

Internal Performance Contracts Boosting Operational Efficiency of Power Plants - Energy Minister Nankabirwa



(Second Right) Dr. Eng Harrison Mutikanga CEO UEGCL and Eng. Daniel Olugga, Generation Manager Nalubaale- Kiira Power Station Complex, exchange performance contract as Hon. Ruth Nankabirwa and Eng. Proscovia Njuki, UEGCL Board Chairperson look on.. PHOTO by RACHEAL NABISUBI

KEY FEATURES

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By RACHEAL NABISUBI

The Minister for Energy and Mineral Development, Ruth Nankabirwa, emphasized the importance of Internal Performance Contracts (IPC) for electricity agencies, stating that they enhance operational efficiency for power plants.

During the signing of the IPC between Uganda Electricity Generation Company Limited (UEGCL) and the management of Nalubaale-Kiira hydropower plants in Jinja,

Nankabirwa noted that the IPC, which involves setting targets, motivating workers, and holding them accountable, will contribute to industrialization and economic growth.

She highlighted key features of the IPC, such as increased autonomy, empowerment, and accountability, which are essential for improved performance. Nankabirwa also mentioned that the IPC fosters teamwork, sets targets at every unit, and holds workers accountable, ultimately leading to industrialization and value addition.

"I am happy to note the key features of the Internal Performance Contract include; increased autonomy, empowerment, and accountability which are all vanguards for improved performance," Ms Nankabirwa said.

Nankabirwa stressed the government's emphasis on accountability and value for money at all levels, expressing support for the IPC as an innovation by UEGCL. She also mentioned UEGCL's strategic plan to enhance operational efficiency across all its power plants.

The O&M Business Model, including the Internal Performance Contract, aims to promote operational efficiency, accountability, and target setting, aligning with the company's vision of being "Africa's leading electricity-generating utility." The model emphasizes delegation of authority, performance contracting, and target setting to drive business success.

UEGCL's Board Chairperson, Eng. Margaret Njuki, discussed the benefits of implementing the IPC, including cost rationalization, improved asset management, staff capacity building, and achieving performance expectations for plant availability, reliability, and operational compliance.

The O&M Business Model aligns with the goals of the NDP III (2020-2025) by enhancing public sector performance and strengthening accountability for results across the government.

Investing in securities

Eng. Harrison Mutikanga, the UEGCL chief executive officer, emphasized the importance of providing resources to enable the execution of tasks and assignments

necessary to meet targets, especially under contracts like this one.

"When UEGCL took over the plant, it required significant maintenance work, which has since been addressed through our collaboration with the regulatory body," Eng. Mutikanga said.

Mutikanga noted that over \$10 million (about Shs37.2 billion) has been invested in the two plants to cover the maintenance neglected by Eskom.

However, he added that an additional investment of up to \$100 million is needed for the rehabilitation of the Nalubaale power plant, extending its lifespan by 30 years.

He highlighted the significance of the dam not only in electricity generation but also in flood control and overall management, considering it a critical asset for the government.

In response to the financial demands for managing the power generation facilities, Nankabirwa, the Energy Minister, encouraged electricity agencies to consider listing on the stock exchange as a means of raising funds for their operations.

She acknowledged the government's dilemma in prioritizing competing interests, leading to potential funding challenges for UEGCL. Nankabirwa urged power agencies to explore opportunities such as listing on the stock exchange, citing the example of KENGEN, to ensure sustainable financing.

Furthermore, she mentioned the government's consideration of allowing power agencies to operate as borrowing entities and invest, with ongoing discussions within the Ministry of Finance.

Nankabirwa pointed out that a team had been sent to Kenya to benchmark the approach adopted by the Kenya Electricity Generation Company PLC (KENGEN) and stressed that UEGCL could maximize its assets, such as Isimba, Nalubaale, Karuma, and others, to attract investors through listing shares on the stock exchange.

editorial@ug.nationmedia.com