

## **About Us:**

Uganda Electricity Transmission Company Limited (UETCL) was incorporated as a limited company on the 26th March 2001 in accordance with the provisions of the Companies Act as amended and the Public Enterprise Reform and Divestiture Act.

UETCL's existence is provided for in the Electricity Act Cap 145 that provided for un-bundling the Uganda Electricity Board (UEB) into successor Companies and establishment of the Electricity Regulatory Authority (ERA).

UEB was succeeded by three companies namely;

- Uganda Electricity Generation Company Limited (UEGCL) – Responsible for Power Generation at Kiira 200MW, Nalubaale 180MW and Isimba 183MW power plants.
- Uganda Electricity Transmission Company Limited (UETCL) – Responsible for the grid assets operating above 33kV.
- Uganda Electricity Distribution Company Limited (UEDCL) – Responsible for the grid assets operating at 33kV and below.

# Contents

LIST OF ABBREVIATIONS/ACRONYMS	84	3.2	Legal Framework	6
CORPORATE FEATURES' WALL	viii	3.3	Mandate	7
Vision:	viii	3.4	Government of Uganda's Policy and Priorities	7
Mission:	viii	4.	<b>CORPORATE VISION, MISSION AND VALUES</b>	<b>12</b>
Sustainable Core Values	viii	4.1	Vision:	12
Value Proposition	viii	4.2	Mission:	12
Strategic Pillars	viii	4.3	Sustainable Corporate Values	12
Schematic Presentation of the Corporate Business Plan (2019/20 -2023/24)	viii	4.4	Corporate Motto	12
Graphical and Tabular Presentation of Strategic Goals as against the Strategic Pillars	ix	4.5	Corporate Culture	12
BOARD CHAIRMAN'S MESSAGE	xi	5.	<b>CORPORATE GOVERNANCE GUIDELINES AND BUSINESS ETHICS</b>	<b>14</b>
BOARD OF DIRECTORS	xiv	5.1	Board Policies, Guidelines and Reporting	14
MANAGING DIRECTOR/CEO'S MESSAGE	xiv	5.2	The Board Charter	15
DEPUTY CHIEF EXECUTIVE OFFICER'S MESSAGE	xviii	5.3	The Management Charter	15
EXECUTIVE SUMMARY	xxi	5.4	Business Ethics	16
1. BACKGROUND	1	6.	<b>CURRENT STATUS AND THE CBP REVIEW</b>	<b>18</b>
1.1 Electricity Regulatory Authority (ERA)	1	6.1	The CBP Implementation 2014-2018	18
1.2 Uganda Electricity Generation Company Limited (UEGCL)	1	6.1.1	Security of Power Supply and Regional Cooperation	18
1.3 Uganda Electricity Transmission Company Limited (UETCL)	1	6.1.2	Accelerated Grid Infrastructure Development	22
1.4 Uganda Electricity Distribution Company Limited (UEDCL)	1	6.1.3	Way Leaves Acquisition and Management	24
1.5 Rural Electrification Agency (REA)	2	6.1.4	Financial Sustainability/Performance and Shareholder Value	24
1.6 Uganda Electricity Sector Organization	2	6.1.5	Robust Human Capital Development	29
2. INTRODUCTION	4	6.1.6	Efficient business processes	30
3. POLICY AND MANDATE	6	7.	<b>CORPORATE BUSINESS PLAN UPDATE 2019/20 – 2023/24</b>	<b>33</b>
3.1 Brief on UETCL	6	7.1	The Corporate Business Plan Review Process	33
		7.2	Strategy Performance, Reporting and Monitoring through BSC Reporting Format	34

7.3	Stakeholder Management and Communication	35
8.	<b>STRATEGIC SITUATION AND CHALLENGES</b>	<b>37</b>
8.1	National Electrification and Population	37
8.2	Challenges	37
8.2.1	Single Buyer Challenges	37
8.2.2	TSO Challenges	38
8.2.3	Corporate (Cross cutting) Challenges	38
8.3	UETCL Business SWOT Analysis for the CBP (2019/20-2023/24)	40
8.4	UETCL Business PESTEL analysis for the CBP (2019 -2023)	43
8.5	UETCL GRID INVESTMENTS	45
9.	<b>STRATEGIC PILLARS AND GOALS 2019/20-2023/24.</b>	<b>51</b>
9.1	Introduction	51
9.2	UETCL'S Strategic Objectives	51
9.3	The Strategic Pillars	51
9.3.1	Strategic Pillars, Company Goals and Key Performance Indicators (KPIs) during period FY 2019 to 2023/24	52
9.3.2	Security of Power Supply and Regional Cooperation	52
9.3.3	Accelerated Grid Infrastructure Development and Stimulation of Demand	56
9.3.4	Sustainable Financial Growth	59
9.3.5	Robust Human Capital Development	63
9.3.6	Efficient Business Processes and Systems	65
9.3.7	The target outcomes for the CBP period	69
9.3.8	Critical Success factors/Assumptions for the Effective Delivery of Corporate Business Plan (FY2019/20 to 2023/24)	69
10.	<b>ORGANIZATIONAL STRUCTURE FOR DCORPORATE</b>	

	<b>BUSINESS PLAN (FY 2019/20-2023/24)</b>	<b>71</b>
10.1	Organizational Improvements Based on (new) Strategic Situation	71
10.2	Organization and governance Structure to support successful implementation of the CBP	71
10.3	Organizational Structure and the different roles	73
10.3.1	Managing Director/Chief Executive Officer	73
10.3.2	Technical Division (TD)	73
10.3.3	Finance Division (FD)	74
10.3.4	Human Resource and Administration Division (HR & AD)	74
10.3.5	Internal Audit Division (IAD)	74
10.3.6	Legal and Corporate Services Division (CSD)	74
10.3.7	Governance, Ethics and Compliance Division (G, E&C)	74
10.4	Internal Committees	74
11.	<b>ENTERPRISE RISK MANAGEMENT</b>	<b>76</b>
11.1	Enterprise-wide Risk Management (ERM) and Framework	76
11.2	Risk Management Objectives	76
11.3	Strategies for achieving the above objectives:	76
11.4	Mandatory Risk Reporting for this CBP period	77
12.	<b>FINANCIAL PLAN</b>	<b>80</b>
12.1	Introduction	80
12.2	Drivers of the Financial Plan	80
12.3	Financing Strategies	80
12.4	Transmission Grid and Relate Infrastructure Investments	81
12.5	Financial Projections	82
12.5.1	Projected Statement of Profit & Loss during the Corporate Business Period	82
12.5.2	Projected Statement of Financial Position during the Corporate Business Plan Period	83

## List of Tables

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<b>Table 1:</b>	Projected UETCL Performance & Infrastructure during the CBP Period	xxii
<b>Table 1:</b>	Additional PPAs Executed, Their Capacity & Duration During the Previous CBP Period.	19
<b>Table 2:</b>	PPAs Not yet concluded as at Close of the previous CBP Period	20
<b>Table 3:</b>	Additional PSAs Executed during the CBP Period	20
<b>Table 4:</b>	Volumes of Regional Power Trade during the CBP period.	21
<b>Table 5:</b>	Cummulative Numbers of Recorded PAPs & PAPs Compensated & Acreage Acquired.	23
<b>Table 6:</b>	Energy Purchases per category for the period 2014-2018	24
<b>Table 7:</b>	Transmission loss trend during the previous CBP period 2014-2018	25
<b>Table 8:</b>	Energy Sales for the period 2014-2017/2018	25
<b>Table 9:</b>	Statement of Comprehensive Income during the CBP period 2014-2017/18	27
<b>Table 10:</b>	Statement of Financial Position during the CBP period 2014-2017/18	28
<b>Table 11:</b>	The Staff Trend 2014-2018	29
<b>Table 12:</b>	Staff Turnover Trends 2014-2018	29
<b>Table 13:</b>	HCI Index Scores	30
<b>Table 14:</b>	Implementation Status of Key ICT Initiatives and Projects.	30
<b>Table 15:</b>	Summary of Compliance to Statutory/Regulatory Requirements	31
<b>Table 16:</b>	Status of Procurement KPI(2014-2018)	32
<b>Table 17:</b>	SWOT Anaylsis	40

<b>Table 18:</b>	PESTEL Analysis of UETCL Business Environment	43
<b>Table 19:</b>	Substations & Transformation Capacity	46
<b>Table 20:</b>	Additional Substation Costs & Transformation capacity	47
<b>Table 21:</b>	Matrix of Annual Grid Development Projects during the CBP Period.	48
<b>Table 22:</b>	Regional Projects Planned for Execution during the CBP period.	50
<b>Table 23:</b>	Strategic Pillar I- Security of Power Supply & Regional Cooperation:Strategic Goals, Key Performance Indicators,Targets, Initiatives & Management Reporting Responsibilities	53
<b>Table 24:</b>	Strategic Pillar II-Accelerated Grid infrastructure Development & Stimulation of Demand: Strategic Goals, Key Performance Indicators, Targets, Initiatives & Management Reporting Responsibilities.	57
<b>Table 25:</b>	Strategic Pillar III- Sustainable Financial Growth: Goals, Key Performance Indicators, Targets, Initiatives & Management Reporting Responsibilities	60
<b>Table 26:</b>	Strategic Pillar IV- Robust Human Capital Development: Goals, Key Performance Indicators, Targets, Initiatives & Management Reporting Responsibilities	64
<b>Table 27:</b>	Strategic Pillar V- Efficient Business Processes & Systems: Goals, Key Performance,Indicators, Targets, Initiatives & Management Reporting Responsibilities	66
<b>Table 28:</b>	UETCL Key Performance Projections during the CBP period 2019/20-2023/24	69
<b>Table 29:</b>	Table showing Investments during the CBP period.	81

## List Of Graphs

<b>Graph 1:</b>	Trend of Systems Availability between 2014-2018	18
<b>Graph 2:</b>	Typical Load Curve for the Year 2018	21
<b>Graph 3:</b>	Energy Purchases Per Category for the period 2014-2018	24
<b>Graph 4:</b>	Energy Sales Trend in GWh for the period 2014-2018	25
<b>Graph 5:</b>	Energy revenue performance vs purchase cost for the period 2014-2018	26
<b>Graph 6:</b>	UETCL Asset Base Growth for the period 2014-2018	26
<b>Graph 7:</b>	HCI Index Trend	30
<b>Graph 8:</b>	Demand Supply balance	45
<b>Graph 9:</b>	Grid Investment requirements & Total circuit length	46

## List Of Figures

<b>Figure 1:</b>	Schematic Format of the Corporate Business Plan	viii
<b>Figure 2:</b>	Graph of UETCL's strategic goals against the strategic pillars & the Company Business	ix
<b>Figure 3:</b>	Hierarchy of KPIs	x
<b>Figure 4:</b>	Institutional set up of the Uganda Electricity Sector	2
<b>Figure 5:</b>	UETCL's Strategic Pillars	51

## CORPORATE FEATURES WALL



**Vision:**  
Our vision is “Electricity Transmission for Sustainable Regional Development”

**Mission:**  
Our mission is “To Buy, Transmit and Sell Quality Bulky Power”

**Sustainable Core Values**

- Integrity
- Accountability
- Teamwork
- Respect
- Safety
- Innovation

**Value Proposition**

UETCL commits to

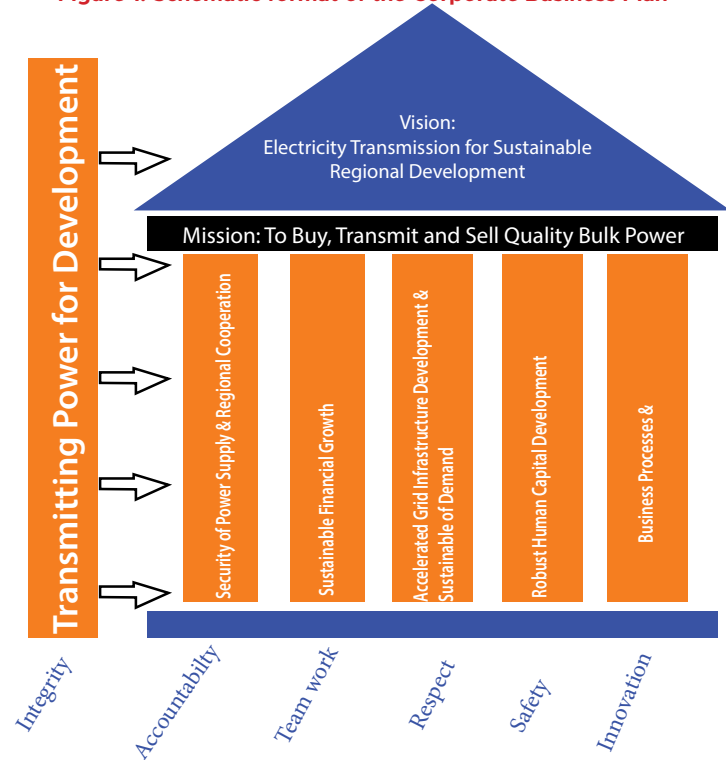
- Stakeholder centric decisions
- Zero tolerance to corruption
- Quality and Excellence
- Cost efficiency
- Timely delivery
- Sound Environmental Management
- Practice

### Strategic Pillars

- Security of Power Supply and Regional Cooperation
- Accelerated Grid Infrastructure Development and Stimulation of Demand
- Sustainable Financial Growth
- Robust Human Capital Development
- Efficient Business Processes and Systems schematic

Presentation of the Corporate Business Plan (2019/20-2023/24)

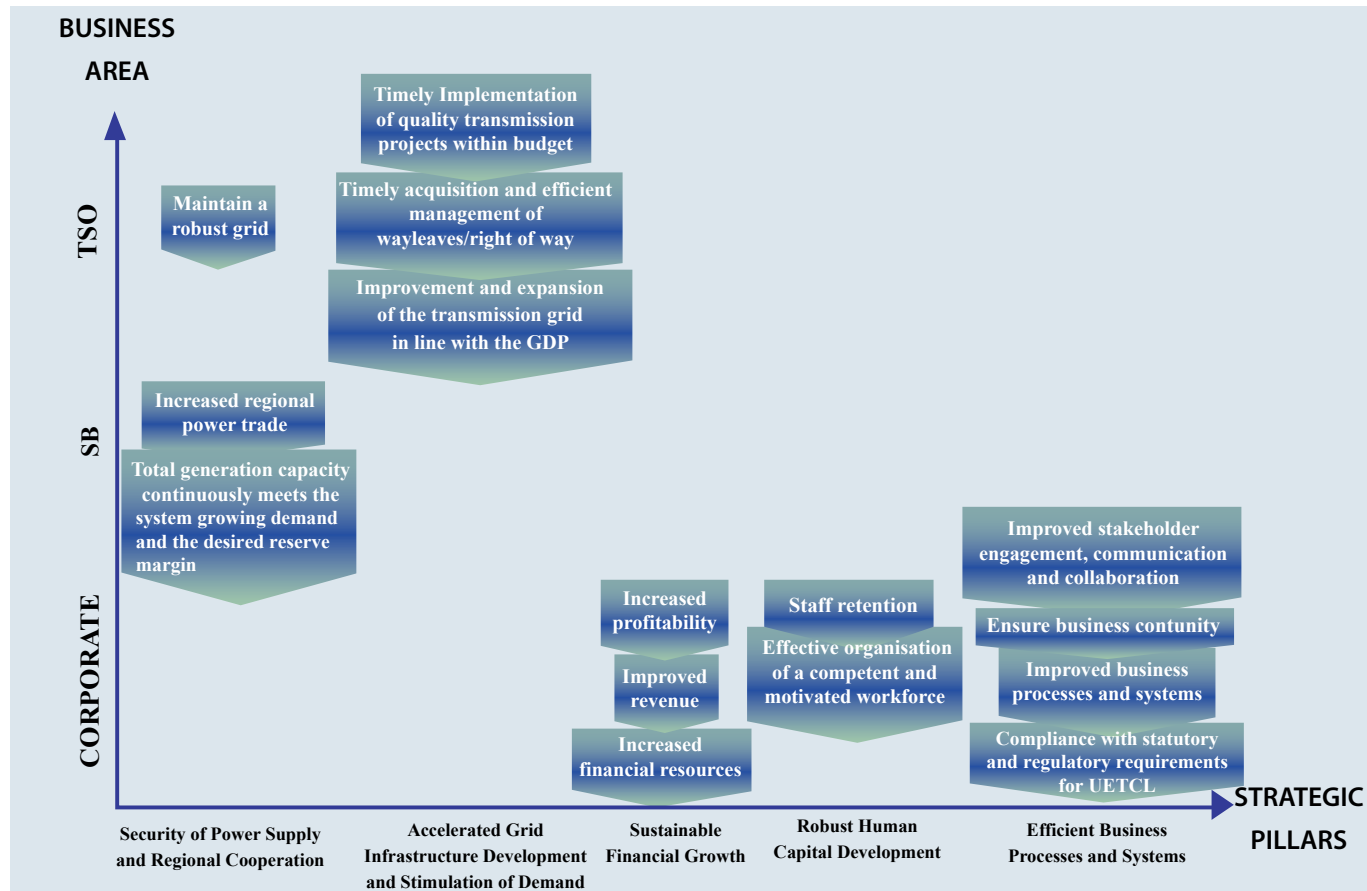
**Figure 1: Schematic format of the Corporate Business Plan**



## Graphical and Tabular Presentation of Strategic Goals as against the Strategic Pillars

Below is a map of UETCL's strategic goals as against the strategic pillars and the Company's business areas.

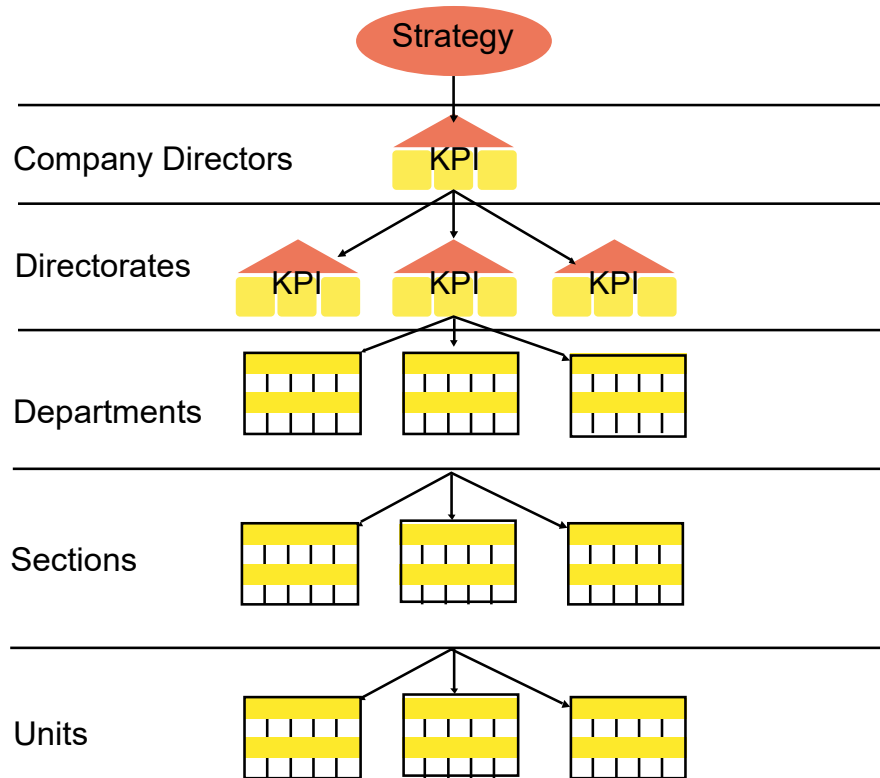
**Figure 2: Graph of UETCL's strategic goals against the strategic pillars and the Company's business areas**





Following the setting of the Company goals and KPIs, corresponding goals and KPIs for all departments and sections have been developed to ensure that the whole company is pulling in the same direction at all levels.

**Figure 3: Hierarchy of KPIs**



## BOARD CHAIRMAN'S MESSAGE



**Peter Ucanda**  
Chairman Board of Directors

### Our dear Stakeholders,

It is with great pleasure that I unveil the fourth edition of Uganda Electricity Transmission Company Limited (UETCL)'s Corporate Business Plan (CBP) 2019/20 - 2023/24. The CBP puts forward our long term strategic goals and aspirations in order to provide sufficient and sustainable electricity transmission across Uganda and the region.

This CBP outlines UETCL's mandate; market analysis; competitive analysis; strategic objectives; critical success factors; governance structure; organizational structure; key performance indicators; capital requirements, and; financial projections.

UETCL's CBP is aligned with the Government of Uganda's Vision 2040 and the National Development Plan III (2020/21-2024/25) that aims at achieving the Energy Industry's contribution to the transformation of the Country by availing reliable energy supply for economic growth, poverty reduction, as well as the social and cultural transformation of society through the following interventions of which

UETCL is listed as one of the critical actors:

- Increasing access and utilization of electricity;
- Increasing adoption and use of clean energy;
- Promotion of the utilization of energy efficient practices and technologies.

The changes in Government policies and regulation and those in UETCL's business environment have been taken into account to ensure provision of adequate evacuation of power and expansion of the electricity transmission infrastructure coverage.

The continued support and funding from the Government and Development Partners, regional interconnections for power exchange and trade, a large project portfolio including the commissioning of various transmission lines and substations coupled with the contribution of all stakeholders, serves to put UETCL in a strong position to provide a reliable and stable electricity transmission grid to promote economic transformation in Uganda.

In this CBP, the Board of Directors shall focus on the proactive engagement and support of UETCL's vast range of Stakeholders as it provides strategic guidance and monitoring oversight to Management and also ensures that UETCL's objectives, goals, standards and Stakeholders'.



**Peter Ucanda**  
**Chairman Board of Directors**

# UETCL BOARD MEMBERS



**Peter Ucanda**  
Board Chairman



**Christopher Mugisha**

Board Member



**Eng. Abdon Atwine**

Board Member



**Sarah Muhumuza**  
Board Member



**Grace Oburu**  
Board Member



**Richard Santo Apire**  
Board Member



**George Rwabajungu**  
Managing Director

## Ex BOARD MEMBERS



**Nicholas Oluka**  
Ex Board Member



**Eng. Valentine Katabira**  
Ex Board Member



**Eng. Willy K. Kiryahika**  
Ex Board Member



**John Genda Walala**  
Ex Board Member

## MANAGING DIRECTOR/ CEO'S MESSAGE



**George Rwabajungu**  
Managing Director/ C.E.O

It gives me a lot of pleasure to present the Uganda Electricity Transmission Company Limited (UETCL) Corporate Business Plan (CBP) for the period 2019/20-2023/24. This CBP takes into account the achievements so far made in the previous years, the current status and the strategies to realize the desired ambitions.

It presents a strategic road map, objectives and strategic pillars that have been determined through a consultative process of staff and Management, the Board and other key Stakeholders. It provides a strategic framework through which UETCL will continuously assess and improve its performance in the delivery and supply of reliable, efficient and quality bulk power to the Country and the Region.

The development and preparation of this CBP was premised on the achievements and lessons learnt from the previous Corporate Business Plans, Vision 2040, NDP III and the regulatory environment. Its ultimate objective is extending and availing a reliable national grid network in all areas of the country and the region that will not only spur industrialization but also social economic transformation.

While operationalizing this CBP, the main focus will be on the five strategic pillars, namely; Security of Power Supply and Regional Cooperation, Accelerated Grid Infrastructure Development and Stimulation of Demand, Sustainable Financial Growth, Efficient Business Process and Systems and Robust Human Capital Development.

We look forward to the continued support of the Government of Uganda, Shareholders, Board, Management, Staff, and all our key stakeholders during the implementation and delivery of this five-year Corporate Business Plan in line with our motto of “Transmitting Power for Development”

A handwritten signature in blue ink, appearing to read 'George Rwabajungu', with a stylized flourish at the end.

**George Rwabajungu**  
MANAGING DIRECTOR/CEO



Aerial view of the Kawanda - Masaka Transmission line traversing Gangu Forest in Mpigi District





**Valentine Katabira**

Deputy Chief Executive Officer

## **DEPUTY CHIEF EXECUTIVE OFFICER'S MESSAGE**

There is no let-up in Uganda Electricity Transmission Company Limited (UETCL)'s quest to sustainably provide reliable, efficient and quality bulk power supply not only to power the economy but also to improve general power service delivery to different parts of the country. The Corporate Business Plan (CBP) reflects this ongoing commitment. It is designed to focus and align our work to achieve company goals amidst a constantly evolving business and regulatory environment.

Formulating the CBP has been a process. Special recognition goes to the Board of Directors for their visionary insightfulness and guidance towards the formulation and approval of this CBP. Appreciation also goes to the Management, staff and all stakeholders who made great contributions and research that enabled the formulation of this CBP. All their input has been captured, harmonized, summarised and highlighted throughout this document.

To be effective, the CBP must be implemented, monitored and evaluated. It is therefore imperative that all employees internalize it at an individual level so as to tangibly map out each one's vital contribution to the achievement of the company objectives and goals that are geared towards providing sufficient and sustainable electricity to Uganda and the region.

A handwritten signature in white ink, appearing to read 'Valentine Katabira', written in a cursive style.

**Valentine Katabira**

Deputy Chief Executive Officer

# UETCL MANAGEMENT TEAM



**George Rwabajungu**  
Managing Director/C.E.O



**Valentine Katabira**  
Deputy C.E.O



**Boneventura Buhanga**  
Manager Planning & Investment



**Fredrick Zesooli**  
Manager Human Resource & Admin



**Martin Erone**  
Manager Corporate Services



**Richard Matsiko**  
Manager Operation & Maintenance



**William Nkemba**  
Manager Projects Implementation



**Peter Igibolu**  
Manager Information & Communication &  
Technology



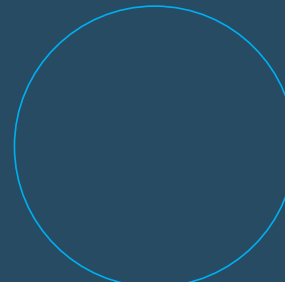
**Specioza Mukazi**  
Manager Procurement & Disposal



**Georgina Kugonza**  
Company Secretary



**Edward Muganyizi**  
Manager Internal Audit



**Manager Finance Accounts  
& Sales**

# EXECUTIVE SUMMARY

## 2.1TN

UETCL assets base increased from UGX797Bn in 2014 to UGX 2.1Tn in 2018

UETCL is a Company wholly owned by GoU

and has two equal shareholders, the Minister of Finance, Planning and Economic Development and the Minister of State for Finance in charge of Privatisation. The company's share capital is UGX 90,653,814,500 divided into 181,307,629 shares of UGX 500 each as at end 2018. UETCL's asset base increased from UGX 797Bn in 2014 to UGX 2.1 Tn in 2018.

The operational mandate of UETCL is derived from several laws with the major ones being the Electricity Act, Cap 145, the Public Enterprises Reform & Divestiture Act, Cap.98 and the Uganda Communications Act, Cap 106, Laws of Uganda 2000. UETCL as a transmission company also holds the role of single buyer and is therefore a key national player in the power sector. Uganda's peak power system demand is approximately 650 MW against an installed generation capacity of 1,145 MW with a firm capacity of 700 MW that varies in accordance with the prevailing hydrological conditions. According to the NDP III (2020/21 – 2024/25) and the National Energy Policy of the MEMD (October 2019), the Country's electricity grid consumption lies at 100 kWh per capital (2019), while the national electrification rate is 28% for the 44.3 million population (growing at the rate of 3.28%, 2018).

The substantial discovery and development of oil resources is expected to boost the economic growth in Uganda and raise the per capita income which currently stands at \$878: 2019. Power is considered an impetus to the projected economic growth. According to the Uganda Vision 2040 which was launched in April 2010, the country's Vision is to achieve 80% National Electricity Access by 2040.

Currently Uganda is in a short to medium term power generation surplus situation with the power demand growing at an annual average of 7%. Nonetheless, it is anticipated to grow at a higher rate in tandem with the implementation of several industrial parks across the country. The total circuit length of the transmission grid is 2,889.0Km as at end of 2018/2019. The recorded transmission system losses stood at 3.62% as at end of 2018/2019 while the distribution losses were 16.8% by end of 2018/2019. During this CBP period (2019/20 – 2023/24), it is targeted to increase power generation capacity by an additional 2,310 MW, the transmission grid by an additional 2,484km, the highest transmission voltage raised to 220 kV and 400 kV and the transmission losses are anticipated to reduce to 3% while the combined transmission and distribution losses are expected to reduce to 16%.

**Table I Projected UETCL performance and Infrastructure during the CBP period**

Description	2018/19 (Baseline)	2019/20	2020/21	2021/22	2022/23	2023/24
Cumulative Circuit length (Km)	2,889	3,000.5	3,969.7	4,622.5	4,914.0	5,373.5
No. of substations	25	28	35	46	50	54
Energy purchase (GWh)	4,256	4,952	5,589	6002.5	6410.23	6710.31
Transmission losses (%)	3.62%	3.38%	3.35%	3.29%	3.03%	3.00%
Energy sales (GWh)	4,102	4,785	5,402	5,805	6,216	6,509
Total assets (UShs - Mn)	3,634,815	5,357,109	6,942,524	8,323,904	9,476,023	10,487,834
Investment (Ushs - Mn)	214,827	266,948	223,028	205,113	135,088	102,836

The management of UETCL has been in charge of the internal Corporate Business plan review process with the active guidance of the Board of Directors. The process of reviewing the CBP has been an interactive process being a top down/bottom-up process that involved the whole organization. This has resulted into the review of the strategic pillars, the Company goals and the corresponding KPIs. All Departments and Sections have KPIs that are linked to the overall Company Mission, Vision, Goals and Objectives. This inherently ensures ownership of the CBP by staff and promotes unity of purpose at different organizational levels of the company.

The CBP review process has five (5) strategic pillars. Fifteen (15)

company goals and Thirty (30) key performance indicators (KPIs) have been identified at company level for the period 2019/20-2023/24. A defined hierarchy of KPIs gives each task holder a clear picture of what his superior officer will expect to be delivered for the year to come.

The reporting will be carried out in three steps: (1) Reporting from Principal Officer to the Manager once every month, (2) Reporting from Manager to MD/CEO once every month and (3) Reporting from MD/CEO to BoD once every quarter.

The Balance Score Card (BSC) model shall be maintained as the main reporting system to gauge the degree of achievement of the company goals and targets as evidenced by the KPI metrics. The BSC model also facilitates an analysis of results and documents any requisite corrective measures that need to be undertaken for better performance. It is hoped that visibility of the KPIs will be enhanced through live dash boards once the ERP system is implemented and commissioned.

During the CBP review process, Management identified some areas in the Business Organisation that require changes based on UETCL's prevailing business environment. The following changes in the UETCL business environment have been identified:

- Surplus power generation necessitating quick creation of power demand.
- Increased number of transmission lines and associated substation projects being implemented.
- Introduction of new Government of Uganda (GoU) policies and Guidelines such as Free Electricity Connection Policy, Stimulation

of demand through construction of Industrial parks, Curtailment of deemed energy, Regional Integration, to mention but a few.

- Increased volume of business activities accruing from grid expansions and new generation plants.
  - Varied options for financing the grid infrastructure projects and recent growing interest from the private sector to participate in funding transmission projects.
  - The growing optic fibre business that is strategically moving from lease of dark fibre to lease of data capacity transmission.
- The Board of Directors and Management have therefore put in place structures and human resources to support the efficient delivery of the strategic goals in this CBP (2019/20-2023/24), notwithstanding the regulation environment.



132KV Isimba Switchyard



132/33 KV Queensway Gas Insulated Substation (GIS)

## OPERATIONS & MAINTENANCE

“

To operate and maintain the transmission Grid Assets and local Dispatch facilities in a safe manner in accordance with international prudent utility practices.

”



132kV Isimba switchyard

# 1. BACKGROUND

As part of its efforts to transform the energy sector into a financially viable industry, the Government of Uganda enacted the Electricity Act of 1999 which established the following institutions/Fund:

- Electricity Regulatory Authority (ERA)
- Uganda Electricity Generation Company Limited (UEGCL)
- Uganda Electricity Transmission Company Limited (UETCL)
- Uganda Electricity Distribution Company Limited (UEDCL)
- Rural Electrification Agency (REA)

## 1.1 Electricity Regulatory Authority (ERA)

Established in the year 2000, ERA's mandate is to regulate the generation, transmission, sales, export, import and distribution of electrical energy in Uganda.

## 1.2 Uganda Electricity Generation Company Limited (UEGCL)

Having been established in 2001, the mandate of UEGCL is to establish, acquire, maintain and operate electricity generation facilities and promote research and development in the electricity sector. UE-GCL owns Nalubale and Kiira Power stations that are being operated under a 20-year concession agreement by Eskom (U) Ltd. UEGCL is currently undertaking the development and construction of the Isimba, Karuma and Muzizi hydro power plants.

## 1.3 Uganda Electricity Transmission Company Limited (UETCL)

UETCL is a public utility with the mandate to own, develop and operate the High Voltage Transmission Grid (HVTG) above 33kV.

UETCL has four major licenses:

- Bulk power supply
- Operation of high voltage transmission grid
- System operator
- Power import and export.

UETCL also holds a Public Infrastructure Provider's license from Uganda Communications Commission for owning and operating the optic fibre infrastructure, which is used to support the [Supervising Control And Data Acquisition \(SCADA\)](#) system in ensuring grid availability and reliability and also used for commercial purposes.

## 1.4. Uganda Electricity Distribution Company Limited

Established in 2001, UEDCL is a public Utility that owns a distribution network operating at a voltage level of 33kV and below. A major part of its distribution network is being operated and maintained by Umeme (U) Ltd under a 20-year concession agreement, which came into effect on 1st March 2005. UEDCL also operates some other distribution networks beyond the foot print of the Umeme distribution network.



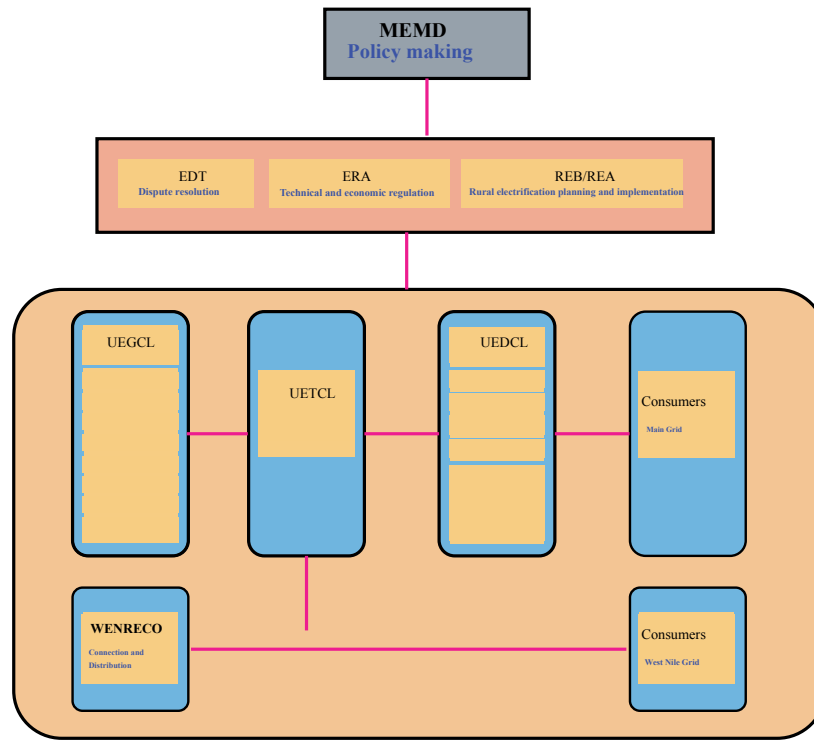
### 1.5 Rural Electrification Agency (REA)

Established in September 2003, the Rural Electrification Agency is a government institution responsible for facilitation of the development and implementation of rural electrification projects.

### 1.6 Uganda Electricity Sector Organization

The electricity sector is graphically represented as shown in Figure 4 below

**Figure 4: Institutional Set Up of the Uganda Electricity Sector**





**H.E Yoweri Kaguta Museveni**, the president of Uganda commissioning the 132kV Kapeka Industrial park substation.

## 2. INTRODUCTION

This is the fourth edition of UETCL's Corporate Business Plan (CBP), the first (2005-2008), second (2008-2013) and third (2014-2018) editions having been respectively approved by the Board of Directors (BoD) in December 2005, February 2008 and December 2015.

The CBP, together with the Grid Development Plan (GDP) forms the basis for the strategic development and direction for UETCL. The UETCL CBP is intended to be an effective communication tool that fosters general understanding and offers information to the shareholders, market and other stakeholders about the company's business, Vision, mission, legal mandate, challenges, strategic pillars, strategy, priorities, financial viability, core values and corporate governance. Furthermore, it is intended to enhance effective communication to the shareholders and other key stakeholders with regard to the implementation of GoU's policies.

The formulation of this edition of the CBP was started in June 2017. It is founded on the emerging challenges as well as lessons learnt over the years. In the last four years, UETCL has continued to register surplus power generation following the commissioning of the new power generation plants a situation that will continue upon commissioning of the Karuma and Isimba hydro power generation plants as well as other mini renewable energy plants. This presents an urgent and immediate need to stimulate power demand so as to avoid increase in tariffs or sustained subsidies to curb the said likely increase in tariffs. UETCL is implementing

various grid expansion and regional interconnection projects that will spur industrialisation, rural electrification and regional power trade. Timely and cost-effective completion of these projects has been majorly hindered by challenges of delayed land acquisition.

This CBP is a culmination of UETCL's evaluation of its current strategic challenges and implications with its corresponding strategic goals and derived KPIs. UETCL's experience during the previous CBP implementation, quarterly reporting, feedback from stakeholders and the GoU policies and priorities informed the analysis and assessment.

While the Vision and Mission remain the same, necessary changes have been made to the following areas:

- Business focus areas
- Company Values
- Company Challenges and interventions
- Company Goals and KPIs
- Business Organization

The GDP and the CBP (2019/20-2023/24) shall be updated annually with revised KPIs and Financial Projections among others.



132kV Transmission Line

## 3. POLICY AND MANDATE

### 3.1. Brief on UETCL

Uganda Electricity Transmission Company Limited (UETCL) is a Limited Liability Company that was incorporated on 26th March 2001. UETCL is one of the three successor companies created as a result of the unbundling of Uganda Electricity Board (UEB) under the Company's Act in Accordance with the Public Enterprise Reform and Divestiture (PERD) Act. UETCL is wholly owned by GoU and has two equal shareholders to with, the Minister of Finance, Planning and Economic Development and the Minister of State for Finance in charge of Privatisation. The company's share capital is UGX 90,653,814,500 divided into 181, 307,629 shares of UGX 500 each as at the end of 2018.

UETCL operates under the policy guidance of the Ministry of Energy and Mineral Development and Ministry of Finance, Planning & Economic Development through the Parastatal Monitoring Unit (PMU). UETCL also operates under the regulatory oversight of the Electricity Regulatory Authority and Uganda Communications Commission (UCC).

UETCL's mandate is broadly divided into the Single Buyer business (SB) and Transmission System Operator (TSO). It therefore undertakes bulk power purchases and sales, import and export of energy, ownership and operation of the High Voltage Transmission Grid and is designated as the National Transmission System Operator.

UETCL also owns and operates an Optic Fibre commercial business under the regulatory oversight of Uganda Communications Commission.

### 3.2. Legal Framework

Uganda Electricity Transmission Company Limited (UETCL) was incorporated as a limited company in accordance with the provisions of the Companies Act as amended and the Public Enterprise Reform and Divestiture Act on the 26th March 2001. Its existence is also provided for in the Electricity Act Cap 145 that unbundled the vertically integrated Uganda Electricity Board and created three successor Companies in its place.

The operational mandate of UETCL is derived from several laws with the major ones being the Electricity Act, Cap 145, Public Enterprise Reform & Divestiture Act, Cap.98, Uganda Communications Act, Cap 106, Laws of Uganda 2000 and the Companies Act, 2012 (which repealed Companies Act Cap. 110).

The Electricity Act, created the Electricity Regulatory Authority that is mandated to oversee and regulate the electricity sector and license operators like UETCL and the other companies that fall under its jurisdiction. In exercising its powers, the Electricity Regulatory Authority has facilitated the creation of the following regulations under the Act which are applicable to UETCL:

- The Electricity (Installations Permits) Regulations SI No. 19 of 2003;
- The Electricity (Licence Fees) (Amendment) No3 Regulations of 2014;

- The Electricity (Quality of Service Code) Regulations No. 21 of 2003;
- The Electricity (Safety Code) Regulations SI 22 of 2003;
- The Electricity (Tariff Code) Regulations SI 23 of 2003; and
- The Electricity (Primary Grid Code) Regulations SI 24 of 2003.
- The Electricity (Application for Permit, License and Tariff Review) Regulations, 2007
- The Weights and Measures (Electricity Meters) Rules 2015

Under the Uganda Communications Act Cap 106, UETCL is required to obtain a Public Infrastructure Provider's License by virtue of owning and operating optic fibre infrastructure and leasing out its excess capacity to potential internet service providers (ISPs).

### 3.3. Mandate

UETCL's mandate is derived from the following annual licences:

- License for Systems Operator;
- License for Operation of High Voltage Transmission Grid;
- License for Power Export and Import
- License for Bulk Power Supply

The mandate is categorised into two business areas namely the Single Buyer and Transmission Systems Operator businesses. Under the single buyer business, UETCL is authorised to negotiate all agreements related to the sale, purchase, import and export of electric energy. The company has long running contracts with several Power Generators and a number of Distribution Companies in the country. The company also exports and/ or

imports power from the major electricity utility companies in the region with which it has signed Power Sales and Power Exchange Agreements.

On the other hand, the TSO business involves the conducting of system operations including the dispatch and control of the operation of generation plants and other facilities necessary for system stability, security, reliability, safety and efficient operations. The TSO business further involves the operation of the high voltage transmission grid above 33 kV. In exercise of its mandate under this business area, UETCL acquires and owns land for its assets and operations in accordance with the Electricity Act and Land Act Cap 227.

UETCL also holds License for Public Infrastructure Provider (Optic Fibre).

### 3.4. Government of Uganda's Policy and Priorities

The general strategic priorities of Government of Uganda (GoU) are expressed in the following policy documents:

- National Development Plan (NDP III 2020/21-2024/25), June 2020
- Ministry of Energy and Mineral Development (MEMD) Policy Statements
- Energy and Mineral Development Sector Development plan (2015/16-2019/20), June 2015
- Power Sector Investment Plan, 2011 Sustainable Development Goals (SDGs), 2015
- Renewable Energy Policy, 2007

- Sustainable Energy for All Initiative, 2011 Vision 2040

The GoU key priorities for the Energy Management, Planning and Infrastructure Development are categorised under the following sub-programmes;

- Increase access and utilization of electricity
- Increase generation capacity of electricity
- Increase adoption and use of clean energy
- Promote utilization of energy efficient practices and technologies.

GoU has prioritised the expansion of the High Voltage Transmission system as one of its key development goals. The GoU places emphasis on financial viability and sustainability based on the company's risk profile and the GoU's long term strategic priorities.

UETCL plays an important role in the implementation of the above government policies both as a Single Buyer and Transmission System Operator. The single buyer business involves negotiations and operationalization of Power Purchase Agreements and Power Sales Agreements.

The latter role includes among others the planning and implementation of large transmission projects on a medium to long-term perspective in addition to managing an effective, efficient and reliable national transmission backbone.

In the development of the above projects, UETCL is mainly guided by the National Development Plan 11I (2020/21-2024/25) that was approved by the Government of Uganda (GoU) in June 2020 under the theme "Sustainable Industrialization for inclusive growth, employment and wealth creation".

The NDP III is a policy document that is reviewed and updated every five years as sub-plans to the Uganda Vision 2040. Uganda Vision 2040 is "Transforming Ugandan Society from a Peasant to a Modern and Country within 30 years".

The focus, objectives, strategies and interventions by the energy sector in order to implement the NDP III include:

- a) Increasing access to sustainable energy and transitioning from biomass to more efficient energy sources.
- b) Upgrading and expansion of the transmission and distribution networks for improved reliability.
- c) Integrated planning for a diversified energy generation mix, including renewable and alternative energy sources
- d) Increasing industrial output and energy consumption for sustained economic development.
- e) Build capacity in the energy sector.



H.E YK Museveni commissioning the Mukono Industrial Park Substation



## PLANNING AND INVESTMENTS

“ To develop and implement power purchase and transmission plans, to meet the future electricity demand of the country and the transport services in line with company strategic objectives. ”



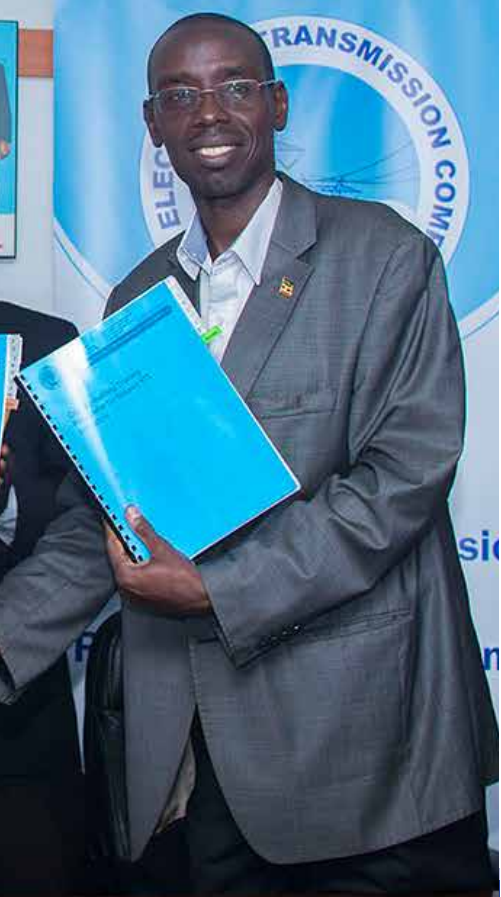
Handover of the Mabira Police post construction site to the contractor



Inspection of a vandalized transmission tower



**Our Vision**  
Electricity Transmission  
for Sustainable  
National Development



**Deputy C.E.O, Valetine Katabira**, Shaking hands with a representative from Nakawa Training Institute during the signing of a Memorandum of Understanding.

## 4. CORPORATE VISION, MISSION AND VALUES

UETCL's Vision and Mission have been maintained as follows:

### 4.1. Vision:

“Electricity Transmission for Sustainable Regional Development”

### 4.2. Mission:

“To Buy, Transmit and Sell Quality Bulk Power”

### 4.3. Sustainable Corporate Values:

The core corporate values of UETCL are:

**Integrity:** The Company is committed to acting in an honest, transparent and responsible manner in everything it does and will adhere to ethical business principles and good corporate governance at all times.

**Accountability:** The Company is committed to practicing loyalty, transparency and reliability in ensuring that all staff and the organization honour their commitments to its stakeholders and customers.

**Teamwork:** The Company employees will work in unity at all levels and embrace a participatory approach in implementing all corporate programmes and activities.

**Respect:** The Company shall promote respect for self, others and authority and be cooperative by demonstrating esteem that enhances results and fosters equality, diversity, harmony and fellowship.

**Safety:** The company shall make and follow decisions that preserve the environment, health and safety for self, employees, public and property.

**Innovation:** The Company shall encourage initiative, self-drive and willingness to continuously learn, invent and improve on quality of service delivery.

**4.4. Corporate Motto:** The Corporate motto that encapsulates the beliefs and ideals of UETCL as an institution and reflects the sustainable interface between UETCL, its stakeholders and customers is **“TRANSMITTING POWER FOR DEVELOPMENT”**.

### 4.5. Corporate Culture:

UETCL shall promote a corporate culture that encompasses the beliefs and behaviours of its business, as well as free interactions between management, employees, stakeholders and customers. During the CBP period, UETCL shall adopt and practise a culture that shall be characterised by the following:

- Continuous instilling of UETCL core values in employees
- Employee responsibility and freedom of interactions.
- Friendly work environment and
- Open access to leadership at all levels

When the above culture becomes successful, it shall not only improve the corporate identity, but also improve the quality of employees, employee turnover rate and productivity.



400/132kV Kawanda Sub-Station

## 5. CORPORATE GOVERNANCE GUIDELINES AND BUSINESS ETHICS

### 5.1. Board Policies, Guidelines and Reporting

UETCL is governed in accordance with the provisions of the Companies Act 2012 and the Public Enterprise Reform and Divestiture Act. It is wholly owned by the GoU with two shareholders; the Minister of Finance Planning and Economic Development and the Minister of State for Privatisation and Investments, who work in close collaboration with the Minister of Energy & Mineral Development as the Line Minister as per the requirements of the Public Enterprises Reform & Divestiture Act, Cap.98.

As a public enterprise which is incorporated as a public company under the Companies Act, UETCL has adopted Table F- Code of Corporate Governance. The Board of Directors of UETCL's responsibilities include but are not limited to the following:

- (a) Providing strategic direction;
- (b) Compliance with policies, laws and regulations;
- (c) Ensure effective risk management and internal control
- (d) Identifying and monitoring company key performance areas;
- (e) Determining a balance between governance constraints and entrepreneurial Performance;
- (f) Reviewing and guiding annual budget and business plans of the Company;

- (g) Overseeing major capital expenditures, acquisitions and divestiture;
- (h) Ensuring the integrity of the company's accounting and financial reporting systems.

The Board of Directors of UETCL delegates some of its authority to its Committees through terms of reference set out in the Board Charter, and; Management through a delegation instrument to the Managing Director.

The UETCL Board of Directors has a provision for Board Committees that handle audit, risk, compliance chaired by an Independent Non-Executive Director and operational Board Committees that handle finance, administration, technical and remuneration which are chaired by Non-Executive Directors. The Board of directors also has an Adhoc/Special Committee which handles special matters including but not limited to selection and nomination of Directors, etc.

The Board of Directors has established a Board Charter in the exercise of its governance role of the Company. The Board is accountable to the shareholders for the performance and the affairs of the Company.

The Board delegates some of its authority to Board Committees and the Managing Director. The overall responsibility for the management of the affairs of the Company nevertheless remains vested in the Board.

The MD/CEO, assisted by the DCEO and the Executive Management team manages the day-to-day company business, in accordance with the Board and Management Charters. The Management Charter clarifies the Corporate Governance Guidelines of UETCL.

## 5.2. The Board Charter

The UETCL Board Charter is a cornerstone for UETCL's governance system and sets the course for the Board's dynamics including but not limited to the following:

- Provision of a working frame for the directors for purposes of promoting the Board's accountability to the Company's Stake holders on the operations, affairs and performance of UETCL.
- Definition of the Board's role in governance in terms of its statutory mandate and that drawn from its founding instruments and the Energy and Communications sectors of Government; its structure and roles of the different key players Board of Directors, Individual Directors, Board Chairperson, Managing Director/Chief Executive Officer and Company Secretary.
- Definition of the Board's key functions Strategy determination, managing performance of the Chief Executive Officer, Monitoring/Oversight, Compliance, Risk Management, Policy Framework, Networking, Stakeholder Communication and Decision Making.
- Provision for development and improvement of Board processes Board

- Calendar, Board/Board Committee Meetings, Board/Board Committee Meeting Agenda, Board/Board Committee Papers, Reporting, and Board Minutes.
- Establishment of a mechanism for promoting the Board's effectiveness – Director Facilitation, Director Protection, Director Remuneration, Director Selection, Director Induction, Director Development, Dispute
- Resolution and Succession Planning.
- Promotion of a shared understanding of the Board's role throughout the Company.
- As a key tool for the induction of new Directors.

The UETCL Board Charter is a living document which is regularly reviewed by the Board with the support of the Company Secretary to ensure that it is closely aligned with the Company's strategic direction. The Board's role and responsibilities which are also included in the Board Charter are outlined in 5.1 above.

## 5.3. The Management Charter

The MD/CEO, the Deputy CEO together with the management team lead UETCL and establish long-term specific targets and requirements for the Departments. The Management Team proposes short-term targets for each Department and Section, which is subsequently approved by the MD/CEO. In order to follow financial and operational developments, the MD/CEO and Management Team will closely scrutinise the quarterly Department reviews, together with quarterly financial meetings, beginning in quarter 3, 2019/20. Staff

functions have centralised responsibility for their respective areas within the entire Group, and support the MD/CEO and Management Team by:

- Preparing, issuing and following up on Company policies.
- Identifying improvements and initiating necessary measures within key areas for UETCL.
- Ensuring that the Management Team has access to the competence required.
- Giving advice on important challenges in the Departments.

UETCL's operations are carried out by Departments with full transparency in accounting, control and KPA/KPI performance. The Manager of a Department is fully responsible for the activities under their charge, and reports to the MD/CEO. UETCL's MD/CEO also identifies a number of important processes for the company. The process managers are usually members of the Management Team, and are responsible for ensuring that processes develop in the right direction.

#### 5.4. Business Ethics.

The Company shall comply with all laws and the applicable ethical standards. UETCL has, within a separate set of company guidelines and instructions, formulated rules regarding the way in which matters of a legal and ethical character are handled by the Company. Accordingly,

- All employees are responsible for ensuring that UETCL's ac-

tivities are conducted in an ethically acceptable manner, and that UETCL's assets shall not be used for any unlawful or inappropriate purposes. Anyone who finds a violation of the ethical and legal requirements has both the right and the duty to report such behaviour to a superior

- Personal information shall be handled with respect for personal integrity.
- Good marketing practice shall be followed in marketing activities.
- When negotiating contracts and agreements, UETCL shall act correctly and act fairly towards the opposite party.
- No employee may give or receive inappropriate benefits or benefits which can be considered to be unacceptable remuneration or which fall outside accepted business practice.
- UETCL shall only use sound competitive methods. UETCL has a dominant position as single buyer and transmission operator in the electricity market, this shall not, among other things, be utilized to force unreasonable agreement terms onto an opposite party.
- UETCL shall have zero tolerance to corruption in that it shall always view corruption as an undesirable behaviour and it shall take all measures to minimise it.



UETCL Management and staff at the CBP review at Munyonyo Common Wealth Hotel



## 6. CURRENT STATUS AND THE CBP REVIEW

### 6.1. The CBP Implementation 2014-2018.

UETCL's CBP 2014-2018 was implemented under five (5) focus areas namely;

- i. Security of power supply and regional cooperation
- ii. Accelerated grid infrastructure development
- iii. Financial sustainability
- iv. Robust Human capital development.
- v. Efficient business processes,

#### The main goals for the period 2014-2018 were;

- To maintain high availability of a robust grid
- To improve and expand the transmission grid in line with the GDP II
- Ensure that the total Generation capacity continuously meets the system growing demand.
- Timely implementation of quality projects
- Timely acquisition and efficient management of way leaves.
- To increase regional power trade.
- To improve financial performance and shareholder value
- To sustain an effective organisation with motivated and competent workforce
- To continuously improve business processes
- To ensure compliance with statutory/regulatory requirements

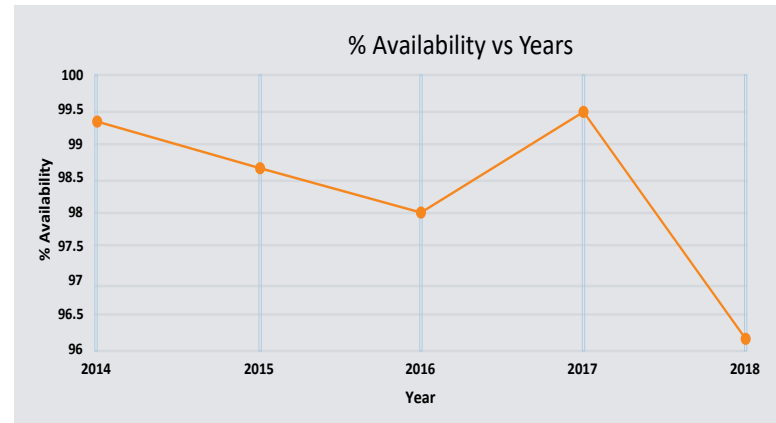
Here below are highlights of the achievements of the key performance indicators that were defined for the above goals.

#### 6.1.1. Security of Power Supply and Regional Cooperation.

##### i.) Availability of a Robust Grid.

The availability of the grid was maintained above the target of 98% from 2014-2017. The system availability however dropped below the target to 96.17% in 2018 mainly on account of collapse of the Owen Falls – Lugogo Transmission line at Lugazi in September 2018 due to tower vandalism. The trend of the system availability is as illustrated in the graph below.

**Graph 1: Trend of Systems Availability between 2014-2018**



## ii.) Power Purchase Agreements (PPAs) and Power Sales Agreements (PSAs) executed

During the CBP period 2014-2018, the company fully executed thirty-seven (37) additional PPAs while nine (9) PPAs were still in the process of being executed as at the end of the CBP period. The company also executed ten (10) PSAs. The additional PPAs which were fully executed and the ones not yet concluded are outlined in Table 1 and Table 2 below respectively. The additional PSAs which were executed during the CBP period are outlined in the Table 3.



**Table 1: Additional PPAs Executed, Their Capacity and Duration during the previous CBP period**

NO	YEAR	NAME OF PPA	TECHNOLOGY TYPE	CAPACITY (MW)	DURATION (YRs from COD)
1	2014	Kilembe Mine Ltd / Mobuku 1	Hydro	5.0	2
2	2015	Lubilia Kawembe Hydro Limited	Hydro	5.4	20
3		Elgon SITI (PVT) LTD SITI 1	Hydro	5.0	20
4		Elgon SITI (PVT) LTD SITI 2	Hydro	16.5	20
5		Jelco Nengo Hydro Power Co. LTD	Hydro	6.7	20
6		Africa EMS Nyamwamba	Hydro	9.2	20
7		Hydromax (Nkusi) LTD-WAKI	Hydro	4.8	20
8		Rwimi EP Company	Hydro	5.54	20
9		Muvumbe Hydro (U) LTD	Hydro	6.5	20
10		Access Uganda Solar LTD	Solar	10.0	20
11		Sugar & Allied Industries Ltd (SAIL)	Co-Gen	6.9	20
12		Butama Hydro Electricity Co. Ltd/ sindila	Hydro	5.25	20
13		Karuma Hydro Power Plant	Hydro	600	40
14		Isimba Hydro Power Plant	Hydro	183	40
15		Mahoma Uganda Limited	Hydro	2.7	20
16		Kinyara Sugar Works	Bagasse	5.0	
17		PA Technical Services Limited (Nkusi lower)	Hydro	9.6	20
18	2016	ARPE	Hydro	83.0	40
19		Mayuge Sugar Industries Limited	Bagasse	9.2 23.0	20

20		ZIBA LTD/ KYAMBURA	Hydro	7.6	20
21		TORORO SOLAR NORTH	Solar	10.0	20
22		NDUGUTU	Hydro	4.8	20
23		GENMAX NYAGAK 111	Hydro	5.5	20
24		MSS XSABO LTD	SOLAR	20.0	20
25		NYAMUGASANI 1	Hydro	15.0	20
26		NYAMUGASANI 11 HPP LTD	Hydro	6.0	20
27		ELEMENTAL ENERGY LIMITED	Hydro	7.0	20
28	2017	EMERGING POWER LTD	Solar	10.0	20
29		KIKAGATI	Hydro	16.0	20
30		ALBATROS	Thermal	50.0	20
NO	YEAR	NAME OF PPA	TECHNOLOGY TYPE	CAPACITY (MW)	DURATION (Yrs from COD)
31	2017	GREENWUS ENERGY AFRICA LIMITED / KAKAKA	Hydro	4.5	20
32	2018	SM –HYDRO LTD	Hydro	6.9	20
33		TIMEX BUKINDA		6.5	20
34		SUGAR CORPORATION OF UGANDA LTD (SCOUL)	Bagasse	15.0	20
35	2019	SENOK kabeywa 1	Hydro	6.5	20
36		SENOK Kabeywa 2	Hydro	2.0	20
37		SENOK ATARI	Hydro	3.25	20

**Table 2: Ppas Not Yet Concluded As At Close Of The Previous Cbp Period**

No.	NAME OF PPA	TECHNOLOGY	CAPACITY/MW	DURATION/ TERM
1	NYABUHUKA/ RWENKUBA Electricity Co, Ltd	HYDRO	3.2	20 Years
2	FRV TORORO	SOLAR	50	20 Years
3	KABALE ENERGY Ltd	PEAT FUEL	33	25 Years
4	PH INDUSTRIAL FARM	BIOMASS/BIOGAS	16MW(Start 1MW)	20Years
5	RWENKUBA ELECTRICITY CO. LTD		3.2 MW	20 Years
6	KISINGA HYDRO POWER COMPANY LTD	HYDRO	2.45MW	
7	Eco Clean Power (Sironko Mini Hydro)	Hydro	7.10 MW	20 years
8	Sky Power Global	Solar	60MW	
9	Kinyara Sugar Ltd PPA	Bagasse	20MW	

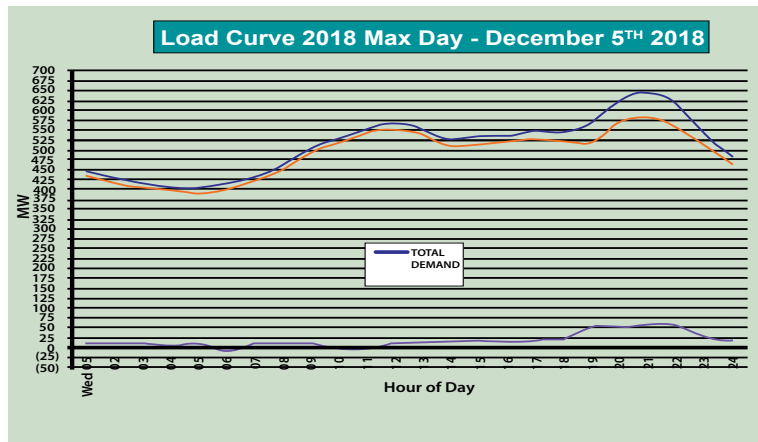
**Table 3: Additional PSAs Executed During The CBP Period**

NO	YEAR	NAME	TERM (YEARS)
1	2015	UMEME/ KARUMA/UEDCL	40
2		UMEME/ISMBA/UEDCL	40
3	2017	TANESCO,KIKAGATI Murongo PSSA	20
4	2018	KENYA POWER & LIGHTING CO.(KPLC)	1
5	2019	RWANDA ENERGY GROUP(REG)	3
6		NORTH EASTERN SERVICE TERRITORY (NEST) - UEDCL	3
7		Central North SERVICE TERRITORY (LIST) - LIRA UEDCL	3
8		North West Service Territory – UEDCL	3
9		East Service Territory – UEDCL	3
10		Mid-west Service Territory – UEDCL	

**iii.) Generation Capacity Vs System Demand.**

Generally during the CBP period, the available generation was able to meet the system demand with ample reserve capacity. The maximum power system demand was 645.4 MW against the installed generation capacity of 925.54MW (December 2018). The typical Load curve for the year 2018 is shown in the graph below.

**Graph 2: Typical Load Curve for The Year 2018**



**iv.) Regional Power Trade.**

UETCL continued to export power to its neighbours namely; Kenya, Tanzania, DRC and Rwanda. UETCL also imported power from Kenya and Rwanda. The power import and export trend is illustrated in the table 4.

**Table 4: Volumes of Regional Power Trade During The CBP Period**

Year	EXPORTS (GWh)					IMPORTS (GWh)			
	KPLC	TanESCO	Rwanda	SNEL	Sub Total	KPLC	Rwanda (REGL)	Sub Total	Net Export (GWh)
2014	107	56	3	2	168	29.01	3.68	32.70	135.30
2015	56	61	2	2	121	44.65	3.76	48.41	72.59
2016	3	77	2	2	165	36.96	3.77	40.73	124.27
2017	226	79	9	2	317	9.56	3.85	13.41	303.59
2018	129	93	8	2	233	34.78	4.19	38.97	194.03
<b>TOTAL</b>	<b>601</b>	<b>367</b>	<b>25</b>	<b>11</b>	<b>1,004</b>	<b>154.96</b>	<b>19.25</b>	<b>174.22</b>	<b>829.78</b>

It can be discerned from the above table that during the CBP period, UETCL was a net exporter of power in the region. Some of the achievements that contributed to the above performance under this focus area are;

- Completed the re-conductoring of the Mutundwe –Kabu lasoke Transmission line.
- Maintained adequate stock of critical spares.
- Purchased emergency restoration towers.
- Procured a mobile substation.

The challenges that were faced in this focus area during the CBP period included;

- Lack of redundancy on the transmission lines
- Aged wooden structures.
- Constrained transformer capacity at various substation nodes.
- Vandalism of transmission infrastructure

- Delayed commissioning of transmission grid infrastructure majorly as a result of delayed acquisition of right of way.
- Wayleaves encroachment.

### 6.1.2. Accelerated Grid Infrastructure Development

UETCL's main goals for the period 2014-2018 were to facilitate the evacuation of new power production, invest in new transmission lines and associated substations as well as construct the regional interconnectors to foster regional power trade and exchange. The commissioning and /upgrade of various transmission lines and substations has improved/expanded the power transmission capacity in the country. The ongoing construction of the regional power interconnections with Kenya and Rwanda are intended to boost regional power trade and exchange.

Within the CBP period 2014 – 2018, the following achievements were made;

#### i.) Commissioned the following transmission lines and associated substations:

- 137km, 220kV Kawanda-Masaka line,
- 226km, 220kV Nkenda-Fortportal-Hoima line
- 2x250MVA, 132/220kV Bujagali Switch yard 3x40MVA, 132/33kV Queensway substation
- Restrung the 84.7km 132kV, Mutundwe-Kabulasoke line thus increasing its transmission capacity from 70MVA to 110MVA.
- 66km, 220kV Mbarara-Mirama line
- 50MVA, 132/33/11kV mobile substation at Tororo Substation
- 20MVA, 132/33kV power transformer at Tororo Substation
- 40MVA current limiting reactors at Kampala North

- 160km, 132kV Mbarara-Nkenda line
- 42Km, 132kV Isimba- Bujagali line

#### ii.) Completed the following feasibility studies:

- Hoima-Kinyara-Kafu project
- Mirama-Kikagati-Nshogyezi project
- 400 kV Northern Corridor Standardization Project
- 400kV Masaka-Mbarara project
- Greater Kampala Metropolitan project
- Gulu-Agago project
- Lira-Gulu-Nebbi-Arua project
- Mbale-Bulambuli project

#### iii.) Made significant progress on the construction of the following projects:

- Karuma Interconnection Project
- Industrial Parks (Mukono, Luzira, Iganga and Namanve South) Power Supply Project
- Bujagali-Tororo-Lessos
- Tororo-Opuyo-Lira

#### iv.) Initiated and progressed the following projects to implementation stage:

- 23.7km, 132kV Mutundwe -Entebbe transmission line.
- 160km, 132kV Opuyo Moroto transmission line.
- 88km, 132kV Mirama Kabale transmission line.
- Opuyo Substation upgrade from 1x10/14MVA to 2x32/40MVA, 132/33kV rating.

#### e) Installation of:

- 1x40MVA, 132/33kV Power transformer at Kawanda
- 1x40MVA, 132/33kV Power transformer at Kampala North
- 1x60/80MVA, 132/33kV Power transformer at Tororo

#### v.) Secured financing for the implementation of the following transmission lines and associated substations projects:

- 313km, 132kV Lira Gulu Nebbi Arua
- 130km, 400kV Masaka Mbarara
- Kampala Metropolitan transmission system project
- 2x220kV Kawanda Bays at Bujagali
- 54km, 132kV Kawanda Kapeeka and
- 83km, 132kV Gulu Agago

#### Other projects in advanced planning stages include:

- Upgrade of Tororo, Mbarara and Mirama 220/132kV substation
- Upgrade of Nkenda-Fortportal-Hoima transmission line to 220kV (and evacuation substations for 44.7MW Muzizi, 6.5MW Bukinda and 9.6 Nkusi HPPs)
- Power supply to industrial parks of:
  - (i) Tororo Industrial Park (Sukulu)
  - (ii) Kapeeka
  - (iii) Mbale
  - (iv) Kaweweta
  - (v) Nakasongola

### 6.1.3. Way Leaves Acquisition and Management

UETCL embarked on the phased demarcation of the wayleaves corridor on its Transmission lines. To that end, the demarcation of the Bujagali-Kawanda Transmission Line was completed; a similar exercise was started on the Mbarara-Nkenda Transmission line. During the CBP period, the company recorded a cumulative number of 29,139 PAPs, 22,473 of which were fully compensated. The details can be seen in Table 5 below.

**Table 5: Cumulative Numbers of Recorded PAPs & PAPs Compensated and Acreage Acquired.**

CUMULATIVE PAPs/ACREAGE	2014	2015	2016	2017	2018
Cumulative No. of PAPs	19,851	22,590	24,187	29,056	29,139
Cumulative No. of PAPs Paid	12,358	14,743	17,995	20,434	22,473

### 6.1.4. Financial Sustainability/Performance and Shareholder Value

Financial Sustainability was one of the focus areas within the ended Corporate Business Plan and the company focused on;

- Improving Revenue growth through increased energy purchases and sales
- Growing the Company Asset base
- Ensuring Shareholder value

The above are to ensure that the company is a going concern with strong and sound financial resources, strong asset base that can ensure continuous power transmission and supply, good

reputation to attract potential investors to the power sector, profitable and declaring dividends to its shareholders on a sustainable basis.

**(a) Improving Revenue Growth through increased Energy Purchases and Sales**

**Energy Purchases GWh**

During the CBP period 2014 to 2018, energy purchases grew at average annual rate of 5.4% from 3,203 GWh in Year 2014 to 3,945 GWh by end of year 2017/18. The growth in energy purchases was mainly driven by an average growth in gross domestic product (GDP) of 5% per year and average annual growth in energy exports to neighbouring countries of 18.4% during the CBP period.

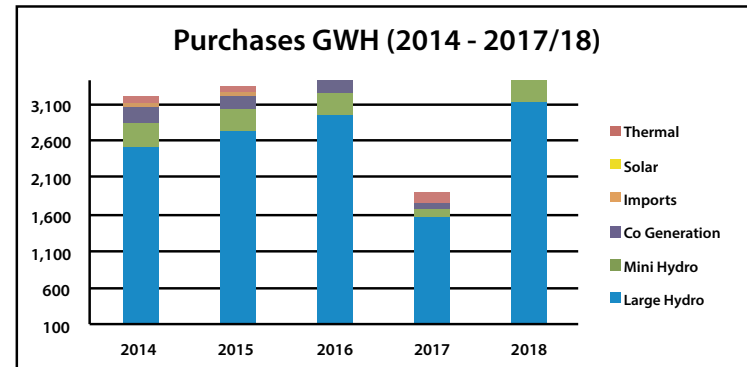
**Table 6: Energy purchases per category for the period 2014 - 2018**

Power Plant Category	2014	2015	2016	2017 (6 months)	2017/18*
	GWh	GWh	GWh	GWh	GWh
Large Hydros	2,562	2,746	2,967	1,608	3,149
Mini Hydros	88	73	66	143	185
Co-generation	307	295	280	83	379
Thermos	214	172	178	60	178
Solar	-	-	4	9	30
Imports	33	48	41	5	26
<b>Total</b>	<b>3,203</b>	<b>3,335</b>	<b>3,535</b>	<b>1,906</b>	<b>3,945</b>

**Change of financial year from calendar year to fiscal year .**

The highest contributing Independent Power Producers were the large hydro power plants which contributed over 75%, followed by mini hydro power plants that contributed 7% -11% of total power generation. Co-generation plants contributed 4%-7% of total generation while thermal power plants contributed 2%-6% though dispatched largely in the base at 7 MW with some increments to supplement other categories whenever the situation so warranted. The least contributors were Solar and Imports

**Graph 3: Energy Purchases Per Category for The Period 2014 - 2018**



**N.B. The Company changed its financial year from July 2017 to Fiscal Year. July 2017 only shows 6 months.**

**(b) Transmission Losses during the CBP period:**

The annual out turn on the transmission losses against the ERA set targets is illustrated in the table below.

**Table 7: Transmission loss trend during the previous CBP period (2014-2018)**

	2014	2015	2016	2017	2018
Actual Transmission losses	3.32%	3.56%	3.85%	3.79%	3.64%
ERA Target	3.8%	3.6%	3.4%	3.38%	3.37%

The average annual Transmission loss stood at 3.63%. This fell short of the ERA set target of 3.51% on account of delayed or yet to-be commissioned transmission projects.

### (c) Energy Sales

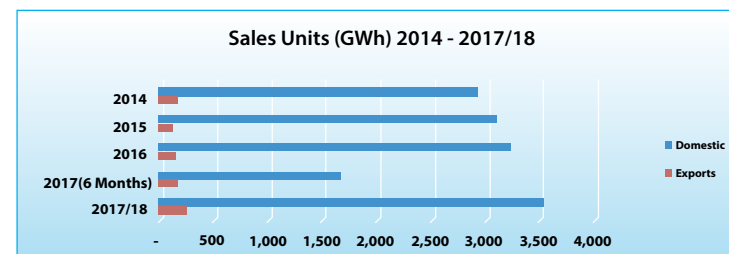
During the period 2014 to 2017/18, energy sales increased from 3,097 GWh to 3,798 GWh in the FY 2017/18. This was mainly driven by the growth in power exports and local demand, the latter being steered by extension of the grid in different areas of the country which unlocked economic activities as well as industrial growth. The energy exports were bolstered by increased energy requests from Kenya.

The energy sales trend is depicted in the table and graph below.

**Table 8: Energy sales for the period 2014 - 2017/2018**

	2014	2015	2016	2017 (6months)	2017/18
	GWh	GWh	GWh	GWh	GWh
Domestic	2,929	3,095	3,234	1,660	3,533
Exports	168	121	165	173	265
Total	3,097	3,216	3,399	1,833	3,798

**Graph 4: Energy Sales Trend in GWh for The Period 2014 - 2018**



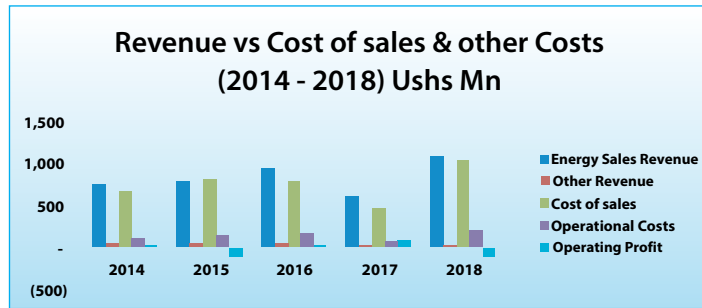
### (d) Revenue performance vs Power Purchase and Operational costs

The energy sales revenue grew from UGX 750 Bn in 2014 to UGX 1,091 Bn in the financial year 2017/18. The growth in revenue was driven by growth in domestic demand and exports to neighbouring countries.

The energy purchase costs for the period were mainly driven by the volume of energy purchased and available capacity. The depreciation of the shilling against major foreign currencies from UGX 2,500/USD to UGX 3,750/USD had an impact on the cost of energy purchases since over 95% of energy purchases is denominated in foreign currencies.



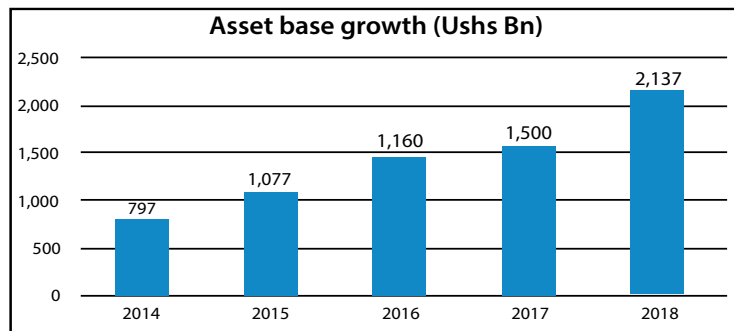
**Graph 5: Energy revenue performance vs purchase cost for the period 2014 -2018**



**(e) Asset Base Growth:**

The Company increased its asset base from UGX 797Bn in the year 2014 to UGX 2.1Tn in 2018, representing an average annual increase of 32.7%. This was mainly attributed to the added grid infrastructure assets as already mentioned under section 3.5 (iv).

**Graph 6: UETCL Asset base growth for the period 2014 -2018**



**(f) Challenges to Financial Sustainability during the CBP Period**

There were challenges to the financial sustainability and shareholder value of the company during the CBP period which mainly hinged on the following;

i) Withholding of funds by Umeme Limited against UETCL tax invoices on account of failure by government MDAs to settle their respective electricity bills and disputes between Umeme Limited and ERA on account of Power Supply Price (PSP) reconciliation. During the CBP period, over Ushs 100Bn was withheld. This affected the cash flows of the company as it could not meet its obligations on time, which led to reputation risk. Furthermore, the company was forced to make provisions for doubtful debtors that impaired its bottom line adversely.

ii) Due to UETCL being a Government Implementing agency for various transmission grid projects, there are on lent loans to the company by the Government of Uganda. The debt repayment and servicing was made by Government rather than through the tariff as a way of tariff management. The currency revaluation of such loans caused foreign exchange losses, which affected the company’s bottom line in times of adverse foreign exchange movements.

iii) Failure to have a cost reflective tariff that can enable us acquire critical equipment such as transformers that ensure power supply reliability. This cumulatively led to equipment failure hence exposing the company to the vulnerability of failure to transmit power to the requisite load centres. Despite engagement with the Regulator. This has still remained a huge challenge.

- iv) Delay in completing the transmission grid projects due to Right of Way challenges has led to cost escalation, loan expiry and a reduced investor confidence in the company. These escalation costs had an adverse impact on the company bottom line.
- v) Foreign exchange losses as a result of poor performance of the Uganda shilling against the major foreign currencies.

### (g) Financial Performance

The financial performance of the company in the previous CBP period is summarized in the tables below



Namanve South 2 substation

**Table 9: Statement of Comprehensive Income during the CBP period: 2014-2017/18**

	2014	2015	2016	2017 (6 months)	2017/18
	<b>Ushs Mn</b>				
<b>Non-current assets</b>					
S/Total Non-Current Assets	797,151	1,076,923	1,460,068	1,560,417	2,136,753
<b>Current assets</b>					
S/Total Current Assets	570,452	549,187	629,276	694,227	892,565
<b>Total assets</b>	<b>1,367,603</b>	<b>1,626,110</b>	<b>2,089,344</b>	<b>2,254,644</b>	<b>3,029,318</b>
<b>Equity</b>					
Shareholders' funds	467,927	373,895	392,487	454,743	379,189
<b>Non-current liabilities</b>					
S/Total Non-Current Liabilities	544,822	842,189	1,234,461	1,315,735	2,043,396
<b>Current liabilities</b>					
S/Total Current Liabilities	354,854	410,025	462,396	484,166	606,733
<b>Total Equity &amp; Liabilities</b>	<b>1,367,603</b>	<b>1,626,110</b>	<b>2,089,344</b>	<b>2,254,644</b>	<b>3,029,318</b>

The Company Revenue increased from **Ushs 750 bn** in the year 2014 to **Ushs 1,091 Billion** by end of Year 2017/18. The increase in revenue was driven by growth in energy sales as result of increased domestic consumption and exports to neighbouring countries. This resulted into a growth of 45% in revenue between the year 2014 and 2017/18. The company posted profits in the year 2014, 2016, 2017 but also posted losses in the year 2015 and 2017/18. This is due to the fact that UETCL purchase costs and payables are sensitive to movements in foreign exchange rates since UETCL largely earns in local currency but purchases power in foreign currencies (93%) from the various Independent Power Producers. Further, the company accumulates loans for various projects, whose currency revaluation at period end, ends up in the statement of comprehensive income. The regulatory regime of tariff providing for only revenue requirements for the period also played a role in determining the company profitability levels during this Corporate Business Plan.

**Table 10: Statement of Financial Position during the CBP period:  
2014 – 2017/18**

	2014	2015	2016	2017	2017/18
	(6 Months)				
	Ugx Mn				
Revenue	750,328	788,321	940,151	599,037	1,091,150
Cost of sales	-671,082	-809,089	-800,524	-467,504	-1,024,965
Gross (loss) / profit	79,246	-20,768	139,627	131,533	66,185
Other operating income	54,994	40,761	48,256	12,244	29,500
Total Income	134,240	19,993	187,883	143,777	95,685
Expenses					
Grid maintenance expenses	-5,465	-7,222	-7,729	-2,788	-7,159
Administrative expenses	-83,900	-55,714	-94,653	-58,423	-114,237
Foreign exchange (losses)	-25,017	-82,864	-59,183	5,287	-81,513
Profit (Loss) before tax	19,858	-125,807	26,318	87,853	-107,224
Income Tax credit / expenses	-3,262	29,191	-7,726	-25,597	31,698
Profit (Loss) for the year	16,596	-96,616	18,592	62,256	-75,526

The Company total property plant and equipment (net) increased from Ushs 797Bn in the year 2014 to Ushs 2,136 Billion by end of financial year 2017/18. This phenomenal growth was attributed to the huge investments in the transmission grid infrastructure across the country in the said years. In the same period, the Government agreed to the conversion of vested loans to the company from the

previous UEB and other loans into share capital in the year 2014 and the process was completed in the Financial year 2017/18.

The company also carried out the revaluation of its assets in the same period to reflect the current market values in accordance with the International Financial Reporting Standards. However, the losses incurred in previous years and during the period, still adversely impact the shareholders' funds position, despite the conversion of debt into equity and creation of revaluation reserves.

### 6.1.5. Robust Human Capital Development

The UETCL staff numbers have been increasing over the years as depicted in the table below on account of the increased activities accruing from the expanded transmission grid and large number of projects being undertaken. The staff trends are shown in the tables below.

**Table 11: Staff Trends 2014 – 2018**

	YEAR				
	2014	2015	2016	2017	2018
<b>Tariff funded Staff</b>	296	303	297	330	336
<b>Counterpart funded Staff</b>	130	138	138	139	141
<b>ERA funded Graduate trainees</b>	-	-	-	-	12
<b>Total</b>	<b>426</b>	<b>441</b>	<b>435</b>	<b>469</b>	<b>489</b>

UETCL aims to recruit and retain staff with a staff turnover target of less than 3% per annum. The staff turnover is illustrated in the table 12 below

**Table 12: Staff Turnover Trends 2014 – 2018**

Type of Exit	STAFF NUMBER				
	2014	2015	2016	2017	2018
<b>End of Contract</b>	3	1	4	1	2
<b>Resignation</b>	4	4	4	5	8
<b>Death</b>	1	-	1	1	1
<b>Dismissal /Termination</b>	-	-	-	-	2
<b>Total</b>	<b>8</b>	<b>5</b>	<b>9</b>	<b>7</b>	<b>13</b>
<b>Staff turnover (%)</b>	<b>1.88</b>	<b>1.13</b>	<b>2.07</b>	<b>1.49</b>	<b>2.66</b>

### General Company Human Capital Index (HCI) Performance Over the Years from 2007 To 2015 Covering The CBP Period.

Human Capital Index (HCI), which is a measure of how well an organization facilitates the staff with tools, talent management, feedback, care and development to enable him/her perform and create shareholder value through his/her competencies, knowledge and expertise was used as a key measure of performance of human capital management in the organization. A higher HCI indicates better management of Human capital by the organization.

The company's target HCI was set at the recommended industry score of 24. In order to gauge the staff satisfaction, the company normally carries out employee surveys with the aim of assessing the company's HCI performance score. The HCI score trend is indicated in the table 13 and graph below.

**Table 13: HCI index scores**

DRIVER	2007 SCORE	2008 SCORE	2009 SCORE	2015 SCORE	HCI TARGET
Total Score	21.0	21.8	23.0	23.7	24.0

**Graph 7: HCI index trend**



**Staff initiatives**

During the CBP period, the company assisted staff to establish a Savings and Credit Cooperative Society (UETCL SACCO). The objective was to empower staff to be able to access funds at lower interest rates than the commercial bank rates for their respective personal developments.

**6.1.6. Efficient business processes**

**a) Implementation of ICT strategy**

In a bid to achieve efficiency in its business processes, the company re-engineered and documented all its business processes in

preparation for implementation of the ERP system. UETCL also had a 5-year ICT strategic plan covering the CBP period, however a number of targeted initiatives could not be implemented owing to limited financial resources.

The table below provides an assessment of the progress on the implementation of the ICT strategies.

**Table 14: Implementation status of key ICT initiatives and projects**

primary interface between ICT and business units	I			
Establishment of change and project management office		✓		
Develop and implement service level agreements with the business			✓	
Develop and implement a business continuity and disaster recovery plan		✓		
Develop and implement security management framework and policies		✓		
Implement core infrastructure upgrade to support unified communication technologies – VOIP and Mobile Workforce management				✓
Implement Wide Area Network Infrastructure management system	II		✓	
Develop a smart grid development vision for the deployment of smart grid technologies			✓	
Undertake requirements development, selection and implementation of an ERP – Phase 1		✓		

Name of the project	Planned year of implementation	In progress	Not Started	Completed
Implementation of an ERP system – Phase II	III		✓	
Integrate existing applications such as SCADA and GIS based on a new technology architecture to enable them share data	IV		✓	

### b) Compliance with Statutory/Regulatory Requirements

UETCL is committed to total compliance with all laws and regulation applicable to its business operations. In the CBP period (2014-2018), a zero non-compliance target was set. Generally, there was compliance for the period under review save for the year 2017 where non-compliance was registered. The table below shows a summary of compliance for the five years.

**Table 15: Summary of compliance to Statutory Regulatory requirements**

Reporting Period	Number of Non-compliance	Result
2014	0	√
2015	0	√
2016	0	√
2017	2	×
2018	0	√

As indicated above in 2017 there were two non-compliance reports that were received and hence reported through the BSC. These are:

- Non-compliance on the provisions of the primary grid and safety codes, in relation to the current transmis system as per ERA report.
- Non-compliance with the PPDA act and regulations as raised by Public Procurement and Disposal of Public Assets Authority (PPDA) as per PPDA report.

### c) Timely Procurement

UETCL being a government organisation, it conducts all its procurements in accordance with the PPDA Act and regulations and also in line with the procurement guidelines of the various project-financing agencies.

During the previous CBP period, the company procurement KPI was to fully implement the annual procurement plans in a timely manner. The degree of achievement of this KPI is depicted in table below

**Table 16: Status of Procurement KPI (2014 – 2018)**

Year	Procurement Plan Amounts (UGX)	Procurement Progressed Amounts (UGX)	Percentage target of implementation of procurement plan	Percentage progressed
2014	35,379,639,475	25,159,924,236	100	71%
2015	26,089,088,879	21,890,808,238	100	84%
2016	22,756,775,073	13,998,858,746	100	62%
2017	34,445,818,144	25,944,860,853	100	75%
2018	39,919,501,858	33,169,944,665	100	83%

The companies under par achievement in this particular area was mainly attributed to the following;

- Untimely budget provisions and approvals
- Inadequate number of skilled staff to carry out procurement evaluations
- Competing activities that gave rise to long lead procurement evaluation timelines.
- Ambiguous user specifications and requirements.
- Lengthy procurement procedures.
- Changes in micro-economic factors such as foreign exchange rates and inflation.

The company moved to address the above challenges through the following measures;

- Use of framework contracts for commonly and repetitively used items.
- Training and sensitisation of staff in procurement rules, processes and procedures.
- Residential retreats for high value procurements to ensure timely completion of evaluations.
- Development and utilisation of standardised grid specifications manual
- Maintaining an updated market price survey data base to facilitate realistic budgeting.



UETCL staff attending the CBP review

## 7. CORPORATE BUSINESS PLAN UPDATE 2019/202023/24

Upon the imminent commissioning of new power generation plants such as Karuma (600MW), Isimba (183MW) and other renewable energy plants (Mini-hydros and Solars of over 150MW), Uganda will experience a power generation surplus accruing from non-corresponding growth in the power demand. If this situation is not mitigated, it will translate into either higher energy tariffs or will necessitate subsidies from Government, neither of which is desirable. It is therefore imperative that the quest for power demand stimulation continues unabated.

Accordingly, GoU continues to lay emphasis on creation of power demand through funding of electricity transmission, distribution and rural electrification projects as well as creation of industrial parks across the country. Other initiatives include the recently launched free electricity connections policy and lowering the electricity tariffs for commercial and industrial customers.

As the implementation agency for the expansion of the high voltage power transmission network, UETCL is still faced with the challenging responsibility of executing a large project portfolio within the next five years as derived from both its GDP (2018-2040) and the NDP II (2015-2020).

The large portfolio of projects under development and implementation together with an increasing number of power purchase and power sales agreements and an ever expanding grid

will necessitate strengthening of the capacity of UETCL. This will, among others, come by way of additional human resources, enhancement of staff skills and competencies, additional office space, decentralisation of substation maintenance teams, creation of satellite offices for effective project implementation/management and changes to the organisation structure by creating Commercial, Procurement & Disposal and Land Acquisition & Wayleaves departments and strengthening the in-house Legal services as well as the Company Secretariat.

In the next five years, UETCL will also acquire and implement an Enterprise Resource Planning (ERP) software system in addition to applying for ISO 9001 certification, all geared at improving operational efficiency. Similarly, UETCL will not only upgrade its SCADA/EMS system, but will also implement a backup control centre for purposes of enhancing grid operations and security of power supply.

UETCL will continue playing an active role in all efforts leading to the operationalisation of the Eastern Africa Power Pool (EAPP) that will spur increase in regional power exchange and trade. UETCL will also leverage on its expanded optic fibre and Data Transmission networks to increase its revenue base.

### 7.1. The Corporate Business Plan Review Process.

The CBP update process has been done internally with active involvement of the BoD, management and staff of UETCL. As such, the CBP review process has been an interactive one - top-down/bottom-up.



The strategic pillars have been slightly changed together with the associated goals and KPIs. The development of the strategic Strategic pillars and the Company goals as well as corresponding KPIs – adopted on all levels of the organization has been the outcome of discussions between management and staff at various levels. The Top-Down process presented the Company Goals and KPIs to staff while the Bottom-Up process provided feedback from the, Departments and Sections to UETCL Management and the Board in the form of KPIs linked to the overall Company Mission, Vision, Goals and Objectives. This process has thus promoted ownership of the CBP by UETCL staff and delegated responsibility at different organizational levels as well as facilitating teamwork and unity in all employees so as to focus and perform their respective duties in the same direction.

## 7.2. Strategy Performance, Reporting and Monitoring through BSC Reporting Format.

The CBP process resulted in a hierarchy of 30 KPIs at corporate level with corresponding targets. A defined hierarchy of KPIs gives each Head of Directorate, Head of Department and Manager a clear picture of what his superior officer will expect being delivered for the year to come. The strategic implementation reporting framework adopted by the Board of Directors is set out here below:

### Step I:

Monthly report submissions on assigned KPIs from Manager to the Department Head.

### Step II:

Monthly report submissions on assigned KPIs from the Departmental Head to the Head of Directorate.

### Step III:

Monthly report submissions on assigned KPIs from the Head of Directorate to the Managing Director/ Chief Executive Officer

### Step IV:

Quarterly reports from Management to the Board of Directors.

To ensure that the whole organization is working in line with the CBP, it is imperative to have a well-functioning reporting system that promotes follow up and ensures that the desired results are achieved in a timely manner. The reporting method shall continue to be the Balance Score Card (BSC) model. The purpose of the BSC model is to measure the achievement of the set corporate goals and ensure that their respective targets are met.

The outputs of the BSC are based on the company and departmental KPIs, which KPIs have been defined with precise targets. The rationale is to have measurable KPIs that UETCL can influence. BSC clearly defines responsibility for reporting on the various KPIs. The KPI status is reported on a monthly and quarterly basis to Management and to the BoD respectively. It is hoped that the current BSC will be enriched once the ERP system is implemented by way of automatic generation of the KPIs and making them visible via live dashboards.

### 7.3. Stakeholder Management and Communication

UETCL has a key role to play in the electricity sub-sector both in Uganda and the region. The company therefore aims at engaging in dialogue with its stakeholders to attain a high customer and stakeholder satisfaction of at least minimum 70%.

The company will continue emphasizing two-way dialogue that seeks understanding and solutions to issues of mutual concern to the Company and its stakeholders.

UETCL will maintain communication to its stakeholders and create awareness of the company activities and performance mechanism. This strategy shall help the company to:

- Promptly respond to and address the Company's Stakeholders' needs and concerns.
- Maintain meaningful engagement with the Company's Stakeholders on matters relating to the Company's objectives.
- Develop key messages and techniques to communicate to different stakeholders.

Communication is most effective at engaging stakeholders when those stakeholders feel there is an opportunity for their voice to be heard, or for them to influence the outcome in some way.

In an open and transparent way UETCL intends to use the social media, traditional media, formal & informal methods and projects communication as stakeholders' communication channels of choice both internally and externally as well as actively soliciting feedback via surveys and focus groups.

In view of the above, UETCL shall annually conduct both internal and external stakeholder surveys with the intention of getting feedback from the stakeholders so as to improve on job satisfaction, commitment, enhance quality services, increase revenue & earnings. The results from the surveys are an important input to UETCL's Strategic pillars and improvement of the company business. To ensure adequate communication with its stakeholders, UETCL has put in place a Communication Strategy to facilitate regular communication between the Company and the stakeholders.



Commissioning of the 220/132kV Nkenda-Hoima Fort Portal transmission line



UETCL Board Members, Management & Staff at the Former MD's Farewell

## 8. STRATEGIC SITUATION AND CHALLENGES

Changes in the social-economic environment in which UETCL operates have dictated a review of UETCL's strategic situation, challenges and Strategic pillars as detailed below.

### 8.1. National Electrification and Population

Uganda's total peak power system demand currently stands at approximately 650 MW of which 570MW is domestic peak demand against an installed generation capacity of 1,145 MW with a firm capacity of 700 MW that varies in accordance with the prevailing hydrological conditions.

According to the NDP III (2020/21–2024/25), the country's electricity grid consumption lies at 100 kWh per capita in 2018/2019. The national electrification rate is 28% for its 40.3 million population (growing at the rate of 3.0% in 2018/2019).

Currently Uganda has sufficient power generation capacity and is rapidly moving into a power generation surplus situation in the short-term to medium term. The total length of the transmission grid is about 2,889.0 km. The recorded system losses are 3.62% and 16.8% for the transmission and distribution networks respectively by the end of 2018/2019.

According to NDP III, the substantial discovery of oil resources is expected to boost the economic growth in Uganda and raise the per capita income from USD 878.0 in 2018/2019 to USD 1,198 by 2024/2025.

### 8.2. Challenges

The challenges facing UETCL are broadly categorized into three Business Areas, i.e. Single Buyer, TSO (Transmission System Operator) and Corporate (classified as “cross-cutting”) challenges.

#### 8.2.1. Single Buyer Challenges

- (i) Creation of power demand.
- (ii) Weak distribution infrastructure to evacuate power from embedded generators using networks not owned by UETCL. This places a challenge on UETCL as it has to pay for deemed energy due to failures within the distribution infra structure.
- (iii) Lack of harmonization of new IPPs and grid expansion plans. The commissioning of new IPPs before the availing the evacuation transmission infrastructure poses the challenge of UETCL paying for available declared generation capacity, which cannot be dispatched.
- (iv) Delayed commissioning of transmission grid infrastructure. due to complexities associated with way leaves acquisition.
- (v) Non cost reflective tariff that does not take into account the capital requirements for the system sustainability and power supply reliability.
- (vi) Lack of financial sustainability in some distribution concessionaires.

(vii) Global and domestic macro-economic factors such as inflation, exchange rate and oil prices, etc., that affect tariff, energy demand and operational costs.

### 8.2.2.TSO Challenges

(i) Aged and inflexible grid. About 40% of the current UETCL transmission lines are on wooden structures of more than 50 years. This results in high maintenance costs as well as long outage time in case of faults. Furthermore, the current grid lacks redundancy necessary to enhance reliability and continuity of power supply.

(ii) Vandalism on the transmission lines and substations. This presents an ever looming threat to the reliability of power supply. UETCL incurs huge sums of money in restoration of the vandalized infrastructure.

(iii) Tight targets set up under the National Development Plan (NDP) for the Energy Sector. UETCL requires more resources to implement the big project portfolio within the target timelines.

(iv) Weak external stakeholder relations. This implies that there are long lead times to acquisition of acceptance/approvals from such stakeholders as NEMA, DWD, the CGV and the communities affected by the UETCL transmission infrastructure.

(v) Many projects being implemented at the same time thus putting pressure on available resources (man power, office space, logistics, etc.).

(vi) Inadequate transmission grid coverage that may limit the timely implementation of government programs e.g. rural electrification, renewable energy projects etc.

(vii) Lack of redundancy in the transmission grid (N-1)

(viii) Un co-ordinated power sector development/investment priorities in relation to the UETCL GDP.

### 8.2.3. Corporate (Cross cutting) Challenges

(i) Inadequate revenue provided for through the bulk supply tariff (BST). This curtails the ability of UETCL to fully implement its mandate.

(ii) Inadequate/inefficient and un-automated internal business processes (planning, monitoring, implementation & scheduling;). This hampers the timely achievement of set goals.

(iii) Insufficient work infrastructure and working environment (office space, old fleet). This affects staff productivity and also increases operational costs.

(iv) Fast evolving technologies and lack of adequate skills to catch up with the said technologies. This implies UETCL may not take full advantage of efficiency gains presented by the new technologies.

(v) Staff turnover (critical skills). This implies UETCL incurs more expenses in replacement of the critical skilled personnel; the ability of the company to fulfil its mandate is thus negatively impacted.

(vi) Lack of adequate organizational structure and staffing (e.g. Single buyer/Commercial and Land acquisition and Procurement). This means that certain aspects of the business may not be given due focus.

(vii) Complicated and lengthy process of acquisition of way leaves for new projects and encroachment on existing transmission line corridors. This causes delay to implementation of projects and impedes maintenance activities.

(viii) Delays in availability of counterpart funds.

(ix) Lengthy procurement procedures and processes.

(x) Numerous unexpected contingent liabilities accruing from project related activities.



### 8.3. UETCL Business SWOT Analysis for the CBP (2019/20-2023/24)

A SWOT analysis was carried out on UETCL’s business as depicted in the table below.

**Table 17: SWOT Analysis**

ENVIRONMENT ANALYSIS	DESCRIPTION	ACTION
Strength	<ul style="list-style-type: none"> <li>• Existing National and Regional electric interconnections</li> <li>• Surplus Power Generation.</li> <li>• Competent and skilled Human resource.</li> <li>• Substantial Revenue Assurance from the tariff.</li> <li>• State-owned monopoly operating in a regulated environment.</li> <li>• Good economic growth</li> </ul>	<ul style="list-style-type: none"> <li>• Work to increase volume of power trade on the interconnectors</li> <li>• Stimulate national power demand and exports</li> <li>• Utilise the staff effectively for timely delivery of UETCL mandate</li> <li>• Implement UETCL planned activities</li> <li>• Improve business processes and ensure regulatory compliance.</li> <li>• Strengthen information sharing with stakeholders</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• Delays in implementation of transmission grid projects</li> <li>• Lack of redundancy in the Transmission grid.</li> <li>• Aged parts of the national grid infrastructure.</li> <li>• Low national transmission infrastructure coverage.</li> <li>• Insufficient number of staffs</li> <li>• Inadequate company structure to sufficiently support all business processes.</li> <li>• Un-integrated Software Applications</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholders’ engagement for timely acquisition of wayleaves.</li> <li>• Review and implement an appropriate communication strategy so as to improve on UETCL’s publicity</li> <li>• Secure funding and implement grid infrastructure projects as per Grid Development Plan</li> <li>• Carry out a job analysis and make due improvements to the organisation structure.</li> <li>• UETCL Board to engage ERA Board Implement an integrated Enterprise Resources Planning (ERP) software system</li> </ul>

ENVIRONMENT ANALYSIS	DESCRIPTION	ACTION
Weaknesses cont'd	<ul style="list-style-type: none"> <li>• Inadequate stakeholder engagement</li> <li>• Delays in procurements</li> <li>• Encroachment on already acquired way leaves.</li> <li>• Poor quality EPC contractors</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder mapping and engagement.</li> <li>• Staff development and process re-engineering.</li> <li>• Demarcation of the acquired wayleaves.</li> <li>• Continuous sensitization.</li> <li>• Procure competent EPC contractors</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• National and Regional electric inter-connections under implementation.</li> <li>• Increased Regional Power trade.</li> <li>• Available and cheaper Hydro-Electric potential.</li> <li>• Expanding Optic Fibre network</li> <li>• Development partners' willingness to support Grid expansion and capacity development.</li> <li>• Increasing Rural Electrification and industrialization</li> <li>• Potential for domestic and regional demand for electricity.</li> <li>• Good Economic growth</li> </ul>	<ul style="list-style-type: none"> <li>• Widen the revenue base.</li> </ul>
Threats	<ul style="list-style-type: none"> <li>• Lack of financial sustainability in some distribution concessionaires</li> <li>• Weak power distribution network</li> <li>• Low rate of power demand growth</li> <li>• Non-harmonised institutional planning mechanism for the</li> </ul>	<ul style="list-style-type: none"> <li>• Engage ERA and REA for a long term solution.</li> <li>• Zoning areas in concessionaires.</li> <li>• Extend transmission grid to potential industrial parks.</li> <li>• Engage Ministry of Energy and Mineral Development and ERA.</li> </ul>



	<p>energy sector.</p> <ul style="list-style-type: none"> <li>• Vandalism of national grid infrastructure assets</li> </ul>	<ul style="list-style-type: none"> <li>• Community policing, carrying out line patrols, applying appropriate technologies, involvement of government security agencies and taking full advantage of the Utilities Court.</li> </ul>
<p>Threats (Cont'd)</p>	<ul style="list-style-type: none"> <li>• Inadequacies in the legal framework governing procurements and land acquisition, including long lead times in acquisition of land for projects.</li> <li>• Inadequate and untimely release of counterpart funds for project implementation.</li> <li>• Cash flow constraints occasioned by withholding of funds by Umeme on account of government MDAs failure to settle their electricity bills.</li> <li>• Delayed Government releases for Subsidy.</li> <li>• Erosion of confidence by development partners in UETCL to deliver projects on time.</li> <li>• Contingent liabilities accruing from delays in project implementation</li> <li>• Loss of competent staff</li> <li>• Inadequate provisions in the tariff to enable implementation of the CBP.</li> </ul>	<ul style="list-style-type: none"> <li>• Advocate for improvements in the existing legal framework.</li> </ul> <p>Engage relevant stakeholders.</p> <ul style="list-style-type: none"> <li>• Engage the relevant government ministries.</li> <li>• Engage the relevant government ministries and agencies.</li> <li>• Renegotiate of concessionaire agreements.</li> <li>• Advocate for installation of pre-paid electricity meters in all government ministries and agencies.</li> <li>• Engage the relevant government ministries.</li> <li>• Timely implementation of externally funded grid infrastructure projects.</li> <li>• Devise and implement staff retention incentives.</li> <li>• Construct a new office building with adequate and conducive work environment.</li> <li>• Institute a talent management scheme in place to foster career development.</li> <li>• Proactive engagement of key stakeholders</li> </ul>

## 8.4. UETCL Business Pestel analysis for the CBP (2019-2023)

A PESTEL analysis was carried out on uetcl's business as depicted in the table below.

**TABLE 18: PESTEL analysis of UETCL Business Environment**

ASPECT	DESCRIPTION	ACTION
POLITICAL	i. Merging of sector entities (UETCL, UEDCL, UEGCL, REA) poses business continuity risk with respect to investor confidence. ii. Dynamic power sector investment priorities that impact UETCL grid development plan iii. Government IT service rationalisation strategy may affect the efficiency/effectiveness of UETCL operations. iv. Regional integration v. Terrorism vi. Political unrest vii. Global politics viii. Geo-politics ix. Government capping of end-user Tariffs. x. Political goodwill in the region and support by GOU through promotion of the Eastern Africa Power Pool	<ul style="list-style-type: none"> <li>• Engage government on the risks associated with UETCL being merged with other government entities.</li> <li>• Engage Ministry of Energy and Minerals Development to cause for harmonisation of the power sector developments and investments plans.</li> <li>• Employ strict Service Level Agreements (SLA) with NITA-U.</li> <li>• Widen the revenue base</li> <li>• Sensitize stakeholders and employ appropriate security and surveillance measures at all UETCL sites.</li> <li>• Negotiate favourable Power Purchase Agreements.</li> <li>• Continuous engagement with the political power players.</li> <li>• Widen revenue base</li> <li>• Engage the relevant government ministries and actively participate in all EAPP activities.</li> </ul>
ECONOMIC	i. Global and domestic macro-economic factors such as inflation, exchange rates, oil prices, etc. that affect tariff, energy demand and operational costs. ii. Fiscal policies such as taxes that impact cost of sales, sales and operational costs iii. Lack of power demand due to low industrialization levels.	<ul style="list-style-type: none"> <li>• Explore the possibility of forex hedging.</li> <li>• Engage government and advocate for improvements in the existing policies.</li> <li>• Engage government to establish more industrial parks,</li> <li>• Explore the possibility of forex hedging.</li> </ul>

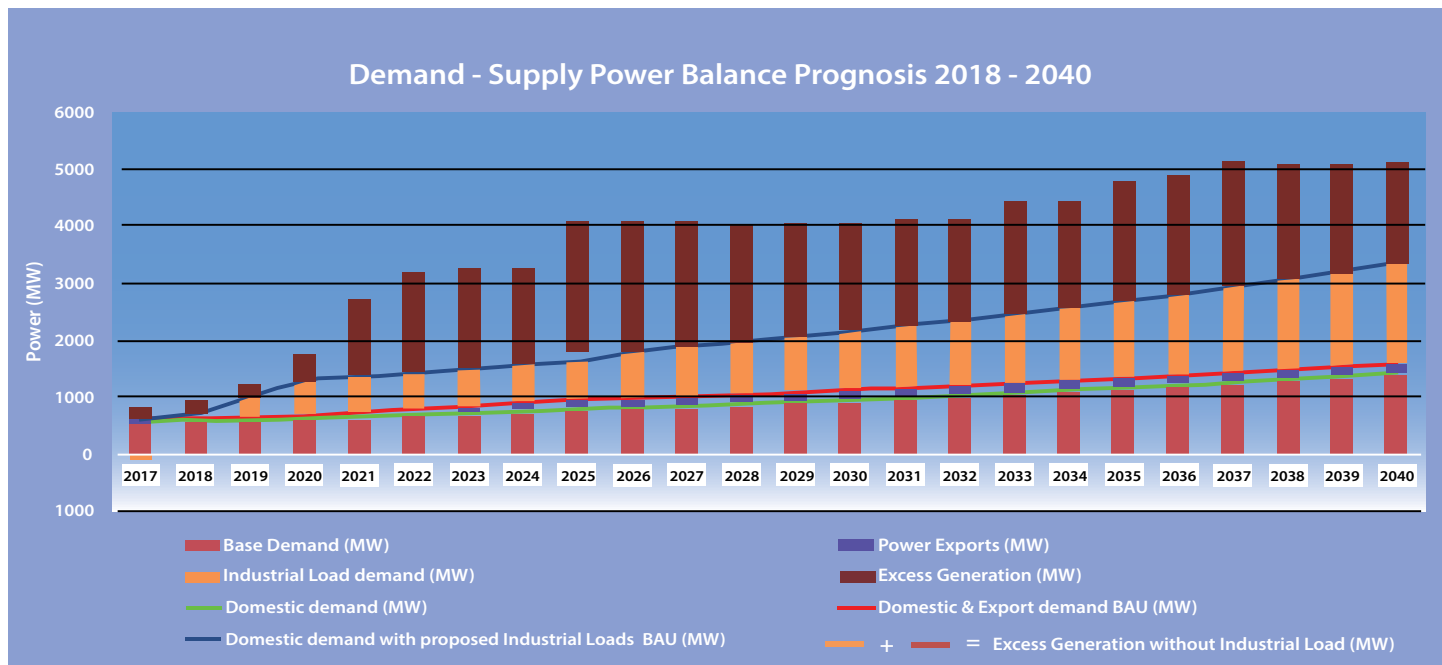
	iv. Un-predictable macro-economic factors such as high exchange rates, fuel prices and inflation rate.	
SOCIAL	<p>i. Diverse land tenure holding cultures and practices that affects timely completion of grid development projects.</p> <p>ii. Stakeholders' attitude and perception.</p> <p>iii. Lack of a national RAP framework</p>	<ul style="list-style-type: none"> <li>• Engage Government to change land laws.</li> <li>• Stakeholders engagement</li> <li>• Engage government to formulate RAP framework.</li> </ul>
TECHNOLOGICAL	<p>i. Inability to cope with the rapid changes in technology</p> <p>ii. Cyber security</p>	<ul style="list-style-type: none"> <li>• Continuously develop staff through carrying out appropriate technological training to them</li> <li>• Develop and implement tight systems security policies</li> </ul>
TECHNOLOGICAL CONT'D	<p>iii. Introduction of new technologies that result into increased energy demand and operational efficiency (ERP, Automated remote meter reading, cross border Optic fibre inter-connections,</p> <p>iv. Rapidly improving renewable energy technologies</p>	<ul style="list-style-type: none"> <li>• Implement new ICT technologies with a view of improving on efficiency</li> </ul>
LEGAL	<p>i. Unfavourable land acquisition framework.</p> <p>ii. Regulatory framework that is non-responsive to sector revenue requirements especially for the grid development projects</p> <p>iii. Inadequate dispute resolution mechanisms relating to land acquisition and compensation</p> <p>iv. Impact of amendments of the Electricity Act and other industry specific laws.</p> <p>v. PPDA act and regulations that make procurements processes very lengthy</p>	<ul style="list-style-type: none"> <li>• Advocate for improvements in the existing legal framework on acquisition of land for government projects</li> <li>• Widen revenue base.</li> <li>• Advocate for establishing land disputes tribunal.</li> <li>• Lobby responsible stakeholders for favourable amendments of the Laws.</li> <li>• Lobby responsible stakeholders for favourable amendments of the PPDA act.</li> </ul>

### 8.5. UETCL GRID INVESTMENTS

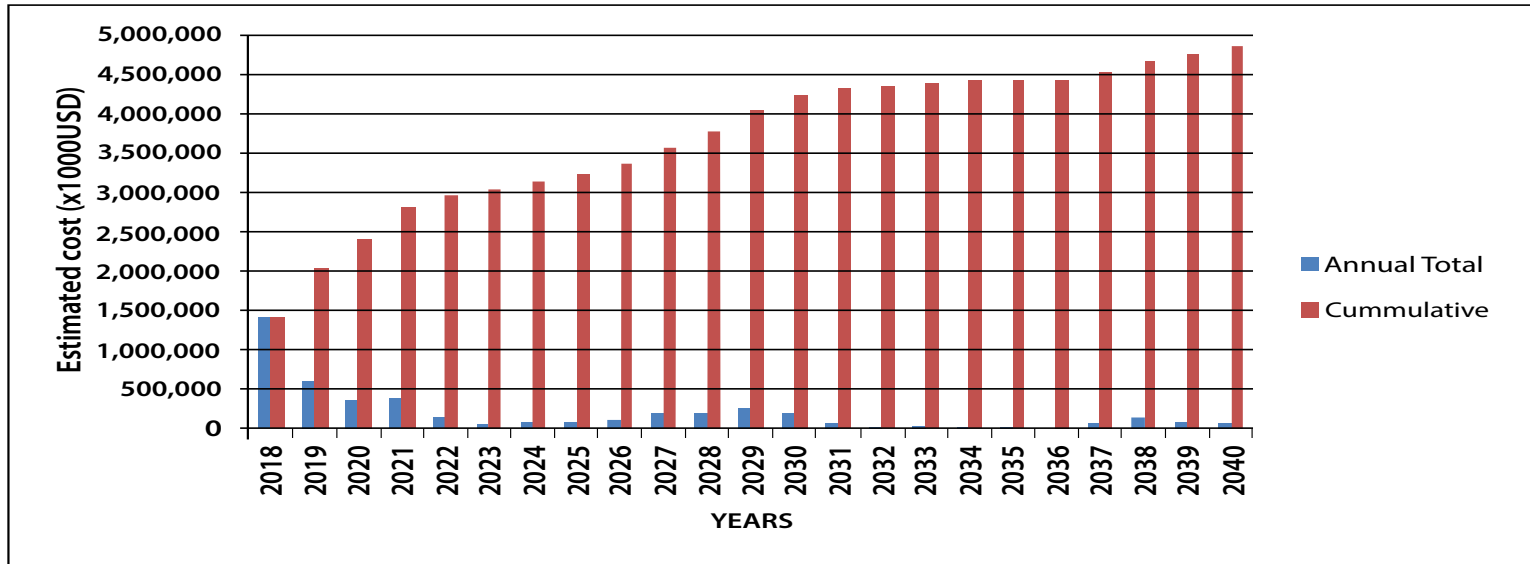
UETCL carries out its grid investments using the Grid Development Plan (GDP). The GDP, which puts into consideration of UETCL’s future power demand and supply balance is a tool in UETCL’s overall planning for the achievement of the company’s strategic objectives aligned to NDP III and Vision 2040. It is updated annually and details the future grid requirements for meeting the national electricity demand, generation expansions and regional grid interconnections. It is a 15-year outlook of the Uganda transmission system and presents the latest demand forecast update, generation expansion plan, power system analysis results, financial projections and socio-economic benefits of the planned projects, the Grid Investment Plan and Implementation Schedule.

The following two graphs illustrate the UETCL future Power demand and supply balance for the period 2018-2040 as well as the UETCL investment portfolio:

**Graph 8: Demand supply balance**



**Graph 9: Grid investment requirements and total circuit length**



**Table 19: Substations and Transformation Capacity**

	2017	2049	Additional grid
No of substations and Switching stations	18	73	55
Transformation capacity (MVA)	1,640.5	18,870	17,229

**Table 20: Additional Substations costs and Transformation Capacity**

Project Category	Estimated Cost (x 1000USD)										
	2018-2020		2021-2025		2026-2030		2031-2035		2036-2040		TOTAL
	EPC	RAP	EPC	RAP	EPC	RAP	EPC	RAP	EPC	RAP	
Power Evacuation Projects	1,137,737	106,012	156,206	15,825	153,121	16,752	16,651	0	0	0	1,602,303
Re-investment Projects	258,012	21,205	243,644	2,867	0	0	0	0	0	0	525,727
System Expansion Projects	650,386	168,325	227,251	42,973	256,414	56,746	144,973	21,226	243,548	132,380	1,944,222
Regional Interconnection projects	49,639	23,517	123,800	5,548	481,234	50,260	0	0	33,127	3,415	770,539
Total Grid Re-investment Requirement	2,095,773	319,059	750,900	67,213	890,769	123,758	161,624	21,226	276,675	135,795	4,842,791

Source: 2018-2040 Grid Development Plan- Donor & Counterpart Funding for Investment

The following transmission infrastructure projects in Table 22 below are scheduled for implementation during the period 2019/20-2023/24;

**Table 21 Matrix of Annual Grid development projects during the CBP period**

YEAR	TRANSMISSION LINES	SUBSTATIONS	INDUSTRIAL PARKS	FEASIBILITY STUDIES
2019/20	<ul style="list-style-type: none"> <li>• 54km, 132kV kawanda kapeeka</li> </ul>	<ul style="list-style-type: none"> <li>• Kapeeka 1x20MVA 132/33kV Kapeeka substation</li> <li>• 3X40/63 MVA 132/33kV Mukono substation, 2X32/40MVA 132/33kV Iganga substation.</li> <li>• 2x32/40MVA 132/33kV Opuyo Substation Upgrade</li> <li>• 2 x 220kV Kawanda bays at Bujagali</li> <li>• Kawanda substation additional 1x32/40MVA 132/33kV power transformer and associated line bays</li> <li>• Tororo substation upgrade by 1x 80MVA, 132/33kV power transformer</li> </ul>	<ul style="list-style-type: none"> <li>• 132kV Industrial Parks transmission lines (8km Loop in-loop out to Mukono, 15km Loop in-loop out to Iganga)</li> </ul>	<ul style="list-style-type: none"> <li>• Olwiyo-Nimule transmission project</li> <li>• Hoima-Kinyara-Kafu 220kV study update</li> <li>• Mirama-Kikagati-Nsongezi study update</li> <li>• Upgrade of the 220/132kV NELSAP substations, upgrade of Tororo, Mbarara and Nkenda 132/33kV substation</li> <li>• Upgrade of Mutundwe-Buloba-Kabulaso-oke, Kabulaso-ke-Nkonge-Kahungye-Nkenda and Kabulaso-ke-Masaka to steel structures</li> </ul>
2020/21	<ul style="list-style-type: none"> <li>• 260 km, 132kV Tororo – Opuyo – Lira</li> <li>• 248km, 400kV Karuma-Kawanda; 54.2km, 400kV Karuma – Olwiyo; 75.5km 132kV Karuma-Lira</li> <li>• 127km 220kV Bujagali-Tororo.</li> <li>• 23.5km, 132kV Mutundwe-Entebbe</li> <li>• 160km, 132kV Opuyo – Moroto</li> </ul>	<ul style="list-style-type: none"> <li>• 2x80/80MVA 132/33kV Sukulu substation</li> <li>• 3X32/40MVA 132/33kV Luzira substation, 3X40/63MVA 132/33kV Namanve substation</li> <li>• 2X650MVA 400/132kV Karuma substation, 2X20MVA 132/33kV Karuma substation, 2X650MVA 400/132kV Kawanda substation, 2X20MVA 132/33kV Olwiyo substation.</li> <li>• Kampala North substation upgrade by 1x32/40MVA power transformer</li> <li>• 2X60/80MVA 132/33kV Entebbe substation</li> <li>• 2X32/40MVA 132/33kV Moroto substation.</li> </ul>	<ul style="list-style-type: none"> <li>• 132kV Industrial Parks transmission lines (6km Namanve-Namanve South, 15km Namanve South-Luzira</li> </ul>	<ul style="list-style-type: none"> <li>• Bulambuli-Mbale ESIA study</li> <li>• Uganda-Tanzania ESIA and RPF study</li> <li>• Masaka-Mbarara 400kV tender documents update</li> <li>• Kampala Metropolitan tender documents preparation</li> <li>• Electrification of industrial parks and free trade zone II (Wobulenzi-Kapeeka, Kapeeka-Kaweweta-Nakasongola) feasibility, ESIA and RAP study</li> </ul>
2021/22	<ul style="list-style-type: none"> <li>• 313km, 132kV Lira-Gulu-Nebbi-Arua</li> <li>• 83km, 132kV Gulu – Agago</li> <li>• 44km, 132kV T-Matugga – Kasana</li> <li>• 83.5km, 132kV Mirama-Kabale</li> <li>• 132/33kV Mbale industrial substation</li> <li>• 92km, 220kV Hoima-Kinyara-Kafu transmission line and associated 2x 90MVA 220/132/33kV Kinyara substation and 2x250 MVA 400/220/33kV Kafu substation.</li> <li>• 37.3km, 132kV Mirama - Kikagati – Nsongezi</li> </ul>	<ul style="list-style-type: none"> <li>• 2X32/40MVA 132/33kV Gulu, 2X32/40MVA 132/33kV Nebbi &amp; 2X32/40MVA 132/33kV Arua substations</li> <li>• 2X32/40MVA 132/33kV Agago substation</li> <li>• 1X15/20MVA 132/33kV Kasana substation.</li> <li>• 2X32/40MVA 132/33kV Kabale substation.</li> <li>• 2x125MVA 220/132/33kV and 3X50/63MVA 132/33kV Kapeeka substation, 2x125MVA 220/132/33kV Sukulu Substation, 3X60/80MVA</li> <li>• Upgrade of Mbarara South substation to 2x125MVA 220/132kV, Mirama substation to 220/132kV 2x60MVA; 2X60MVA, 132/33kV; Tororo Substations substation to</li> </ul>		<ul style="list-style-type: none"> <li>• Bulambuli-Mbale RAP study and preparation of tender documents</li> <li>• Uganda-Tanzania Feasibility study</li> <li>• Grid strengthening and electrification of industrial parks III feasibility study</li> <li>• Nkenda-Mpondwe transmission project feasibility study update</li> </ul>

YEAR	TRANSMISSION LINES	SUBSTATIONS	INDUSTRIAL PARKS	FEASIBILITY STUDIES
2021/22		2x250MVA, 220/132kV; 2X80MVA, 132/33kV) and Nkenda Substation Upgrade to 3x80 MVA, 132/33kV • Substation upgrades to 220kV at Nkenda 2X250MVA 220/132/33kV Substation, 2X63/90MVA Fort Portal 220/132/33kV Substation, 2X250MVA Hoima 220/132/33kV Substation and new substations at Lyanda/Muzizi 2X63/90MVA 220/132/33kV Substation and 2X250 MVA 220/132kV Kabaale substation. • 2X32/40MVA 132/33kV Nsongezi substation		
2022/23	<ul style="list-style-type: none"> <li>• 79km, 132kV Kapterol Mbale transmission line</li> <li>• 82km, 220kV Masaka Mutukula Mwanza transmission line and associated substation works.</li> </ul>	<ul style="list-style-type: none"> <li>• 2X45/60MVA 132/33kV Kapterol substation</li> </ul>		
2023/24	<ul style="list-style-type: none"> <li>• 72.5km, 220kV Nkenda - Mpondwe - Beni - Bunia .</li> <li>• 37km, 220kV Wobulenzi – Kapeeka</li> <li>• 160km, 132kV Nakasongola - Kaweweeta – Kapeeka</li> <li>• 190km, 400kV Olwiyo-Nimule-Juba</li> </ul>	<ul style="list-style-type: none"> <li>• 2x250/250/50MVA 400/220kV; Wobulenzi Substation</li> <li>• 2X32/40MVA 132/33kV Nakasongola substation; 2X32/40MVA 132/33kV Kaweweta substation</li> <li>• Upgrade of Nkonge (2x32/40MVA 132/33kV) and Kole (2x32/40MVA 132/33kV) substations</li> <li>• 2x150MVA 400/220kV substation works at Olwiyo</li> </ul>	<ul style="list-style-type: none"> <li>• Supply of power to industrial parks of Jinja (3x50/60MVA 132/33kV),</li> <li>• Ishaka (2x32/40MVA 132/33kV),</li> <li>• Rakai (2x32/40MVA 132/33kV).</li> </ul>	



### Regional Grid Development and Regional Cooperation

UETCL as a member of the EAC, EAPP and NBI plays a key function in the regional initiatives to strengthen the regional interconnections geared at enhancing regional power exchange and trade. The regional projects planned for execution within the CBP period are shown in the table below.

**Table 22: Regional projects planned for execution during the CBP period**

Project	Length (Kms)	Commissioning Date
<b>Projects under Construction</b>		
Bujagali-Tororo-Lessos (Connecting to Lessos in Kenya) 220 kV Line	127	2020/2021
Mbarara-Mirama-Birembo (Connecting to Birembo in Rwanda) 220 kV line associated substations	66	2020/21
<b>Projects with Completed Feasibility Studies requiring for update</b>		
Masaka-Mutukula-Mwanza (Connecting to Mwanza in Tanzania) 220 kV	85	2023/2024
Nkenda-Mpondwe-Beni (Connecting to Beni and Bunia in DRC)	72.5	2023/2024
<b>Projects for Feasibility Studies</b>		
Olwiyo-Nimule-Juba 400kV(Uganda-Southern Sudan)	200	2023/2024



## 9. STRATEGIC PILLARS AND GOALS 2019/20-2023/24.

### 9.1. Introduction

An analysis of UETCL's Business environment and Challenges coupled with its planned strategic grid investments has been done to inform the strategic pillars strategic goals for the period 2019/20-2023/24.

### 9.2. UETCL'S Strategic Objectives

The five (5) strategic pillars will be the focus of the desired end state of the company in the five years expressed in the following strategic objectives;

- i). Operational excellence: To have processes, systems and services that are efficient and effective in delivering services to key stakeholders.
- ii). Financial growth: To have a profitable and financially sustainable company that meets the expectations of its key stakeholders and shareholders anchored on diversified revenues, robust national grid and competitively priced least cost generation mix.
- iii). A fully engaged and ethical workforce that is highly motivated, productive and will always prefer UETCL as their employer of choice.

iv). Improved Stakeholder engagement and collaboration in having engaged Customers, Policy makers, Regulators, Development partners and other Stakeholders who are collaborating in fighting vandalism of power infrastructure to ensure reliable and quality power supply.

v). A Robust Grid Infrastructure that provides security of power supply to the country and the region as well as accelerated grid infrastructure development.

The above strategic objectives are reflected in the strategic pillars in 9.3 below.

### 9.3. The Strategic Pillars

The UETCL strategic pillars for the period 2019/20-2023/24 have been reviewed and are graphically illustrated in Figure 2 below.

**Figure 5: UETCL's Strategic pillars**



### 9.3.1. Strategic Pillars, Company Goals and Key Performance Indicators (KPIs) during period FY 2019 to 2023/24

Five strategic pillars have been identified for the period FY 2019/20 to 2023/24. Below is the narrative of each Strategic pillar under this Corporate Business Plan.

### 9.3.2. Security of Power Supply and Regional Cooperation

Optimal system utilization is a key strategic pillar purposed at safely delivering reliable and high-quality power supply. UETCL grid is increasingly being expanded not only to replace the aged infrastructure but also to create power supply rings that will eventually ensure that each supply point on the grid can be fed by more than one line.

In order to minimise grid outages, UETCL continues to maintain adequate stock of critical spares and to invest in such technologies as mobile transformer substations and live line tools. There have been significant investments in the power generation sector with several new power generation plants expected to be commissioned within this CBP period. This will present a generation surplus that is not immediately matched with growth in demand on account of no corresponding investment in the power distribution sector. There is therefore need to invest in both the transmission and distribution grids so as to stimulate demand to match the new power generation capacity. If the power surplus is not addressed, there is likelihood of high tariff to the customers unless such is mitigated by GoU subsidies.

Under the Single Buyer mandate, UETCL is obligated to dispatch power from embedded generation plants a feat that is often hampered by the weak distribution infrastructure over which this power is evacuated. Consequently, UETCL faces the burden of paying for energy not dispatched (deemed energy) due to failures within the distribution infrastructure.

The delayed commissioning of new power transmission interconnections to neighbouring countries still places a challenge to the regional power trade initiatives to which UETCL subscribes.

In view of the above, the Company will lay emphasis on the following strategic goals to stimulate demand and to improve the quality, security and reliability of power supply;

- a) Ensuring that total generation capacity continuously meets the system growing demand and the desired reserve margin.
- b) Increase regional power trade - by accelerating the commissioning of regional power transmission interconnections.
- c) Maintain a robust grid – by re-enforcing and expanding the transmission.

The Corresponding Company KPIs, their respective targets and initiatives for each of the above corporate goals is indicated in table 23 below.

**Table 23. Strategic Pillar I - Security of Power Supply and Regional Cooperation: Strategic Goals, Key Performance Indicators, Targets, Initiatives and Management Reporting Responsibility**

Strategic Goal	Company KPI	Targets	Initiatives	Responsible Department
<b>Total generation capacity continuously meets the system growing demand and the desired reserve margin</b>	Level of reserve margin	≥10 %	<ul style="list-style-type: none"> <li>• Carry out annual Demand-generation supply forecast and inform stakeholders.</li> <li>• Engage stakeholders to maintain an apt power generation mix</li> <li>• Negotiate and enter into new PPAs (IPPs and Power Import) as necessary</li> </ul>	Operations & Maintenance
<b>Increase regional power trade</b>	MWh exchange on the interconnectors	80 GWh per year	<ul style="list-style-type: none"> <li>• Leverage on Eastern Africa Power Pool initiatives</li> </ul>	Operations & Maintenance
	MW capacity on new interconnectors	200 MW in the year 2021/22	<ul style="list-style-type: none"> <li>• Complete the ongoing construction of regional inter-connectors</li> <li>• Work with Government to secure financing for the implementation of inter-connection to DRC and South Sudan.</li> </ul>	Projects Implementation  Planning and Investments

Strategic Goal	Company KPI	Targets	Initiatives	Responsible Department
<p><b>Maintain a robust grid</b></p>	<p>Grid availability</p>	<p>≥98 %</p>	<ul style="list-style-type: none"> <li>• Implement grid expansion and re-enforcement programs to ensure N-1</li> <li>• Carry out proactive routine inspection.</li> <li>• Leverage on technology for real-time monitoring of the health status of the grid infrastructure.</li> <li>• Implement adequate fire detection and suppression in all substations</li> <li>• Maintain adequate inventory of critical grid spares</li> <li>• Procure and implement a protection management software</li> <li>• Enhance collaborative stakeholder engagement to curb vandalism</li> <li>• Establish a backup National Control Centre.</li> <li>• Proactively contributing to integrated power sector planning in the country and region.</li> </ul>	<p>Operations &amp; Maintenance</p>



H.E Yoweri Kaguta Museveni commissioning the 132w Kapeeka industrial park substation

### 9.3.3. Accelerated Grid Infrastructure Development and Stimulation of Demand

UETCL aims at developing the power system through efficiency in planning, timely execution of investments and promotion of new least cost power production to eliminate the socio-economic costs that accrue from load shedding. The current transmission grid does not cover the entire country and this negatively impacts the timely implementation of government programs such as industrialization, rural electrification and the development of renewable energy projects.

Additional challenges are presented by the encroachment on existing transmission line corridors and long lead times related to the complicated and lengthy process of acquiring land for new transmission grid projects amidst a non-conducive legal framework and lengthy processes in other Government institutions such as NEMA and CGV.

In order to sustain accelerated grid infrastructure development and stimulation of demand, UETCL has identified the following goals;

- a) Timely implementation of quality transmission projects within budget.
- b) Timely acquisition and efficient management of way-leaves/right of way.
- c) Improvement and expansion of the transmission grid in line with the Grid Development Plan.

The Corresponding Company KPIs, their respective targets and initiatives for each of the above corporate goals is indicated in table 24 below.



Namanve South 3 Sub Station

**Table 24 Strategic Pillar II- Accelerated Grid Infrastructure Development and Stimulation of Demand: Strategic goals, Key Performance Indicators, Targets, Initiatives and Management Reporting Responsibility**

Corporate Goal	Company KPI	Targets	Initiatives	Responsible Department
Timely implementation of quality transmission projects within budget	Projects completed on time, within the agreed cost and quality	As per contractual commitments	<ul style="list-style-type: none"> <li>Improve on carrying out due diligence on the contractors to establish the financial and technical capability of the EPC prior to award of the contract.</li> </ul>	Projects Implementation
	Absorption rate	% of planned disbursements	<ul style="list-style-type: none"> <li>Strengthen contract Management, monitoring and reporting.</li> <li>Enhance project management skills</li> </ul>	
Timely acquisition and efficient management of way-leaves/ right of way	Compensation of 50% of a continuous stretch of the corridor	50% of right of way before EPC Contract signing	<ul style="list-style-type: none"> <li>Stakeholders engagement for necessary changes in land acquisition policies and laws</li> <li>Lobby for a policy and practice transformation that guarantees advance provisioning of counterpart funding for RAP studies, land acquisition and other locally funded project activities</li> <li>Continuously review and Re-engineer RAP processes for efficiency and cost-effectiveness</li> </ul>	Land Acquisition



Corporate Goal	Company KPI	Targets	Initiatives	Responsible Department
<b>Timely acquisition and efficient management of way-leaves (Cont'd)</b>	Demarcation of all existing wayleaves	Within three (3) financial years of the Corporate Business Plan FY 2019/2020 – FY 2023/2024	<ul style="list-style-type: none"> <li>• Survey of the extent of the existing wayleaves.</li> <li>• Demarcation of the extent of the existing wayleaves.</li> </ul>	
	Demarcation of newly acquired wayleaves	Within one (1) year from the date of commissioning	<ul style="list-style-type: none"> <li>• Survey of the extent of the new wayleaves.</li> <li>• Demarcation of the extent of the new wayleaves.</li> </ul>	
<b>Improvement and expansion of the transmission grid in line with the GDP</b>	No. of bankable feasibility studies completed	2 Bankable projects every two years	<ul style="list-style-type: none"> <li>• Continuous verification of the line route before RAP implementation to avert delays associated with route diversion during implementation</li> </ul>	Planning & Investments
	No. of projects handed over for implementation	5 projects in five years	<ul style="list-style-type: none"> <li>• Engage government and ERA to directly fund feasibility studies, EPC consultancies and projects</li> </ul>	

### 9.3.4. Sustainable Financial Growth.

It is UETCL's cardinal objective to be a financially sustainable company. In executing its mandate, UETCL requires a cost reflective tariff. However, the Bulk Supply Tariff (BST) often approved by ERA alongside funding from GoU do not adequately cater for the company's revenue requirements and grid investments. As a consequence, UETCL does not fully execute its mandate to the satisfaction of its shareholders and other key stakeholders.

The untimely release of GoU funds further affects the implementation of the company's transmission line projects and settlement of capacity charges to the thermal power generators. The inadequacy of the BST impacts on the integrity and reliability of the transmission grid which in turn affects the company's capacity to generate sufficient revenue. In addition, the volatility of currency markets exposes the company to foreign currency risk as most of its power purchases are denominated in foreign currencies.

UETCL targets to ensure a sustainable financial growth by improving its financial performance and position as well as increase the long-term value to its shareholders. In order to have a sustainable financial growth, the company has identified the following Corporate goals during the CBP period;

- a). Increase profitability
- b) Improve revenue

- c) Increase financial resources

The Corresponding Company KPIs, their respective targets and initiatives for each of the above corporate goals is indicated in table 25 below.



Namanve South 4 Sub Station

**Table 25 Strategic Pillar III - Sustainable Financial Growth: Strategic Goals, Key Performance Indicators, Targets, Initiatives and Management Reporting Responsibility**

Corporate Goal	Company KPI	Targets	Initiatives	Responsible Department
Increase Profitability	Return on Capital Employed	A Minimum % age of 5% per annum	<ul style="list-style-type: none"> <li>Implement a policy that ensure investments with NPV&gt;0</li> </ul>	Planning & Investment
	Operating Profit Margin	>0 %	<ul style="list-style-type: none"> <li>Align all the Revenue Requirements to the strategic Plan</li> <li>Promoting sound financial management policies and best practices across all the functions of the company.</li> </ul>	Finance, Accounts & Sales
		Operate within the approved budget	<ul style="list-style-type: none"> <li>Strengthen the annual budgeting, Monitoring and Control processes.</li> <li>Regular review of quarterly and statutory financial reports</li> <li>Carry out foreign exchange hedging</li> <li>Pursue cost reflective tariffs with the Regulator</li> <li>Implement a policy of limiting budget re-allocations to utmost 15%.</li> <li>Improve efficiency in business processes and systems</li> <li>Reinforcement of existing grid and upgrade of voltage levels</li> </ul>	<p>All departments</p> <p>Planning &amp; Investments Operations &amp; maintenance</p>

Corporate Goal	Company KPI	Targets	Initiatives	Responsible Department
<b>Increase Profitability (Cont'd)</b>	Level of Technical losses	< less than ERA approved Targets	<ul style="list-style-type: none"> <li>• Optimise configuration of the power grid</li> <li>• Carry out quarterly routine maintenance.</li> <li>• Carry out Power system re-enforcement</li> <li>• Ensure power supply reliability</li> <li>• Investing in efficient grid technologies.</li> <li>• Continuous operational improvements in all cost centres</li> </ul>	Operations & Maintenance  Finance, Accounts & Sales
	Increase annual energy sales (kWh)	Annual sales growth of 6%	• New Regional Markets penetration	PPA Committee
			• Timely Completion & Commissioning of Projects	Project Implementation

Corporate Goal	Company KPI	Targets	Initiatives	Responsible Department
<b>Improve Revenue</b>	Revenue from Optic fibre	An annual average increase of 2%	• Upgrading and Extension of the Grid to potential load centres	Planning & Investment Project Implementation
			• Enhance Optic Fibre Business through Value addition	ICT
	Revenue from other sources	An annual average increase of 2%	• Ensure tariff affordability through Merit Order Dispatch and least cost generation planning	Operations & Maintenance Planning & Investment
			• Maximising other revenue through competitive interest rates on bank balances	Finance, Accounts & Sales
Improve Liquidity	Collect at least 85% of Billed Revenue per annum	• Strengthen the Treasury Management and debt collection functions	Finance, Accounts & Sales	
<b>Increase Financial Resources</b>	Secure funding for all approved capital projects	Securing financing to at least 85% of approved capital projects	• Mobilisation of resources through concessional loans, counterpart funds, tariff and grants	Finance, Accounts & Sales
	To Improve the Gearing Ratio	Attain a gearing ratio of 60% by end of Year 2023	• Restructure the balance sheet through conversion of debt into equity	
		Compliance to Debt Repayment schedule-100%	• Implement Financing Agreement Obligations • Provide accountabilities of funds to the development partners, financiers and GoU on a quarterly/annual basis	



M.D George Rwabajungu receiving the Norwegian Ambassador at UETCL HQ's.



220 / 132kV Nkenda Substation

### 9.3.5. Robust Human Capital Development

UETCL aims at having an efficient and professional organization with competent and satisfied employees. Insufficient working infrastructure and environment like inadequate office space and an old fleet sometimes compromises UETCL's productivity, its Safety, Health and Environment (SHE) compliance and staff morale. Fast evolving technologies and lack of adequate training to keep abreast with the said technology has caused inefficiency in the ability to maintain the grid. High turnover of critical staff has constrained the Company's ability to fulfil its mandate.

The existing inadequate organizational structure (e.g. Single buyer and Land acquisition and Procurement functions) has also contributed to work overload and burn out of staff.

To realise robust human capital development, the Company has underscored the establishment of an effective structure of a motivated and competent work force in order to attract, develop and retain the best talent.

In order to realise a Robust Human Capital Development, the company has identified the following goals;

- a) Effective organization with a motivated and competent work force
- b) Staff retention

The Corresponding Company KPIs, their respective targets and initiatives for each of the above corporate goals is indicated in table 26 below.

**Table 26: Strategic Pillar IV - Robust Human Capital Development: Strategic Goals, Key Performance Indicators, Targets, Initiatives and Management Reporting Responsibility**

Corporate Goal	Company KPI	Targets	Initiatives	Responsible Department
Effective organization with a motivated and competent work force	HCI Index	HCI-index=22	Create a conducive work environment through: <ul style="list-style-type: none"> <li>• Renovation of existing offices</li> <li>• Construction of new office block</li> <li>• Conducting health awareness programs</li> </ul>	Planning & Investment  Human Resources & Administration
			<ul style="list-style-type: none"> <li>• Review and implement an improved Performance Management System</li> <li>• Develop and produce Staff Handbook that will include revised staff regulations, disciplinary code and HR&amp;A policies</li> </ul>	Human Resource & Administration
Staff retention	Staff turnover	<3%	<ul style="list-style-type: none"> <li>• Develop and implement succession plans</li> <li>• Develop and implement a comprehensive manpower plan</li> <li>• Develop and implement staff development and retention schemes</li> <li>• Carry out annual salary surveys so as to improve on UETCL salary structure.</li> <li>• Investing in employees to maximize their productivity, innovativeness and creative ability.</li> </ul>	

### 9.3.6. Efficient Business Processes and Systems

UETCL purposes at continuously improving the efficiency of internal business processes i.e. planning, monitoring, implementation and scheduling, shorter procurement lead times, to enhance the timely achievement of Company goals. The fast-emerging developments within the Energy Sector necessitate a review of UETCL's internal processes to respond to the requirement for high speed and efficiency in the execution of its business operations.

In this regard, the strategic Company goal is to improve business processes while complying with statutory and regulatory requirements. This will mainly involve the automation of the mapped and re-engineered business processes by acquiring and implementing an Enterprise Resource Planning (ERP) software system, electronic document management (digitalization) system, carry out enhanced capacity building, revise and introduce a UETCL specific procurement manual for the procurement processes applicable to UETCL that will result into shortening of the corresponding procurement lead times.

To have Efficient business process and systems, the company will pursue the following strategic goals;

- a) Improve business processes and Systems
- b) Improve stakeholder engagement, communication and collaboration
- c) Ensure Business continuity

- d) Compliance with statutory and regulatory requirements for UETCL

The Corresponding Company KPIs, their respective targets and initiatives for each of the above Corporate goals is indicated in table 27 below.



Namanve South 1 Sub Station



**Table 27: Strategic Pillar V - Efficient Business Processes and Systems: Strategic Goals, Key Performance Indicators, Targets, Initiatives and Management Reporting Responsibility**

Corporate Goal	Company KPI	Targets	Initiatives	Responsible Department
<b>Improve business processes and Systems</b>	Timely procurement according to procurement procedures	100 % of procurement plan	<ul style="list-style-type: none"> <li>Develop and secure approval for the procurement manual and abridged procedures for use in procuring goods, works and services.</li> </ul>	Procurement and Disposal
	Procurement Compliance Rating	100% in 2 years	<ul style="list-style-type: none"> <li>Follow and comply with the PPDA rules and procedures</li> <li>Enforce the internal abridged procurement procedures and processes</li> </ul>	
	Automation and integration of business processes	Within two financial years – by end of FY 2021/2022	<ul style="list-style-type: none"> <li>Implement the ICT strategy, including implementation of ERP, Digitization, E registry, etc.</li> </ul>	Information and Communication Technology
		Attain ISO certification by 2022/23	<ul style="list-style-type: none"> <li>Document UETCL’s management system. Identify business processes.</li> <li>Ensure procedures are being performed as they are described in the documentation.</li> <li>Verify that the management system is effective.</li> <li>Register and certify UETCL system.</li> </ul>	Planning and Investment

Corporate Goal	Company KPI	Targets	Initiatives	Responsible Department
<b>Improve stakeholder engagement, communication and collaboration</b>	Level of Stakeholder satisfaction	Stakeholder satisfaction score of 70%	<ul style="list-style-type: none"> <li>Stakeholder mapping</li> <li>Conduct annual stakeholder surveys and feedback</li> <li>Creating strategic communication channels</li> </ul>	Corporate Affairs
<b>Ensure Business continuity</b>	Functional Company-wide Business Continuity plan	Functional Company – wide Business Continuity Plan in FY 2020/2021	<ul style="list-style-type: none"> <li>Develop and implement a Business continuity plan</li> </ul>	Managing Director/CEO's office
<b>Compliance with statutory and regulatory requirements for UETCL</b>	Effective Compliance Culture	100% by end of <b>Quarter 1 of FY 2021/2022</b>	<ul style="list-style-type: none"> <li>Development &amp; dissemination of UETCL's Statutory and Regulatory Obligations Register</li> </ul>	Governance, Ethics & Compliance  All Managers
			<ul style="list-style-type: none"> <li>Development and Dissemination of UETCL's Regulators Map</li> </ul>	
			<ul style="list-style-type: none"> <li>Development and Dissemination of UETCL's Compliance Management Policy and related Procedures</li> </ul>	
			<ul style="list-style-type: none"> <li>Development and dissemination of UETCL's Stakeholder map and related assessment of their power and influence and monitoring indicators</li> </ul>	Governance, Ethics & Compliance  MD/CEO's Office
			<ul style="list-style-type: none"> <li>Recruitment of competent Governance, Ethics &amp; Compliance Department staff</li> </ul>	Human Resource & Administration

Corporate Goal	Company KPI	Targets	Initiatives	Responsible Department
<b>Compliance with statutory and regulatory requirements for UETCL (Cont'd)</b>	Effective Compliance Culture (Cont'd)	100% by end of <b>Quarter 1 of FY 2021/2022</b>	• Conducting customised Compliance trainings and compliance knowledge assessment for UETCL Staff	Governance, Ethics & Compliance
			• Conducting Annual Compliance Culture Surveys for UETCL Staff	Human Resource & Administration
			• Conducting Annual stakeholder satisfaction surveys	Governance, Ethics & Compliance
	Effective Ethical Business Culture	100% by end of <b>Quarter 1 of FY 2021/2022</b>	• Review and alignment of UETCL Ethical Code of Business Conduct with prevailing laws	Governance, Ethics & Compliance
			• Dissemination of the UETCL Ethical Code of Business Conduct	Governance, Ethics & Compliance
			• Alignment of Staff contracts, supplier/vendor contractor contracts, internal policies, procedures and guidelines with UETCL Ethical Code of Business Conduct	Management
			• Implementation of 'Speak Up' Notification System	Management
Rate of Closure of Audit Queries	100% closure of audit queries.	• Assessment of the adequacy of risk identification, measurement and mitigation measures	Internal Audit	

## FINANCE & ACCOUNTS

“ Develop processes and systems that will be able to collect, utilize and safeguard the company business resources in accordance with the business objectives set by the Board. ”

### 9.3.7. The target outcomes for the CBP period

At the end of this CBP period, the following target outcomes are expected to be realised;

- i). A vibrant national grid with a total circuit length of 5,373.5 Km.
- ii). A vibrant national and redundant grid with an availability of >98%
- iii). A financially sustainable company
- iv). Fully automated business processes and integrated systems
- v). A well-motivated and a vibrant productive work force.
- vi). Well satisfied stakeholders and customers.
- vii). ISO 9001. ISO 14001 and ISO 18001 certified company

The key performance projections during the CBP period are indicated in table 28 below.

**Table 28: UETCL Key performance projections during the CBP period 2019/20-2023/24**

Description /Years	2018/19 (Baseline)	2019/20	2020/21	2021/22	2022/23	2023/24
Cumulative Transmission line (Km)	2,889	3,000.5	3,969.7	4,622.5	4,914.0	5,373.5
No. of substations	25	28	35	46	50	54
Energy purchases (GWh)	4,256	4,952	5,589	6,002.5	6,410.23	6,710.31
Transmission losses (%)	3.62%	3.38%	3.35%	3.29%	3.03%	3.00%
Energy Sales (GWh)	4,102	4,785	5,402	5,805	6,216	6,509
Revenue (Ushs Mn)	1,115,766	1,582,261	2,058,988	2,140,621	2,274,155	2,456,450
Total Assets (UShs-Mn)	3,634,815	5,357,109	6,942,524	8,323,904	9,476,023	10,487,834
Investments in the grid (UShs-Mn)	214,827	266,948	223,028	205,113	135,088	102,836
Systems availability	>98%	>98%	>98%	>98%	>98%	>98%
Operational expenses (Ush Mn)	109,803	97,061	105,061	101,513	99,547	104,721

### 9.3.8. Critical Success factors/Assumptions for the Effective Delivery of Corporate Business Plan (FY2019/20 to 2023/24)

The following factors are critical to the successful implementation of the CBP;

- A fully populated Organisation structure
- Adequate and timely funding
- Competent, Committed & Skilled Human Resource
- Conducive working environment

- Efficient procurement processes
- Timely implementation of Grid Development Plan
- Favourable Hydrology
- Sustained regional cooperation
- Unequivocal Government support
- Regulatory support
- Change in law to facilitate quicker land acquisition and to curb vandalism of the electricity infrastructure.
- Harmonised electricity sector planning
- Implementation of ERP system



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# 10. ORGANIZATIONAL STRUCTURE FOR DELIVERY OF CORPORATE BUSINESS PLAN FY( 2019/20-2023/24)

## 10.1 Organizational Improvements Based on (new) Strategic Situation.

Management has, during the CBP review process, identified some areas in the Business Organisation that require changes based on UETCL's changed business environment.

The following factors that necessitate change to the organization structure have been identified:

- Alignment of UETCL's human resource requirements for delivery of CBP targets
- Increased number of grid development projects being implemented
- The challenges associated with acquisition of land for grid infrastructure projects.
- Enactment of new GoU policies
  - Increased volume of business activities accruing from grid expansions and new generation plants.

The above factors, coupled with the recommendations in the recently concluded Job analysis and evaluation exercise, necessitated to have changes in the organisation structure. Subsequently the Board of Directors and Management have put in place a new structure and the necessary human resources so as to enhance corporate efficiency and performance. Accordingly, the following Directorate and department have been created;

### New Directorate

- Technical Operations
- Finance
- Governance, Ethics & Compliance department
- Corporate services
- Internal Audit

### New Departments

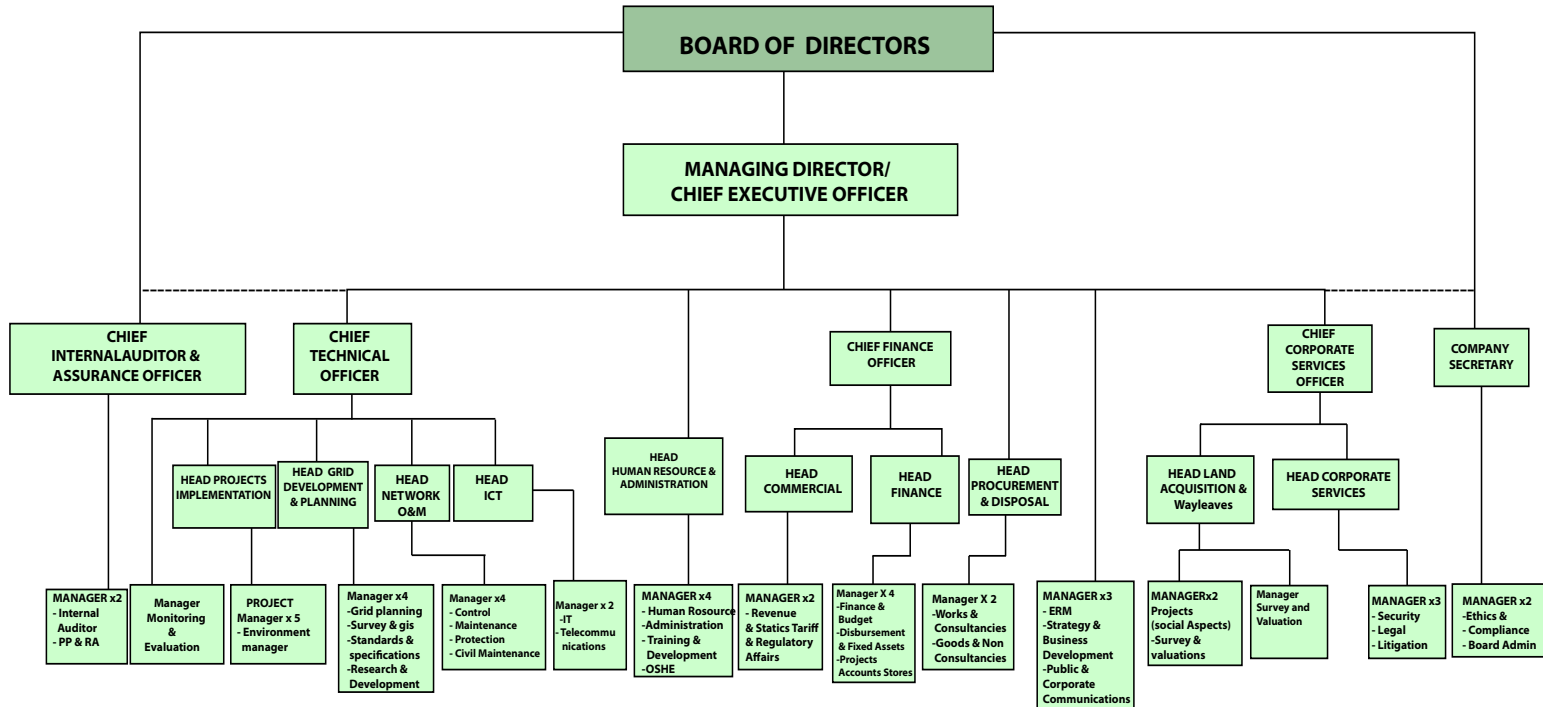
- Procurement & Disposal department
- Commercial Department
- Land acquisition and Management

In addition, the following sections have also been introduced in the MD's offices.

- Corporate Business strategy and Performance
- Enterprise Risk Management
- Occupational Health, Safety and Environment

10.2 Organization and governance Structure to support successful implementation of the CBP

**UTCL MANAGEMENT STRUCTURE**



NOTES:

- CEO - Chief Executive Officer
- O & M - Operations & Maintenance
- ICT - Information & Communications Technology
- PP&RA - Power, Projects & Risk Assurance
- IT - Information Technology
- ERM - Enterprise Risk Management

### 10.3. Organizational Structure and the different roles

A high level summary of the organizational Directorate of UETCL is presented hereafter and it entails; Title of organizational directorate and related business focus area(s) unit means of delivery on the organizational division's mandate and Internal organization of the organizational directorate.

#### 10.3.1.1 Managing Director/Chief Executive Officer

The office of the MD/CEO is responsible for the performance of the company, as dictated by the board's overall strategy and is accountable to the Board of Directors for the affairs and operations of the Company. It promotes ethical leadership, risk conscious culture; formulation and successful implementation of Company work plans, policies and procedures by providing strategic leadership to Executive Management team.

The Managing Director/CEO oversees various divisions that head specific departments with various mandates as follows;

#### Human Resource and Administration Department (HR & AD)

The Department is headed by the Head Human Resource & Administration Officer and oversee Human Resource, Training, Administration and it focuses on Robust Human Capital Development with mandate to enhance organizational change through Human Resource planning, development and welfare, promotion of corporate culture and values, positive team working, managing transport logistics and general administrative operation of the company.

#### Procurement and Disposal Department (PDD)

The procurement and disposal department is headed by the head procurement & disposal and oversees procurement of works, consultancies, Goods & non consultancies & also oversees all disposals in the company. The department carries out all company procurement & disposals in an efficient manner in accordance with the PPDA Act and Regulations and where applicable, the financier's guidelines.

#### 10.3.2. Technical Directorate (TD)

Technical Directorate is headed by Chief Technical officer with strategic focus on Security of Power Supply and Regional Cooperation, Accelerated Grid Infrastructure Development and Efficient Business Processes and Systems.

Technical Division oversee the following four (4) departments with specific mandates;

- Grid Development and Planning (GDP) : The GDP department mandate is to develop Grid transmission plans to meet the future power demand and provide Engineering Services in line with Company Strategic Objectives.
- Projects Implementation Department (PI): The PI department mandate is to implement power transmission plans to meet the future demand of the country.
- Network Operation and Maintenance Department (N.O & M): The Network O&M department mandate is to operate and maintain the Transmission Grid Assets and Load Dispatch Facilities in an efficient, viable and safe manner in accordance with prudent Utility Practices.
- Information and Communication Technology Department (ICT): The ICT department mandate is to enable UETCL achieve



its corporate objectives effectively through utilization of the Information and Communication Technology in a cost-effective manner.

### 10.3.3. Finance Directorate (FD)

This is headed by Chief Finance officer that oversee Commercial and Finance Departments with strategic focus on Financial Sustainability and mandated to provide financial support to all the company's business functional areas.

### 10.3.4. Internal Audit Directorate (IAD)

The directorate is headed by Chief Internal Auditor and oversees Internal Audit, Power Projects and Risk Assurance with a focus on all the 5 strategic areas of the company. It provides independent objective assurance and consulting services that are aimed at adding value and improving the company operations and it's mandated to independently and objectively perform audit, assurance, consulting and investigation activities through offering assurance, consulting and advisory services to the activities related to Power (Technical) Projects and assurance on Enterprise risk Management, Finance, Administration and Information & Communication Technology and Risk assurance in the same areas.

### 10.3.5. Corporate Services Directorate (CSD)

The CSD is headed by Chief Corporate Services Officer and it oversees Land Acquisition and Wayleaves, Security, Public Relations (PR) and Legal aspects of the business. The directorate focuses on all strategic focus areas of the Company with mandate to provide efficient legal, Security, PR and way leaves Services to both corporate and projects functions of the business. CSD develops policies for the protection of all the company's resources, provides legal advisory Services, security, manage litigation and wayleaves

for effective protection from encroachment.

### 10.3.6. Governance, Ethics and Compliance Division (G, E&C)

The G, E&C Division is headed by the company secretary and is organised into Board Administration and Ethics & Compliance and the duties are drawn from all the Strategic pillars. The mandate of the GE&C directorate is to promote corporate accountability, ethical leadership, compliance with regulatory requirements and a culture of stakeholder centric business ethics through development and implementation of efficient and effective Board policies, processes and systems for communication, compliance risk management system and policies, corporate strategy, governance, Developing and maintaining a Directors' succession plan.

### 10.4. Internal Committees

As at the date of this Corporate Business Plan, the following Management Committees were in;

- (i) Enterprise Risk Management Committee
- (ii) Disciplinary Committee (Ad-hoc)
- (iii) Contracts Committee
- (iv) Online Information Committee
- (v) Power Purchase Agreements Committee
- (vi) Evaluation Team (Ad-hoc)
- (vii) ICT Steering Committee
- (viii) Safety Health & Environment Committee
- (ix) Wayleaves Committee
- (x) PPA/PSA Coordination Committees
- (xi) Joint - Negotiation Committee (UNION)

The number of Management Committees during the term of this Corporate Business Plan, may vary depending on the business requirements of UETCL.



M.D signing the Grid Expansion & reinforcement project (GERP) contract

# 11. ENTERPRISE RISK MANAGEMENT

## 11.1. Enterprise-wide Risk Management (ERM) and Framework.

The Board and Management are fully cognizant of the importance of effective risk Management in order to achieve the Company objectives as laid out in the Corporate Business Plan (CBP).

The company is hence committed to maintaining a systematic approach to Enterprise-wide Risk Management. In order to ensure that risk Management is structured and applied systematically, a risk governance structure, risk appetite, evaluation criteria and responsibility of residual risk have been defined in the risk management framework. The risk appetite shall be reviewed within the CBP period after reviewing the changes in nature and the business environment.

In line with the above risk management framework therefore, Risk Management is an ongoing process and the results of each review are included in a Risk Register. As a strategy to ensure inclusiveness, the company will, in this CBP period, intensify both internal and external stakeholder consultations with a view of ensuring that expectations of the stakeholders and their feedback are catered for before any risk assessment is concluded. This will improve on the effectiveness of embedding risk management in all UETCL activities

Risk Management being dynamic, the company risk register will continually be reviewed to ensure that all new risks are identified and mitigation measures deployed accordingly in a timely manner. Furthermore, the existing risks with current mitigation measures will be evaluated to establish whether these are still working as intended. The Enterprise Wide risk register will be presented annually to the Board for consideration, review and approval.

## 11.2. Risk Management Objectives.

UETCL's risk management objectives are to:

- Ensure creation and protection of Shareholder value.
- Provide a clear and informed basis for Informing policy formulation and decisions making at all levels in UETCL.
- Ensure compliance at all levels in UETCL.
- Raise awareness of the need for risk management by both internal and External Stakeholders.
- Ensure that risk management is clearly and consistently integrated and entrenched in the culture of UETCL.

## 11.3. Strategies for achieving the above objectives:

- Manage risk in accordance with UETCL risk Management framework and adopt from internationally accepted frameworks (COSO, ISO 31000 & King iV) whenever need arises.
- Demonstrate the application of all risk management principles in UETCL.
- Creating awareness of the relevance of risk Management to the achievement of company objectives through trainings.
- Inculcate a risk aware culture by reinforcing the importance of effective risk management as part of the everyday operations

and decision making and embedding measures of risk management in staff performance goals at all levels.

- Maintaining an appropriate system for recording risks identified, mitigation measures, residual risks and justification for acceptance of any such residual by the risk owner.
- Maintaining documented procedures of all risk management activities and provision of timely risk management information to management and the board for decision making;
- Maintaining an updated risk register for UETCL with focus on the five strategic pillars of the current CBP by continuously analyzing and responding to the changes in UETCL environment.
- Continuously monitor the implementation of the risk Management plan, review all risk management activities and seek continuous improvement at every opportunity.
- Advocate for ensuring inclusion of a section on risk management activities and results in all departmental quarterly reports to Management and the Board.
- Internal Audit will continue to give assurance to Management and the Board on the effectiveness of the risk Management activities in UETCL.

#### 11.4. Mandatory Risk Reporting for this CBP period.

UETCL Risk Management framework identified and documented

risks that would be mandatory for Management to report on during this CBP period. The broad categories of such risks include;

**Financing and Financial:** These are risks such as unfavourable movement of financial currencies against Uganda shilling and inadequate financing to implement the corporate business plan.

**Operational:** These are risks which arise as a result of failure of any of the grid infrastructure components or systems such as transmission line or SCADA, leading to failure to dispatch all the power generated.

**Compliance:** These are risks which arise due to failure to comply to legal and regulatory requirements.

**Project Implementation:** These are risks which lead to delays in completing grid related projects. They include failure to secure right of way in time.

**Safety, Health & Environmental:** These are risks which lead to destruction of life or UETCL property.

**Technology and information security:** These are risks which affect critical business processes such as procurement, leading to inefficiencies in the business operations. There are some Strategic Risks whose residual impact has remained high even after deploying mitigation measures. In an effort to manage high risks in UETCL during the CBP period, they will be given priority to ensure their likelihood and impact are reduced to acceptance levels.



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## 12. FINANCIAL PLAN

### 12.1. Introduction.

The financial plan includes financial strategies, assumptions, investment costs, projected profit & Loss and Statement of Financial positions for the period 2019/20-2023/24. The ultimate objective of the financial plan is to attain sustainable financial growth while delivering reliable and quality power supply to the key stakeholders. The Financial plan has been prepared with the aim of facilitating the implementation of various strategic initiatives to achieve the strategic corporate goals including;

- Operational excellence
- Sustainable financial growth
- A fully engaged and ethical workforce
- Stakeholder engagement and collaboration
- Robust Grid infrastructure

### 12.2. Drivers of the Financial Plan.

- i). Implementation of Activity Based Budgeting
- ii). Increasing Investments in Grid infrastructure-extension and expansion
- iii). Increasing reliance on long term debt to finance the grid infrastructure from Development Partners, financiers and GoU so that financing costs closely match the investment benefit streams.
- iv). A cost reflective tariff as approved by the Regulator adjusted on a quarterly basis to take into account macro-economic changes

- in the economy and new commissioned IPPs in the periods.
- v). Investment in appropriate technologies to improve operational efficiency and effectiveness
- vi) Government free connection policy of Households
- vii) Aim for the technical losses to be below the regulator approved levels.
- viii) Increasing number of Substations and transmission grid length over the CBP period that will impact the operation & Maintenance costs including maintenance, staffing and insurance among others.
- ix) Growth in energy sales in GWh at an average of 8% per annum due to increase in local demand exports during the period.
- x). Collaboration through Private Public partnerships to derive additional value out of the spare capacity on the Optic fibre infrastructure.
- xi). Macro-economic factors mainly exchange rate, inflation, rates and movement in fuel prices.
- xii). Foreign exchange hedging in place.

### 12.3. Financing Strategies.

The following strategies will be pursued:

- a) Operational efficiency brought on by excellence in business operations and merit order dispatch of generation plants.
- b) Revenue gains from increased sales from government free connections, exports and growth in local demand.
- c) Growth in revenue from leasing Optic Fibre and Data transmission capacity.
- d) Reduction in technical losses as a result of various initiatives in grid reinforcement to increase the projected gross profit

- e) Applying for a cost reflective tariff from the Regulator
- f) Pursuing concessional loans , grants and counterpart from Development partners and Government of Uganda to finance Transmission lines and relate Infrastructure.

#### 12.4. Transmission Grid and Relate Infrastructure Investments

The investments in the CBP period are projected to be USD 1,103,439,000.0 as shown in the table below. This includes projects currently under construction, in advanced stages of procurement and advanced stages of planning that will be completed within the CBP period July 2019-June 2024 as well as projects whose feasibility studies will be conducted and/or projects that will be progressed for construction within the CBP period July 2019-June 2024.

The Transmission grid projects are capital intensive and hence require a lot of funding as detailed in table below.

**Table 29: Table showing investments during the CBP period**

Project Category	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
	UGX Mn					
Power Evacuation	72,850	37,818	41,822	26,602	20,704	199,796
Re-investment	9,875	75,495	52,035	16,537	11,740	165,682
System Expansion	182,158	102,704	94,292	82,234	60,709	522,097
Regional Interconnection	2,065	7,011	16,964	9,715	9,684	45,439
<b>Total Grid Re-investment</b>	<b>266,948</b>	<b>223,028</b>	<b>205,113</b>	<b>135,088</b>	<b>102,836</b>	<b>933,014</b>





## 12.5. Financial Projections.

### 12.5.1. Projected Statement of Profit & Loss during the Corporate Business Period

	PROJECTED PROFIT AND LOSS STATEMENT for the CBP Period					
	Actual 2018/2019	Projections 2019/2020	Projections 2020/2021	Projections 2021/2022	Projections 2022/2023	Projections 2023/2024
Energy Sales GWh	4,102	4,785	5,402	5,805	6,216	6,509
		Ushs -Mn				
Revenue	1,115,766	1,582,261	2,058,988	2,140,628	2,274,153	2,456,450
Cost of Sales	(985,814)	(1,365,069)	(1,818,354)	(1,962,521)	(2,087,397)	(2,209,817)
Gross profit/ (loss)	84,774	152,416	152,686	84,797	87,412	140,817
Other income	47,652	22,241	23,021	23,864	24,700	24,825
Total Income	249,248	238,362	227,972	196,440	203,757	249,741
Total Expenses	(109,803)	(97,061)	(105,061)	(101,513)	(99,547)	(104,721)
Operating profit/ (loss)	139,445	141,301	122,911	94,927	104,211	145,021
Depreciation & Amortisation	(43,937)	(25,901)	(61,552)	(69,389)	(85,894)	(127,086)
Profit/ (loss) before tax	95,508	115,401	61,359	25,538	18,316	17,935

### 12.5.2. Projected Statement of Financial Position during the Corporate Business Plan Period

<b>PROJECTED STATEMENT OF FINANCIAL POSITION (Ugx Mns)</b>						
<b>Details</b>	<b>Actual 2018/2019</b>	<b>Projections 2019/2020</b>	<b>Projections 2020/2021</b>	<b>Projections 2021/2022</b>	<b>Projections 2022/2023</b>	<b>Projections 2023/2024</b>
<b>ASSETS</b>						
Non- current assets	2,605,533	4,102,513	5,472,299	6,626,673	7,525,155	8,270,963
Current assets	1,029,342	1,254,597	1,470,225	1,697,318	1,950,898	2,216,891
<b>TOTAL ASSETS</b>	<b>3,634,875</b>	<b>5,357,109</b>	<b>6,942,524</b>	<b>8,323,991</b>	<b>9,476,053</b>	<b>10,487,854</b>
<b>EQUITY AND LIABILITIES</b>						
Capital and reserves	443,828	1,532,020	3,239,594	3,587,605	4,538,374	6,614,015
Non-Current Liabilities	2,620,190	3,033,733	2,656,623	3,440,361	3,388,415	2,074,915
Current liabilities	570,857	791,357	1,046,307	1,296,025	1,549,264	1,798,923
<b>Total equity and liabilities</b>	<b>3,634,875</b>	<b>5,357,110</b>	<b>6,942,524</b>	<b>8,323,991</b>	<b>9,476,053</b>	<b>10,487,854</b>

## List of abbreviations/acronyms

AfDB	Africa Development Bank	ITP	Independent Transmission Provider
BA	Business Area	KPA	Key performance areas
BC	Board Charter	KPI	Key Performance Indicators
BoD	Board of Directors	KPLC	Kenya Power and Lighting Company Limited
BSC	Balance Score Card	kWh	Kilowatt-hour
BST	Bulk Supply Tariffs	MD/CEO	Managing Director/Chief Executive Officer
CBP	Corporate Business Plan	MoFPED	Ministry of Finance, Planning and Economic Development
CGV	Chief Government Valuer	MEMD	Ministry of Energy and Mineral Development
DCEO	Deputy Chief Executive Officer	MW	Mega Watt
DWD	Department of Water Development	NFA	National Forestry Authority
EAC	East African Community	NBI	Nile Basin Initiative
EAPP	East African Power Pool	NDP III	National Development Plan (2020/21-2024/25)
EDT	Electricity Disputes Tribunal	NEMA	National Environmental Management Authority
ERA	Electricity Regulatory Authority	NEPAD	New Partnership for Africa's Development
ERP	Enterprise Resource Planning Software System	OECD	Organization for Economic-Cooperation and Development
GWh	Giga Watt Hour	PEX	Power Exchange Agreements
GoU	Government of Uganda	PNRC	Parliamentary Natural Resources Committee
HCI	Human Capital Index	PPA	Power Purchase Agreement
HVTG	High Voltage Transmission Grid	PREPS	Priority Rural Electrification Projects
HPP	Hydro Power Plant	PSA	Power Supply Agreement
HSE	Health, Safety and Environment	PSSA	Power Sales and Sharing Agreement
MC	Management Charter	PSSE	Power Systems Simulator for Engineering
MDA	Ministry, Department or Agency	PUSRP	Privatization & Utility Sector Reform Project
IFRS	International Financial Reporting Standard	RE	Rural Electrification
IPP	Independent Power Producer		
ISO	Independent System Operator		

REA	Rural Electrification Agency
SB	Single Buyer
SWOT	Strength, Weaknesses, Opportunities and Threats
TANESCO	Tanzania Electricity Supply Company
TOR	Terms of Reference
TPA	Third Party Access
TSO	Transmission System Operator
UEB	Uganda Electricity Board
UEDCL	Uganda Electricity Distribution Company Limited
UEGCL	Uganda Electricity Generation Company Limited
UETCL	Uganda Electricity Transmission Company Limited
UGX	Uganda Shilling
UMA	Uganda Manufacturers' Association
USD	United States dollar
WB	The World Bank

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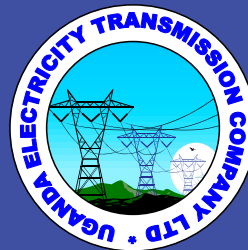
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