wa kuokoa nguvu kutoka mitambo tarajiwa itakayojengwa katika mashamba ya nishati iliyo eneo ya Bonde la Ufa na mashamba ya upepo katika kaskazini mwa Kenya (Marsabit). Hii itashinikizwa kupitia mapendekezo ya laini ya kilomita 188 ya uwezo wa 400kV ya Loiyangalani-Marsabit ambayo upembuzi yakiniifu unaendelea.

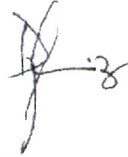
Aidha, tunachunguza uwezekano wa mapendekezo ya laini ya Isiolo-Maralal kuidhinisha kama itatoa nguvu za jua na upepo ya uokoaji kutokana na maeneo ya upepo na nishati ya jua ya baadaye itakayohusisha laini

ya usambazaji ya Isiolo-Marsabit ambayo itaokoa nguvu ya mbadala iliyozalishiwa eneo la Marsabit.

Shukrani

Nachukua fursa hii kuwashukuru wadau wetu wote kwa msaaada wao kwa mwaka mzima. Serikali na Baraza la Mawaziri, hasa Wizara ya Nishati na Petrol, na Hazina ya Taifa, Bodi ya wakurugenzi, Usimamizi, wafanyakazi pamoja na wafadhili wetu wa maendeleo wamechangia majukumu ya kihakiki katika kuwezesha KETRACO kufikia malengo yake katika mwaka uliomalizika.

Kama kawaida, tuna hamu ya kuendelea kushirikiana na kila mmoja wa wadau wetu, ili kufikia dira yetu ya kujenga gridi la taifa ya kuridhisha.



Dk. Kenneth Sigilai

MWENYEKITI

Februari 24, 2016



Daktari Mativo azungumzia kazi itakayo endelea katika Kituo cha Malindi kwa wakurugenzi wa KETRACO na Kamati ya Bunge.

REPORT OF THE MANAGING DIRECTOR & CEO FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015

**FCPA Fernandes O. Barasa –
Ag. Managing Director & CEO**

OVERVIEW

Over the last six years, the Kenya Electricity Transmission Company Limited (KETRACO) has achieved key milestones in the national electricity supply industry. The Company has successfully completed several high voltage electricity transmission lines and has started construction of various key transmission infrastructure projects. Currently, the Company is implementing a number of high priority projects totalling about 5,000km of transmission lines and regional power interconnectors of different voltage levels expected to be completed in the next 3-4 years. The Company also managed to establish itself in the power sector through intensive staff capacity building programmes, review of operational systems and structures, enhancing good partnerships with development partners and reputable power utility firms and developing frameworks for engaging with local communities in the project areas all over the Country.

The overall objective is to strengthen and extend the national power transmission grid in order to enhance quality, reliability and security of electricity supply in the Country, in addition to increasing access and reducing cost of supply. The Company therefore

continues to play its transformative role in the economy as mandated by the Government of Kenya. In this regard, I am greatly pleased to present an overview of KETRACO's performance for the financial year ending 30th June 2015.

During the period under review, the Company made significant progress in implementation of the various on-going transmission projects and at the same time prepared and planned for new projects. The Company made tremendous improvements in several other areas which include reviewing of service delivery systems, structures and policies, risk management, enhancing the human resources capacity, providing conducive working environment, strengthening ICT infrastructure, review of institutional, legal and regulatory framework and reviewing medium and long term power development plans.

In the financial year 2014/2015, numerous developments took place in the energy sector that had an inspiring impact on the Company's operations. The Government continued with the implementation of the comprehensive 5,000+MW programme and the notable achievement was the commissioning of the 280MW geothermal power in Olkaria I&IV by KenGen. KETRACO gave strong impetus to the programme by undertaking construction of the related transmission lines and undertaking planning and preliminary work for the required transmission infrastructure to evacuate the generated and planned energy to various load centres.

Revision of the Energy Policy and Energy Bill to align the energy sector operations with the Constitution of Kenya 2010 progressed considerably well and the draft Policy was prepared for discussion in Parliament. Lahmeyer International, the consultants engaged to undertake a Power Generation and Transmission Master Plan study progressed with the study and prepared a medium term plan (MTP) for the period 2014-2019. An updated MTP report for 2015-2020 period was also completed as a collaborative effort among all the power industry players.

With regard to expanding and strengthening the national power transmission infrastructure network, the Company's efforts were adversely affected by wayleaves challenges during the year. Key projects which were planned for completion such as the

Mombasa-Nairobi transmission line and the Nairobi Ring were severely affected, hence no line was completed during the period. However, the challenges were continuously addressed and several consultative meetings were held with county and community leaders and the projects are expected to be completed during 2015/2016 financial year.

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

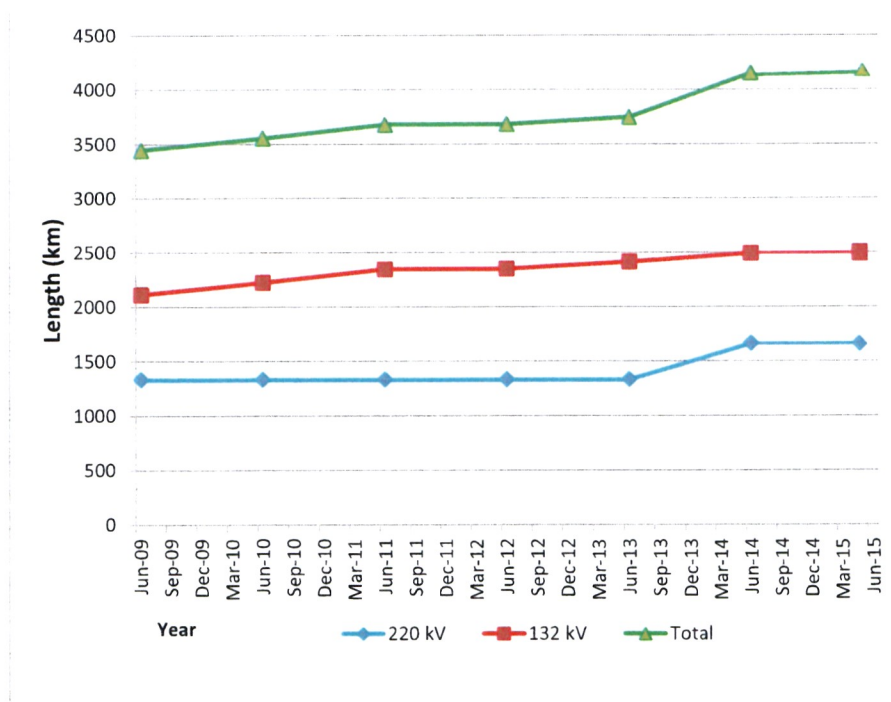
TABLE 1: Length of Completed High Voltage(HV) Transmission Lines (KM)

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

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

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

Figure 1: Length of Completed High Voltage Transmission Lines: 2009 - 2015



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

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

KETRACO is currently implementing various priority projects totaling about 5,000km of transmission lines comprising of: approximately 2,000km of 132kV, 600km of 220kV and 1,800km of 400kV AC lines as well as 612km of 500kV HVDC line geared to be completed between 2014 and 2017. The estimated

investment requirements for this expansion is US\$ 2.5billion at current prices. These projects are in line with the 2nd Medium Term Plan 2013-2017 of the Kenya Vision 2030. It is projected that by 2030, KETRACO will develop about 11,230km of new high voltage transmission lines at an estimated present value cost of US\$ 3.55billion.

PROJECTS IMPLEMENTATION

During the financial year under review, KETRACO made significant progress in construction works of the following transmission projects:

- i. 482km 400/220kV Mombasa-Nairobi;
- ii. 354km 132kV Kenya Electricity Expansion Programme (KEEP): comprising;- Kindaruma-Mwingi-Garissa, Eldoret - Kitale and Kisii -Awendo lines and associated substations;
- iii. 431km 132kV Kenya Power Transmission System Improvement Project (KPTSIP): comprising:- Ishiara - Kieni; Nanyuki-Nyahururu; Lessos -Kabarnet; Olkaria-Narok; Sotik-Bomet; and Mwingi-Kitui-Wote-Sultan Hamud lines and associated substations;
- iv. 100km 400kV Nairobi Ring: comprising:-



Garsen SubStation

- Suswa-Isinya transmission line and substations at Isinya, Athi River, Ngong' and Koma Rock and extension of Dandora substation;
- v. 25km 220kV Olkaria I-Suswa and 18km 220kV Olkaria IV-Suswa lines, which are implemented through KenGen;
 - vi. 96km 132kV Meru-Isiolo-Nanyuki and associated substations;
 - vii. 127km 400kV Lessos-Tororo (Kenya-Uganda interconnector);
 - viii. 153km 132kV Machakos-Konza-Kajiado-Namanga;
 - ix. 90km 220kV Turkwel-Ortum-Kitale; and
 - x. 13km 132kV Menengai-Soilo.

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

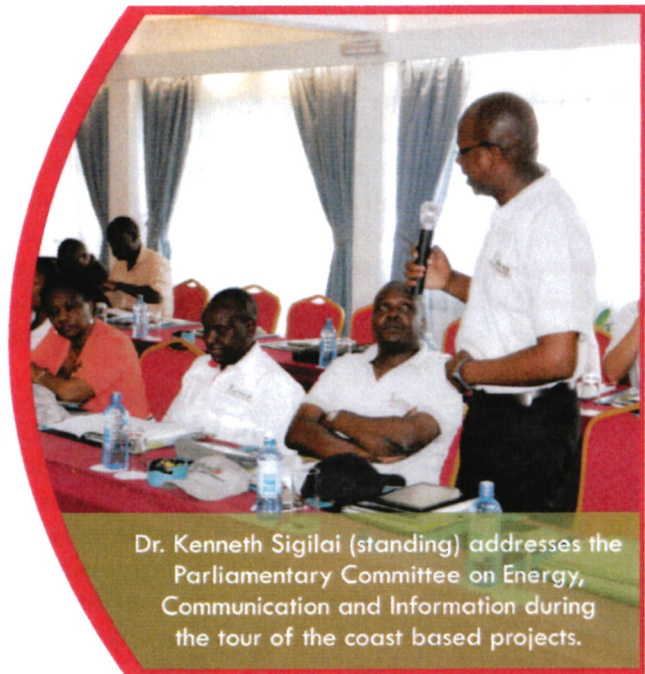
- i. 430km 400kV Loiyangalani-Suswa;
- ii. 300km, 400/220kV Olkaria-Lessos-Kisumu double circuit line and substation works at Olkaria, Lessos and Kisumu; and
- iii. 612km 500kV HVDC Eastern Electricity Highway (Ethiopia-Kenya Interconnector) bipolar line with DC/AC convertor substation and 400/220kV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

Procurement of consultants and EPC contractors for the following projects was started:

- i. 620km 400kV Lamu-Kitui-Nairobi East double circuit line;



Planning & Development staff are trained on the new ERP System that will automate processes.



Dr. Kenneth Sigilai (standing) addresses the Parliamentary Committee on Energy, Communication and Information during the tour of the coast based projects.

- ii. 400/220 kV Mariakani substation; and
- iii. 94km 400kV Kenya-Tanzania Interconnector.

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

- i. 25km 400kV Menengai-Rongai;
- ii. 150km 400kV Silali-Rongai;
- iii. 50km 400kV Dongo Kundu-Mariakani; and
- iv. 110km 400kV Isinya-Nairobi East.

The Company also completed feasibility studies for 36 new power transmission projects for various voltage levels spanning across the Country for future investment.

The projects under implementation fall into four broad categories based on their specific objectives, namely:

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

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

I. System Strengthening Projects

The System Strengthening/Capacity Enhancement projects will improve transfer capacity of electrical energy and address the challenge of low voltages, high transmission losses, unreliability of supply and network security. This category of projects includes the following:-

482km 400/220kV Mombasa-Nairobi Line

This is a 482km 400/220kV double circuit line from Rabai substation to Embakasi, with a power capacity of 1,500MW. It aims at increasing the transfer capacity for power and evacuating excess supply at the Coast Region for transmission to demand centres in Nairobi and the rest of the Country. Construction of the line commenced in December 2010 and currently tower erection, conductor stringing and substation works are on-going. The section between Rabai and Tsavo River (Lot 1) is completed and overall project completion is at 93%.

This key project was planned for completion during the period under review. However, implementation was severely hampered by wayleave challenges. These challenges were continuously addressed and several consultative meetings were held with County and community leaders. The project is expected to be completed by June 2016.

Once completed, the project will reduce the high transmission losses and facilitate reliable power supply to Nairobi and surrounding Counties as well as improve electricity access. This transmission line will also facilitate efficient transportation of both goods and passengers by providing electricity for powering electric trains along the forthcoming Mombasa-Nairobi standard gauge railway (SGR).

Nairobi Ring and Associated Substations

This project involves construction of a 100km, 400kV

double circuit line from Suswa substation to Isinya substation rated at 1,700MW, 40km 220kV Suswa–Ngong line and two 400/220kV substations at Suswa and Isinya, as well as Ngong, Athi River and Komarock 220kV substations. The project is being financed by AFD, EIB and Government of Kenya (GoK) at a total cost of Kshs.16.9 billion.

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

Construction of Suswa Substation was completed during the year. Other progress achieved include the completion of engineering design, construction of tower foundations, erection of towers and Athi River, Isinya and Ngong substations civil works were started. The Suswa-Isinya line and Suswa substation are expected to be commissioned in April 2016. Athi River and Isinya substations will be completed by July 2016 while Ngong' and Komarock will be completed by July 2017.

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

This project involves construction of a 300km 400kV double circuit transmission line from Olkaria



ERP implementation team with INDRA consultants during a systems implementation training led by Chief Manager ICT Mumbua Giati (back row left)



(2nd L) Dir Patience Nyaoga, (3rd L) Dr. Kenneth Sigilai and (3rd R) Dir. Joakim Kamere inspect the Kitale substation

Geothermal Power Plant to Lessos, a 220kV double circuit line from Lessos to Kisumu, a new 200kV substation in Kisumu and extension of the existing Olkaria and Lessos substations (Olkaria-Lessos with a rating of 1,200MW and Lessos-Kisumu with a rating of 500MW).

The Olkaria-Lessos-Kisumu project will help strengthen the link between the South Rift, where there exists massive geothermal potential and western parts of the grid where demand is fast growing. The Lessos substation upgrade, will provide a strong link for power export/import to/from neighbouring countries.

The project is funded by JICA and GoK at a total cost of Kshs.13.2 billion and is expected to be completed in 2017/18. In the year under review, three EPC contractors were procured, affected land parcels were published in the dailies through the National Land Commission (NLC) and validation of structures was completed for the entire line.

Mariakani 400/220kV Substation

The project involves the construction of a 4x200MVA substation. The projected cost is Kshs. 2.7 billion and is funded by AfDB.

Procurement of the contractor is at an advanced stage with the Bank having issued a “No Objection”.

Ethiopia –Kenya Reinforcement

The project involves the construction of a 2x450MVA substation at Isinya and capacitor banks at Athi River

and Nairobi North. The project is funded by the World Bank and the expected cost is Kshs. 4.5 billion. Construction is in progress and commissioning expected in August 2016.

II. Power Evacuation Projects

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

430km 400kV Loiyangalani-Suswa Line

The project entails construction of a 430km 400kV double circuit line, that will evacuate electricity from the 300MW Lake Turkana Wind Power Plant in Loiyangalani to Suswa substation. At 1,300MW rating, it will have sufficient capacity to evacuate power from the future power plants to be located in the geothermal fields along the Rift and wind farms in Northern Kenya (Marsabit).

The total cost of the line is Kshs.16.5 billion and is funded by the Spanish Government at Kshs.12 billion and the Government of Kenya at Kshs.4.5 billion. In the year under review, valuation of structures and land were completed and land gazetted by the National Land Commission. Construction of the line and substation is ongoing and commissioning expected in October 2016.

2 No. 25km 220kV Olkaria- Suswa Line

This project involves construction of two 25km 220kV

double circuit lines from the new 280MW Olkaria IV & I. and Additional Unit Geothermal Power plants to Suswa substation. The combined line capacity is 1,000MW and has been financed by JICA, AFD, EIB and GoK at a cost of Kshs. 0.9 billion. The contractor for the line is KEC International (India) with SKM as the engineering consultants. This project is implemented through KenGen. Construction of transmission lines is nearly complete with only a few towers pending due to wayleave challenges.

Projects Under 5,000+MW Fast Tracked Generation

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

13km 132kV Menengai-Soilo

The project is a 13km 132kV double circuit line with a 220/132kV –200MVA substation at Soilo. The project is fully financed by GoK at an estimated cost of Kshs. 0.8 billion. Once complete, the project will provide infrastructure to evacuate power from the 90MW Menengai Geothermal Power Plant. The EPC contract was awarded and construction commenced. Land valuation was completed and necessary approvals obtained with both ESIA and RAP completed. Construction is on-going and the target completion date is April 2016.

30km 400kV Menengai-Rongai

This consists of a 400kV double circuit line with

400/220kV-200MVA substations at Menengai and Rongai. The project is targeted at evacuating power from the 400MW Menengai Geothermal field. In the year under review, engagements with NEMA were undertaken on licensing of the Rongai substation, line route selection was completed and bidding documents were prepared.

150km 400kV Silali-Rongai

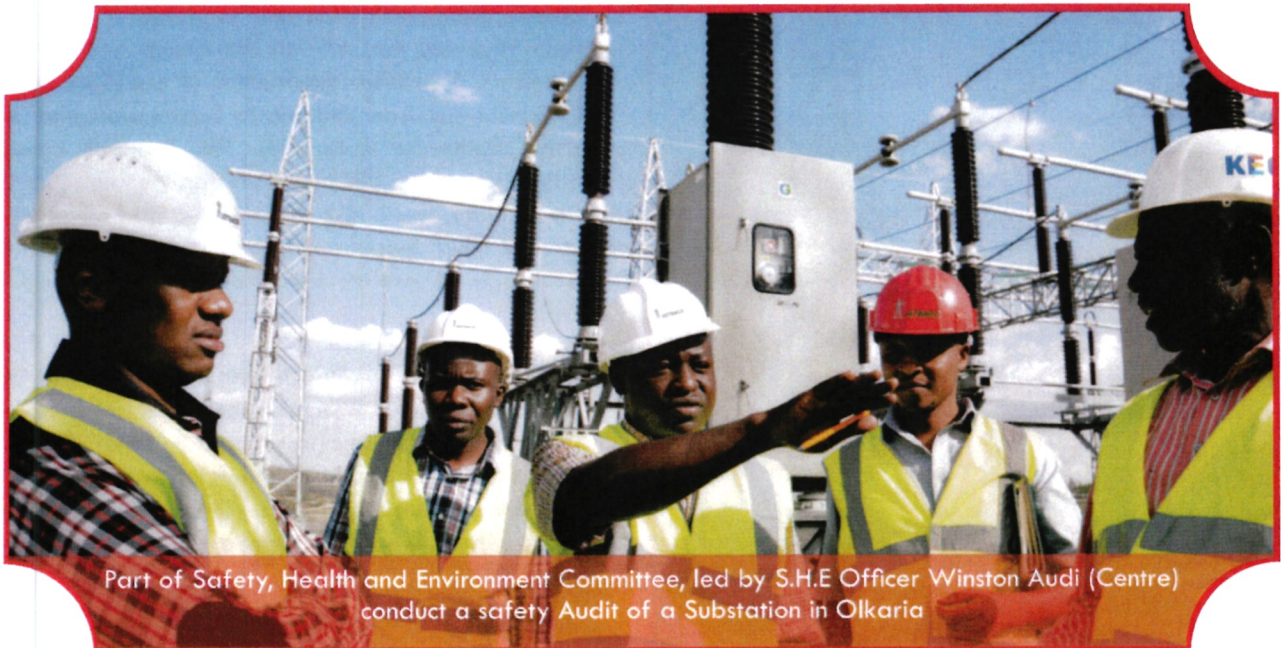
This consists of a 400kV double circuit transmission line with 400/11kV 350MVA substation at Silali. It targets to evacuate power from the 200MW Silali geothermal field. Preliminary valuation report and ground verification report was approved in the year under review.

50km 400kV Dongo Kundu-Mariakani

The project involves construction of a 400kV double circuit transmission line from Dongo Kundu to Mariakani substation for power evacuation from Dongo Kundu 700MW LNG plant. The survey consultants submitted a preliminary report for approval.

520km 400kV Lamu-Kitui-Nairobi East

The project involves construction of a 400kV double circuit transmission line from Lamu through Kitui to Nairobi East as well as a 400kV substation in Kitui. The objective is to evacuate power from the 960MW Kitui and 960MW Lamu Coal Power plants. In the year under review, an Engineering Supervision Consultant was procured and the procurement of EPC and financing contractor was commenced. The valuation of structures is ongoing.



Part of Safety, Health and Environment Committee, led by S.H.E Officer Winston Audi (Centre) conduct a safety Audit of a Substation in Olkaria

75km 400kV Isinya-Nairobi East

This involves construction of a 400kV double circuit line with a 400/220kV–350MVA substation at Nairobi East. The objective is to provide an alternative path for additional capacity. Collection of cadastral data is ongoing.

III. Regional Interconnection Projects

In order to facilitate regional power trade, KETRACO continued to collaborate with regional power utilities and organizations in the spirit of economic integration. In order to enhance regional power integration, the Company is implementing the following regional power interconnection projects with neighbouring countries:

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

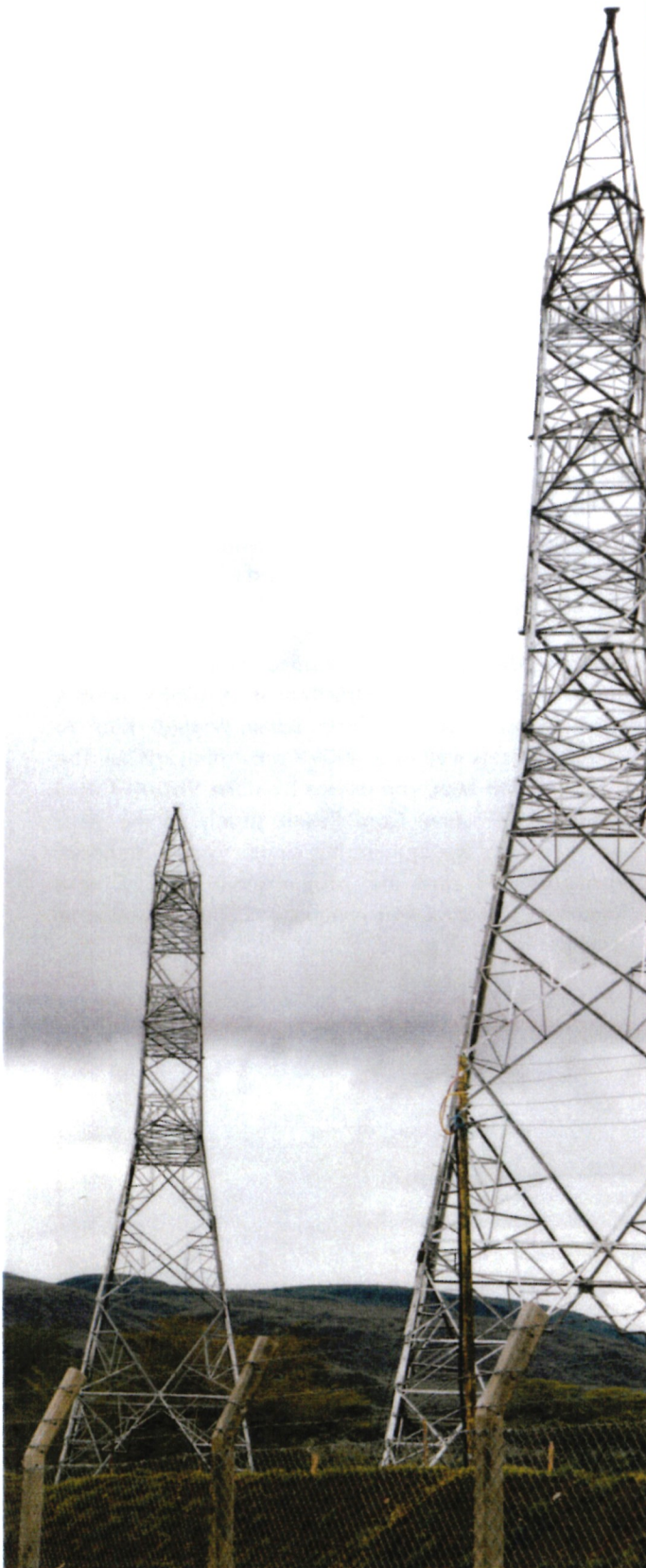
This project involves construction of 127km 400kV double circuit line from Lessos substation in Kenya to Tororo in Uganda with a capacity of 1,200MW. The project is part of the electricity network that will link Kenya to Uganda, Rwanda, Burundi and Eastern part of Democratic Republic of Congo under the Nile Equatorial Lakes Subsidiary Action Programme (NELSAP) and is funded by AfDB and GoK at a cost of Kshs. 4.9 billion. It will provide an avenue for power trade besides providing grid stability within the region.

In the year under review, compensation for crops, land and structures continued while construction of the Lessos substation, tower foundations and erection continued. The project is expected to be completed in January 2017.

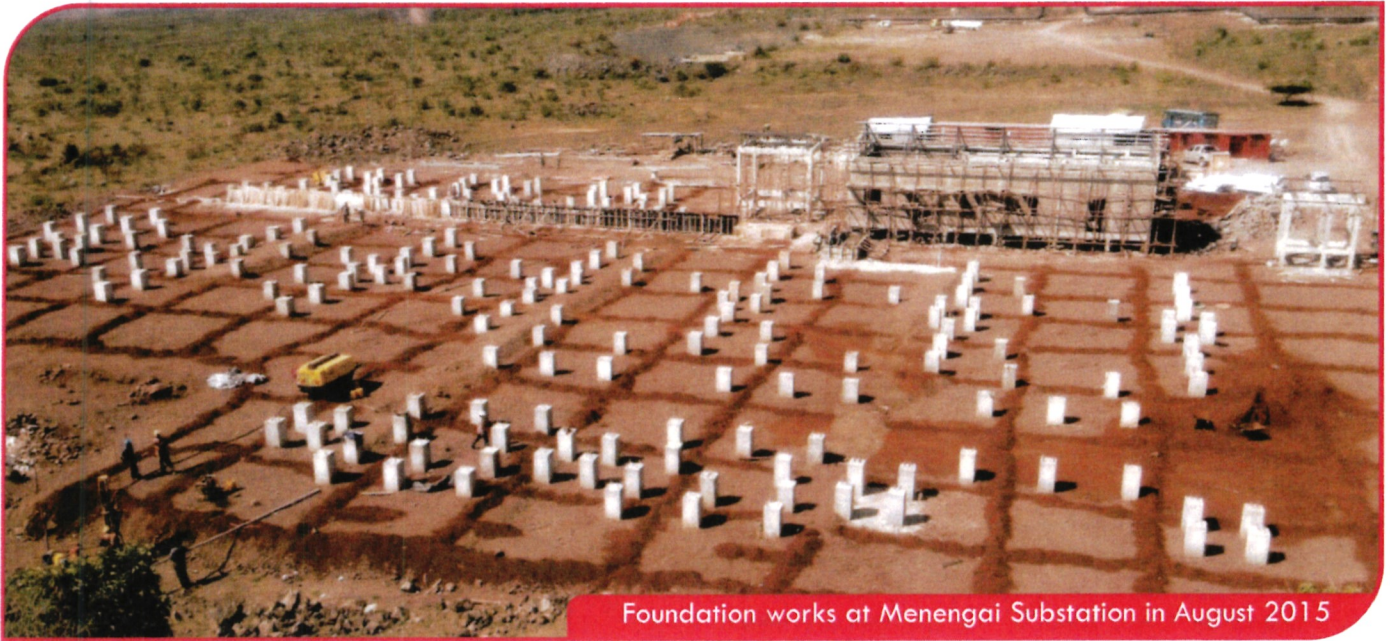
612km Eastern Electricity Highway Project (Ethiopia-Kenya Interconnector)

The Ethiopia-Kenya interconnector (also known as Eastern Electricity Highway Project) will link Kenya and Ethiopia power systems. It involves construction of a 612km 500kV HVDC bipolar line from Ethiopia to Suswa substation and convertor stations at both ends. This line will have a capacity to transfer 2,000MW between the two countries. Once completed, it will also allow Kenya and Ethiopia, as well as the other neighbouring countries, to exploit the diverse range of energy resources available in power generation.

The project is funded by World Bank, AfDB, AFD and GoK at a cost of Kshs.63.2 billion. In the year under review, compensation for structures progressed and National Land Commission issued a Gazette notice on land affected by the project. Procurement of three EPC contractors was completed. The project is expected to be completed in December 2018.



Completed towers at Suswa that will transmit power from the Substation.



Foundation works at Menengai Substation in August 2015

93km 400kV Kenya-Tanzania Interconnector

This project is the Kenyan component of the 2,000km Kenya-Tanzania-Zambia Interconnector that will act as a link to the South African Power Pool providing opportunities for power trade between the Eastern Africa Power Pool (EAPP) and South African Power Pool (SAPP). It entails construction of 93km 400kV double circuit transmission line from Isinya in Kenya to Namanga at the border with Tanzania. During the year under review, prequalification of bidders was completed and procurement of an EPC contractor was started. The project is expected to be completed in February 2018.

IV. Electricity Access Projects

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

(a) Transmission System Expansion projects

96km 132kV Nanyuki-Isiolo-Meru

The project involves construction of the 96km 132kV single circuit line with 73MW rating from the Nanyuki substation to Isiolo and Meru. The project also involves the construction of a new substation at Isiolo and the extension of existing substations at Nanyuki and Meru. The project will provide reliable supply of electricity to Isiolo town proposed as a resort city. It is funded by KCB Bank of Belgium and GoK at a cost of Kshs. 2.5 billion. Construction of the line and substations is in progress and is expected to be completed in June 2016.

100km 132kV Sondu-Homa Bay-Ndhiwa-Awendo

The 100km 132kV single circuit line from Sondu to Homa Bay and Awendo with a rating of 72MW includes a new substation at Homa Bay and extension of Sondu and Awendo substations. It aims at strengthening the existing power network in the southern part of Nyanza and increasing electricity access. The project is estimated to cost Kshs. 2.3 billion with funding from KBC Bank of Belgium and GoK. The project is expected to be completed in 2018.

(b) Kenya Electricity Expansion Programme (KEEP)

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

250km 132kV Kindaruma-Mwingi-Garissa

This involves construction of a 132kV single circuit line from Kindaruma through Mwingi and Tana River Garissa with new substations at Mwingi and Garissa and extension works at the existing Kindaruma substation. Once complete, it will improve supply quality in Mwingi and Tana River and lead to displacement of expensive off-grid diesel generators

in Garissa as well as power evacuation from the proposed Feed-In-Tariff projects in the northern parts of Kenya. Construction of the line and substations is underway and is expected to be completed by May 2016.

60km 132kV Eldoret-Kitale

This entails construction of 132kV single circuit transmission line from Eldoret to Kitale, a new 132/33kV substation at Kitale and an outgoing bay at Eldoret 132kV substation. Construction of the line and substations is underway and is expected to be complete by March 2016.

44km 132kV Kisii-Awendo

This entails construction of a 132kV single circuit transmission line from Kisii to Awendo, a new substation at Awendo and an outgoing bay at Kisii 132kV substation. Construction of the line and substations is underway and is expected to be complete by June 2016.

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

The Company is also implementing the Kenya Power Transmission System Improvement Programme (KPTSIP), which comprises of six lines, discussed below, with a total length of 431km and 14 associated substations. The KPTSIP programme is funded by AfDB and GoK at a total cost of Kshs. 8.1 billion.

The lines will increase electricity access within the counties of Baringo, Laikipia, Narok, Bomet, Kitui, Makueni and Embu and surrounding areas. Availability

of reliable electricity supply will transform the areas into attractive locations for agro-based and general industries, thus going a long way in supporting the devolved governments. The projects comprises of construction of the following lines and associated substations;

- i. 65km 132kV Lessos-Kabarnet line, a new 132/33kV substation at Kabarnet and an outgoing bay at the existing Lessos substation;
- ii. 79km 132kV Nanyuki-Nyahururu (Rumuruti) line, a new 132/33kV substation at Nyahururu and extension of the existing Nanyuki substation;
- iii. 68km 132kV Olkaria-Narok line, a new 132/33kV substation at Narok and an extension of the existing Olkaria substation;
- iv. 33km 132kV Sotik-Bomet line and a new 132/33kV substation at Bomet and Sotik;
- v. 153km 132kV Mwingi-Kitui-Wote-Sultan Hamud line, new 132/33kV substations at Kitui, Wote and Sultan Hamud, and extension of the Mwingi substation and
- vi. 33km 132kV Ishiara-Kieni line, a 132/33kV substation at Kieni and switchgear at Ishiara.

Valuation and payment of compensation for structures and land is underway. Construction of lines and substations is also underway and is expected to be completed by August 2016.

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

The total length of the transmission lines funded by India Exim Bank stands at USD 62 million, and GoK is 243km. These projects are expected to be commissioned in 2016.



Ongoing construction of Athi River Substation

Turkwel – Ortum – Kitale line

This is a 90km 220kV single circuit line from the Turkwel Power Plant to Ortum and Kitale with a rating of 250MW. The project also includes two new substations at Ortum and Kitale and expansion of Turkwel substation. It will provide an alternative power supply path for power generated at Turkwel as well as supply power to the proposed cement plant at Ortum. Construction of the line and substations is underway and is scheduled to be completed by May 2016.

Machakos–Konza–Kajiado–Namanga

This is a 153km 132kV single circuit line from Machakos to Konza, Kajiado and Namanga with a rating of 73MW. The project also includes construction of four (4) new substations in Machakos, Konza, Kajiado and Namanga. It will strengthen the existing power networks in addition to increasing access to electricity in Machakos, Makueni and Kajiado counties and their environs. Construction of the line and substations is underway and is expected to be complete by August 2016

V. Projects Requiring Financing

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

- i. 150km 400kV Silali-Rongai
- ii. 50km 400kV Dongo Kundu-Mariakani
- iii. 520km 400kV Lamu-Kitui-Nairobi East
- iv. 110km 400kV Isinya-Nairobi East
- v. 50km 132kV Meru-Maua line with 132/33kV 7.5MVA substation at Maua at an estimated to cost Kshs 1.4 billion.
- vi. 148km 132kV Rumuruti-Maralal single circuit line, 132/33kV 7.5MVA substation at Maralal and extension of Nyahururu substation and estimated to cost Kshs 2.1 billion.
- vii. 50km 132kV Awendo-Isabenia single circuit line with a 132/33kV 23MVA substation at Isabenia and extension of Awendo substation estimated to cost Kshs. 1.4 billion.
- viii. 240km 220kV Garsen-Hola-Bura-Garissa single circuit line with substations at Hola and Bura and extension of Garsen and Garissa substations. The estimated cost is Kshs. 4.2 billion.

- ix. 60km 132kV Galu-LungaLunga single circuit line with a 132/33kV 23MVA substation at LungaLunga and extension of Galu substation. The estimated cost is Kshs. 1.6 billion.
- x. 40km 132kV Ishiara-Chogoria single circuit line with a 132/33kV substation at Chogoria and extension of Ishiara substation. The estimated cost is Kshs. 1.3 billion.
- xi. 330km 220kV Garissa-Habaswen-Wajir single circuit line with substations at Wajir and Habaswen and extension of Garissa substation. The estimated cost is Kshs. 7.3 billion.
- xii. 107km 132kV Voi-Taveta single circuit line with a 132/33kV substation at Taveta. The estimated cost is Kshs. 2.6 billion;
- xiii. 60km 132kV Rabai-Bamburi-Kilifi double circuit line from Rabai to Bamburi, 132kV single circuit line to Kilifi, 132kV bays at



Rabai, and two substations at Bamburi and Mtwapa. The estimated cost is Kshs. 2.7 billion.

- xiv. 40km 220kV Suswa-Ngong line which is estimated to cost Kshs. 2.1 billion;
- xv. 111km 132kV Kabarnet-Nyahururu (Rumuruti) line and substation extension that is estimated to cost Kshs. 1.9 billion.
- xvi. 88km 132kV Narok-Bomet line and substation extensions expected to cost Kshs 1.7 billion.

VI. Projects Under Feasibility Studies

The Company procured consultants to undertake feasibility studies on proposed infrastructure that would address the existing weak system by reinforcing the grid in specific areas so as to improve supply quality and increase access in various parts of the Country. The studies were all completed and included feasibility studies for the following lines:

- i. 70km 220kV Kisumu-Kakamega-Musaga double circuit line and a substation at Kakamega.
- ii. 73km 132kV Webuye-Kimilili-Kitale line, establishment of substations at Webuye and Kimilili and extension of Kitale substation.
- iii. 25km 132kV Kakamega-Kaimosi transmission line and establishment of a substation at Kaimosi.
- iv. 48km 132kV Sotik-Kilgoris transmission line and a new substation at Kilgoris.
- v. 38km 400kV Isinya-Konza double circuit line



NARI consortium gets contract to construct Mariakani substation.



Control Room at Suswa Sub-Station

- with a substation at Konza that will link Konza ICT city to the 400kV grid and the generation stations in Olkaria, Menengai and beyond;
- vi. 205km 400kV Longonot-Thika-Kangundo-Konza double circuit line with substations at Longonot, Thika, Kangundo and Konza that will complete the 400kV Nairobi Ring, currently under construction, by providing reliability through N-1 security.
- vii. 196km 220kV Kamburu-Embu (Kutus)-Thika line and extension of substations at Kamburu, Embu, Kiganjo and Thika;
- viii. 144km 132kV Kitui-Mutomo-Kibwezi line and establishment of substations at Kitui, Mutomo and Kibwezi;
- ix. 84km, 132kV Ngong-Magadi line and a substation at Magadi;
- x. Establishment of 132/33kV substation at Uplands;
- xi. 15km 132kV Galu T off-Likoni and establishment of substation at Likoni;
- xii. 235km Rongai-Kilgoris 400kV line with substations at Rongai and Kilgoris and offers possibility for interconnection with Tanzania to complete the Lake Victoria Ring;
- xiii. 41km 132kV Myanga-Busia line with substations at Myanga and Busia;
- xiv. 72km 132kV Rangala-Bondo-Ndigwa line and establishment of substations at Bondo and Ndigwa;
- xv. 72km 132kV HomaBay-Sindo line with a substation at Sindo;
- xvi. 72km 132kV Ndhiwa-Karungo Bay line with extensions of substations at Ndhiwa and Karungo;
- xvii. 288km 220kV Kiambere-Maua-Isiolo line

- xvii. 288km 220kV Kiambere-Maua-Isiolo line with 220/132kV substations at Maua and Isiolo;
- xviii. 152km 220kV Isiolo-Maralal line as an alternative for power evacuation from future wind and solar sites;
- xix. 306km 220kV Isiolo-Marsabit line with extension of substations at Isiolo and Marsabit;
- xx. 188km 400kV Loiyangalani-Marsabit line with a substation at Marsabit that will facilitate harnessing fully the potential of wind generation resource in northern Kenya;
- xxi. 228km 220kV Turkwel-Lodwar-Lokichogio line and establishment of substations at Turkwel, Lodwar and Lokichogio.

OTHER ACHIEVEMENTS

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

Human Resource Development

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

To enable the Company effectively discharge its mandate, recruitment, hiring and placement of staff was intensified: additional staff joined the Company on both permanent and contract terms leading to an increase in staff complement to 335 at the close of the year. The Company ensured diversity in human resources management and gender mainstreaming was considered during recruitment and appointment.

The Gender Mainstreaming Policy was continually implemented and a Gender-Based Violence Policy was developed. Employees were also sensitized on gender issues. In addition, Disability Mainstreaming Policy was developed and persons with disability were given equal opportunity during recruitment.



CS MoEP Charles Keter (L) is welcomed by KETRACO Chairman Dr. Sigilai (R) and Ag. MD FCPA Barasa (centre) during his first visit to KETRACO

Automation of Operations

The Company remains committed to building and investing in a world-class ICT-enabled infrastructure in order to enhance its operations and service delivery. On-going transmission line projects have been equipped with Optical Ground Wire (OPGW) to facilitate use of Supervisory Control & Data Acquisition and Energy Management Systems (SCADA/EMS) for communication and data exchange. A network upgrade and expansion project was implemented. In order to develop an integrated management information system, INDRA consultants were contracted to install an Enterprise Resource Planning (ERP) system. The ERP system is expected to facilitate and streamline the flow of information between all business functions within the organization resulting in improved service delivery. The project will be completed in the next financial year.

Performance Management

Performance management is critical in an organization aspiring for growth, and during the year under review, the Performance Management Training, Design and Implementation of Best Tools consultant finalised work and all staff in the Company signed performance contracts. The Performance Contract between the Board and Government for the period 2014/2015 was executed and successfully implemented. I am pleased to report that during the annual performance evaluation the Company's achievement was rated "Very Good" with a composite score of 2.9574.

ISO Certification

During the period under review, a Surveillance Audit was conducted by KEBS. Use of ISO QMS automation software continued.

Youth and Women Empowerment

In line with the current Government Policy of empowering Youth and Women in the Country, the Company was at the forefront in implementing the policy. 51 college students were offered placement in the Company for industrial attachment. Further, out of the total annual procurement budget of Kshs. 125 million for general supplies including office consumables and stationery, approximately Kshs. 38 million was awarded to groups/enterprises owned by youth, women and persons living with disabilities and registered by The National Treasury.

Environmental Sustainability

Environmental protection and conservation remained a top priority for the Company and several initiatives were undertaken towards this noble objective.

Community and staff members were sensitized on environmental conservation and over 5,000 awareness brochures were distributed in all on-going projects areas. In collaboration with relevant stakeholders over 10,000 trees were planted and approximately 2,000 trees seedlings were distributed in Marsabit. Collaboration with NEMA and Kenya Forest Service was maintained while undertaking Environment & Social Impact Assessment studies and route surveys for all new projects.

Corporate Social Responsibility

Guided by the principles of a responsible corporate citizen, the Company remains committed to engagement with local communities in project affected areas, general public, sector partners and other stakeholders aiming at cultivating their goodwill, cooperation and amicable association. In this regard, KETRACO ensured that all projects are implemented through a consultative process with stakeholders right from the initial project planning to commissioning. The Company further ensured that its operations were carried out observing professional and humane practices taking into account that construction of transmission lines involve acquisition of land for substations and wayleaves access for the lines. This necessitates compensation and at times resettlement of the Projects Affected Persons (PAPs) and the need to expedite the process speedily. Guided by its Corporate Social Responsibility Policy the Company actively participated in several engagements with various stakeholders.

GRATITUDE

I take this great opportunity to sincerely thank the Government, development partners, consultants, contractors, project affected persons, management and staff and all our stakeholders, for their continued co-operation and support during the year 2014/2015. None of the success achieved would have been possible without the contribution from each of the stakeholders. With your continued teamwork and cooperation, the Company remains focused towards provision of quality, reliable, safe and secure power supply in order to support the national development agenda.



FCPA. FERNANDES O. BARASA
AG. MANAGING DIRECTOR

24th February, 2016

RIPOTI YA MKURUGENZI MKUU YA MWAKA ULIOISHIA JUNI 30TH 2015

**FCPA Fernandes O. Barasa – Mkurugenzi Mkuu
Kaimu**

MAPITIO

Katika kipindi cha miaka sita iliyopita Kampuni hii, Kenya Electricity Transmission Company Limited (KETRACO), imepata mafanikio muhimu katika sekta ya usambazaji umeme kwa taifa. Kampuni imefanikiwa kumaliza laini kadhaa ya usambazaji ya umeme wa volteji ya juu na pia imeanza ujenzi wa laini mbalimbali muhimu ya usambazaji. Hivi sasa kampuni inatekeleza miradi ya kipaumbele ya juu ya jumla ya laini ya usambazaji ya kilomita 5,000 na miunganisho ya nguvu ya mikanda ya volteji ya ngazi mbalimbali inatarajiwa kukamilika katika kipindi cha miaka 3-4 ijayo.

Kampuni pia imeweza kujiimarisha katika sekta ya nishati kupitia mipango kabambe ya kuboresha uwezo wa wafanyakazi, mifumo ya utendaji na miundo, ushirikiano mzuri na wadau wa maendeleo na makampuni yanayoheshimika ya nishati yanayoendelea kwa kujihusisha na wananchi katika maeneo ya miradi nchini kote.

Lengo kuu ni kushupaza na kupanua kitaifa usambazaji wa nguvu katika gridi ya taifa ili kuongeza ubora, kuaminika na usalama wa ugavi wa umeme nchini pamoja na kuongeza upatikanaji wa umeme na kupunguza gharama za usambazaji. Kwa hiyo, Kampuni inaendelea jukumu lake badilifu katika uchumi kama ilivyotakiwa na Serikali ya Kenya.

Hivyo basi ni furaha yangu kuwasilisha maelezo ya jumla ya utendaji wa kampuni ya KETRACO kwa ajili ya mwaka wa fedha uliomalizika Juni 2015. Kampuni ilipata mafanikio makubwa katika utekelezaji wa miradi mbalimbali ya usambazaji umeme huku ikikusudia kutekeleza miradi mingine mipya. Kampuni pia imepata mafanikio makubwa katika maeneo mengine yakiwemo kupitia upya wa mifumo ya utoaji wa huduma, miundo na sera, usimamizi wa hatari, kuimarisha uwezo wa rasilimali watu, mazingira mazuri ya kazi, kuimarisha miundombinu ya TEHAMA, mapitio ya kitaasisi, taratibu za kisheria na kupitia upya mipango ya uendeleshaji wa nguvu ya muda mrefu na ya wastani.

Katika mwaka wa fedha 2014/2015, maendeleo mbalimbali yalifanyika katika sekta ya nishati yaliyotia msukumo katika uendeshaji wa Kampuni. Serikali iliendelea na utekelezaji wa kina wa mpango wa 5,000 + MW na mfanikio mkubwa ulikuwa uagizishaji wa 280MW ya umeme katika vituo vya Olkaria I na IV vya KenGen. KETRACO iliipa mpango kali kwa kutekeleza laini za usambazaji wa umeme huu na kufanya mipango na kazi za msingi kwa miundombinu ya usambazaji uliyotakikana ili kuokoa nishati kwa vituo mbalimbali.

Marekebisho ya Sera ya Nishati ili kulainisha shughuli za sekta ya nishati na Katiba ya Kenya ya mwaka wa 2010 imeendelea vizuri sana. Lahmeyer International, washauri wanaohusika kuifanya *Power Generation and Transmission Master Plan* iliendelea na utafiti na tayari imetayarisha mpango wa muda wa kati (MTP) kwa kipindi cha 2014 - 2019. Uendelezaji wa ripoti ya MTP ya kipindi cha 2015-2020 pia umekamilika kupitia jitihada za pamoja miongoni mwa washirika wote wa sekta ya umeme.

Mbali na upanuzi na uimarishaji wa miundombinu ya mtandao ya usambazaji nguvu katika taifa, juhudi za Kampuni zilipata changamoto ya nafasi ya laini katika mwaka huo. Miradi muhimu iliyokusudiwa kukamilika kama vile Mombasa-Nairobi na Nairobi Ring ziliathiriwa, hivyo hakuna laini zilizokamilika katika kipindi hicho.

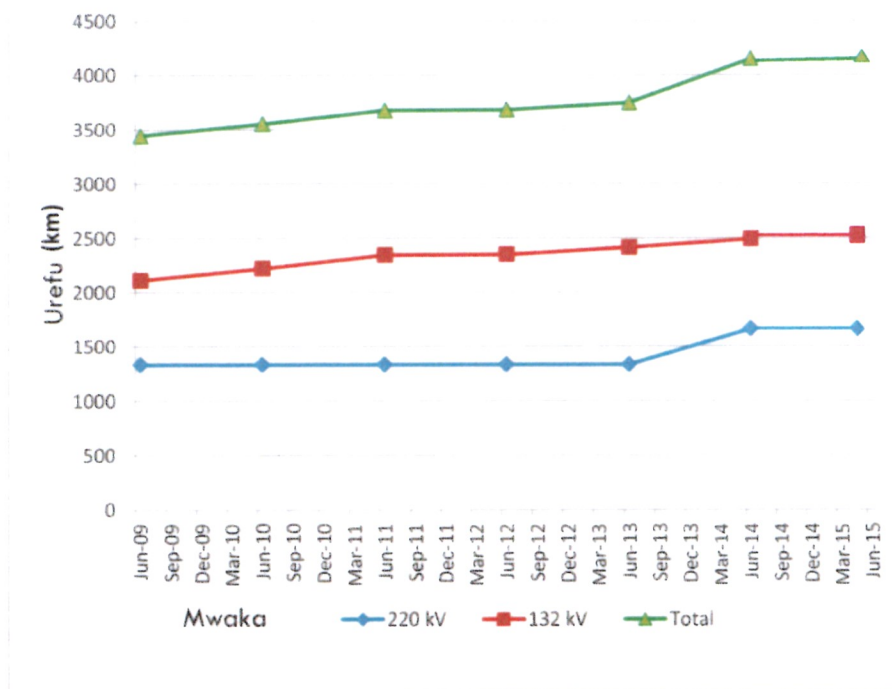
Hata hivyo, changamoto ziliendelea kushughulikiwa na mikutano kadhaa ya ushauriano kufanyika na viongozi wa kata na jamii na miradi unatarajiwa kukamilika katika mwaka wa fedha wa 2015/2016. Tangu kuanzishwa kwa Kampuni tumefanikiwa kumaliza miradi ya urefu wa kilomita 756.5 za uwezo wa 132 kV na 220kV kama ilivyoainishwa katika Jedwali 1.

Jedwali 1: Urefu wa miradi iliyokamilika (Km)

	Mradi	Urefu (KM)	Siku ya kukamilika
1	Sondu Miriu-Kisumu 132kV	50	Julai 2007
2	Chemosit-Kisii 132kV	62	Mechi 2010
3	Rabai-Galu 132kV	48	Mechi 2010
4	Kamburu-Meru 132kV	122	Septemba 2010
5	Sang'oro-Sondu 132kV	5	Juni 2012
6	Mumias-Rangala 132kV line	34	Julai 2012
7	Thika-Gatundu (Nyaga) 132kV	30	Juni 2013
8	Kilimambogo-Thika-Githambo 132kV	77	Novemba 2013
9	Rabai-Malindi-Garsen-Lamu 220kV	328.5	Mechi 2014
	Urefu kwa Ujumla (Km)	756.5	

*Laini ya Sondu Miriu-Kisumu ilitokelezwa kupitia KenGen na kukabidhiwa kwa KETRACO.

Kielelezo 1: Urefu wa miradi ya nyaya kubwa (HV) iliyokamilika: 2009-2015



Nyongeza mpya ya miundombinu ya usambazaji imechangia maendeleo ya kisasa na gridi imara nchini ambayo imesababisha maendeleo katika ubora wa kuegemea kwa ugavi katika maeneo yenye matatizo makubwa ya upungufu wa umeme. Tukizingatia mipango ya kukuza Kampuni, miundombinu ya maendeleo iliyopangwa kueneza ufanisi na kupanua usambazaji umeme tunaamini KETRACO itakuwa na umuhimu mkubwa kwa sekta ya umeme nchini na hata Afrika Mashariki.

Mradi wa Maendeleo kwa Gharama ya Chini Kabisa wa 2013-2033 (Least Cost Power Development plan 2013-2033), Mradi wa Miaka Kumi ya Upanuzi wa Nguvu za Umeme wa 2014-2024 (10 year Power Expansion plan) na Mradi wa Miaka Tano ya Upanuzi wa Nguvu za Umeme wa 2015-2020 (5 Medium Term Plan 2015-2020), yameitambua na kuipa kipaumbele miradi ya usambazaji wa umeme ili kuendeleza malengo ya kitaifa katika sekta ya umeme. Laini, vituo, na miradi ya kikanda iliyotambuliwa na kutengwa yako katika hatua mbalimbali za utekelezaji.

Kwa sasa, KETRACO inatekeleza miradi mbalimbali iliyopewa kipaumbele kwa ujumla wa takriban kilomita 5,000, ya laini za usambazaji ambayo inahusu takriban laini za kilomita 2,000 ya uwezo wa 132kV, kilomita 600 ya uwezo wa 220kV na kilomita 1,800 ya uwezo wa 400kV AC na vilevile kilomita 612 ya laini ya uwezo wa 500 kV HVDC kati ya 2014 na 2017. Inakadiriwa uwekezaji mahitaji kwa ajili ya upanuzi

huu utagarimu US \$2.5 billioni kwa bei ya sasa. Miradi hii ni sambamba na Mpango wa Pili wa Kati 2013-2017 (2nd Medium Term Plan 2013-2017) ya Kenya Vision 2030. Inakadiriwa kuwa ifikapo mwaka 2030, KETRACO itaendeleza takriban kilomita 11,230 mpya ya laini za volteji za juu katika makadirio ya thamani ya sasa kwa gharama ya US \$3.55 billioni.

UTEKELEZAJI WA MIRADI

Katika mwaka wa fedha wa ukaguzi, KETRACO ilikuwa na mafanikio makubwa katika kazi ya ujenzi wa miradi ya usambazaji ifuatayo;

- i. Laini ya kusambaza umeme na vituo ya 482km 400/220kV Mombasa-Nairobi;
- ii. Laini ya kusambaza umeme na vituo ya 354km 132kV ya Mpango wa Upanuzi wa Umeme, Kenya (KEEP): Kindaruma-Mwingi-Garissa, Eldoret-Kitale na Kisii-Awendo yote ambayo ilikabidhiwa kwa makandarasi wa laini na vituo,
- iii. Laini ya kusambaza umeme na vituo ya 431km 132kV Mradi wa Kenya Power wa Uboreshaji wa Mifumo za Usambazaji (KPTSIP): Ishiara-Kieni, Nanyuki-Nyahururu, Lessos-Kabarnet; Olkaria-Narok, Sotik-Bomet, na Mwingi-Kitui-Wote-Sultan Hamud na laini na vituo husika.
- iv. Laini ya kusambaza umeme na vituo ya sabeti mbili ya 100km 400kV Nairobi Ring: Suswa-Isinya na vituo vya Isinya, Athi River, Ngong na Koma Rock na upanuzi wa kituo cha Dandora.
- v. Laini ya kusambaza umeme na vituo ya 25km 220kV Olkaria I-Suswa na 25km 220kV Olkaria IV-Suswa sabeti mbili, ambayo inatekelezwa kupitia KenGen.
- vi. Laini ya kusambaza umeme na vituo ya 96Km 132kV Meru-Isiolo-Nanyuki na vituo husisha.
- vii. Laini ya kusambaza umeme na vituo ya 127km 400kV Lessos-Tororo (Kiunganishi Kenya-Uganda);
- viii. Laini ya kusambaza umeme na vituo ya 153km 132kV Machakos-Konza-Kajiado-Namanga,
- ix. Laini ya kusambaza umeme na vituo ya 90km 220kV Turkwel-Ortum-Kitale,
- x. Laini ya kusambaza umeme na vituo ya 13km 132kV Menengai-Soilo.

Aidha, Kampuni ilianza kazi ya ujenzi wa miradi ifuatayo:

- i. Laini ya kusambaza umeme na vituo ya 430 km 400kV Loiyangalani-Suswa.



Mkurugenzi Grace Ndugu(katikati) asaidia wafanyikazi katika idara ya mawasiliano kupanga meza ya maonyesho katika kongamano la wanawake walio kwenye Bodi.



Msingi wa mnara wa kwanza wa mradi wa Menengai-soilo

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

Ununuzi wa makandarasi na nyaraka za zabuni kwa miradi ifuatayo yalianzishwa:

- i. Laini ya kusambaza umeme na vituo ya 620km 400kV Lamu-Kitui-Nairobi East
- ii. Kituo cha 400/220 kV cha Mariakani
- iii. Laini ya kiunganishi ya 94km 400kV Kenya-Tanzania

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

- i. Laini ya kusambaza umeme na vituo ya 25km 400kV Menengai-Rongai
- ii. Laini ya kusambaza umeme na vituo ya 150km 400kV Silali-Rongai
- iii. Laini ya kusambaza umeme na vituo ya 50km 400kV Dongo Kundu-Mariakani
- iv. Laini ya kusambaza umeme na vituo ya 110km 400kV Isinya-Nairobi East

Kampuni pia ilitekeleza upembuzi yakinifu kwa ajili ya

miradi 36 mpya ya laini za usambazaji wa umeme wa volteji mbali mbali nchini kote kwa ajili ya uwekezaji baadaye. Miradi ya utekelezaji yako katika makundi manne kulingana na malengo yao maalum, yaani:

- Mifumo ya Kuimarisha Miradi;
- Miradi ya Uokoaji wa Nguvu za Umeme,
- Viunganishi vya Eneo; na
- Miradi ya Fursa ya Kufikia Umeme.

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

1. Mifumo ya Kuimarisha Miradi

Miradi ya mfumo ya kuimarisha uwezo wa kukuza na kuboresha uwezo wa uhamisho wa nishati ya umeme yanalenga kukabiliana na changamoto za volteji za chini, hasara kubwa ya usambazaji, ukosaji hakika wa ugavi na usalama wa mtandao. Jamii hii ya miradi ni pamoja na yafuatayo: -

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

Laini hii ni ya 482km 400/220kV saketi mbili kutoka kituo cha Rabai hadi Embakasi yenye uwezo wa 1500MW. Inalenga kuongeza uwezo wa usambazaji wa nguvu za umeme na kusafirishia ugavi ziada kutoka Mkoa wa Pwani hadi vituo vya mahitaji ya juu ya Nairobi na kwengineko nchini. Ujenzi wa laini hii ulianzia Desemba 2010 na sasa kusimamishwa kwa mnara na kamba za kondakta kunaendelea. Sehemu ya kati ya Rabai na Mto Tsavo (Lot 1) umekamilika, na kwa ujumla mradi umekamilika kwa asilimia 93.

Mradi huu ulipangwa kukamilika katika kipindi kilichopita. Lakini, utekelezaji huu uliathirika na changamoto la nafasi ya laini. Changamoto hizi ziliendelea kushughulikiwa na mikutano kadhaa ya ushauriano zilifanyika na viongozi wa kata na jamii. Mradi huu unatarajiwa kukamilika Juni 2016.

Itakapokamilika, mradi utapunguza hasara kubwa inayotokana na usambazaji na kuwezesha uletaji madhubuti wa umeme katika jiji la Nairobi na Wilaya jirani na hata kuboresha upatikanaji wa umeme. Laini hii ya usambazaji pia itawezesha usafirishaji wa bidhaa anuwai na abiria kwa kuwezesha kutumika kwa garimoshi la umeme.

Laini ya kusambaza umeme na vituo husika ya Mzunguko wa Nairobi

Mradi huu unahusu ujenzi wa laini ya 100km 400kV sakti mbili, kutoka kituo cha Suswa hadi kituo cha Isinya, iliyo na uwezo wa 1700MW, laini ya 40 km 220kV ya Suswa-Ngong, vituo viwili vya 400/220kV hapo Suswa na Isinya, na vituo vya Ngong, Athi River na Koma Rock 220kV. Mradi unafadhiliwa na AFD, EIB na Serikali ya Kenya kwa gharama ya shilingi 16.9 bilioni. Mradi wa Mzunguko wa Nairobi utawezesha njia mbadala ya ugavi katika mji mkuu wa Nairobi na kuongeza mabadiliko kwa kuondoa mzigo kutoka vituo zilizo pakia kupita kiasi. Hii itaongeza uegemeshaji kwa umeme na kuboresha ziada za wawekezaji katika kanda hiyo ili kuongeza kasi ya ukuaji na kuvutia ajira. Laini ya Suswa - Isinya itaunganisha gridi kutoka Mkoa wa Pwani hadi sehemu nyengine za Kenya na nchi jirani za Tanzania, Uganda na Ethiopia.

Ujenzi wa kituo cha Suswa ulikamilika katika mwaka unaozingatiwa. Maendeleo mengine yaliyopatikana ni pamoja na kukamilika kwa kubuni uhandisi, ujenzi wa misingi ya mnara, kazi za ujenzi wa mwinuko wa minara na kuanza kwa ujenzi wa vituo vya Athi River, Isinya na Ngong. Laini ya Suswa-Isinya na kituo cha Suswa unatarajiwa kukamilika ifikapo Machi 2016 na Januari 2016 kwa mtiririko huo. Vituo vya Athi River na Isinya vitakuwa vimekamili Julai 2016 wakati Ngong na Komarock itakuwa imekamili Julai 2017.

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

Mradi huu unahusu ujenzi wa laini ya sakti mbili ya 300km 400kV inayosambaza nishati ya mvuke kutoka Olkaria hadi Lessos, sakti mbili ya 220kV kutoka Lessos hadi Kisumu, kituo kipya cha 200kV cha Kisumu na upanuzi wa vituo vya Olkaria na Lessos zilizopo (Olkaria-Lessos ya uwezo wa 1200MW na Lessos Kisumu ya uwezo wa 500MW).

Mradi wa Olkaria-Lessos-Kisumu utasaidia kuimarisha uhusiano kati ya Ufa wa Kusini ambapo kuna nishati yenye uwezo mkubwa na sehemu ya magharibi ya gridi ya taifa ambapo mahitaji yanaongezeka kwa kasi. Kuboreshwa kwa kituo cha Lessos kutasababisha kiungo imara kwa mauzo/kuagiza kwa nguvu za umeme kutoka na kuelekea nchi jirani.

Mradi unafadhiliwa na JICA na Serikali ya Kenya kwa gharama ya shilingi 13.2 bilioni na unatarajiwa kukamilika Desemba 2016. Katika mwaka uliomalizika, makandarasi tatu za EPC zilinunuliwa, vipande vya



KETRACO washirikiana na KFS katika kupanda miti Marsabit



(Katikati) Eng. Samson Akuto na Joel Ombati (Kushoto) apeana muhtasari kuhusu laini ya Turkwel-Ortum-Kitale kwa timu ya Wakurugenzi

ardhi vya walioathirika zilichapishwa katika magazeti kupitia Tume ya Taifa ya Ardhi (NLC) na uthibitisho wa miundo kukamilika kwa laini nzima.

Kituo cha 220/400kV cha Mariakani

Mradi unahusu ujenzi wa kituo cha 4x200MVA Mariakani. Gharama ya makadirio ni shilingi 2.7 bilioni na inafadhiliwa na AfDB. Ununuzi wa mkandarasi upo katika hatua ya juu huku Benki ikitoa idhinisha ya "Hakuna Pingamizi".

Laini ya kuimarisha mfumo wa kusambaza umeme na vituo ya Ethiopia - Kenya

Mradi unahusu ujenzi wa kituo cha 4x200MVA Isinya na benki za "capacitor" huko Athi River na Nairobi Kaskazini. Mradi unafadhiliwa na Benki ya Dunia na inatarajiwa kugharamia shilingi 4.5 bilioni. Ujenzi unaendelea na uagizishaji unatarajiwa kufanyika Agosti 2016.

II. Miradi ya Uokoaji wa Nguvu za Umeme

Kampuni inatekeleza miradi kadhaa inayolenga kuokoa nguvu kutoka viwanda vya uzalishaji mbalimbali ili kuingizwa katika gridi ya taifa. Mafanikio ya miradi kadhaa inayolenga kuokoa nguvu kutoka viwanda yamejadiliwa hapa chini:

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

Mradi huu unahusu ujenzi wa laini ya 430km 400kV ya sakti mbili ambayo itaokoa umeme kutoka kiwanda cha nguvu za upepo cha Ziwa Turkana cha 300MW kilicho Loiyangalani hadi kituo cha Suswa. Ikiwa na uanishaji wa 1300MW, itakuwa na uwezo wa kutosha wa kuokoa nguvu kutoka kwa viwanda vitakavyojengwa siku za usoni zitakazojengwa kwa

nyanja nishati zilizoko katika maeneo ya Bonde la Ufa na mashamba ya upepo ya Kaskazini mwa Kenya (Marsabit).

Gharama ya jumla ya laini ni shilingi 16.5 bilioni na utafadhiliwa na Serikali ya Kihispania kwa shilingi 12 bilioni, na Serikali ya Kenya kwa shilingi 4.5 bilioni. Katika mwaka uliomalizika, hesabu ya miundo na ardhi ilikamilika na tangazo la waliothiriwa iliwekwa katika gazeti la serikali na Tume ya Taifa ya Ardhi. Ujenzi unaendelea na uagizishaji unatarajiwa kufanyika Oktoba 2016.

Laini ya kusambaza umeme na vituo viwili ya 25 km 220kV Olkaria-Suswa

Mradi huu unahusu ujenzi wa laini mbili za sakti mbili za laini ya 25km 220kV kutoka mitambo mpya ya nishati ya 280MW Olkaria IV na l ziada hadi kituo cha Suswa. Laini hii ina uwezo wa 1000MW na inafadhiliwa na JICA, AFD, EIB na Serikali ya Kenya kwa gharama ya shilingi 0.9 bilioni. Mkandarasi wa laini ni KEC International (India) na SKM ni washauri wa uhandisi. Mradi huu unatekelezwa kupitia KenGen. Ujenzi wa laini uko karibu kukamilika na unasubiri minara michache tu kutokana na changamoto za kupata njia za nafasi ya laini.

Mapendekezo ya miradi chini ya 5,000+ MW

Miradi katika mpango huu unaelekezwa kwa kusafirishia umeme yanayotokana na mradi wa 5,000MW zaidi ya miradi mingine inayotekelezwa. Miradi hii ni kama ifuatayo: -

Laini ya kusambaza umeme na vituo ya 13km 132kV Menengai-Soilo

Mradi huu unahusu ujenzi wa laini ya 13km 132kV sakti mbili na 220/132kV-200MVA ya kituo cha Soilo. Mradi unafadhiliwa na Serikali ya Kenya kwa gharama iliyokadiriwa kufika shilingi 0.8 bilioni. Itakapokamilika, mradi huo utatoa miundombinu ya kusafirishia umeme kutoka kiwanda cha nguvu za nishati ya Menengai ya 90MW. Zabuni ya EPC ilituzwa na ujenzi kuanza. Kupima thamani ya ardhi zilikamilika na vibali muhimu kupatikana na ESIA na RAP kukamilika. Ujenzi unaendelea na inalengwa kukamilika Aprili 2016.

Laini ya kusambaza umeme na vituo ya 30km 400kV Menengai-Rongai

Mradi huu unahusu ujenzi wa laini ya 400kV sakti mbili na 400/220kV-200MVA ya vituo vya Menengai na Rongai. Mradi unalenga kusafirishia nguvu kutoka shamba la nishati ya Menengai ya 400MW. Katika mwaka uliokamilika, ushirikiano na NEMA ulifanyika

kuhusu leseni ya kituo cha Rongai, uteuzi wa nafasi ya laini ulikamilika na nyaraka za zabuni zilitayarishwa.

Laini ya kusambaza umeme na vituo ya 150km 400kV Silali-Rongai

Mradi huu unahusu ujenzi wa laini ya 400kV saketi mbili na 400/11 kV 350MVA katika kituo cha Silali. Inalenga kuokoa nguvu kutoka shamba nishati ya Silali ya 200MW. Ripoti ya kwanza ya thamana ya ardhi na ripoti ya uhakiki ardhini ulipitishwa katika mwaka kaguzi.

Laini ya kusambaza umeme na vituo ya 50km 400kV Dongo Kundu-Mariakani

Mradi huu unahusu ujenzi wa laini ya 400kV inayobeba saketi mbili kutoka Dongo Kundu hadi kituo cha Mariakani ili kuokoa nguvu kutoka kiwanda cha Dongo Kundu kilicho na uwezo wa 700MW gesi. Washauri utafiti wamewasilisha ripoti ya awali kwa ajili ya kupitishwa.

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

Mradi unahusu ujenzi wa laini ya 400kV inayobeba saketi mbili kutoka Lamu kupitia Kitui hadi Nairobi Mashariki. Kutakuwa pia na kituo cha 400kV Kitui. Lengo ni kuokoa nguvu kutoka viwanda vya 960MW ya kitui na 960MW ya Lamu la nguvu ya makaa. Katika mwaka husika, Mshauri wa Usimamizi wa Uhandisi alinunuliwa na ununuzi wa EPC na ufadhili mkandarasi ulianza. Hesabu ya miundo inaendelea.

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

Hii unahusu ujenzi wa 400kV saketi mbili na 400/220kV-350MVA kituo cha Nairobi Mashariki. Lengo kuu ni kutoa njia mbadala kwa ajili ya uwezo wa nyongeza. Maandalizi ya nyaraka za zabuni yalifanyika.

III. Viunganishi vya Kieneo

Ili kukuza mbubujiko wa nguvu ya kikanda, KETRACO iliendelea kushirikiana na washika dau wa nguvu za umeme kadhaa ili kuongeza ushirikiano wa kikanda katika eneo hili. Kupitia miradi hii, Kampuni inatekeleza miradi yafuatayo ya uunganishaji wa nguvu za umeme na nchi jirani:

Laini ya kusambaza umeme na vituo ya 127km 400kV Lessos-Tororo (Kiuunganisha Kenya-Uganda)

Mradi huu unahusu ujenzi wa 127km 400 kV saketi mbili kutoka kituo cha Lessos nchini Kenya hadi Tororo nchini

Uganda wenye uwezo wa 1200MW. Mradi utachangia mtandao wa umeme ambao utaunganisha Kenya na Uganda, Rwanda, Burundi na sehemu ya DR Mashariki Congo katika mlango wa Nile Equatorial Lakes Subsidiary Action Programme (NELSAP) na itafadhiliwa na AfDB na Serikali ya Kenya kwa gharama ya shilingi 4.9 bilioni. Itawezesha biashara ya umeme na pia kuwezesha utulivu wa gridi katika kanda la eneo hii.

Katika mwaka unaokaguliwa, fidia kwa ajili ya mazao, ardhi na miundo uliendelea, wakati ujenzi wa kituo cha Lessos, minara misingi na ujenzi kuendelea. Mradi unatarajiwa kukamilika Januari 2017.

Laini ya kusambaza umeme na vituo ya 612km Barabara Kuu ya Umeme ya Afrika Mashariki (Kiuunganishi cha Ethiopia-Kenya)

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

Mradi unafadhiliwa na Benki ya Dunia, AfDB, AFD na Serikali ya Kenya kwa gharama ya shilingi 63.2 bilioni. Katika mwaka husika, fidia kwa ajili ya miundo iliendelea na NLC ilitolesha tangazo katika Gazeti la Serikali kuhusu walioathirika na mradi. Ununuzi wa makandarasi tatu ya EPC imekamilika. Mradi unatarajiwa kukamilika Desemba 2018.

Laini ya kusambaza umeme na vituo ya 93km 400kV (Kiuunganishi cha Kenya-Tanzania)

Mradi huu ni ya ujenzi wa 2,000km ya laini ya Kenya-Tanzania-Zambia iliyo katika mipango ya Hifadhi ya Nguvu ya Afrika Kusini (Southern Africa Power Pod) ili kuimarisha biashara ya nguvu za umeme kati ya Hifadhi ya Nguvu ya Afrika Mashariki (EAPP) na Hifadhi ya nguvu ya Afrika Kusini (SAPP).

Inahusisha ujenzi wa 93km 400kV inayobeba saketi mbili kutoka Isinya nchini Kenya hadi Namanga mpakani na Tanzania.

Katika mwaka husika, uchaguzi wa wazabuni ulikamilika na ununuzi wa mkandarasi wa EPC ulianza. Mradi huu unatarajiwa kukamilika mwezi Februari 2018.

IV. Miradi ya Fursa ya Kufikia Umeme.

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

(a) Miradi ya upanuzi wa mfumo wa usambazaji

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

Mradi huu unahusu ujenzi wa 96km 132kV saketi moja sambamba na 73MW kutoka kituo cha Nanyuki hadi Isiolo na Meru. Mradi pia unahusu ujenzi wa kituo kipya Isiolo na upanuzi wa vituo vilivyopo Nanyuki na Meru. Mradi huu utasambaza umeme unaoaminika kutoka Isiolo, mji uliopendekezwa kama mji wa mapumziko. Mradi unafadhiliwa na KCB Benki Kuu ya Ubelgiji na Serikali ya Kenya kwa gharama ya shilingi 2.5 bilioni. Ujenzi wa laini na vituo unaendelea na unatarajiwa kukamilika mwezi wa Machi mwaka 2016.

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

Huu unahusu laini ya 100km 132kV ya saketi moja kutoka Sondu hadi Homa Bay na Awendo kwa kiwango cha 72MW na ni pamoja na kituo kipya huko Homa Bay na upanuzi wa vituo vya Sondu na Awendo. Inalenga kuimarisha nguvu za mtandao zilizopo Nyanza kusini na kuongeza upatikanaji wa umeme. Mradi huu unakadiriwa kugharimu shilingi 2.3 bilioni na fedha zitatoka benki ya Ubelgiji KBC na Serikali ya Kenya. Mradi unatarajiwa kukamilika mwaka 2018.

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

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

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

Huu unahusu ujenzi wa 132kV ya saketi moja kutoka Kindaruma kupitia Mwingi hadi Garissa na vituo vipya vya Mwingi na Garissa na ugani katika kituo kilichopo

Kindaruma. Itakapomalizwa, itaboresha ugavi huko Mwingi na kusababisha kupungua kwa gharama kubwa ya jenereta zisizo za gridi za huko Garissa pamoja na nguvu ukoaji kutoka miradi ya Feed-in Tariffs iliyopendekezwa katika maeneo ya kaskazini Kenya. Ujenzi wa laini na vituo unaendelea na unatarajiwa kukamilika mwezi Mei mwaka 2016.

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

Hii ni pamoja na ujenzi wa 132kV saketi moja ya laini ya usambazaji umeme kutoka Eldoret hadi Kitale, kituo kipya cha 132/33kV cha Kitale na ghuba ya kuondoka ya Eldoret ya 132kV. Ujenzi wa laini na vituo unaendelea na unatarajiwa kukamilika ifikapo mwezi Machi mwaka 2016.

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

Hii ni pamoja na ujenzi wa 132kV saketi moja ya laini ya usambazaji umeme kutoka Kisii hadi Awendo, kituo kipya Awendo na ghuba ya kuondoka ya Kisii ya 132kV. Ujenzi wa laini na vituo unaendelea na unatarajiwa kukamilika ifikapo mwezi Machi mwaka 2016.

(c) Mpango wa Uboreshaji wa Mfumo wa Upeleleshaji Umeme, Kenya (KPTSIP)

Kampuni pia inatekeleza Mpango wa Uboreshaji wa Mfumo wa Upeleleshaji Umeme, Kenya (KPTSIP), ambayo inajumuisha mistari sita itakayojadiliwa yenye jumla ya urefu wa 431km na vituo 14 husika. Mpango wa KPTSIP unafadhiliwa na AfDB na Serikali ya Kenya kwa gharama ya shilingi 8.1 bilioni.



Katibu wa Kampuni Duncan Macharia (Katikati) apeana zawadi katika tuzo la Energy Management Award ambapo KETRACO ilikuwa moja ya wafadhili.

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

- i. Laini ya kusambaza umeme na vituo ya 65km 132kV Lessos-Kabarnet, kituo kipya cha 132/33kV Kabarnet na ghuba ya kuondoka katika kituo kilichopo Lessos,
- ii. Laini ya kusambaza umeme na vituo ya 79km 132kV Nanyuki-Nyahururu (Rumuruti), kituo kipya cha 132/33kV Nyahururu na upanuzi wa kituo kilichopo Nanyuki,
- iii. Laini ya kusambaza umeme na vituo ya 68km 132kV Olkaria-Narok, kituo kipya cha 132/33kV Narok na upanuzi wa kituo kilichopo Olkaria,
- v. Laini ya kusambaza umeme na vituo ya 33km 132kV Sotik-Bomet na vituo vipya vya 132/33kV Bomet na Sotik,
- v. Laini ya kusambaza umeme na vituo ya 153km 132kV Mwingi-Kitui-Wote-Sultan Hamud, vituo vipya vya 132/33kV Kitui, Wote na Sultan Hamud, na upanuzi wa kituo cha Mwingi,
- vi. Laini ya kusambaza umeme na vituo ya 33km 132kV Ishiara-Kieni, 132/33kV Kieni na kibadili gia huko Ishiara.

Hesabu ya miundo na udhamini wa ardhi inaendelea. Kubuni kwa uhandisi na kupima kumekamilika na kazi za kiraia ya vituo kuanza. Mradi huo unatarajiwa kukamilika ifikapo Agosti mwaka 2016.

d.) Miradi inayofadhiliwa na Benki ya Exim ya India na Serikali ya Kenya:

Urefu wa ujumla wa laini za kusambaza umeme ni 243km na unafadhiliwa na Benki ya Exim India na Serikali ya Kenya kwa Dola milioni 62. Miradi hii inatarajiwa kukamilika mwaka 2016.

Laini ya kusambaza umeme na vituo ya Turkwel-Ortum-Kitale

Mradi huu unahusu ujenzi wa laini ya 90km 220kV ya saketi moja kutoka kiwanda cha umeme cha Turkwel hadi Ortum na Kitale, iliyo na kiwango cha 250MW. Mradi huu ni pamoja na vituo viwili mpya Ortum na Kitale na upanuzi wa kituo cha Turkwel. Itatoa njia mbadala ya umeme inayotoka Turkwel pamoja na

usambazaji wa nishati kwa mapendekezo ya kuchimbua saruji pale Ortum. Ujenzi wa laini unaendelea na mradi unatarajiwa kukamilika ifikapo mwezi wa Aprili mwaka 2016.

Laini ya kusambaza umeme na vituo ya Machakos-Konza-Kajiado-Namanga

Mradi huu unahusu ujenzi wa laini ya 153km 132kV ya saketi moja kutoka Machakos hadi Konza, Kajiado na Namanga ikiwa na kiwango cha 73MW. Mradi ni pamoja na ujenzi wa vituo nne (4) mpya pale Machakos, Konza, Kajiado na Namanga. Itaimarisha nguvu ya mitandao iliyopo pamoja na kuongeza upatikanaji wa umeme pale Wilaya za Machakos, Makueni na Kajiado na mazingira yao. Mradi huu unatarajiwa kukamilika ifikapo mwezi wa Agosti mwaka 2016.

V. Miradi inayohitaji fedha

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

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

kituo cha Suswa



sambamba na vituo pale Hola na Bura na upanuzi wa vituo vya Garsen na Garissa. Makadirio ya gharama ni shilingi 4.2 bilioni

- ix. Laini ya kusambaza umeme na vituo ya 60km 132kV Galu-Lunga Lunga saketi moja sambamba na 132/33kV kituo cha 23MVA cha Lunga Lunga na upanuzi wa kituo cha Galu. Makadirio ya gharama ni shilingi 1.6 bilioni
- x. Laini ya kusambaza umeme na vituo ya 40km 132kV Ishiara-Chogoria saketi moja sambamba na 132/33kV kule Chogoria na upanuzi wa kituo cha Ishiara. Makadirio ya gharama ni shilingi 1.3 bilioni
- xi. Laini ya kusambaza umeme na vituo ya 330km 220kV Garissa-Habaswen-Wajir saketi moja sambamba na vituo vya Wajir na Habaswen na upanuzi wa kituo cha Garissa. Makadirio ya gharama ni shilingi 7.3 bilioni
- xii. Laini ya kusambaza umeme na vituo ya 107km 132kV Voi-Taveta saketi moja sambamba na 132/33kV kule Taveta. Makadirio ya gharama ni shilingi 2.6 bilioni
- xiii. Laini ya kusambaza umeme na vituo ya 60km 132kV Rabai-Bamburi-Kilifi saketi mbili kutoka Rabai hadi Bamburi, 132kV saketi moja wa Kilifi, 132kV ghuba pale Rabai, na vituo viwili pale Bamburi na Mtwapa. Makadirio ya gharama ni shilingi 2.7 bilioni
- xiv. Laini ya kusambaza umeme na vituo ya 40km 220kV Suswa-Ngong na inakadiriwa kugharimu shilingi 2.1 bilioni
- xv. Laini ya kusambaza umeme na vituo vya 11km

132kV Kabarnet-Nyahururu (Rumuruti) na upanuzi wa kituo ambayo inakadiriwa kugharimu shilingi 1.9 bilioni

- xvi. Laini ya kusambaza umeme na vituo ya 88km 132kV Narok-Bomet na kituo upanuzi unatarajiwa kugharimu shilingi 1.7 bilioni.

VI. Miradi iliyo katika utafiti wa uakinifu

Kampuni iliwaendeleza washauri wa kufanya upembuzi yakinifu juu ya mapendekezo ya miundombinu ambayo itashughulikia mfumo dhafu zilizopo na kuimarisha gridi katika maeneo maalum ili kuboresha huduma bora za umeme na kuongeza upatikanaji katika maeneo mbalimbali ya nchi. Utafiti ulikamilika kwa laini ifuatayo katika kipindi hicho.

- i. Laini ya kusambaza umeme na vituo ya 70km 220kV Kisumu-Kakamega-Musaga saketi mbili na kituo cha Kakamega.
- ii. Laini ya kusambaza umeme na vituo ya 73km 132kV Webuye-Kimilili-Kitale, uanzishwaji wa vituo vya Webuye na Kimilili na upanuzi wa kituo cha Kitale.
- iii. Laini ya kusambaza umeme na vituo ya 25km 132kV Kakamega-Kaimosi na uanzishwaji wa kituo cha Kaimosi.
- iv. Laini ya kusambaza umeme na vituo ya 48km 132kV Sotik-Kilgoris na kituo kipa cha Kilgoris.
- v. Laini ya kusambaza umeme na vituo ya 38km 400kV Isinya-Konza saketi mbili na kituo cha Konza ambayo itaunganisha mji wa Konza ICT na gridi ya 400kV ya taifa na vituo vya kizazi vya Olkaria, Menengai na kwingineko.

- vi. Laini ya kusambaza umeme na vituo ya 205km 400kV Longonot-Thika-Kangundo-Konza sakesi mbili sambamba na vituo vya Longonot, Thika, Kangundo na Konza itakayomaliza gonga la Nairobi la 400kV inayojengwa kwa kuegemea usalama wa N-1.
- vii. Laini ya kusambaza umeme na vituo ya 96km 220kV Kamburu-Embu (Kutus)-Thika na upanuzi wa vituo vya Kamburu, Embu, Kiganjo na Thika.
- viii. Laini ya kusambaza umeme na vituo ya 144km 132kV Kitui-Mutomo-Kibwezi na uanzishwaji wa vituo vya Kitui, Mutomo na Kibwezi,
- ix. Laini ya kusambaza umeme na vituo ya 84km, 132kV Ngong-Magadi na kituo cha Magadi.
- x. Laini ya kusambaza umeme na vituo na uanzishwaji wa kituo cha 132/33 kV Uplands.
- xi. Laini ya kusambaza umeme na vituo ya 15km 132kV Galu T-Likoni na uanzishwaji wa kituo cha Likoni.
- xii. Laini ya kusambaza umeme na vituo ya 235km Rongai-Kilgoris 400kV na vituo vya Rongai na Kilgoris na inatoa uwezekano wa kuunganishwa na Tanzania ili kukamilisha Gongga la Ziwa Victoria.
- xiii. Laini ya kusambaza umeme na vituo ya 41km, 132kV Myanga-Busia na vituo vya Myanga na Busia.
- xiv. Laini ya kusambaza umeme na vituo ya 72km 132kV Rangala-Bondo-Ndigwa na uanzishwaji wa vituo vya Bondo na Ndigwa.
- xv. Laini ya kusambaza umeme na vituo ya 72km 132kV Homa Bay-Sindo na kituo cha Sindo.
- xvi. Laini ya kusambaza umeme na vituo vya 72km 132kV Ndhiwa-Karungo Bay na upanuzi wa vituo vya Ndhiwa na Karungo.
- xvii. Laini ya kusambaza umeme na vituo ya 288km 220kV Kiambere-Maua-Isiolo na 220/132kV vituo vya Maua na Isiolo.
- xviii. Laini ya kusambaza umeme na vituo ya 152km 220kV Isiolo-Maralal kama mbadala nguvu za upepo na maeneo ya jua za baadaye.
- xix. Laini ya kusambaza umeme na vituo ya 306km 220kV Isiolo -Marsabit na upanuzi wa vituo vya Isiolo na Marsabit.
- xx. Laini ya kusambaza umeme na vituo ya 188km 400kV Loiyangalani-Marsabit na kituo cha Marsabit ambayo itaimarisha kikamilifu uwezo wa rasilimali ya upepo kaskazini mwa Kenya.

- xv. Laini ya kusambaza umeme na vituo ya 228km 220kV Turkwel-Lodwar-Lokichogio na uanzishwaji wa vituo vya Turkwel, Lodwar na Lokichogio.

MAFANIKIO MENGINEO

Ili kuwezesha ufanisi wa Kampuni kutekeleza wajibu wake, uajiri, kukodisha na upangaji wa wafanyakazi uliongezeka: wafanyakazi wa ziada walijiriwa na Kampuni kwa masharti ya kudumu na pia kwa mkataba wa muda hivyo basi kusababisha kuongezeka kwa wafanyakazi kufikia 335 mwisho wa mwaka. Kampuni ilihakikisha kuwasilisha masuala ya utofauti katika usimamizi wa rasilimali na jinsia wakati wa ajira na uteuzi. Sera ya jinsia iliendelea kutekelezwa na Sera ya Unyanyasaji wa Kijinsia kutengezwa. Wafanyakazi walihamasishwa kuhusu masuala ya jinsia. Aidha, sera ya kuingiza masuala ya ulemavu ilitengenezwa na watu wenye ulemavu walipewa fursa sawa wakati wa ajira.

Utumiaji wa mitambo ya kiteknolojia

Kampuni ina nia ya kujenga na kujiwekeza katika daraja ya kisasa ya tehamu (ICT) ili kuongeza shughuli zake za utoaji wa huduma. Miradi ya laini za usambazaji inayoendelea inafanyika kupitia vifaa vya Optical Ground Wire (OPGW) ili kuwezesha matumizi ya Supervisory Control and Data Acquisition and Energy Management Systems (SCADA/EMS) ili kuimarisha mawasiliano na ubadilishano wa takwimu. Mradi wa kuboresha mtandao na upanuzi ulitekelezwa. Ili kuendeleza mfumo jumuishi wa usimamizi wa habari, washauri wa INDRA walipewa mkataba wa kutekeleza Mipango ya Rasimali Biashara ya kina (ERP). Mfumo wa ERP unatarajiwa kuwezesha na kuboresha mtiririko wa habari kati ya kazi zote za biashara ndani ya shirika na kusababisha utoaji bora wa huduma. Mradi utakuwa umekamilika katika mwaka wa fedha ujao.

• Usimamizi wa Utendaji

Usimamizi wa utendaji ni muhimu katika shirika lolote linalotaka kukua na kuimarika na mwaka uliomalizika, mshauri wa kufanya Utendaji Mafunzo ya Uongozi, Ubunifu na Utekelezaji wa Zana Bora alianza kazi na mafunzo ya wasimamizi na wafanyakazi wa kuu watakaotumika kutekeleza mfumo huu ulifanyika. Utendaji Mkataba kati ya Bodi na Serikali kwa kipindi cha 2014/2015 ulimalizika kwa mafanikio. Nina furaha ya kuwataarifu kwamba wakati wa mwaka tathmini ya utendaji Kampuni ilipata mafanikio ya "Mzuri Sana" na alama jumla ya 2.9574.

- **Vyeti vya ISO**

Wakati wa kipindi husika, ufuatiliaji wa ukaguzi ulifanywa na KEBS. Matumizi ya programu yanayojiendesha ya ISO QMS yaliendelea.

- **Uwezeshaji wa Vijana na Wanawake**

Kampuni ilikuwa katika mstari wa mbele sambamba na mpango wa serikali wa kuwawezesha Vijana na Wanawake. Wanafunzi 51 walipewa fursa za ukufunzi viwanda katika Kampuni. Zaidi ya hayo, kati ya jumla ya bajeti ya mwaka ya manunuzi ya shilingi milioni 125 kwa ajili ya vifaa kwa ujumla ikiwa ni pamoja na matumizi ya ofisi na vifaa ya ofisi, takriban shilingi milioni 38 ilipatiwa vikundi/makampuni inayomilikiwa na vijana, wanawake na watu wanaoishi na ulemavu na kusajiliwa na Hazina ya Taifa.

- **Uhifadhi wa Mazingira**

Ulinzi wa mazingira na uhifadhi ulipewa kipaumbele na Kampuni na mipango kadhaa ilifanyika kutimiza lengo hili. Wafanyakazi na wanachama wa umma walihamasishwa kuhusu uhifadhi wa mazingira na vipeperushi vielezi takriban 5,000 vilisambazwa katika eneo ya miradi yote inayotekelezwa. Kwa kushirikiana na wahusika dau husika miche ya miti zaidi ya 10,000 zilisambazwa na miti takriban 2,000 kupandwa katika eneo la Marsabit. Ushirikiano na NEMA na KFS uliimarishwa huku masomo na utafiti njia wa ESIA ulifanyika kwa ajili ya miradi yote mipya.

- **Uwajibikaji wa Ushirika kwa Jamii**

KETRACO, kwa kutekeleza jukumu lake kama kampuni raia inajihusisha na jamii katika maeneo yalioathirika na miradi, washirika wa sekta, umma, na wadau

wengine katika jitihada za kukuza ukarimu wao, ushirikiano na chama za urafiki, kwa kujifunza mahitaji yao na mifuko ya nafasi ambapo tunaweza kuboresha maisha. Katika suala hili, tunahakikisha kwamba miradi yote itatekelezwa kupitia mchakato wa mashauriano na wadau kutoka mwanzo wa mipango ya miradi na kuwaagiza. Kampuni inahakikisha zaidi kwamba shughuli zake zinafanywa kwa kuchunguza mazoea ya kitaalamu na ubinadamu kwa kuzingatia kuwa ujenzi wa laini za usambazaji unahusisha upatikanaji wa ardhi kwa ajili ya vituo na kupata njia kwa ajili ya laini. Hii hubidisha fidia kwa hata utafiti wa makazi mapya kwa walioathirika na mradi (PAP) na haja ya kuharakisha michakato. Ikiingozwa na Sera ya Uwajibikaji wa Ushirika kwa Jamii, Kampuni hushiriki kikamilifu katika mazungumzo kadhaa na wadau mbalimbali.

SHUKRANI

Ningependa kuchukua fursa hii kuishukuru Serikali, washirika wa maendeleo, washauri, wakandarasi, watu walioathirika na miradi, wafanyakazi na wadau wetu wote, kwa ajili ya kuendeleza ushirikiano na msaada katika kipindi cha mwaka wa 2014/2015. Hakuna mafanikio ambayo yangewezekana bila mchango kutoka kwa kila mmoja wenyu. Kwa kupitia umoja na ushirikiano wenyu, Kampuni bado inalenga kuelekea utoaji wa ubora, kuaminika, na usalama ya umeme kama ilivyokusudiwa katika ajenda ya kitaifa ya maendeleo.



FCPA. FERNANDES O. BARASA
MKURUGENZI KAIMU

Februari 24, 2016



(Kulia) Mkurugenzi mtendaji FCPA Barasa na Mkurugenzi wa Safaricom Bob Collymore waagana kuhusu Safaricom kukodisha laini za faiba kutoka miradi ya KETRACO.

CORPORATE GOVERNANCE STATEMENT

1. INCORPORATION OF THE COMPANY

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

2. SHAREHOLDING STRUCTURE

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

· The National Treasury -	19,999
· PS, Ministry of Energy & Petroleum (as Nominee) -	<u>1</u>
Total shares	<u>20,000</u>

3. GOVERNANCE STRUCTURE

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

With this provision, and the current shareholding structure, KETRACO then becomes a State Corporation and is required to operate in compliance with the State Corporations Act, Cap 446. The Memorandum and Articles of Association of KETRACO are therefore aligned to the requirements of the State Corporations Act.

As a state corporation, the Board of Directors of KETRACO is required to negotiate and sign a Performance Contract with the Government every financial year. The Company complied with this requirement and scored "Very Good" in the performance rating under the Performance Contract for the period under review.

4. CONSTITUTION OF THE BOARD AND ITS COMMITTEES

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

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

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

5. CORPORATE GOVERNANCE STATEMENT

"Corporate Governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place". (1992 Cadbury Committee Report).

CORPORATE GOVERNANCE STATEMENT

(i) Board Manual and Committee Charter

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

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

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

(ii) MWONGOZO

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

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

6. BOARD PERFORMANCE EVALUATION

During the period under review, in line with requirements of good corporate governance practice, the Board of Directors underwent a performance evaluation supervised by the State Corporations Advisory Committee. The corporate performance score for the Board of KETRACO was 91.04%, which was rated 'Very Good'.

The Board received accolades for this sterling performance, being a relatively new company and this being the 1st formal board evaluation report.

7. eBOARD SYSTEM

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

8. BOARD COMMITTEES

The Board of KETRACO has the following Board Committees:-

a) Audit & Risk Committee

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

CORPORATE GOVERNANCE STATEMENT

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

b) Staff & Remuneration Committee

There is established a Staff & Remuneration Committee whose mandate includes determining the terms and conditions of service of staff and approval of recommendations for appointment and disciplinary issues of senior staff. When appropriate, the Committee invites other members of the Board and staff to its meetings.

c) Finance & Strategy Committee

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

d) Ad hoc Committee on Wayleaves Acquisition

The new Board which assumed office in May, 2015 was unanimous in reaching the conclusion that the challenges posed by wayleave acquisition required deliberate and focused attention if KETRACO was to effectively implement its mandate of building the transmission infrastructure in line with Vision 2030. To achieve this objective, an Adhoc committee of the board was constituted to drive this initiative. The Mandate of the Adhoc Committee was to review and explore new ways, and devise innovative strategies to address the challenge of wayleaves acquisition and make appropriate recommendations to the Board.

9. DIRECTORS' REMUNERATION

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

10. MAJOR STAKEHOLDERS

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

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report together with the audited financial statements of the Kenya Electricity Transmission Company Limited (the "company") for the year ended 30th June 2015 which show its state of affairs.

PRINCIPAL ACTIVITIES

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

RESULTS

	Sh'000
Profit before taxation	370,571
Taxation charge	(131,669)
Profit for the year transferred to retained earnings	238,902
	=====

DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year 2014/2015. No dividend was paid in the previous financial year, 2013/2014.

DIRECTORS

The current board of directors is as shown on page 4. Eng. Joel M. Kiilu ceased to be a director with effect from 3rd September 2015. Mr. Daniel K. Mwaura, Mrs. Elizabeth W. Maina, Mrs. Patience Nyaoga and Ms. Esther N. M'lthiria ceased to be directors with effect from 9th February 2015. FCPA Fernandes Barasa was appointed as Acting Managing Director with effect from 3rd September 2015. Mr. Joakim K. Kamere, Mrs. Grace W. Ndugu, Mrs. Patience Nyaoga and Mr. Phillip Mangony were appointed directors with effect from 17th April 2015.

Mr. Fidesius Nyaga also left on 17th December, 2015, with Mr. Kariuki Muraya joining the Board effective 18th December, 2015.

AUDITORS

The Auditor General is responsible for the audit of the company's statutory financial statements in accordance with Section 14 of the State Corporations Act, Section 23 of the Public Audit Act, No. 34 of 2015 empowers the Auditor General to appoint other auditors to carry out the audit on his behalf. Accordingly, Deloitte & Touche, were appointed to carry out the audit for the year ended 30th June 2015 and report to the Auditor General.

BY ORDER OF THE BOARD


Duncan Macharia
Secretary
24th February 2016

Nairobi


STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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



.....
Dr. Kenneth K. Sigilai - Chairman

24th February 2016



.....
FCPA Fernandes Barasa – Ag. Managing Director

24th February 2016

REPUBLIC OF KENYA

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 NAIROBI



OFFICE OF THE AUDITOR –GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

The accompanying financial statements of Kenya Electricity Transmission Company Limited set out as pages 53 to 79, which comprises the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Deloitte and Touche, auditors appointed under Section 39 of the Public Audit Act, 2003. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

Director's Responsibility for the Financial Statements

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13, of the Public Audit Act 2003.

Auditor-General's Responsibility

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

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

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

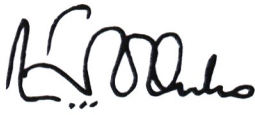
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Electricity Transmission Company as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, Cap 486 of the Laws of Kenya.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, proper books of account have been kept by the company, so far as appears from my examination of those books; and
- iii. The company's statement of financial position is in agreement with the books of account.



**FCPA Edward R. O. OUKE, CBS
AUDITOR-GENERAL**

Nairobi.

12th February 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 Sh'000	2014 Sh'000
WHEELING REVENUE	4(a)	735,000	50,000
DIRECT EXPENSES	3	(281,232)	(127,795)
		<hr/>	<hr/>
GROSS MARGIN PROFIT/(LOSS)		453,768	(77,795)
OTHER INCOME	4(b)	629,855	790,119
ADMINISTRATIVE EXPENSES		(713,052)	(648,816)
		<hr/>	<hr/>
PROFIT BEFORE TAXATION	5	370,571	63,508
TAXATION CHARGE	7(a)	(131,669)	(58,636)
		<hr/>	<hr/>
PROFIT FOR THE YEAR		238,902	4,872
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		238,902	4,872
		<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Notes	2015 Sh'000	2014 Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	8	68,486,675	45,533,317
Intangible assets	9	153,222	24,164
Deferred tax asset	10	31,060	34,243
		68,670,957	45,591,724
Current assets			
Trade and other receivables	11	642,09	849,436
Corporate tax recoverable	7(c)	8,550	117,943
Cash and bank balances		1,939,289	3,568,604
		2,589,938	4,535,983
Total assets		71,260,895	50,127,707
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	2,000	2,000
Retained earnings		1,420,428	1,181,526
Shareholders' equity		1,422,428	1,183,526
Non-current liabilities			
Deferred grant income	13(c)	60,667,190	43,250,299
Amount due to Kenya Power	16(a)	965,266	-
		61,632,456	43,250,299
Current liabilities			
Deferred grant income	13(c)	274,072	101,845
Amount due to Kenya Power	16(a)	104,652	-
Trade and other payables	14	7,827,287	5,592,037
		8,206,011	5,693,882
Total equity and liabilities		71,260,895	50,127,707

The financial statements on pages 53 to 79 were approved and authorised for issue by the Board of Directors on 29th October 2015 and were signed on its behalf by:



Dr. Kenneth K. Sigilai-Chairman



FCPA Fernandes Barasa – Ag. Managing Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Share capital Kshs'000	Retained earnings Kshs'000	Total equity Kshs'000
At 1 July 2013	2,000	1,176,654	1,178,654
Total comprehensive income for the year	-	4,872	4,872
	-----	-----	-----
At 30 June 2014	2,000	1,181,526	1,183,526
	=====	=====	=====
At 1 July 2014	2,000	1,181,526	1,183,526
Total comprehensive income for the year	-	238,902	238,902
	-----	-----	-----
At 30 June 2015	2,000	1,420,428	1,422,428
	=====	=====	=====

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

		2015 Sh'000	2014 Sh'000
Cash flows from operating activities			
Cash generated from operations	15	3,919,079	518,484
Taxation paid	7(c)	(19,093)	(96,064)
		<u> </u>	<u> </u>
Net cash generated from operating activities		3,899,986	422,420
		<u> </u>	<u> </u>
Cash flows from investing activities			
Additions to property, plant and equipment	8	(23,148,306)	(12,405,101)
Additions to intangible assets	9	(142,340)	(14,483)
		<u> </u>	<u> </u>
Net cash used in investing activities		(23,290,646)	(12,419,584)
		<u> </u>	<u> </u>
Cash flows from financing activities			
Grants received	13(b)	17,761,345	7,656,276
		<u> </u>	<u> </u>
Decrease in cash and cash equivalents		(1,629,315)	(4,340,888)
Cash and cash equivalents at beginning of year		3,568,604	7,909,492
		<u> </u>	<u> </u>
Cash and cash equivalents at end of year		<u><u>1,939,289</u></u>	<u><u>3,568,604</u></u>
Represented by:			
Cash in hand and bank balances		<u><u>1,939,289</u></u>	<u><u>3,568,604</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1 ACCOUNTING POLICIES

Statement of compliance

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

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

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

1) Relevant new standards and amendments to published standards effective for the year ended 30 June 2015

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

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is an investment entity when it:

- obtains funds from one or more investors for the purpose of providing them with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates performance of substantially all of its investments on a fair value basis.

Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

The application of the amendment has not had any impact on the disclosures or the amounts recognised in these financial statements as the company is not an investment entity.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendments require retrospective application.

The application of the amendment has not had any impact on the disclosures or the amounts recognised in the company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

ACCOUNTING POLICIES (Continued...)

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

1) Relevant new standards and amendments to published standards effective for the year ended 30 June 2015 (continued...)

IFRIC 21 Levies

IFRIC 21 addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. IFRIC 21 requires retrospective application.

The application of the new standard has not resulted to changes in the disclosures or the amounts recognised in the company's financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

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

As the company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the company's consolidated financial statements.

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

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

As the company does not have any cash-generating units (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the company's consolidated financial statements.

IFRS 13 Fair Value Measurement

The company has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

ACCOUNTING POLICIES (Continued...)

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

1) Relevant new standards and amendments to published standards effective for the year ended 30 June 2015 (continued...)

IFRS 13 Fair Value Measurement

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

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from 1 January 2014. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the company has not made any new disclosures required by IFRS 13 for the 2013 comparative period.

The application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements.

IFRS 13 Fair Value Measurement Amendments to IAS 1 Presentation of Financial Statements (as part of the Annual Improvements to IFRSs 2009 - 2012 Cycle issued in May 2013)

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

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

IAS 19 Employee Benefits (as revised in 2012)

IAS 19 (as revised in 2012) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2012), which is calculated by applying the discount rate to the net defined benefit liability or asset.

The application of the amendment had no effect on the company's financial statements as the company does not have defined benefit obligations and plan assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

ACCOUNTING POLICIES (Continued...)

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

ii) *Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2015*

<i>New and Amendments to standards</i>	<i>Effective for annual periods beginning on or after</i>
IFRS 9	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2018
Amendments to IFRS 11	1 January 2016
Amendments to IAS 16 and IAS 38	1 January 2016
Annual improvements 2012- 2014 cycle	1 July 2016

iii) *Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 30 June 2015*

IFRS 9 Financial Instruments

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9. Specifically:

- a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.
- all other debt instruments must be measured at FVTPL.
- all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

ACCOUNTING POLICIES (Continued...)

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

iii) *Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 30 June 2015 (Continued)*

IFRS 9 Financial Instruments (Continued)

Phase 2: Impairment methodology

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The work on macro hedging by the IASB is still at a preliminary stage - a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a comment period which ended on 17 October 2014. The project is under redeliberation at the time of writing.

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

- the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and
- hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

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

IFRS 15 Revenue from Contracts with Customers

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

ACCOUNTING POLICIES (Continued...)

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

iii) *Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 30 June 2015 (Continued)*

IFRS 15 Revenue from Contracts with Customers (Continued)

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

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

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

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

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Company uses the straight-line method for depreciation and amortisation for its property and equipment, and intangible assets respectively.

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

(iv) *Relevant new and revised IFRSs in issue but not yet effective for the year ended 30 June 2015*

Annual Improvements 2011-2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs, which are summarised below:

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

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

ACCOUNTING POLICIES (Continued...)

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

(iv) *Relevant new and revised IFRSs in issue but not yet effective for the year ended 30 June 2015 (Continued)*

Annual Improvements 2011-2013 Cycle (Continued)

value of a company of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

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

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

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

Annual Improvements 2012-2014 Cycle

Makes amendments to the following standards:

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

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

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

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

(v) *Early adoption of standards* The Company did not early-adopt new or amended standards in 2015.

Basis of preparation

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

ACCOUNTING POLICIES (Continued...)

Revenue recognition (Continued)

Revenue recognition

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

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

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

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

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

Exchequer funding

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

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

Taxation

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

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

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

Property and equipment

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

ACCOUNTING POLICIES (Continued...)

Property and equipment (Continued)

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

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

Intangible assets

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

Accounts receivables

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

Trade payables

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

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

Employee benefits costs

(i) Retirement benefit obligations

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

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

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

(ii) Other entitlements

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

ACCOUNTING POLICIES (Continued...)

Foreign currencies

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

Comparatives

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

CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

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

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

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

i) Impairment losses

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

ii) Deferred tax assets

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

iii) Property and equipment

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

iv) Contingent liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

		2015 Sh'000	2014 Sh'000
3	DIRECT EXPENSES		
	Depreciation cost for transmission lines (Note 8)	172,220	101,839
	Maintenance cost for transmission lines	109,012	25,956
		<u>281,232</u>	<u>127,795</u>
		=====	=====
4(a)	WHEELING REVENUE		
	Wheeling revenue	735,000	50,000
		=====	=====
	Wheeling revenue is based on a fixed amount approved by the Energy Regulatory Commission.		
		2015 Sh'000	2014 Sh'000
4(b)	OTHER INCOME		
	Exchequer funding for recurrent expenditure	316,800	268,000
	Interest income*	139,540	418,988
	Deferred grant income amortisation (Note 13(b))	172,227	101,845
	Miscellaneous income**	1,288	1,286
		<u>629,855</u>	<u>790,119</u>
		=====	=====

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

**Miscellaneous income mainly represents income received from sale of tender documents.

		2015 Sh'000	2014 Sh'000
5	PROFIT BEFORE TAXATION		
	The profit before taxation is arrived at after charging/(crediting):		
	Staff costs (note 6)	396,634	464,402
	Directors' emoluments - fees	-	2,375
	- other	24,147	16,743
	Depreciation (note 8)	194,948	130,901
	Amortisation (note 9)	13,282	11,410
	Auditors' remuneration	3,466	3,300
	Deferred grant amortization (Note 13 (b))	(172,227)	(101,845)
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 Sh '000	2014 Sh '000
6		
STAFF COSTS		
Salaries and wages	291,378	394,131
Other staff costs	39,830	36,834
Leave pay provision	47,801	10,761
Pension contribution	14,029	16,239
Gratuity provisions	3,141	5,748
NSSF and NHIF contributions	455	689
	<u>396,634</u>	<u>464,402</u>
	=====	=====
7		
TAXATION		
(a) Taxation charge		
Corporation tax on separate sources of income	128,486	36,247
Deferred taxation (note 10) -current year	(6,891)	(11,116)
- prior year under provision	10,074	33,505
	<u>3,183</u>	<u>22,389</u>
	<u>131,669</u>	<u>58,636</u>
	=====	=====
(b) Reconciliation of taxation charge to expected taxation based on profit before taxation		
Profit before taxation	<u>370,571</u>	<u>63,508</u>
	=====	=====
Taxation at the applicable rate 30%	111,171	19,052
Tax effect of non-deductible expenses	62,092	36,633
Tax effect of revenue not taxable	(51,668)	(30,554)
Prior year deferred tax under provision	10,074	33,505
	<u>131,669</u>	<u>58,636</u>
	=====	=====
(c) Corporate tax recoverable		
At beginning of year	117,943	58,126
Charge for the year	(128,486)	(36,247)
Paid during the year	19,093	96,064
	<u>8,550</u>	<u>117,943</u>
At end of year	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
8. PROPERTY AND EQUIPMENT

	Transmission lines Sh' 000	Motor vehicles sh' 000	Furniture, fittings & office sh' 000	Computer accessories sh' 000	Capital work in progress sh' 000	Total sh' 000
Cost						
At 1 July 2013	4,073,555	41,469	93,032	20,939	29,322,574	33,551,569
Additions	-	777	31,844	13,877	12,358,603	12,405,101
At 30 June 2014	4,073,555	42,246	124,876	34,816	41,681,177	45,956,670
At 1 July 2014	4,073,555	42,246	124,876	34,816	41,681,177	45,956,670
Additions	2,800,157	-	1,682	-	20,346,467	23,148,306
At 30 June 2015	6,873,712	42,246	126,558	34,816	62,027,644	69,104,976
Depreciation						
At 1 July 2013	209,857	33,549	32,356	16,690	-	292,452
Charge for the year	101,839	7,954	13,522	7,586	-	130,901
At 30 June 2014	311,696	41,503	45,878	24,276	-	423,353
At 1 July 2014	311,696	41,503	45,878	24,276	-	423,353
Charge for the year	172,220	743	16,825	5,160	-	194,948
At 30 June 2015	483,916	42,246	62,703	29,436	-	618,301
Net book value						
At 30 June 2015	6,389,796	-	63,855	5,380	62,027,644	68,486,675
At 30 June 2014	3,761,859	743	78,998	10,540	41,681,177	45,533,317

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 Sh '000	2014 Sh '000
9		
INTANGIBLE ASSETS-Computer software		
Cost		
At beginning of year	50,522	36,039
Additions	142,340	14,483
	<hr/>	<hr/>
end of year	192,862	50,522
	<hr/>	<hr/>
Amortisation		
At beginning of year	26,358	14,948
Charge for the year	13,282	11,410
	<hr/>	<hr/>
At end of year	39,640	26,358
	<hr/>	<hr/>
Net book value		
At end of year	153,222	24,164
	<hr/> <hr/>	<hr/> <hr/>
10		
DEFERRED TAX ASSET		
The net deferred tax asset is attributable to the following items:		
Tax losses	—	16,176
(Accelerated)/excess depreciation over capital allowances	(3,693)	3,793
Leave pay provision	22,859	8,059
Staff gratuity provision	11,894	6,215
	<hr/>	<hr/>
	31,060	34,243
	<hr/> <hr/>	<hr/> <hr/>
Movement in deferred tax account is as follows:		
At beginning of the year	34,243	56,632
Profit or loss credit (note 7(a))	6,891	11,116
Prior year under provision	(10,074)	(33,505)
	<hr/>	<hr/>
At end of the year	31,060	34,243
	<hr/> <hr/>	<hr/> <hr/>
11		
TRADE AND OTHER RECEIVABLES		
Wheeling charge due from KPLC	367,622	58,000
Medical and insurance prepayments	29,252	18,392
Rent deposit	7,841	7,841
Receivable from Ministry of Energy and Petroleum	—	468,443
VAT receivable	80,466	56,372
Other receivables	156,918	73,481
Advance supplier payments	—	166,907
	<hr/>	<hr/>
	642,099	849,436
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 Sh '000	2014 Sh '000
12 SHARE CAPITAL		
Authorised, issued and fully paid:		
20,000 fully paid ordinary shares of Shs 100 each	2,000 =====	2,000 =====
The ordinary shares carry one vote each.		
13 DEFERRED GRANT INCOME		
The Company receives grants from the Government of Kenya for the construction of transmission lines. The grants are amortised to profit or loss over the useful lives of the related assets.		
	2015 Sh '000	2014 Sh '000
(a) Deferred grant income reconciliation		
Direct component*		
Deferred grant income brought forward	15,936,168	13,302,553
Received in the year	5,031,865	2,677,123
Amortisation	(64,455)	(43,508)
	-----	-----
Deferred grant income carried forward	20,903,578 =====	15,936,168 =====
Indirect component**		
Deferred grant income brought forward	27,415,976	22,495,160
Received in the year	12,729,480	4,979,153
Amortisation	(107,772)	(58,337)
	-----	-----
Deferred grant income carried forward	40,037,684 =====	27,415,976 =====
Total direct and indirect components (note 13(b))	60,941,262 =====	43,352,144 =====

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

13 DEFERRED GRANT INCOME (Continued)

	2015 Sh '000	2014 Sh '000
(b) Total reconciliation		
Deferred grant income brought forward	43,352,144	35,797,713
Additions	17,761,345	7,656,276
Amortisation (Note 4(b))	(172,227)	(101,845)
	<u>60,941,262</u>	<u>43,352,144</u>
Deferred grant income carried forward	60,941,262	43,352,144
(c) Amounts will be amortised as below :		
Grant income to be amortised within one year	274,072	101,845
Grant income to be amortised after one year	60,667,190	43,250,299
	<u>60,941,262</u>	<u>43,352,144</u>
At the end of the period	60,941,262	43,352,144
14 TRADE AND OTHER PAYABLES		
Trade payables	674,150	371,509
Accruals	7,153,137	5,220,528
	<u>7,827,287</u>	<u>5,592,037</u>

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

	2015 Shs '000	2014 Shs '000
15 CASH GENERATED FROM OPERATIONS		
Reconciliation of profit before taxation to cash generated from operations:		
Profit before taxation	370,571	63,508
Adjustments for:		
Depreciation on property, plant and equipment (note 8)	194,948	130,901
Amortisation of intangible assets (note 9)	13,282	11,410
Amortisation of deferred grant income (note 13 (b))	(172,227)	(101,845)
Changes in working capital:		
Decrease/(increase) in trade and other receivables	207,337	(593,782)
Increase in amount due to Kenya Power	1,069,918	—
Increase in trade and other payables	2,235,250	1,008,292
Cash generated from operations	<u>3,919,079</u>	<u>518,484</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**
16 RELATED PARTY TRANSACTIONS

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

	2015 Shs'000	2014 Shs'000
(a) Amount due to Kenya Power		
Current portion	104,652	-
Non-current portion	965,266	-
	<u>1,069,918</u>	<u>-</u>
Balance at year end	1,069,918	-
	=====	=====
The amounts due to Kenya Power relate to the 0.75% JICA loan.		
(b) Related party transactions		
Transactions with related parties are detailed as follows:-		
(i) Government of Kenya	2015 Shs'000	2014 Shs'000
Deferred grants	15,979,676	2,679,009
Exchequer funding for recurrent expenditure	316,800	268,000
Government of Kenya grants	4,715,065	2,677,123
	<u>21,011,541</u>	<u>5,624,132</u>
Balance at year end	21,011,541	5,624,132
	=====	=====
(iii) The Kenya Power and Lighting Company Limited		
Included in trade payables:		
Payable against maintenance	153,393	116,401
	<u>153,393</u>	<u>116,401</u>
Included in trade receivables:		
Wheeling charges receivable	367,622	58,000
	<u>367,622</u>	<u>58,000</u>
(iv) Key management compensation		
The remuneration of directors and other members of key management during the year was as follows:		
Salaries and other benefits	55,002	77,809
	<u>55,002</u>	<u>77,809</u>
Directors' fees and emoluments (included in key management compensation above)	24,015	19,118
	<u>24,015</u>	<u>19,118</u>
	=====	=====

17 FUTURE OPERATING LEASE RENTAL PAYABLE

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

	2015 Shs '000	2014 Shs '000
Within one year	6,937	13,875
	<u>6,937</u>	<u>13,875</u>
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

18 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

The company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

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

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

	Fully performing Sh '000	Past due Sh '000	Impaired Sh '000
At 30 June 2015			
Trade receivables	367,622	-	-
Bank balances	1,938,889	-	-
	=====	=====	=====
At 30 June 2014			
Trade receivables	58,000	-	-
Bank balances	3,568,604	-	-
	=====	=====	=====

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

The bank balance consists of Ksh 92,914,000 held in an escrow account (2014 - Ksh 104,612,000), the remainder is held in current accounts.

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

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

18 FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management

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

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

	Less than 1 month Sh '000	Between 3-12 months Sh '000	Over 12 months Sh '000	Total Sh '000
At 30 June 2015				
Trade payables	674,150	-	-	674,150
Due to Kenya Power	-	104,652	965,266	1,069,918
	<u>674,150</u>	<u>104,652</u>	<u>965,266</u>	<u>1,744,068</u>
At 30 June 2014				
Trade payables	371,509	-	-	371,509
	<u>371,509</u>	<u>-</u>	<u>-</u>	<u>371,509</u>

(iii) Market risk

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

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

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

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

(a) Foreign currency risk

The company has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**
18 FINANCIAL RISK MANAGEMENT (Continued)
(iii) Market risk (Continued)
(a) Foreign currency risk (Continued)

	Euro Sh '000
At 30 June 2015	
Financial assets	12,065
Liabilities	
Trade and other payables	99,955
Net foreign currency liability	(87,890)
	=====
At 30 June 2014	
Financial assets	465
Liabilities	
Trade and other payables	8,161
Net foreign currency asset	(7,696)
	=====

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on profit before tax Shs' 000	Effect on equity Shs' 000
2015			
Euro	10%	(8,789)	(6,152)
2014			
Euro	10%	(1,634)	(1,124)
	=====	=====	=====

(b) Interest rate risk

Interest rate risk is the risk that the company's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

18 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

(b) Interest rate risk (Continued)

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of profit or loss and other comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Sh 1.4 million (2014: Sh 7.25 million). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Sh 7 million (2014 – Sh 27.43 million):

(iv) Capital management

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

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the years ended 30 June 2015 and 30 June 2014.

The company monitors capital using a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total of interest bearing loans and borrowings, trade and other payables less cash and cash equivalents. The Company had no debt noted in the period under review.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**
18. FINANCIAL RISK MANAGEMENT (Continued)
(iv) Capital management (Continued)

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

19. CONTINGENT LIABILITIES
(a) Legal contingent liabilities

	2015 Sh '000	2014 Sh '000
	4,200	4,200
	=====	=====

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

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

20. CAPITAL EXPENDITURE COMMITMENTS
Authorised and contracted for
Authorised but not contracted for

	2015 Sh '000	2014 Sh '000
	13,799,398	15,536,000
	4,715,0652	2,677,123
	18,514,463	18,213,123
	=====	=====

21. INCORPORATION

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

22. CURRENCY

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Appendix I

KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED

DETAILED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2015

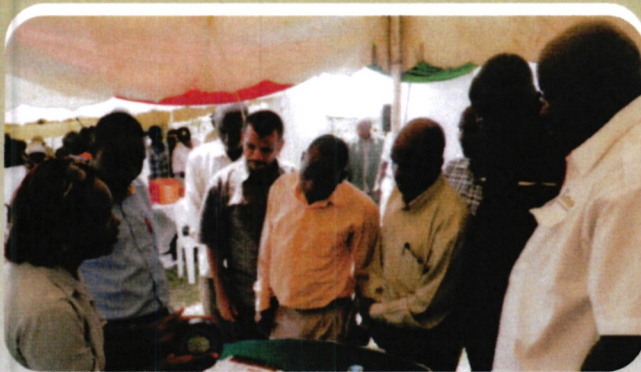
	2015 Sh'000	2014 Sh'000
WHEELING REVENUE	735,000	50,000
OPERATING EXPENSES		
Depreciation cost for transmission lines	172,220	101,839
Maintenance cost for transmission lines	109,012	25,956
	281,232	127,795
GROSS MARGIN PROFIT/(LOSS)	453,768	(77,795)
OTHER INCOME		
Exchequer funding for recurrent expenditure	316,800	268,000
Interest income	139,540	418,988
Amortisation of grants	172,227	101,845
Miscellaneous income	1,288	1,286
	629,855	790,119
ADMINISTRATIVE EXPENSES		
Salaries and wages	291,378	394,131
Other staff costs	39,830	36,834
Depreciation	22,728	29,062
Rent	19,272	17,546
Printing and stationery	11,840	26,007
Professional fees	7,955	12,805
Pension contribution	14,029	16,239
Office expenses	135,270	22,448
Board Fees - fees	2,243	2,375
- other	21,772	16,743
Motor vehicle expenses	8,050	6,232
Leave pay provision	47,801	10,761
Postage and telephone and internet services	8,580	7,002
Corporate communication	26,655	19,770
Amortization	13,282	11,410
Gratuity provisions	18,931	5,748
Transport	1,684	3,327
Audit fees	3,466	3,300
Bank charges	1,877	3,177
Electricity	2,097	1,008
Security	6,042	2,202
NSSF and NHIF contributions	455	689
Other maintenance cost	7,815	-
	713,052	648,816
PROFIT BEFORE TAXATION	370,571	63,508

PICTORIAL

Staff born in March celebrate birthday together



Water Cabinet Secretary nominee Eugene Wamalwa visits KETRACO stand at the WEPEX conference where water and renewable energy were discussed



KETRACO's (R) R. Mworia (Manager, Corporate Communications) and (L) R. Nungari explain to stakeholders underground transmission cabling at an open day in Rabai

(L-R) Samson Kamau, Eng. Joel Kiilu, Agnes Ongadi and Sulea Naliaka at KETRACO's stand at the EAPIC conference 2015



PICTORIAL

Beloved Daughter's Children's home in Isinya visited by KETRACO staff who cooked for, played with and taught the children for a day



Lion's Eye Clinic's doctor checks pupils eyesight during CSR exercise in Mwingi

Environmentalist Caleb Mango (R) is assisted by community member in Marsabit to plant trees



KETRACO team hand over cheque to KFS Kisumu office for the purchase of tree seedlings



PICTORIAL

KETRACO runners warm up for the GDC half marathon minutes to the race's start



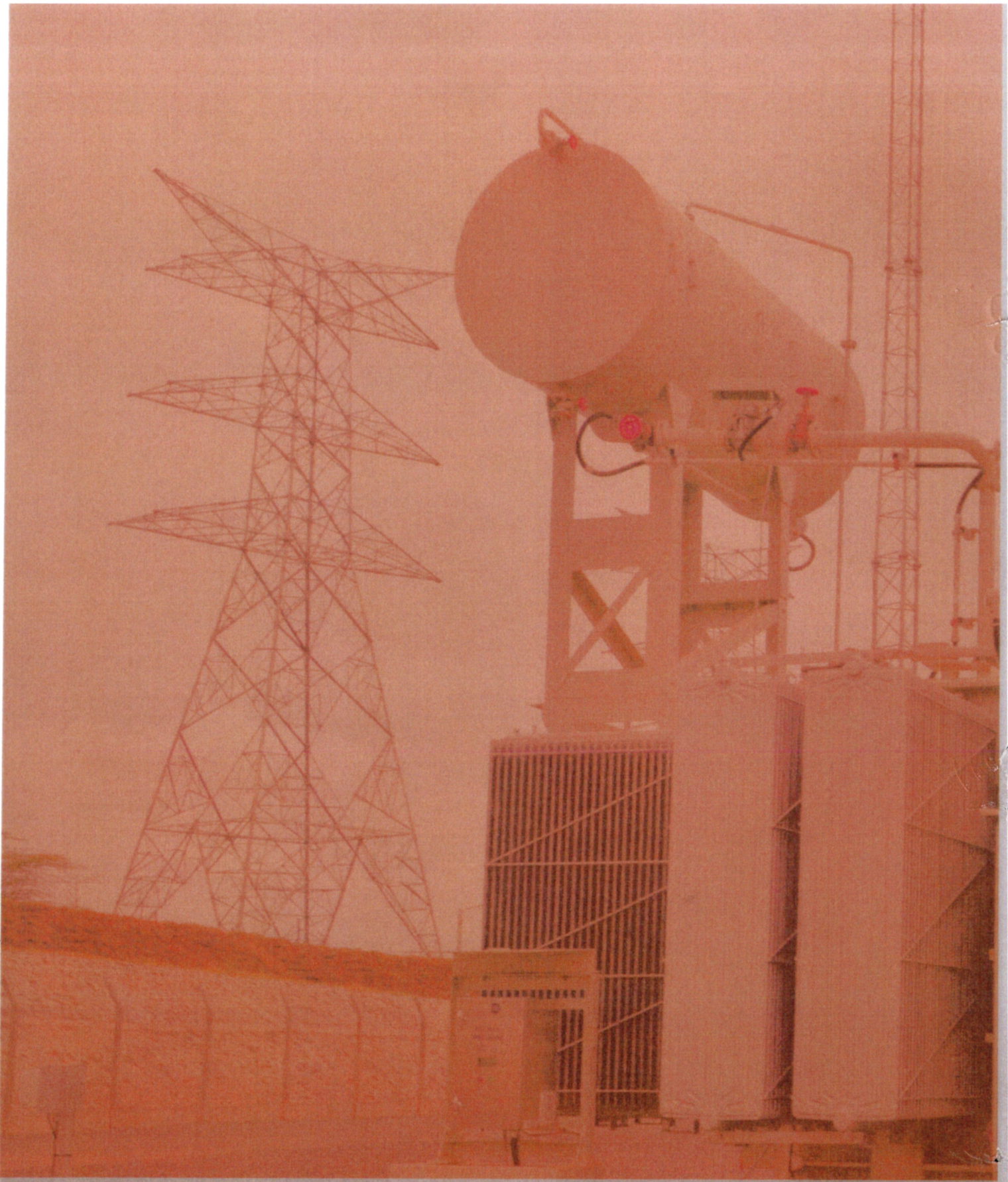
StanChart Marathon 2015- KETRACO team pose for a photo



Ms. Agnes Ongadi, KETRACO's Chief Manager—Human Capital & Administration, plants a tree to celebrate Safaricom Limited's 15 years since inception. The celebrations took place at UMMA university on 12th November 2015.

KETRACO team hand over cheque to SAKU Environmental group Marsabit for the purchase of tree seedlings





KETRACO

Kenya Electricity Transmission Company Limited

"Building a World Class National Grid"

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