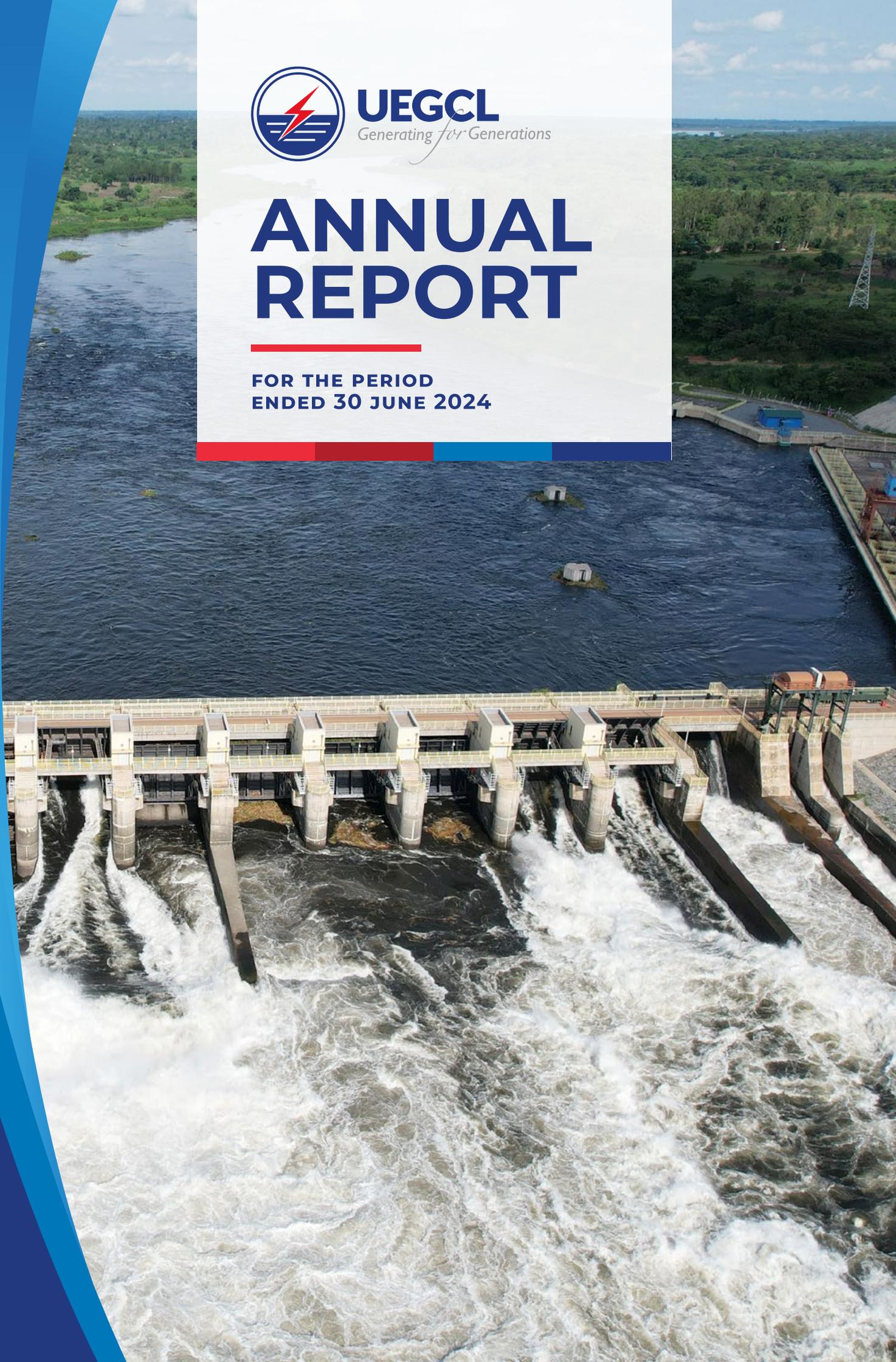




UEGCL
Generating *for* Generations

ANNUAL REPORT

**FOR THE PERIOD
ENDED 30 JUNE 2024**





H.E Yoweri Kaguta T. MUSEVENI, President of the Republic of Uganda, plants a memorial tree during the commissioning of the 600MW Karuma Hydropower Plant on 26th September 2024

We are UEGCL



OUR VISION

To be "Africa's leading electricity generating utility".

OUR MISSION

To "Sustainably Generate Reliable, Quality and reasonably priced Electricity for Socio-Economic Development".



OUR CORE VALUES

- Integrity
- Safety
- Sustainability
- Innovation
- Accountability
- Collaboration

OUR MANDATE

To establish, acquire, maintain and operate electricity generation facilities and to promote Research and Development in the Electricity generation sector while running the company on sound business principles.



PURPOSE

To make electricity safely available for supply at all times from all our power plants.



Hon. Dr. Canon. Ruth Nankabirwa SSENTAMU, Minister of Energy and Mineral Development (front row center), poses for a group photo with the European Union Heads of Missions Delegation and UEGCL staff during their visit to the 380MW Nalubaale - Kiira Complex.

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Corporate Information



The Directors who held office during the period and to the date of this report were;

DIRECTORS

Eng. Proscovia Margaret NJUKI	Chairperson
Prof. Nixon KAMUKAMA	Director
Mrs. Hope BIZIMANA	Director
Eng. Gilbert John KIMANZI	Director
Mr. Ronald DRAVU	Director
Mr. Paul Patrick MWANJA	Director
Eng. Wamala Julius NAMUSANGA	Director

CHIEF EXECUTIVE OFFICER

Dr. Eng. Harrison .E. MUTIKANGA

COMPANY SECRETARY

Mr. Martin Mark OBIA
Victoria Office Park, Plot 6-9,
Okot Close – Bukoto Kampla –
Uganda

Registered office and principal places of business



Head Office

Block C Victoria Office Park
Plot 6-9, Okot Close –Bukoto
P.O. Box 75831
Kampala Uganda



Stanbic Bank Uganda Limited

Plot 17 Hannington Road, Crested Towers, Kampala – Uganda
P.O. Box 7131



OTHER OFFICES

Nalubaale - Kiira Hydropower Complex Office

Plot 18-20 Faraday Road
P.O. Box 1101
Jinja District-Uganda

Isimba Hydropower Station Office,

Nampanyi Village, Busaana Sub-county
Kayunga District, Uganda

Karuma Hydropower Station Office

Karuma Cell, Karuma Town Council,
Kibanda North, Kiryandongo District - Uganda.

Nyagak III Hydropower Project Site Office

Awondekai Village, Paidha
Sub-County, Zombo District, Uganda.

Namanve Thermal Power Plant

Kiwanga Kasokoso, Mukono District, Uganda



UEGCL's Board of Directors present to the shareholders MEMD and MOPPED during the 2023 Annual General Meeting.

2024 Performance Highlights

TOTAL ASSETS



2022/23
7.7 Trillion



2023/24
8.4 Trillion



REVENUE



2022/23
343.7 Billion



2023/24
350.6 Billion



EQUITY



2022/23
894.6 Billion



2023/24
948.9 Billion



PAT



2022/23
33.99 Billion



2023/24
54.28 Billion





Membro degli Accordi di Mutuo Riconoscimento EA, IAF Signatory of EA, IAF Mutual Recognition Agreements

CS 007 25.02.22

CERTIFICATE

N. UG24-15805C

This is to certify that the Occupational Health and Safety Management System of

Uganda Electricity Generation Company Limited

P.O. Box 75831, Plot 6/9, Okol Close Bukoto, Kampala UGANDA

HAS BEEN INDEPENDENTLY ASSESSED AND IS COMPLIANT WITH THE REQUIREMENTS OF

ISO 45001:2018

for the following scope of activities:

The establishment, acquisition, operation and maintenance of electricity generation facilities to the satisfaction of stakeholders.

IAF 25

For timely and up-to-date information on any changes in the status of the certification referred to in this certificate, please contact the number +39 0296368458 or the e-mail address info@axe-register.com

The validity of this certificate is subject to annual periodic surveillance and the complete review of the organization's management system every three years.

Date of initial registration	11/11/2024
Date of this certificate	11/11/2024
Date of expiry	10/11/2027

On Behalf of the Certification Body
AXE REGISTER
Antonio Livadi
Technical Director

AXE REGISTER
Piazza Unità d'Italia, 5 - 20147 Saronno (VA) | ITALY
T. +39 02-96368458 | E. info@axe-register.com | W. www.axe-register.com

UEGCL at a Glance

1.0 Background

UEGCL was incorporated as a Limited Liability Company on 26th March 2001 under the Companies Act and in conformity with the Public Enterprises Reform and Divestiture Act and the Electricity Act, 1999(amended in 2022), and started operation on 1st April 2001.

1.1 UEGCL Mandate, Vision, Mission and purpose

Mandate

The mandate of UEGCL is to establish, acquire, maintain and operate electricity generation facilities and to promote Research and Development in the Electricity generation sector while running the company on sound business principles.

Vision

The Vision of UEGCL is to be “Africa’s leading electricity generating utility”.

Mission

UEGCL’s Mission is to “Sustainably Generate Reliable, Quality and reasonably priced Electricity for Socio-Economic

Development”.

Purpose

To make electricity safely available for supply at all times from all our powerplants.

2.0 Current Business Operations

- a) The current number of employees is 399.
- b) Total installed capacity is 1213 MW with the addition of 600MW of the Karuma HPP to the national grid on 12 June 2024. This accounts for 59.2% of the total National installed capacity.
- c) UEGCL is currently carrying out Operation and Maintenance of the following power plants;
 - i) Kiira (200 MW) and Nalubaale (180 MW) that commenced on 1st April 2023.
 - ii) Isimba (183 MW) power plant.
 - iii) Namanve (50MW) Thermal power plant that was re-transferred back to the Government of Uganda in February 2022.

- iv) Karuma HPP (600 MW) commissioned on 26 September 2024.

3.0 Project Development

- a) The rehabilitation project of the **380MW** Nalubaale-Kiira Hydropower Stations is under preparation with funding from AFD and EIB.
- b) A **10MW** Floating Solar project is planned on the reservoir of Isimba Hydropower Plant, and is currently under feasibility study .
- c) The **6.6 MW** Nyagak III Hydropower Plant is scheduled to be commissioned in March 2025.
- d) The **1 MW** Maziba Small Hydropower Plant is due for rehabilitation, with the Environmental Social Impact Assessment studies underway.
- e) The **400MW** Kiba Hydropower Plant is also under preparation with UEGCL providing technical input into the preparatory phase.



Hon. Phiona NYAMUTORO, Minister of State for Mineral Development poses with the Chief Human Resource Officer (Far right) and Head of Communication and Corporate Affairs (far left) during her induction visit to the UEGCL Head Offices in Kampala on 24th April 2024.

UEGCL's Footprint



Outlook

Operational Efficiency



With the commencement of commercial operations at the 600 MW Karuma HPP in June 2024, UEGCL's installed capacity has expanded, securing a 59% market share. This addition enhances UEGCL's asset portfolio, including the 183 MW Isimba HPP, 50 MW Namanve TPP, and the 380 MW Nalubaale-Kiira complex. As the portfolio grows, operational efficiency emerges as a critical pillar for sustainability, ensuring the long-term availability, reliability, and optimal performance of these power plants through systematic operations and maintenance. However, there are notable challenges such as unfunded CAPEX for Namanve Thermal Power Plant, floating islands which curtail power generation at Karuma Hydropower Plant during

the wet season and Isimba spillway deficiencies which continue to limit the available water discharge capacity.

UEGCL has expedited the roll out of the implementation of its Operations and Maintenance (O&M) Business Model across all its power plants. This model serves as a strategic platform for internal benchmarking and continuous improvement, ensuring top performance across the entire portfolio. By enabling power plants to operate semi autonomously, the Company aims to harness the benefits of flexibility and agility in decision making, operational efficiency and innovation. These advancements position UEGCL to achieve sustainable growth and align with the long-term objective of listing on the stock exchange.

Generation Capacity



UEGCL's current installed capacity is 1,213 MW with a target of increasing this to 1,317 MW by year 2028 and developing a pipeline of new generation projects totaling 2,000 MW within the same period. As a key player in Uganda's electricity supply industry, UEGCL is committed to supporting the generation capacity targets outlined in the National Development Plan (NDP) III, Vision 2040 and the energy policy.

The National Generation Strategy aims to expand Uganda's generation capacity to 52,481 MW by 2040, as a critical driver for Uganda's economic development and growth. UEGCL's strategic focus is on optimizing the performance of existing generation infrastructure while pursuing new partnerships with various stakeholders for project development to achieve these ambitious long-term goals.

Energy Mix Strategy



UEGCL developed an energy mix strategy, which it intends to operationalize in a phased manner. The energy mix will support the country's energy security and reduce the overdependence on hydropower. Key among the first steps is capacity building to empower the staff in handling different technologies for electric power generation. This will be followed by exploits in different renewable energy sources covering Solar, Geothermal, wind, and possibly nuclear. This is all in line with the Energy policy, which has been

developed for Uganda targeting up to 52 GW by the year 2040. Internally, UEGCL has already commenced feasibility studies for the floating solar project, which will target an additional 60 MW when fully realized. In addition, UEGCL is also fast-tracking synergies with the Ministry of Energy for geothermal development, as part of its energy mix strategy. The base for the energy mix is premised on the development of the large hydropower plants, and following the commissioning of Karuma, attention will now shift to Kiba(400MW), Oriang(392MW), and Ayago(840MW) as the next ones.

Business Diversification (Non-Core)



As a pivotal component of its growth strategy, UEGCL is embarking on a journey of non-core business diversification which will encompass the operationalization of the Karuma and Isimba Tourism potential, alongside the establishment of a pioneer Professional Services Unit (PSU). These strategic ventures are poised to not only cultivate an array of diversified revenue streams for the company, but also to catalyze the amplification of staff productivity through multifaceted skill development. The PSU will provide a wide range of services in the areas of Project Management, Operation and Maintenance, Research & Development, Strategic and

Performance Management etc. This will be guided by the PSU framework that is already in existence, as well as the competence profiling that has been carried out highlighting the diverse skillset UEGCL could offer. The PSU will harness the acquired proficiencies of its workforce, ensuring that their expertise in these domains is leveraged to furnish services to fellow utilities in the sector, while concurrently internalizing tasks that were hitherto outsourced to consultants. The role of Research and Innovation is increasingly becoming key in diversification, with promising developments which will initially be piloted within UEGCL, and later commercialized, contributing to Non-Tax Revenue (NTR).

Financial Sustainability



Financial sustainability remains at the core of UEGCL's Strategic Goals and remains one of the key aspirations of UEGCL. This is clearly stipulated within UEGCL's Strategic Plan (2023-2028), within the Financial and resilience plan which is premised on five pillars;

- Improving operational efficiency
- Designing and implementing the power generation investment strategy
- Developing a sustainable debt

financing strategy

- Implementing cost-based tariffs
- And improving risk management.

The combined pursuance of these pillars is envisaged to ensure UEGCL's Financial Sustainability over the next five years. Key among the aspirations is the quest for earning a return on equity as a means of fostering financial sustainability.

Digital Transformation



At UEGCL, we are committed to harnessing the power of Information and Communication Technology (ICT) to drive efficiency, innovation, and sustainability in our operations. We aim to enhance operational efficiency by integrating advanced ICT systems, reducing downtime, and ensuring the reliable generation of electricity to meet Uganda's growing energy demands. Additionally, we also promote sustainability through; leveraging ICT, optimizing resource management, minimizing environmental impact and supporting

Uganda's transition to a greener energy future. The ICT department is keen on improving customer experience through digital platforms, and providing our customers with seamless access to information, services, and support, enhancing their overall experience and satisfaction. To safeguard our digital platforms, we shall endeavor to strengthen security whereby our robust ICT infrastructure ensures the security and integrity of our data and systems while protecting our assets and maintaining the trust of our stakeholders. Finally, at UEGCL we believe that ICT is not just a tool, but a catalyst for transformation.



The UEGCL Board of Directors and members of Top Management pose with female staff during the Official launch of the #SafetyForStation Campaign at Isimba HPP on 4th March 2024.

Project Overview

KARUMA (600MW)

The 600MW Karuma Hydropower project was successfully commissioned on 26th September 2024. The commissioning was presided over by H.E the president of the republic of Uganda. This milestone has not only raised UEGCL's portfolio in Operation and Maintenance but also created a strategic buffer for increased power generation. This marked a paradigm shift from project development to Operation and Maintenance and presents new aspirations aligned to service delivery for socio-economic development.



The Karuma Operations Manager guides guests through the SCADA system during the commissioning of the 600 MW KHPP.

NYAGAK III HPP (6.6MW)

Nyagak III HPP's overall civil progress is at 97% against the planned 100%. The major works completed include the dam #1 extension, silt flushing chamber, fixing of electric poles from the powerhouse to the dam, flood protection wall at the powerhouse, and second river diversion etc.

Regarding the Electro-Mechanical and Hydro-Mechanical works, installation of equipment was completed with some of the tests carried out including the following: pre-installation tests for the turbine/generator set for both units i.e. flushing, air gap, alignment works, spinning or heat run tests at rated speed, no load and short circuit tests, governor system, etc. These were reviewed and approved by the Independent Engineer.

The Hydro-Mechanical equipment was successfully installed and several tests were carried out before the watering of the system and dam spilling. The tests include; the penstock pressure test, filler gauge assessments, and light penetration tests to evaluate water leakages among others.

The current projected Commercial Operations Date is March 2025. The delay has been mainly due to the late start of the construction of the transmission line from Nyagak III HPP to Nebbi Substation. Currently, the Resettlement Action Plan implementation is ongoing and the construction is expected to start in September 2024.



An aerial view of the 6.6 MW Nyagak III SHPP showing the Penstock leading to the Power House in Zombo District.

NALUBAALE-KIIRA REHABILITATION PROJECT

Nalubaale (180MW) and Kiira (200MW) Hydropower plants (HPP) are both located on the River Nile in Uganda about 3 km from its source, Lake Victoria. Both Kiira and Nalubaale hydropower plants are at the head of a power cascade that includes Bujagali (250MW), Isimba (183MW) and Karuma (600MW) hydropower plants downstream plus other planned plants.

Recent studies have indicated that with proper rehabilitation, the useful life of the NPS and KPS can be extended by at least 30 and 70 years respectively. Rehabilitation of Nalubaale and Kiira power plants will not only increase the life of the plant but will also improve the capability of the Complex to meet regulatory and statutory requirements. Nalubaale HPP will continue providing the spinning reserve required for grid

stability and reliability hence enabling the newer downstream power plants to be available for power generation.

The Hydropower generation infrastructure located on River Nile will be shielded from flooding risks given that the Complex is the first structure upstream of the Nile. With the need to increase access and affordability, rehabilitation of the power plant will increase certainty that 380 MW is available in the long run.

Funds were secured for the Nalubaale-Kiira Rehabilitation totaling to a tune of 165M Euros from AFD, European Investment Bank and the European Union.



The Generator Floor at the 70 Year old (180 MW) Nalubaale Power Station

MAZIBA SHPP(1MW)

UEGCL with support from the Government of Uganda (GoU) and Agence Française de Développement (AFD) undertook a feasibility study for the rehabilitation of Maziba Hydro Power Plant. The feasibility study was done by Tractebel Engineering S.A. The outstanding studies include Environment and Social Impact Assessment (ESIA) and Resettlement Action Plan (RAP) for the project. Funding is being sought for the outstanding studies and development of the plant which has been prioritized in NDP-IV.



Dam and spillway section of the Maziba Power Plant in Kabale.

Operations Highlights



The Dam Safety team sensitizes community members in Nakatooke village on the Isimba Emergency Preparedness Plan.

Introduction

In the under review, the company had four operating plants; 183 MW Isimba Hydropower Plant, 50 MW Namanve Thermal Power Plant, 380 MW Nalubaale and Kiira Hydro Power Stations and the recently commissioned 600 MW Karuma Hydro Power Plant. However, there are notable challenges such as unfunded CAPEX for Namanve Thermal Power Plant, floating islands which curtail power generation at Karuma Hydropower Plant during the wet season and Isimba spillway deficiencies which continue to limit the available water discharge capacity. The plants are being operated under **Internal Performance Contracting Framework** that was launched on 10th March 2022, and signed between the **Plant(s) Operator (Staff & Management)** and the **Asset Holder (UEGCL Head Quarters)** following the

approval of **O&M Business model**. The contracting framework is yet to be rolled out at Karuma HPP. The key highlights on the plant(s) performance throughout the period is as follows.

ISIMBA HPP (183MW)

The financial year 2023/24 marked the fifth year of operations of the 183 MW Isimba HPP. On average, the Isimba plant operated with a plant availability and reliability of **98.6%** and **99.8%** respectively. The average declared capacity was **181.1 MW per hour** and the average actual dispatch was **131.3 MW per hour**, resulting into a plant factor of **72%**. The details for the plant key performance indicators throughout the year are shown in the table below.

ISIMBA HPP key performance indicators

Key Performance Indicator	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Declared Capacity (MW/hr.)	182.7	182.4	181.6	182.3	179.9	180.6	180.5	177.3	178.4	181.8	182.4	183.0
Actual Dispatch (MW)	138.6	144.7	130.3	138.9	122.1	127.9	126.2	127.1	132.6	128.9	129.3	128.5
Plant Availability (%)	99.8	99.6	98.8	99.1	98.7	99.4	98.4	96.8	97.4	99.1	99.1	98.2
Plant Reliability (%)	100	100	99.7	99.6	100	99.1	100	100	99.3	99.9	99.9	100
Plant Factor (%)	76	79	71	76	67	70	69	69	72	70	71	70

NAMANVE TPP (50MW)

In accordance with the Power Purchase Agreement, the plant annual dependable capacity was conducted on 17th April 2024, from which a dependable capacity of 49.895MW was obtained. In the month of May, a decision was taken to shut down DG#2 and DG#7 effective 20th May, pending

the 36,000 run-hour overhaul and vibration damper repair on the units respectively due to funding gaps. As such, the Plant currently has an available capacity of 35 MW.

The plant recorded an average availability of 98.99% and an average plant reliability of 99.87%. The detailed plant performance is shown in the table below.



Hon. Sidronius Okaasai OPOLOT, State Minister for Energy commissions the newly renovated structures at the 50MW Namanve TPP as members of the Board of Directors and Management cheer on.

Namanve TPP key performance indicators

Key Performance Indicator	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Declared capacity (MWh)	37113.60	37113.59	35999.28	37142.10	35942.88	37200.00	37164.30	34771.44	37200.00	35973.60	33019.54	25632.32
Actual Dispatch (MWh)	5,208	5,208	5063.8	5,208	5040	5,208	5222	4872	5229	5493	5208	5040
Plant availability (%)	99.85	99.77	100	99.85	99.84	100	99.85	99.84	100	100	88.94	99.88
Plant reliability (%)	99.98	99.99	99.96	99.95	99	99.96	99.87	99.92	99.85	99.97	99.99	99.98

Whilst the Plant's contractual daily dispatch is 7.0MW, the plant has been able to satisfactorily support the grid in the event of emergencies. Therefore, Namanve TPP remains a critical asset in the energy mix as a backstop during power forced outages.

KIIRA/NALUBAALE HPP (380MW)

Upon expiry of the Concession Assignment and Agreement on 31st March 2023 with Eskom (U) Limited for Kiira/Nalubaale Complex, UEGCL obtained a Generation License from the Electricity Regulatory Authority and Power Purchase Agreement from UETCL. Operations and Maintenance of the Complex successfully

commenced on 1st April 2023 and the financial year 2023/24 marked the second year of operations of the Complex. UEGCL has smoothly maintained the plant and recorded on year to date plant availability of 99.4% and reliability of 99.6% respectively. The details on the indicators are detailed in the table below.

Key Performance Indicator	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Declared capacity (MW)	173.9	173.9	173.9	173.9	173.9	173.9	173.9	173.9	173.9	174	174	173.9
Actual Dispatch (MW)	193.6	210.9	183.9	183.5	158.4	158.8	168.4	175.6	179.7	175	169	182.1
Plant availability (%)	97.04	96.73	98.09	99.99	98.69	98.53	100	100	99	100	99	100
Plant reliability (%)	100	100	99.96	99.99	98.69	100	100	100	99	100	100	100

In order to enhance the reliability and availability of the Complex in a good health state, a number of the projects are being implemented with funding from the tariff as approved by the Electricity Regulatory Authority.



Hon. Dr Canon. Ruth Nankabirwa SSENTAMU (Center), Minister of Energy and Mineral Development witnesses the official launch of the Nalubaale-Kiira Internal Performance Contract (IPC) on 7th August 2024



A majestic aerial view of the 200 MW Kiira Hydropower Station.

KARUMA HPP

Karuma HPP attained its Commercial Operations Date (COD) on the 12th of June 2024. Since commissioning the Operations and Maintenance team has commenced operations. A Net Electric Output (NEO) of 58.48 GWh was recorded in the month of June 2024.



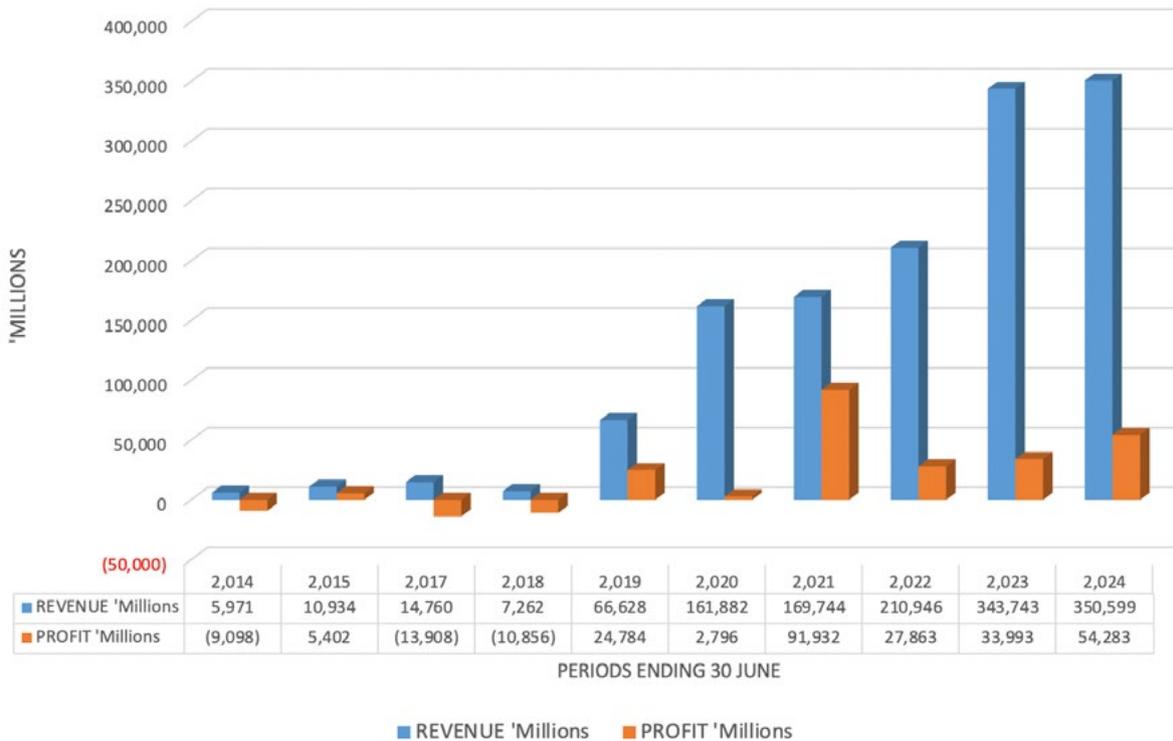
Generator floor at the 600MW Karuma Hydropower Plant

Financial And Operational Highlights

AS AT	30 June 2024	30 June 2023
	UGX '000	UGX '000
For the year		
Concession Fees	0	6,175,342
Nalubaale-Kiira Income	41,878,021	12,336,681
Isimba Income	184,760,435	164,316,984
Karuma Income	11,750,444	795,738
Namanve Income	55,227,610	57,827,888
Other Income	56,982,009	102,290,532
Operating Profit/Loss	100,546,216	77,457,635
Earnings Before Interest, Tax, Depreciation and Amortisation.	181,174,396	144,592,397
(Profit)/loss for the year	54,282,669	33,992,998
At year-end		
Total Assets	8,407,046,586	7,691,311,058
Shareholder's Equity	948,886,087	894,603,418
Outstanding interest bearing debt	5,122,617,036	5,168,647,655
Cash flow data		
Net cashflows from operating activities	123,935,404	157,108,231
Net cashflows used in investing activities	(650,502,793)	(511,424,940)
Net cashflows from / (used in) financing activities	573,269,590	337,217,545
Operating and other statistics	FY 2024	FY 2023
Total number of customers (UETCL)	1	1
Total number of employees	399	357
Exchange rate: US Dollar to Uganda Shilling (at year end)	3,706.63	3,667.13
Exchange rate: US Dollar to Uganda Shilling (average)	3,786.24	3,763.18

Financial And Operational Charts

REVENUE/PROFIT



REVENUE

- Revenue grew by 2% (UGX 343.7 Bn to UGX 350.6 Bn). This was mainly due to marginally higher electricity dispatch to UETCL as compared to FY2023.
- Karuma commercially on the grid for 17 days;
- 5% Recovery and 4% Return on Buy Out

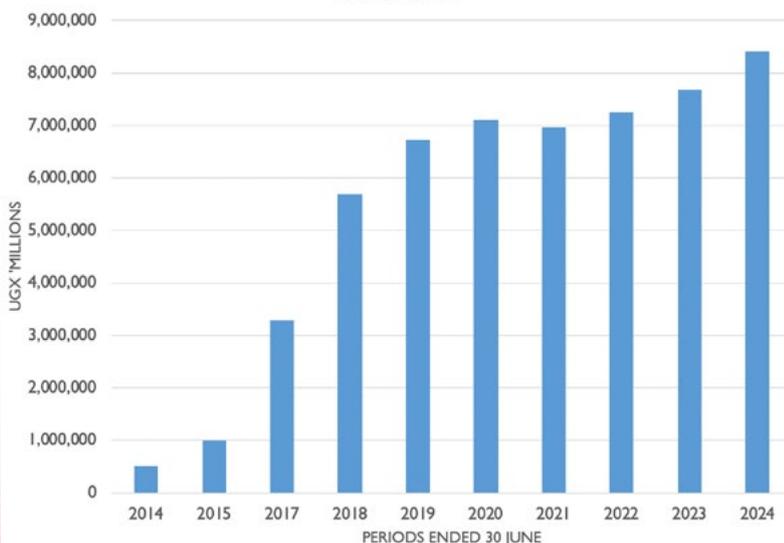
Amount allowed on Kiira / Nalubaale.

- Isimba is continuously being billed on energy instead of capacity.

PROFIT 54.28 BN

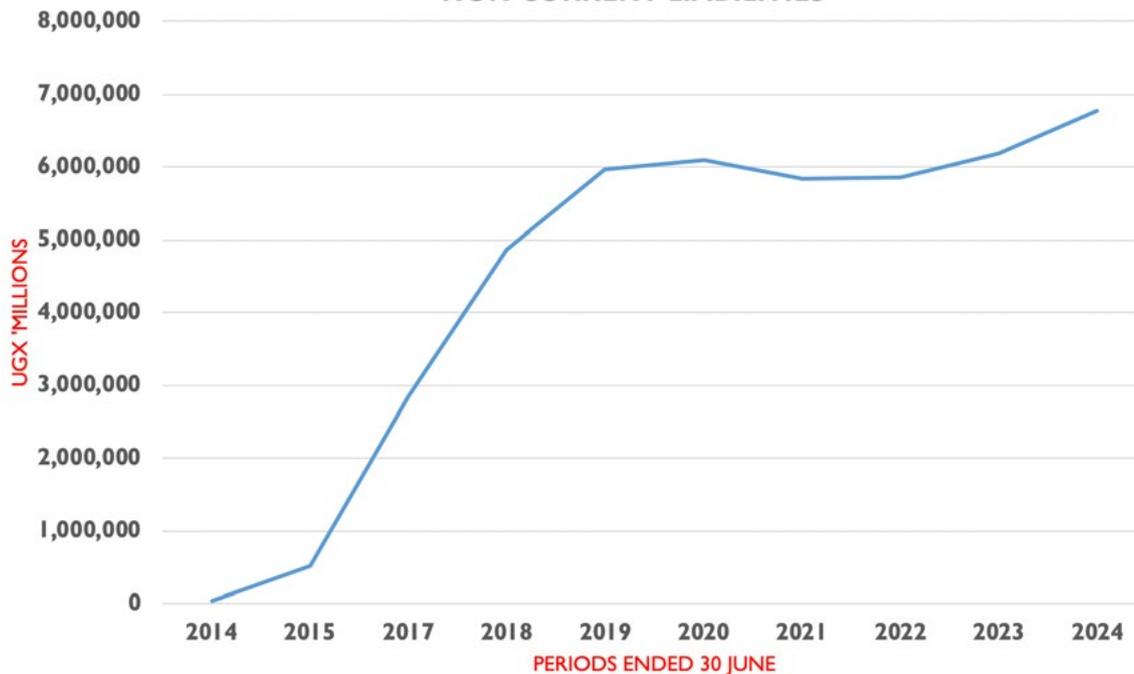
- Increase in profit by 60% (UGX 33.99 Bn to UGX 54.28 Bn) due to rise in income from all sources.

Total Assets



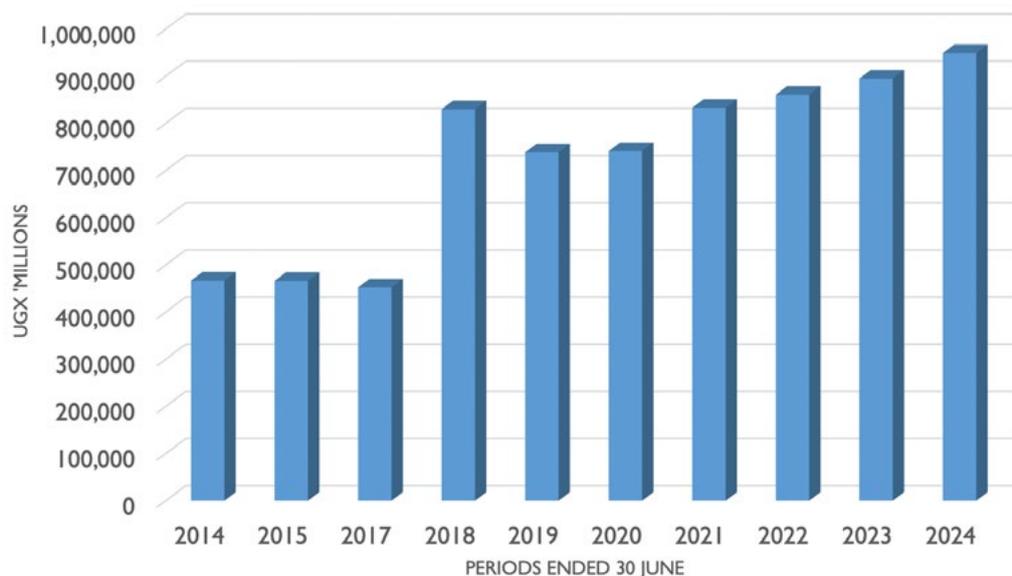
- Total Company assets are UGX 8.4tn compared to UGX 7.7 Tn the previous year (9% Increase) mainly due to capitalization of Karuma HPP with a value boost of UGX 0.5 Tn

NON CURRENT LIABILITIES



- Total non current liabilities has significantly grown from 2015-UGX 532 Billion to UGX 6.782 Trillion FY2023/2024 due to the loans borrowed for Karuma & Isimba HPPs. UGX 1.3 Trillion of FY23/24 non current liabilities relates to deferred income of the Government of Uganda Grant support to the Karuma & Isimba HPPs.
- Non current liabilities increased by 10% in 2023 from UGX6.193tn to UGX6.782 Tn

Shareholder's Equity

**POSITIVE EQUITY**

The Company as at 30th June 2024, is solvent with positive equity of UGX 949 Billion. Profit after tax is UGX 54.28 Bn (2023:UGX 33.99 Bn).



The Nalubaale-Kiira (380 MW) team showcases maintenance best practices during the independent Internal Management Systems (IMS) Certification Audit.

2024 In Pictures



Eng. Ziria Tibalwa WAAKO, Chief Executive Officer of the Electricity Regulatory Authority (ERA) poses with the UEGCL Management team after the dissemination of the new UEGCL Strategic Direction 2023-2028 in April 2024.



UEGCL ladies celebrate the international women's day 2023 under the theme: "Invest in women: Accelerate progress."



The Minister for Energy and Mineral Development, Hon. Dr Canon. Ruth Nankabirwa Ssentamu (fourth left), Dr. Eng. Harrison E. MUTIKANGA, UEGCL CEO (center), and Michel LINO, ICOLD President (fourth right) pose with dignitaries at the fourth Hydro international conference and exhibition on Water Storage and Hydropower Development for Africa at Speke Resort Hotel, Munyonyo in July 2023.



Dr. Eng. Harrison E. MUTIKANGA UEGCL CEO welcomes Dr. Eng. Chen GUANFU, Chairman of POWERCHINA International Group Limited on a courtesy visit to UEGCL Head offices in May 2024.



Prof. Eng. Badru KIGGUNDU (center), Chairman of the Project Steering Committee (PSC) gestures during a pre-commissioning visit at the 600 MW Karuma HPP in January 2024.



Dr. Eng. Harrison E. MUTIKANGA poses with UEGCL staff after a successful participation in the annual Rotary Cancer Run in August 2023.



The Minister of Energy and Mineral Development, Hon. Dr Canon. Ruth Nankabirwa Ssentamu together with the Permanent Secretary, Eng. Irene BATEEBE during a plant visit at the 180 MW Nalubaale HPP in Jinja.



Dr. Eng. Harrison E. MUTIKANGA presents during a panel discussion at the Power Forum under the theme "The evolving Uganda Energy Sector " in November 2024



The Senior Sociologist, Mr Moses MUHUMUZA gestures during the free HIV/AIDS testing and counselling activities to commemorate World AIDS Day at the 183MW Isimba HPP



President Yoweri Kaguta MUSEVENI switches on the 600 MW Karuma HPP.



Members of the UEGCL Board of Directors and Management pose with the Management of Uganda Civil Aviation Authority (UCAA) during a benchmarking visit to the UCAA headquarters at the Entebbe International Airport



The UEGCL Safety Health Environment and Quality (SHEQ) Team take part in the World Environment Day celebrations in Sironko District in June 2024.

Chairperson's Message



Eng. Proscovia Margaret NJUKI
Chairperson Board of Directors



As at the close of the year, the Company was solvent with positive equity of UGX 949 Billion. Accordingly, there is no material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern so as to be able to realize its assets and discharge its liabilities in the normal course of business.



Dear Shareholders and Stakeholders,

It is with great pleasure that I present to you this year's Financial Statements and Annual Report of the Company for the Financial Year ended 30th June 2024.

The Company experienced exponential growth following the commissioning and start of operations of the 600MW Karuma HPP in June 2024. This is a significant milestone in Uganda's energy journey and we pride ourselves in this achievement with gratitude to our stakeholders, partners and communities who were part of the Karuma HPP journey.

In this report, you will find insights into our financial performance, our commitment to strategic goals that will drive our vision and mission forward. We invite you to explore our accomplishments and share in our vision for the future.

Financial Overview

During the year, revenue grew by 2% from UGX 343 Billion in 2022/23 to UGX 351 Billion in 2023/2024. The increase is attributed to the interim energy sales from Karuma HPP, increased electricity sales from Nalubaale-Kiira Plants for 12 months as opposed to one quarter in 2023 as well as increased sales from Isimba HPP due to higher dispatch.

Subsequently, the Profit After Tax (PAT) was UGX 54 Billion which was a 60% increase from last year's Profit Before Tax (PBT) of UGX 34 Billion. The Shareholders' equity increased by 6% to **UGX 949 Billion** from **UGX 895 Billion**.

Total Assets as of 30th June 2024 increased by 9% to 8.4 Trillion from 7.7 Trillion in 2023. The increase in assets is mainly due to the capitalization of the Karuma Hydropower Plant assets and buildings based on the valuation report upon attaining commercial operations on 12th June 2024.

Non-current liabilities increased by 10% to UGX 6.8 Trillion from UGX 6.2 Trillion due to the capitalization of Karuma assets that was higher than the work in progress in regard to the 15%



The Shareholder's equity increased by 6% to

UGX 949 Billion from UGX 895 Billion

Government of Uganda (GOU) contribution towards the construction of the Plant.

As at the close of the year, the Company was solvent with positive equity of UGX 949 Billion. Accordingly, there is no material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern so as to be able to realize its assets and discharge its liabilities in the normal course of business.

Our shareholders in collaboration with other stakeholders have addressed the currency risk by converting project loans to Uganda Shillings to limit the impacts of currency volatility on the Company's profitability.

Operating environment

The macroeconomic environment in Uganda is dynamic, with opportunities for growth alongside challenges that need addressing. Continued efforts in policy reform, infrastructure development, and investment in human capital will be crucial for sustainable economic progress.

During the reporting period, the Company continued to face shortfalls in government releases and budget cuts and this constrained works on ongoing projects, supervision of the projects, and affected the operations of the Namanve Thermal Power Plant resulting into the shutdown of two Diesel Generators. In addition, the Implementation of some of the strategic initiatives envisioned was also limited resulting in some key initiatives being unfunded (approx. 21% shortfall from annual budget

The challenges notwithstanding, the Company was able to prevail and use the challenges as opportunities for growth and resilience. UEGCL is pursuing strategies to attain financial sustainability, and discussions with shareholders and the regulator on strategies to transform UEGCL and other electricity utility companies into sustainable entities, while maintaining a desirable tariff path for the end users have been on-going. The Company will continue adapting to the operating environment and meeting the expectations and interests of its stakeholders

In line with the National Development Plan (NDP III), the Uganda Vision 2024 and Sustainable Development Goal (SGD 7), the Company's priority remains to increase installed capacity of affordable electricity and support government's commitment to achieving universal access to electricity and clean cooking fuels by 2040.

With global prioritization of renewable energy solutions as the attractive option for addressing the energy needs, the Company must embrace

from natural resources and it is crucial for our Shareholders to support the acceleration of energy diversification strategies.

The Merger and Rationalization of Government Agencies remains a key threat to staff retention and attraction. However, the Company has been engaging with the key stakeholders to ensure its implementation is managed well and staff are sufficiently prepared for the likely changes.

Strategy

The financial year marked that first year of implementation of the Successor 5-year Strategic Plan (2023-2028). The key pillars of the Strategic Plan are operational excellence, reputational management, sustainable business growth and human capital management. The first year of implementation of the Plan was commemorated with the start of operations of the 600MW Karuma Hydropower Plant.

The Company remains focused to completion and commissioning of Nyagak III HPP, completion of rectification defects at Isimba HPP, commencement of the Rehabilitation Project for Nalubale and Kiira HPPs, completion of Floating Solar Studies, improving operational efficiency, revenue growth, and stakeholder satisfaction.

Governance

The Board and Management endeavor to take actions and decisions that are visible and understandable to shareholders to ensure accountability, transparency, responsiveness, and compliance with laws in decision-making.

By implementing clear policies and encouraging open communication, and promoting ethical behavior, the Company has been able to navigate conflicts more effectively and maintain the trust of Shareholders.

The governance framework defines internal approval processes, there are specific matters reserved for Board's approval such as the development of the strategic plan, policies, budgets, and financial reports; while the day-to-day management of the Company is delegated to the CEO who is assisted by senior management.

UEGCL is committed to ensuring that it complies with all applicable laws, regulations, policies and procedures, guidelines, industrial standards and best practices that apply to its business. In keeping up with principles of good corporate governance, the Board of Directors ensures that the Company complies with all its obligations.

The Board composition is diverse with a mix of

skills, expertise, and experiences ensuring a well-balanced Board. In compliance with statutory requirement, the Board undertakes regularly evaluation of its performance and effectiveness.

Corporate Citizenship

While executing our strategy, we will be mindful of the responsibility to contribute positively to the communities and the environment within which we operate creating value for our stakeholders. We will remain committed to managing our operations in a transparent, responsible and ethical manner working closely with all stakeholders towards ensuring value creation through generation of affordable electricity for socio-economic transformation.

We will uphold and applaud ethical practices, support local communities and contribute to social causes, be accountable for our environmental impact and promote sustainable practices, and consider the interests of all our stakeholders.

Future Outlook

The Company remains committed to achieving its strategic objectives despite the challenges within the operating environment which may persist in the short and medium term or require policy changes altogether. Over the next year, the following will remain the key focus areas for the Company:

1. Completion and commissioning of Nyagak III HPP. The project is expected to be completed within next financial year considering that it is substantially complete with the exception of the power evacuation line.
2. Commencement of rehabilitation of Nalubale and Kiira HPPs. The project is estimated to cost approximately EUR 226 Million out of which EUR 170 Million has been committed by AfD, European Union and European Investment Bank (EIB) in form of grant and loans. The Company is in the process of negotiating credit and grant facility agreements and commencement of the necessary studies (ESIA and Constructability Study) is expected in the Financial Year 2024/25.

3. Undertake Part III of the Floating Solar involving full Feasibility study and ESIA activities.
4. Continue engagements with MEMD for joint development of large Hydropower generation projects targeting Ayago, Kiba and Oriang.
5. Implement the road map for the Research and Innovation Symposium in 2025
6. The Company will continue to prepare for the rationalization and merger of government agencies in the electricity sector projected to be implemented by the end of the financial year 2024/2025.

Acknowledgement

On behalf on the Board of Directors, I would like to express gratitude and appreciate the contributions of Key Stakeholders; the Government of Uganda, the Electricity Regulatory Authority, Development and Business Partners and our sole Customer Uganda Electricity Transmission Company Ltd. I would also like to thank fellow Directors for their oversight role in setting the Company's direction and ensuring its proper functioning.

Appreciation also goes to Management for the hard work, dedication and contribution towards the growth of the Company. The Board is committed to creating a workplace culture where employees feel valued, motivated, and engaged.

Finally, my sincere appreciation goes to the Shareholders for the valuable engagements and support to the Board that has made the work of the Board much easier. The Board appreciates the Shareholders for entrusting it with the governance of the Company and we pledge to service diligently.



Eng. Proscovia Margaret NJUKI
Chairperson Board of Directors

Generating for Generations



The Minister of State for Energy Hon. Sidronius Okaasai OPOLOT and the UEGCL Board Chairperson Eng. Proscovia Margaret NJUKI hold the Certificate of Completion (CoC) of the 600MW Karuma Hydropower Project in June 2024.

CEO's Statement



Dr. Eng. Harrison E. MUTIKANGA
Chief Executive Officer



In the financial year 2023/2024, UEGCL's revenue increased by 2% to UGX 351 billion, and profit after tax rose by 60% to UGX 54.28 billion. This growth in profitability is mainly attributable to the increased revenues and reduced administrative expenses. Crucially, UEGCL was able to raise UGX 133 billion to service the debt obligations on the Isimba Hydropower Project. Moreover



Dear Shareholders and Stakeholders,

The financial year 2023/2024 marked the beginning of UEGCL's new 5-year strategic plan (2023–2028), focused on achieving superior performance and sustained growth. This annual report reflects

our continuous operational excellence and steadfastness to our purpose of making electricity safely available for supply at all times from all our plants.

In this report, we share the year's performance highlights, outlining our progress and the key milestones that are driving us closer to our vision.

PERFORMANCE HIGHLIGHTS

Financial

In the financial year 2023/2024, UEGCL's revenue increased by 2% to UGX 351 billion, and Profit After Tax (PAT) rose by 60% to UGX 54.28 billion. This growth in profitability is mainly attributable to the increased revenues and reduced administrative expenses. Crucially, UEGCL was able to raise UGX 133 billion to service the debt obligations on the Isimba Hydropower Project. Moreover, UEGCL registered a 9.1% growth in assets, reaching UGX 8.4 trillion compared to UGX 7.7 trillion in the previous year.

Our financial performance demonstrates growth and continuous improvement as we strive for financial sustainability. The financial statements in this report offer a comprehensive overview of our financial health.

Operations

UEGCL operates and maintains the 183 MW Isimba Hydropower Plant (HPP), 380 MW Nalubaale-Kiira HPPs, 50 MW Namanve Thermal Power Plant and the recently commissioned 600 MW Karuma HPP. With Karuma's commissioning, UEGCL's total installed capacity now stands at 1,213 MW, representing over 59% of Uganda's current installed capacity of 2,050 MW.

In the financial year, UEGCL generated a total of 3.4 TWh of energy, a 112.5% increase from the previous year, mainly attributed to the addition of the Nalubaale-Kiira Complex and the Karuma HPP. This attests to the prudent operation and maintenance of our power plants, which recorded an excellent average Plant Availability and Reliability of 98.4% and 99%, respectively.

This year, UEGCL also joined the East African Power Pool (EAPP) as a member utility, reinforcing our commitment to regional cooperation and energy integration. By signing the Inter-Utility Memorandum of Understanding (MoU), we are positioned to work closely with other regional utilities to enhance grid stability, optimise resource sharing and improve the overall reliability of power

supply in Uganda and across East Africa.

Despite our operational achievements, we faced challenges, including low system demand and the significant influx of water weeds and debris (both floating and submerged) that disrupted power generation. Clogging of the intake screens by the water weed/debris particularly contributed to the Karuma HPP's underutilisation, affecting revenue generation as well as the effective observation of the plant's performance under optimal operating conditions early in its Defects Liability Period (DLP). In response, mitigation measures have been put forward, including coordinated harvesting of the weeds/debris before they reach the plant(s) and installation of appropriate trash and debris management systems at the plant(s).

The other key operational challenge was the shutdown of two units at the Namanve Thermal Power Plant, reducing its capacity from 50.4 MW to 36 MW. These shutdowns were due to deferred maintenance issues inherited from the previous private operator and financial constraints, exacerbated by unpaid/outstanding Government subsidies (capacity charges) and delayed supplementary budget allocations. Thankfully, the Regulator, ERA provided some financial relief by allowing the capacity charges for 2024 to be temporarily recovered in the tariff and later refunded when the subsidies are eventually received. Nonetheless, we continue to pursue a permanent and more sustainable solution to the plant's financial constraints.

Project Implementation

UEGCL is the Implementing Agency for the Government of Uganda's flagship hydropower projects: the 600 MW Karuma and 183 MW Isimba HPPs. In the financial year, the most significant achievement was the substantial completion of the Karuma HPP on the 12th of June 2024, marking the start of its commercial operations and DLP. Even so, there are still some outstanding works to be completed during the DLP, such as the installation of an effective water weed and debris management system comprising a log boom and trash rack cleaning machine(s) to improve plant reliability and availability.

The Isimba HPP, on the other hand, was substantially completed in 2019, and its DLP has since expired. However, significant works—including snag and defect rectification—remain outstanding, which the EPC Contractor must complete satisfactorily before the project can be considered closed. Key among these works is the rehabilitation of the plant's spillway, whose progress has been slow due to, among others, the temporary suspension of works because of high river discharge in the year.

By and large, however, the main challenge in project implementation has been the significant budget shortfalls causing delays in payment for project supervision and administration.

Other projects

6.6 MW Nyagak III HPP: With Government Equity and Grant obligations to the project now fully disbursed, civil works at about 97%, and all electro-mechanical equipment installed, the project is expected to be completed in March 2025 pending the completion of the re-routed evacuation line. This will play a big role in supporting the electrification of Uganda's West Nile Region.

Nalubaale-Kiira Rehabilitation Project: This project is expected to extend the life of the Nalubaale-Kiira complex by 30 years and improve its performance. The procurement process for a constructability consultant is underway, and the works are expected to commence in 2026.

Floating Solar (10MW) Project on the Isimba HPP Reservoir: UEGCL's application for a permit to conduct a detailed feasibility study was approved by the Regulator, ERA and the study is now in progress. This project is integral to our sustainable business growth strategy, leveraging innovation to diversify our portfolio and ensure energy security.

Furthermore, to help guide the implementation of UEGCL's future projects and drawing from lessons learnt from our previous projects, we developed and instituted a UEGCL Project Development and Management Guidebook. This will help to ensure that all our projects are properly planned and initiated, and meet their schedule, budget and quality requirements on top of their intended objectives.

EMBRACING SUSTAINABILITY

Environmental, Social and Governance (ESG)

We integrated Environmental, Social and Governance (ESG) principles into our corporate strategy, with a commitment to sustainability and responsible business practices, as highlighted below.

Environmental Stewardship: We remained dedicated to creating a positive impact on the environment through strict adherence to the relevant environmental standards and as required in our licenses and permits.

Corporate Social Responsibility (CSR): Through CSR initiatives, we have always endeavoured to positively impact the communities in which we operate by, for example, our continued sponsorship of various health, education and sports initiatives.

Governance Excellence: As UEGCL grows with 399 employees—strong leadership and effective governance are more essential than ever. We continue to invest in training our top leaders and managers in effective management practices to cultivate a culture of integrity, accountability, and transformative leadership across the organisation. This ensures that we maintain stability and nurture leaders committed to upholding the highest ethical standards at every level.

Health and Safety

Focusing on our core value of safety and to support our efforts to continue Generating Safely for Generations, we launched the Safety4Station campaign at our sites. Cognizant of the high-risk and high-reliability industry we operate in, this campaign aims to create a workplace where, among others, the safety and well-being of our employees, communities and environment are prioritised.

Research and Innovation

UEGCL's research strategy was re-aligned with the 2023-2028 Corporate Strategic Plan to accommodate new changes and expectations within the electricity supply industry. Our research and innovation approach continues to rely on collaboration with stakeholders both locally and internationally to adopt and adapt industry best practices aligned with UEGCL's Vision and Purpose. In line with our research agenda, we plan to hold UEGCL's second research and innovation symposium in the financial year 2024/2025, focusing on leveraging our operations experience to drive further innovation.

STRATEGY, OUTLOOK AND FUTURE PROSPECTS

Heading into the second year of implementing our 2023–2028 strategic plan, we reviewed the company's organisational structure to maintain agility in an evolving business landscape, re-anchoring ourselves onto the four strategic themes: operational excellence, stakeholder and reputation management, sustainable business growth, and human capital management. Operational efficiency continues to be a top priority, and we are focused on enhancing the performance of our power plants through the Internal Performance Contract (IPC) model. The Isimba IPC, now in its third year, has shown promising progress. This year, we introduced IPCs at the Namanve and Nalubaale-Kiira plants, and with the upcoming rollout at Karuma, our O&M Business model is poised for further transformation. This initiative will progressively develop each plant into a semi-autonomous strategic business unit.

Further, as an organisation committed to continuous improvement, UEGCL has moved towards an Integrated Management System (IMS), attaining certification in the ISO 9001:2015 (Quality Management System), ISO 14001:2015

(Environmental Management System), and ISO 45001:2018 (Occupational Health and Safety Management) standards. UEGCL is the first company to achieve this in the sector, a testament to our devotion to operational efficiency, regulatory compliance, and promotion of proactive risk culture in today's competitive business. IMS will consolidate our systems and processes into a unified framework, allowing UEGCL to operate cohesively with aligned objectives. This transition will further enhance our credibility as we advance efforts to operationalise our Professional Services Unit (PSU).



about

3,000 MW

must be added annually for the next 16 years, which Uganda's 2023 Energy Policy estimates to cost

USD 245 billion

In the end, all our efforts are geared towards supporting the realisation of the Government of Uganda's target of 52,481 MW of installed capacity by 2040. To achieve this, about 3,000 MW must be added annually for the next 16 years, which Uganda's 2023 Energy Policy estimates to cost USD 245 billion. Realising this goal demands the coordinated participation of all sector players and substantial support from our development partners. Above all, the financial sustainability of the sector agencies is crucial to attract private investment and enable the agencies to take on the necessary projects.

APPRECIATION

We deeply value the unwavering support and collaboration of our shareholders, partners, employees, and all stakeholders, whose contributions have been vital to our achievements this year. Each of you plays a crucial role in advancing our vision to become Africa's leading electricity-generating utility. Thank you for your commitment and dedication.

Dr. Eng. Harrison E. MUTIKANGA
Chief Executive Officer

Generating for Generations



Dr. Eng. Harrison E. MUTIKANGA, CEO UEGCL hangs up a safety poster during the launch of UEGCL's SafetyforStations (S4S) Campaign at the 183MW Isimba HPP in March 2024

BOARD OF DIRECTORS



Eng. Proscovia Margaret NJUKI
Chairperson

Eng. Proscovia Margaret Njuki is an Electrical Engineer and she holds a Bachelor of Science Degree in Electrical Engineering from the University of Nairobi.

She served the Government of Uganda in the Department of Uganda Television for 28 years and is currently serving as a Director on the Board of Multi-Konsults Ltd, Mildmay Uganda, and Greenhill Academy Ltd.

She is 73 years of age and has served the Company as an Independent Non-Executive Director for ten years, since November, 13th 2013, the last seven of which have been as the Chairperson of the Board of Directors.



Professor Nixon KAMUKAMA (Ph.D.)
Director

Professor Nixon Kamukama is a Certified Public Accountant and holds a Doctorate of Philosophy in Business, a Master's Degree in Accounting and Finance, and a Bachelor of Commerce (Accounting Option) all from Makerere University.

He has served as Professor at Makerere University Business School and is currently the Deputy Vice-Chancellor-Academic Affairs at Mbarara University of Science and Technology (MUST)

He is 59 years of age and has served as an Independent Non- Executive Director in UEGCL for eleven years, since December, 6th 2012.

He is the Chairperson of the Finance & Audit Committee and a member of the Governance, Risk, and Compliance Committee of the Board.

Eng. Gilbert John KIMANZI
Director



Eng. Gilbert John Kimanzi is a Water Supply, Sanitation, and Institutional Specialist with more than twenty-eight (28) years of experience in the water and sanitation sector. He holds a Master's Degree in Water and Waste Engineering from Loughborough University, UK, and a Bachelor of Science in Civil Engineering from Makerere University.

He has served in various capacities and is currently serving as Commissioner Water for Production at the Ministry of Water and Environment.

He is 57 years of age and has served as an Independent Non-Executive Director in the Company for seven years since November, 24th 2016.

He is the Chairperson of the Technical Committee and a member of the Human Resources, Compensation, and Planning Committee of the Board.

Mrs. Hope BIZIMANA
Director



Mrs. Hope Bizimana is a Human Resource specialist and consultant with over 33 years of working experience in Human Resource Management, Planning, and Organizational Development.

She holds a Master's Degree in Human Resource Management from the Uganda Management Institute, a Bachelor's Degree in Political Science and Public Administration, and a Postgraduate Diploma in Human Resources from Makerere University, and is currently a Human Resource Consultant with ABS Consulting Group.

She is 63 years of age and has served as an Independent Non-Executive Director in the Company for four years since November, 13th 2019.

She is the Chairperson of the Human Resource, Compensation, and Planning Committee and a member of the Governance, Risk, and Compliance Committee.



Mr. Ronald DRAVU
Director

Mr. Ronald Dravu is an Auditor and Certified Public Accountant. He holds a Master's of Arts in Organizational Leadership and a Bachelor's Degree in Business Administration from Uganda Christian University. He also holds an Advanced Diploma in Government Accounting Management and Audit from the East and Southern Africa Management Institute (ESAMI).

He has served as a Chief Finance Officer, Senior Internal Auditor, and Principal Internal Auditor at the Ministry of Local Government and is currently serving as the Chairman Public Accounts Committee Arua City.

He is 71 years of age and has served as an Independent Non-Executive Director in the Company for seven years since September, 15th 2016. He is the Chairperson of the Governance, Risk, and Compliance Committee and a member of the Finance and Audit Committee.



Mr. Paul Patrick MWANJA
Director

Mr. Mwanja is an Economist with over twenty-two years of experience in Macroeconomics, Project Analysis, and Public Investment Management. Holds a Master's of Arts Degree in Economic Policy Management, a Bachelor of Science Degree in Economics both from Makerere University, and is an ACCA Affiliate.

Mr. Mwanja has served as a Senior Economist and Head of the fiscal policy management section of the macroeconomic policy department, Principal Economist Projects Analysis and Public Investment Management Department, and Assistant Commissioner Infrastructure and Social Services all at the Ministry of Finance, Planning and Economic Development. He is presently the Commissioner Infrastructure & Social Services Department.

He is 55 years of age and has served as a Non-Executive Director in the Company for four years since November, 4th 2019.

He is a member of the Technical and Finance and Audit Committees of the Board.

Eng. Julius Wamala NAMUSANGA
Director

Eng. Wamala is an Electrical Engineer with over 16 years of experience in occupational safety, project design and management, and electricity generation. He holds a Master's of Science in Energy and Power Systems from the University of Liverpool, UK, a Master's of Science in Computer Science from the University of Pune, India, a Bachelor of Science (Electrical Engineering) from Makerere University, and a Post Graduate Diploma in Project Planning and Management from Uganda Management Institute.

Eng. Wamala has served as a general safety inspector at the Ministry of Gender, Labour, and Social Development and in other roles at the Ministry of Energy and Mineral Development where he is currently the Assistant Commissioner, Electrical Generation.

He is 45 years of age and has served as a Non-Executive Director in the company for three years since July, 6th 2021 and is a member of the Technical Committee and the Human Resources, Compensation, and Planning Committees of the Board.



Members of the UEGCL Board of Directors and Top Management after the BoD and Management retreat at Serena Kigo in August 2024

The Management Team

Heads of Departments



Dr. Eng. Harrison .E. MUTIKANGA
Chief Executive Officer



Eng. George Tusingwire MUTETWEKA
Chief Operations Officer



Joyce NAKALEMA
Chief Human Resource Officer



Dr. Mary AKURUT
Chief Safety Health Environment
and Quality Officer



David Kahwa ISINGOMA
Chief Strategy and Business
Development Officer



Joseph OKECHO
Chief Audit Officer



Eng. Isaac ARINAITWE, CFA
Chief Projects Officer



Susan Taffumba ISUBIKALU
Chief Finance Officer



Mark Martin OBIA
Company Secretary

Heads of Units



Enock K. KUSASIRA
Head Communication and
Corporate Affairs



Dr. Eng. Jotham I. SSEMPWO
Head Estates and Administration



Allen ASASIRA
Head Procurement
and Disposal Unit



Albert MURUNGI
Head Information and
Communication Technology



Flavia ANYIKO
Head Risk

Corporate Governance Statement 2024

THE BOARD

This statement has been prepared per the Code of Corporate Governance contained in the third schedule to the Companies Act, and the Electricity (Corporate Governance) Guidelines of 2019 issued by the Electricity Regulatory Authority (ERA).



Composition, Operation of the Board of Directors, and Board Committees

The Company's Board of Directors ("the Board") is composed of Seven (7) non-executive members reappointed by the Shareholders for a three-year term on the 1st July 2023 and are eligible for re-appointment.

Five Directors are classified as Independent Non-Executive Directors while the two Directors from the Ministry of Energy and Mineral Development and the Ministry of Finance, Planning and Mineral Development are classified as Non-Executive Directors as indicated in the table below.



Members of the UEGCL BoD during a technical pre-commissioning visit to the 600MW Karuma HPP

Composition of the Board of Directors

No	Director	Skills
1.	Eng. Proscovia Margaret Njuki (Chairperson)*	Engineering and Leadership
2.	Eng. Wamala Julius Namusanga**	Engineering, Electrical Power Systems and Project Management
3.	Prof. Nixon Kamukama*	Finance and Accounting
4.	MRS. HOPE BIZIMANA*	Human Resources
5.	MR. PAUL PATRICK MWANJA**	Economics, Accounting, and Budgeting
6.	MR. RONALD DRAVU*	Accounting and Audit
7.	ENG. GILBERT JOHN KIMANZI*	Engineering and Water Resource Management

* Independent Non-Executive Director

** Non-Executive Director

Note:

- i) The prefix Eng. denotes an Engineer registered with the Uganda Engineers Registration Board, the statutory body responsible for regulating the engineering profession in Uganda.
- ii) A non-executive director is a director who is not involved in the day-to-day management of the Company and;
- iii) An independent director is a non-executive director who does not represent or is not nominated by a shareholder, was not employed by the Company in the past 3 financial years, is not an immediate family member of a person who is or was in the past 3 financial years employed in an executive capacity, is not a professional advisor to the Company, is not a significant supplier to, or customer of the Company and has no significant contractual relationship with the Company and is free from any business or other relationship, which could materially interfere with his or her ability to act independently.

Plan, policies, budgets, financial reports etc and has delegated the day-to-day management of the Company to the Chief Executive Officer who is assisted by the senior management team and reports quarterly to the Board.

To effectively discharge its functions, the Board has four established standing committees which are delegated specific responsibilities. The committees can deal with complex or specialised issues utilising the skills and competencies of the committee members who then advise the Board, which has the collective responsibility for decision-making. The Committees include; the Human Resources, Compensation and Planning Committee, the Governance, Risk and Compliance Committee, the Finance and Audit Committee and the Technical Committee.

The Board reviews the Company's performance on the strategy quarterly through reports submitted by the management of the Company to ensure that the Company is on track with the execution of its strategy and identify areas of improvement so that the Company's objectives are consistently met.

Functions Of The Board

The Board provides guidance on the Company's long-term strategy and major business decisions, ensuring alignment with the Company's purpose, vision, mission, goals, and values. The Board also provides oversight of Management through monitoring and evaluating the performance of the Chief Executive Officer and senior management, to ensure effective leadership and accountability.

The Board has reserved specific matters for its approval including but not limited to the Strategic

Board and Strategy Effectiveness

The Company launched a new 5-year Strategic Plan (2023-2028) with the first year of implementation ending in June 2024. The new Strategic Plan emphasises operational excellence, sustainable business growth, human capital management and stakeholder and reputation management as the Company widens its operations. In 2024 /2025 we shall align the strategy with the country's National Development Plan IV (NDP IV) which takes effect on 1st July 2025 the goal of which is to achieve

higher household incomes and employment through sustainable socio-economic transformation. Concerning the electricity subsector, the key areas in the NDP IV are energy access, energy consumption, energy sources, climate change and stakeholder participation.

The new strategic plan emphasises effective capacity building for operational excellence; highlighting the importance of capacity building as the Company widens its operations. The capacity building programs are aligned to the country's development goals and they are crucial for achieving the National Development Plan III objectives. Through investing in skills and knowledge of employees, the Company optimizes performance, environmentally sustainable and socially responsible operations, regulatory compliance, public support and overall operational sustainability.

Board Enhancement

In a rapidly changing environment, training helps the Board to adapt to new ideas, trends, practices technologies, processes, and industry demands. This adaptability is essential for maintaining competitiveness and resilience in the face of change. The Board maintains an annual training plan based on the training needs of members and the availability of funding. In this regard, during the period year, members undertook additional training in International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS) frameworks, strategic management along with our participation in the UN Climate Change Conference of 2024 and the Solar Hydro-International Conference and Exhibition 2024.

Board Evaluation

During the period, the Board conducted an evaluation of its effectiveness which is vital for fostering effective governance, accountability, enhancing performance, and ensuring that the Board is aligned with the Company's purpose and strategic goals. The Board will discuss the Report with the Shareholders of the Company.

Conflict Of Interest

Managing conflicts of interest is essential for fostering a culture of integrity and transparency. In this regard, the Company is implementing clear policies which promote open communication, and ethical behaviour. Directors individually declare a conflict of interest before dealing with any matter pertaining to the Company in compliance with the Companies Act, the Leadership Code Act and the Board Charter. Further, to promote accountability and transparency, the Board has resolved that henceforth Directors shall complete a declaration for relationships with the staff of the Company.

Project Monitoring And Plant Visits

The Board plays a critical role in overseeing the projects under development by the Company and the electricity generation Plants operated by the Company through periodic scheduled visits which provide the Board an opportunity to assess the projects and operations through key indicators, engage with the Contractors, key stakeholders and staff thus giving them the ability to comprehend and relate with site conditions. Through these quarterly visits, the Board can guide the Management of the Company on challenges identified during the visits.

The Board is pleased to report that with the support of the Ministry of Energy and Mineral Development and key stakeholders, the Karuma Hydropower Plant was completed and commenced commercial operations on the 12th of June 2024 following a long construction journey since the commencement of construction in 2013. This additional 600MW of installed capacity into the grid is a positive step towards the industrialisation of the country and aligns well with the goals of the NDP IV.

Stakeholder Engagement

Effective stakeholder engagement is fundamental to executing the Company's strategy and achieving its purpose, goals and fostering a collaborative environment. The Board has identified key stakeholders, and their interests, and makes a deliberate effort to involve them in decision-making. The key stakeholders include the Shareholders of the Company, the Ministry of Energy and Mineral Development, the Ministry of Finance, Planning and Economic Development, Parliament, the industry regulator ERA, the environment regulator NEMA, the Water Regulator the Directorate of Water Resources Management, Uganda Electricity Transmission Company Limited which is the single buyer of all the net electrical output produced by all generation facilities operated by the Company. Other key stakeholders include development partners, contractors, service providers, suppliers, the media, host communities for the generation Plants and the public.

Board Meetings

The Board and its Committees conduct quarterly ordinary meetings as part of its oversight role and additional extraordinary meetings.

Ordinary Board Meetings

The attendance of the Ordinary Board Meetings for the period 1st July 2023 to 30th June 2024 was as follows;

¹ Electricity Regulatory Authority

² National Environment Management Authority

No.	YEAR	2023		2024	
		17/08	10/11	12/02	17/05
1	Eng. Proscovia Margaret NJUKI (Chairperson)	√	√	√	√
2	MR. PAUL PATRICK MWANJA	√*	√	√	x
3	Mrs. Hope BIZIMANA	√	√	√*	√
4	Prof. Nixon KAMUKAMA	√	√	√	√
5	Mr. Ronald DRAVU	√	√	√	√
6	Eng. Gilbert John KIMANZI	√*	x	√*	√
7	Eng. Wamala JULIUS NAMUSANGA	√*	√*	√*	√

√ = Attendance x= absent with Apology *= Online attendance

Extra Ordinary Board Meetings

The attendance of the Extra Ordinary Board Meetings for the period 1st July 2023 to 30th June 2024 is set out in the table below.

No.	YEAR	2023		2024								
		25/08	31/08	21/09*	12/12*	29/02	01/03	15/03*	12/04*	18/05	31/05	24/06
1	Eng. Proscovia M. Njuki (Chairperson)	√	√	√*	√*	√	√	√*	√*	√	√	√
2	Mr. Paul Patrick MWANJA	√	x	x	√*	√	√	x	x	x	√	x
3	Mrs. Hope BIZIMANA	√	√	√*	√*	√	√	√*	√*	√	√	√
4	Prof. Nixon KAMUKAMA	x	√	√*	√*	√	√	√*	√*	√	√	√
5	MR. Ronald DRAVU	√	√	√*	√*	√	√	√*	√*	√	√	√
6	ENG. Gilbert John KIMANZI	√	√	√*	√*	x	√	√*	x	√	√	√
7	Eng. Wamala Julius NAMUSANGA	√	x	√*	√*	√	√	√*	√*	√	√*	√

√ = Attendance x= absent with Apology *= Online attendance

Board Committees

The Board Committees held scheduled quarterly ordinary and extraordinary meetings. The meetings were either in-person, online/ virtual attendance or a hybrid of both, allowing for flexibility and broader participation of all members.

Each Board Committee comprises three (3) members and is chaired by an Independent Non-Executive Director. Analysis of Committee meetings and attendance during the reporting period is as follows;

No.	YEAR	2023		2024	
		08/08.	26/10	31/01	25/04
1.	Mr. Ronald DRAVU (Chairperson)	√	√	√	√
2.	Mrs. Hope BIZIMANA	√*	√	√*	√
3.	Prof. Nixon KAMUKAMA	√*	√	√	√

√ = Attendance x= absent with Apology *= Online attendance

■ ordinary meetings

The Finance & Audit Committee

The committee provides an oversight role in the monitoring reliability of the financial statements of the Company, the Company's performance against the approved budgets, and monitoring and reviewing the performance of the internal audit function. The Committee ensures that the financial results are reported fairly and in accordance with governing laws and generally accepted accounting principles.

The Committee's composition and attendance of meetings was as follows;

No.	Year	2023				2024			
		07.08	27.10	01.11*	11.12	01.02	05.04*	26.04	10.06
1.	Prof. Nixon KAMUKAMA (Chairperson)	√	√	√*	√	√	√*	√	√
2.	Mr. Ronald DRAVU	√	√	√*	√	√	√*	√	√
3.	Mr. Paul Patrick MWANJA	√	x	x	√	√	√*	x	√

√ = Attendance x= absent with Apology *= Online attendance

■ ordinary meetings □ Extra ordinary meetings

The Technical Committee

The committee provides an oversight role, reviews, evaluates and makes recommendations to the Board concerning the performance of the electricity generation plants operated by the Company, planning, and implementation of projects as well as health, safety, and environmental management.

The Committee's composition and attendance of meetings was as follows;

The Governance, Risk and Compliance Committee

This committee supports the Board in understanding the enterprise risk management, governance and compliance management concerning the Company's operations and also ensures that through regular reviews and assessments, Management has established effective systems to identify and manage material risks. The Committee did not hold any extraordinary meetings.

The Committee's composition and attendance of meetings was as follows;

No.	YEAR	2023		2024			
		Date	03.08*	31.10*	30.01*	03.05*	07.05*
1.	Prof. Nixon KAMUKAMA (Chairperson)	√*	X	√*	√*	√*	√
2.	Mr. Ronald DRAVU	√*	√*	√*	√*	√*	√
3.	Mr. Paul Patrick MWANJA	√*	X	√*	√*	X	X
4.	Eng. Proscovia M. NJUKI (Ex-officio)	√*	√*	√*	√*	√*	√

√ = Attendance x= absent with Apology *= Online attendance

■ ordinary meetings □ Extra ordinary meetings

The Human Resource, Compensation and Planning Committee

The Human Resource, Compensation and Planning Committee supports the Board in its responsibility of reviewing Company structure, remuneration, rewards, recruitment, training and development, succession planning, performance management and strategic planning.

The Committee's composition and attendance of meetings during the financial year was as follows;

No.	YEAR	2023						2024					
		DATE	28.07	11.08	22.08	19.09	25.10	03.11	06.11	22.01	02.02	06.02	06.05
1.	Mrs. Hope BIZIMANA (Chairperson)	√*	√*	√*	√*	√*	√*	*√	√*	√*	√*	√	√*
2.	Eng. Gilbert John KIMANZI	X	√*	√*	√*	X	√*	√*	√*	√*	√*	X	√*
3.	Eng. Wamala Julius NAMUSANGA	√*	√*	√*	√*	√*	√*	√*	√*	√*	√*	√	√*

√ = Attendance x= absent with Apology *= Online attendance

■ ordinary meetings □ Extra ordinary meetings

Internal Audit

The internal audit function provides independent assurance and insights that enhance governance, risk management, and control processes. The Chief Audit Officer reports to the Board quarterly through the Finance and Audit Committee based on an annual Audit Workplan.

Risk Management

The Company is dedicated to maintaining an effective risk management system as a key element in achieving our purpose, strategic goals, and protecting stakeholder interests. In this regard, the Governance, Risk, and Compliance (GRC) Committee of the Board leads the Enterprise Risk Management Program managed

by the Risk function. This involves ongoing reviews of our Risk Management framework to ensure alignment with our risk appetite, providing guidance on mitigation strategies, and monitoring their execution.

In the period under review, the Board reviewed and updated the Risk Management Policy and Manual to align it with the Strategic Plan.

Emerging issues

Due to increasingly stringent regulations on greenhouse gas emissions, Heavy Fuel Oil (HFO) prices have risen by approximately 15-20% in recent years, as reported by the United Nations Conference on Trade and Development (UNCTAD), with the most significant impact coming from the IMO 2020 Sulphur Cap. Original equipment manufacturers are now prioritizing renewable energy solutions, hybrid systems, and energy storage, thereby reducing their support for and production of HFO-based technologies and

driving clients towards gas or renewable-powered systems. Consequently, UEGCL may face rising operational costs due to heightened restrictions on energy sources with high greenhouse gas emissions. It is therefore crucial for shareholders to support the acceleration of energy diversification strategies, such as repurposing thermal plants for natural gas, to ensure energy security.

Despite the growing uncertainty in the environment, UEGCL remains committed to increasing shareholder value by achieving its strategic objectives and effectively managing related risks.

DIRECTORS REMUNERATION

Directors received a monthly retainer fee, allowance for meetings, subsistence, and travel or mileage allowance/mileage for members living upcountry at the following gross rates paid in Uganda Shillings (UGX):

Date	28.07	11.08
Sitting Allowance	800,000	700,000
Monthly Retainer fee	5,000,000	4,000,000
Mileage Allowance	1800 per Kilometer (KM)	
Subsistence Allowance	250,000/- per night or full board accommodation	

Staff Remuneration

The Company's salary structure is benchmarked with the sector and offers a competitive and attractive package for skilled and competent employees.

Structure of Remuneration

Fixed pay: Basic salary is subject to annual inflationary adjustments.

Benefits: The Company provides medical insurance coverage, group personal accident insurance for staff and death benefits for staff and dependents.

Staff Retirement Benefits Scheme: As part of the scheme, the Company contributes 30% of each employee's monthly gross salary and the staff each contributes 5% of their monthly gross salary.

Variable pay

The Company pays bi-annual performance incentives based on the Company's overall performance and employees who excel are rewarded bi-annually.

Integrated Reporting & Disclosure

We use the integrated reporting approach in compliance with the Uganda Code of Corporate Governance in the Uganda Companies Act to provide a comprehensive view of the Company's performance, strategy and prospects focusing on value creation, environmental, social and governance aspects alongside the traditional financial reports. This presents a clearer picture of risks, opportunities, and performance and supports better decision-making for shareholders and other key stakeholders.

Company Secretary

The Company Secretary serves as both a legal advisor and strategic partner. He supports the Company to navigate legal complexities, protecting the Company's interests, and enabling strategic growth while maintaining compliance. He advises the Board on correct processes and procedures, and relevant laws, advises on any changes in laws, corporate governance practices, and ensures that the Board approves appropriate policies. He is also responsible for maintaining Board and Committee records, which include registers, minutes, resolutions and the Company seal.

Codes and Regulations

The Company is obliged to comply with a wide array of laws and regulations that apply to the electricity supply industry, Water usage laws, environmental laws, labour laws, occupational health and safety laws, tax laws and financial reporting requirements. The key laws relating to governance include the Company's Act, the Public Finance Management Act, the Public Enterprises, Reform and Divestiture Act Cap 98 and regulations thereunder. The Board Charter governs the activities of the Board of Directors.

The Company has zero tolerance for intentional or negligent and material breaches of any applicable laws, regulations and industry codes of conduct applicable to its operations and activities. The Board has the overall responsibility for compliance and management of compliance risks within the Company and therefore ensures that the Company

complies with all applicable laws, regulations and standards.

During the reporting period, the Board approved and adopted an integrated management system where the Company's existing ISO 9001:2015 Quality Management system was integrated with ISO 14001:2015 for Environmental Management Systems and ISO 45001:2028 for Health and Safety Management systems where the requirements of the standards are to be satisfied by a single process. In this regard, the Board also approved and adopted a revised Health and Safety Policy a new Environment & Social Safeguards Policy and a Manual to provide direction and guidance on the implementation of the integrated system.

Additionally, the Board approved and adopted a new Compliance Management Policy and Procedures Manual aligned with the ISO 37301 for Compliance Management Systems, the Risk Management Policy and a revised Risk Appetite Statement.

Going concern

Overall, and having assessed the Company's ability to continue as a going concern and being certain that the Company will continue its operations for the foreseeable future; it is hereby declared that the Board has sufficient reason to believe that the Company is a going concern and will remain so for at least the next twelve (12) months from the date of this statement.




Membro degli Accordi di Mutuo
Riconoscimento EA, IAF
Signatory of EA, IAF Mutual
Recognition Agreements

CERTIFICATE

N. UG24-15805A

This is to certify that the Quality Management System of

Uganda Electricity Generation Company Limited

P.O. Box 75831, Plot 6-9, Okot Close Bukoto, Kampala – UGANDA

HAS BEEN INDEPENDENTLY ASSESSED AND IS COMPLIANT WITH THE REQUIREMENTS OF

ISO 9001:2015

for the following scope of activities:

The establishment, acquisition, operation and maintenance of electricity generation facilities to the satisfaction of stakeholders.

IAF 25

For timely and up to date information on any changes in the status of the certification referred to in this certificate, please contact the number +39 0296368458 or the e-mail address info@axe-register.com

The validity of this certificate is subject to annual periodic surveillance and the complete review of the organization's management system every three years.

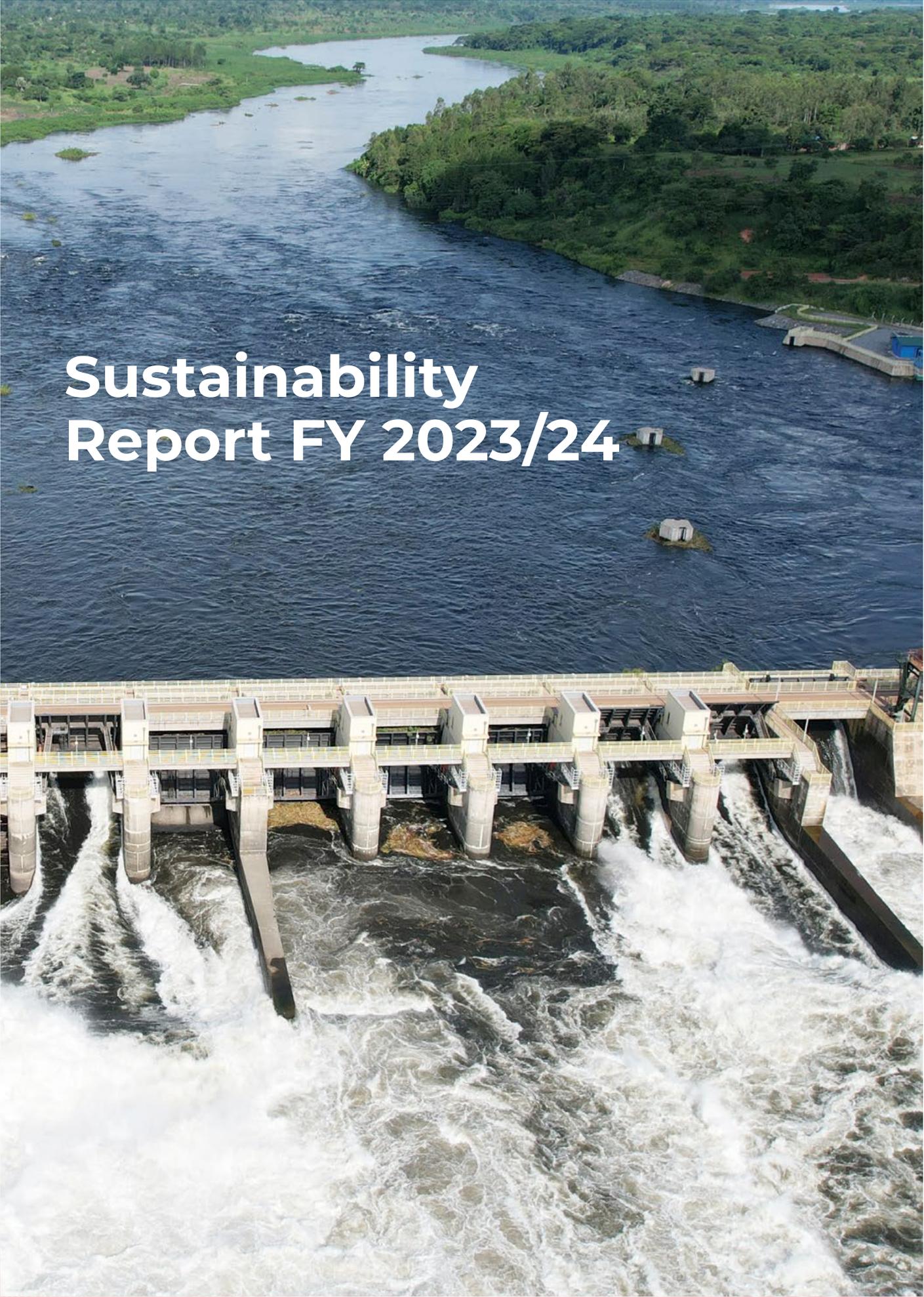
Date of initial registration	11/11/2024
Date of this certificate	11/11/2024
Date of expiry	10/11/2027

On Behalf of Certification Body

AXE REGISTER
 Antonio Livaco
 Technical Director

AXE REGISTER
 Piazza Unità d'Italia, 5 - 20147 Saronno (VA) | ITALY
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ISO 9001:2015 QUALITY MANAGEMENT SYSTEM



Sustainability Report FY 2023/24

UEGCL is keen on operating sustainably and ensuring that resources are utilized in a responsible and ethical manner for future generations to come. As we pursue our vision of being Africa's leading Generating Utility, we are cognizant of the fact that our product must not only support industrial development, but must as well transform lives/social wellbeing of Ugandans; especially those within areas where our projects are based. UEGCL believes that the United Nations Sustainable Development Goals (SDGs) and the Agenda 2030 on social and economic development which have set goals on; Eradication of poverty, ending hunger and achieving food security, Good health, Quality education, Minimizing the

negative impact of climate change on the environment, Gender equality, Clean water and sanitation, Affordable and clean energy and Social justice can be achieved if all actors in sustainable development play their part. As a company, UEGCL is committed to building a robust business through efficient capital management, investment in renewable energy sources, research and innovation, effective stakeholder relations, Corporate Social Responsibility and through a skilled and motivated workforce.

The sustainability focus is summarized under the following categories which fulfil the aspirations of ESG: -

- Financial Sustainability
- Environmental & Climate

- Corporate Social Responsibility
- Stakeholder Engagement.
- Human Capital & Innovation

Financial Sustainability

Financial sustainability remains one of the key aspirations of UEGCL. This is clearly stipulated within UEGCL's Strategic Plan (2023-2028), within the Financial and resilience plan which is premised on five pillars;

- Improving operational efficiency
- Designing and implementing the power generation investment strategy
- Developing a sustainable debt financing strategy
- Implementing cost-based



Hon. Dr Canon. Ruth Nankabirwa SSENTAMU (in black dress) launches the UEGCL Project Development and Management Guidebook at the 380 MW Nalubaale - Kiira Power Stations in August 2024.

- tariffs
- And improving risk management.

The combined pursuance of these pillars is envisaged to ensure UEGCL's Financial Sustainability over the next five years. Key among the aspirations is the quest for earning a return on equity as a means of fostering financial sustainability. Over the last 4 years, since the commencement of operations in Isimba in 2019, UEGCL has posted profits that have overturned previous accumulated losses. This has in part been enabled through the stalwart revenue streams of Isimba, that will further be boosted by Karuma revenues. However, consideration has to be given to the long run financial

sustainability of the company, which will require changes in the regulatory and Tariffs setting regime.

In line with this, UEGCL undertook a benchmarking visit to KENGEN to learn lessons from their financial sustainability model. Key among the findings were the fact that KENGEN earns a 12.5% return on investment, which has enabled them remain profitable, with a healthy cash flow and balance sheet. This has in turn enabled KENGEN to list on the stock exchange.

UEGCL is cognizant of the fact that it has to take a phased approach to attain financial sustainability, and key among these will be; continued dialogue with its shareholders, the



Over the last 4 years, since the commencement of operations in Isimba in 2019, UEGCL has posted profits that have overturned previous accumulated losses.



Ministry of Energy and Mineral Development and Ministry of Finance, Planning and Economic Development, as well as the Regulator (ERA). This will entail converting part of the on lent debt to equity which will make UEGCL's balance sheet less geared and more attractive to investors and Financial Institutions.

UEGCL will also pursue the Financial sustainability journey through negotiating cost recovery tariffs for all UEGCL Plants, request government to review policy on subsidies for capacity charges in Thermal Power Plant and have Namanve TPP to mainstream all revenue requirements into the end user tariffs and eliminate government subsidies.

Safety Health & Environment

UEGCL recognizes the need to meet all Safety, Health, Environment and Quality (SHEQ) requirements. During the reporting period, UEGCL rolled out the SafetyforSite Campaign in March 2024 at the 183MW Isimba HPP. The campaign was rolled out to enhance implementation of the Health & Safety Policy (2024) especially regarding Incident Reporting, Top Management Health & Safety Inspections, development and implementation of UEGCL's Plant Safety Regulations (PSRs). Furthermore, the campaign emphasises Safety measurement through observations and Incident Management, safety perception surveys and safety awareness through monthly safety themes. The Safety4Site Campaign will be rolled out to all UEGCL powerplants in a phased manner.

All personnel and contractors/suppliers are involved in managing their own safety and that of others. Adherence to Plant Safety Regulations (PSRs), and safe work systems such as Lockout-Tagout (LOTO) and Permit to Work (PTW)

has been made mandatory for all site activities. Other key practices such as inspections, risk assessment, toolbox talks, incident reporting and investigation to logical conclusions, compliance monitoring and enforcement, as well as review and implementation of SOPs to ensure safety has been strictly adhered to.

Other aspects such as Waste management (classification, quantification and mode of disposal), Noise management, Air quality, Water quality, Wastewater monitoring, Oil Spills, Environmental incidents as well as Environmental flows have been closely monitored.

Notable progress has also been made in implementation of the Environment and Social Management Plans, Emergency Preparedness, Water Source Protection and routine environmental monitoring activities while some permits and licenses have also been secured for Karuma HPP. We are also in the process of renewing all expired permits, Certificates and licenses as well as transferring all these documents into the names of UEGCL.

Quality

In order to ably execute its mandate, UEGCL developed and is implementing a Safety, Health, Environment and Quality (SHEQ) Integrated Management System (IMS). The IMS is a strategic platform for increasing UEGCL's ability to meet and exceed customer requirements, eliminate injuries/fatalities and protect the environment. The development of the Integrated Management System was based on leading international standards developed by the International Organization for Standardization (ISO) standards; namely, ISO 45001:2018 Occupational Safety and Health Management Systems; ISO 14001:2015 Environmental

Management Systems as well as ISO 9001:2015 Quality Management Systems. These standards provide a set of requirements that companies must fulfil in order to guide process improvement and attain international recognition or certification.

Corporate Social Responsibility

Corporate Social responsibility initiatives at UEGCL continue to play a critical role in ensuring the sustainable growth of business, while positively contributing to society and the environment. To secure the support and goodwill of our esteemed stakeholders, UEGCL has gone ahead to participate in initiatives that have a durable social impact on the various communities that host our operations. For example, UEGCL sponsored the 99th Rotary District Conference as well as 2023's Rotary Cancer Run. Our CSR priority area of Sports Development, has been highlighted this year with viable contributions made to the Buikwe District Football Association to aid the promotion of local talent, and to the Special Olympics of Uganda, to further support its initiatives for athletes with intellectual disabilities. Philanthropic donations were also made to Sanyu Babies' Home, the Bunyoro Kitara



Adherence to Plant Safety Regulations (PSRs), and safe work systems such as Lockout-Tagout (LOTO) and Permit to Work (PTW) has been made mandatory for all site activities.

Diocese and the Iryaruvumba Eye Clinic Project under the Muhabura Diocese to further reflect our commitment to social development, health, sports, and community support across various regions and sectors.

Stakeholder Engagement

UEGCL remains a stakeholder-focused organization, fully committed to meeting stakeholder expectations and interests. To strengthen its stakeholder management, UEGCL developed an engagement plan aligned with the new 2023-2028 Strategic Plan. In line with this, UEGCL undertook a series of targeted engagement activities surrounding the commissioning of the 600 MW Karuma Hydropower Project (KHPP), underscoring its dedication to stakeholder management. The commissioning ceremony, presided over by H.E., the President of Uganda, on September 26, 2024, marked a significant milestone. Leading

up to this event, UEGCL actively participated in weekly meetings at the Ministry of Energy and Mineral Development, coordinated by the Permanent Secretary, to ensure seamless planning and execution.

UEGCL also engaged with the government communicators in the Electricity Supply Industry through meetings held in August and September at the ERA House, enhancing communication strategies across the ESI. Additionally, UEGCL conducted various talk shows on both Television and radio to discuss issues of dam safety under the Emergency Preparedness Plan and various insights from the insights from the Safety, Health, Environment, and Quality (SHEQ) and Projects teams.

The company further facilitated various technical and educational visits to its different power plants. To ensure community inclusion, UEGCL organised meetings bespoke

to the different host districts to address local concerns and expectations, reflecting its dedication to transparent and inclusive stakeholder engagement.

UEGCL Talent Management

The overall headcount as at June 2024 was 405 staff. The workforce comprises of 304 males, representing 75%, while 101 are female, representing 25% of the total workforce. Top Management (62% male, 38% female), Mid-level Management (74% male, 26% female), Officer & Assistant Level (78% male, 22% female), and Graduate Trainees (56% male, 44% female). The average age of the staff is 37 years (male employees 38 years and female employees 35 years). The Company's workforce distribution at various Plants is at 76% and 24% at Head Office.

A new organisational structure to support implementation of the Strategic Plan 2023-2028 was approved, and implementation



The Board Chairperson shares a light moment with staff during the BOD and Management retreat.

that will span a period of four years has commenced. The current year focuses on recruitment to support the Operations and Maintenance of the Karuma Hydro Power Plant which was commissioned in September 2024.

In line with the Talent Management strategy, Competence Management commenced and competence assessments were concluded.

The company continues to develop both leadership and technical capacity through various trainings funded by UEGCL, and by the 5-year Norwegian Hydropower Operation and Excellence Home Grant. Additionally, following the graduation of the first cohort of the UEGCL Mentorship Programme, there has been enhancement of the mentorship programme, which has been aligned to mentorship practices through highlighting the guidelines for mentors and mentees.

The focus areas for the next period include reviewing of the terms and conditions of service, conducting a job evaluation exercise and optimising competence assessment results. One of the major risks to Human Capital is in regard to staff exits due to short employment contracts as per the Rationalization of Agencies and Public Expenditure (RAPEX).

Performance Management.

During the reporting period, UEGCL rolled out her new strategic plan for the period 2023-2028, with June 2024 marking the successful completion of its inaugural year. UEGCL recorded a commendable 72% achievement against the corporate objectives and targets set for the financial year, 2023/2024. The new strategic Plan is underpinned by the need to meet the ambitious, yet achievable National

Electricity Generation Targets (52,481MW by 2040), as well as the need to ensure efficiency in operations and maintenance which has a bearing on the end user Tariff. The strategic plan is premised on the quest for superior performance with the aim of gaining and sustaining competitive advantage in electricity generation.

Furthermore, a comprehensive dissemination strategy was developed and implemented to foster understanding and buy-in from both internal and external stakeholders as well as to harness support, both policy and financial, in respect to the execution of the strategy. A number of key stakeholders were engaged, including our shareholders (Ministry of Energy and Mineral Development and Ministry of Finance, Planning and Economic Development), NPA and ERA. UEGCL's key focus in the new reporting period will be to align its plan to the fourth National Development Plan (2025/26-2029/30) which is currently under formulation.

During the year, UEGCL also rolled out two Internal Performance Contracts (IPCs) as part of its ongoing efforts to operationalise the Operation and Maintenance Business model that was approved by the Board in 2019 and piloted at the 183MW Isimba HPP in 2022. The 50MW Namanve Thermal Power Plant and the 380MW Nalubaale-Kiira HPP Internal Performance Contracts were rolled out on 18th April 2024 and 7th August 2024 respectively. The Internal Performance Contract for the 600MW Karuma HPP is expected to be finalised by December 2024, following the successful commissioning of the hydropower plant. The primary objectives of the O&M Business model are to promote Operational autonomy at the various sites, enhancing efficiency & effectiveness in service delivery. Additionally, the Performance

Management model enables UEGCL to innovate in areas such as operational efficiency, cost optimisation, and asset maintenance. The Operation and Maintenance Business Model remains a critical component of UEGCL's performance management system, reflecting a strategic shift towards operational excellence.

Research and Innovation.

In the period, the focus of the organisation in as far as Research and Innovation is concerned was to finalise the tangible ongoing research projects. One of these was the successful proof of concept for the conversion of water hyacinth into bio-ethanol, which is proposed as an approach to the productive water weed management at the plant reservoirs. This promising approach will not only address the issue of water hyacinth infestation along the Nile that was posing a serious risk to power generation, but also offer a promising alternative to fossil fuels. Now that the proof of concept is a success, efforts are underway to mobilise resources for a pilot bio-ethanol project/ plant.

Additionally, in the year, strides were made in developing a hydro monitoring device (Hydro-M) which is aimed at automating water level monitoring along the Nile, and the plant reservoirs in tandem. This system, which comprises of a device and its attendant software application, is envisaged to replace the manual and tedious approach to water level and discharge communication that currently exists between the plants on the Nile. Moreover, it will also serve as a potential commercialisation aspect for UEGCL. For these two projects (bio-ethanol and Hydro-M), the patent process has been initiated to further cement their usefulness to UEGCL.

The planning period also saw

UEGCL successfully participate in grant call for Makerere under the Research and Innovation Fund (RIF) where resources were secured for a research project on the Lake Victoria water level management (LIVWA). This project is now in advanced stages, and is envisaged to realise a model that will facilitate accuracy of several of the L. Victoria water model tools, and in turn improve our water planning ability as we generate for generations.

The current direction of UEGCL's Research and Innovation agenda is still focussed on supporting the operation and maintenance

(O&M) of the electricity generation fleet, to make sure that electricity is always safely available for supply at all times from all UEGCL plants. The Research Strategy is now being re-aligned to the 2023-2028 corporate Strategic Plan to further accommodate the new changes and expectations within the electricity supply industry. The Research and Innovation approach is still anchored on collaboration with various stakeholders locally and internationally to exploit industry best practices that are aligned to UEGCL's Vision and Purpose.



The planning period also saw UEGCL successfully participate in grant call for Makerere under the Research and Innovation Fund (RIF)



A mechanical fitter at the 50MW Namanve TPP carrying out welding in the maintenance workshop.

OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA



REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF UGANDA ELECTRICITY GENERATION COMPANY LIMITED FOR THE YEAR ENDED 30TH JUNE 2024

OFFICE OF THE AUDITOR GENERAL UGANDA

PREAMBLE

This report presents the findings and recommendations of the Auditor General on Uganda Electricity Generation Company for the Audit year ended December 2024. The report is based on a comprehensive analysis of the evidence gathered from the audits undertaken during the year and is intended to provide stakeholders with a clear understanding of the key findings and conclusions of the Auditor General. The recommendations outlined in this report aim to support the company in achieving its goals and objectives and to promote better service delivery.

*The report has 5 sections: **Section 1** contains the financial audit report on the financial statements for the financial year ended 30th June 2024, **Section 2** has key findings on compliance with the specified regulatory framework, **Section 3** highlights an evaluation of the company's performance, **Section 4** highlights the projects audited under UEGCL, and **Section 5** contains Appendices including Financial statements.*

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List of acronyms

SN	ACRONYM	MEANING
1.	Bn	Billion
2.	CDAP	Community Development Action Plan
3.	DLP	Defects Liability Period
4.	EPC	Engineering, Procurement and Construction
5.	ERA	Electricity Regulatory Authority
6.	FY	Financial Year
7.	GOU	Government of Uganda
8.	HPP	Hydro Power Plant
9.	ICT	Information and Communication Technology
10.	IESBA	International Ethics Standards Board for Accountants
11.	IFRS	International Financial Reporting Standards
12.	INTOSAI	International Organization of Supreme Audit Institutions
13.	IPCs	Interim Payment Certificates
14.	ISSAI	International Standards of Supreme Audit Institution
15.	MEMD	Ministry of Energy and Mineral Development
16.	MoFPED	Ministry of Finance Planning and Economic Development
17.	NAA	National Audit Act
18.	NKPS	Nalubale-Kiira Power Stations
19.	O&M	Operations and Maintenance
20.	OE	Owners Engineer
21.	PAPs	Project Affected Persons
22.	PPA	Power Purchase Agreement
23.	RAP	Resettlement Action Plan
24.	UEGCL	Uganda Electricity Generation Company Limited
25.	UETCL	Uganda Electricity Transmission Company Limited
26.	TPP	Thermal Power plant

**SECTION 1: REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL
STATEMENTS OF UGANDA ELECTRICITY GENERATION COMPANY LIMITED FOR
THE FINANCIAL YEAR ENDED 30TH JUNE 2024**

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the financial statements of Uganda Electricity Generation Company Limited (UEGCL) for the financial year ended 30th June 2024, which comprise the Statement of Financial Position as at 30th June 2024, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, and the Statement of Cash Flows, together with other accompanying statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Uganda Electricity Generation Company Limited as at 30th June 2024, and its financial performance and cash flows for the year then, ended in accordance with the International Financial Reporting Standards (IFRS), and the requirements under the Companies Act, Cap 106 of the Laws of Uganda.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. I am independent of the Company in accordance with the Constitution of the Republic of Uganda, 1995 (as amended), the National Audit Act, Cap 170, the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics, the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code), and other independence requirements applicable to performing audits of Financial Statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Uganda. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Emphasis of Matter

Without qualifying my opinion, I would like to draw the readers' attention to the following matters which have been reflected under Notes 3C, 21 and 28 of the financial statements;

1.1 Recognition of revenue from the sale of electricity generated from Nalubaale-Kiira Power Stations (NKPS)

Disclosed under Note 3C are power sales from NKPS to UETCL amounting to UGX.90.13Bn out of which UGX.48.25Bn investment component of the tariff was recognised as differed income in the statement of financial position.

Analysis of the revenue recognised revealed the following:

- i. The generation license does not specify that the investment component relates to future capital expenditure, as well as the refund mechanism in the event the company does not satisfy the performance obligations.
- ii. In a letter dated 27th August 2024, the URA guided that income generated from the sale of electricity energy by UEGCL is business income and thus chargeable to tax in accordance with the Income Tax Act. The guidance therefore indicates that the revenue should be recognised to enable the authority charge corporation tax, a treatment that contradicts the deferral of income.
- iii. IFRS 15.110 requires that the company discloses sufficient information to enable the users understand the nature, amount, timing and certainty of revenue arising from contracts with the customers. However, the company did not disclose the following;
 - Revenue recognised in the year that was included in the deferred liability balance at the beginning of the year.
 - Performance obligations satisfied, partially satisfied and unsatisfied as at year end.
 - Payments made during the year for which no performance obligation has been fulfilled i.e. Work in Progress (WIP).
 - The timing of the satisfaction of the performance obligation and the amount allocated to the performance obligations.

The above implies a contradiction between the revenue that the company has recognised and the revenue from which the URA expects to charge tax which may result into tax penalties and potential litigation. However, the recognition of all revenue in full implies that the investment fund is net of tax which will affect implementation of planned investments.

The Accounting Officer explained that the investment component of the revenue is part of the overall tariff revenue that UEGCL earned. However, since it is earmarked for specific future capital expenditure, this portion of revenue cannot be immediately recognized in the statement of comprehensive income as revenue. This component has been recognized as deferred income on the statement of financial position until the performance obligation is fulfilled.

Recommendation

I advised the company's stakeholders including MEMD, MoFPED, ERA, URA and Accountant General, to come up with the guiding framework for the accounting treatment of the investment component of the tariff and the associated taxes.

1.2 Outstanding Receivables

Disclosed in note 21 of the financial statements are trade and other receivables of UGX.118.66Bn which increased by UGX.42.63Bn (56%) from UGX.76.02Bn in the financial year 2022/2023. The outstanding receivables majorly relate to unpaid power sales to UETCL amounting to UGX.87.73Bn of which UGX.12.36Bn relates to unreleased Namanve capacity charge from treasury for the 13 months from December 2022 to December 2023 and two (2) invoices for May and June 2024.

The delayed collection of receivables affects the efficient and safe management of the company's assets which may impact reliability and security of electricity supply.

The Accounting Officer explained that UEGCL discussed and made formal requests to UETCL, MoFPED and MEMD since last financial year to provide support for this funding through supplementary requests. The supplementary budget approval for the Namanve TPP (Thermal Power Plant) capacity charges of UGX.19.65 Bn was granted during the year, however the funds were not released. This led to a shutdown of 2 units at Namanve due to failure to implement planned capital investments.

Recommendation

I advised the Accounting Officer to continue engaging MoFPED and MEMD to provide funding for the outstanding capacity charges for Namanve.

1.3 Long outstanding payables

Note 28 shows that trade and other payables decreased by UGX.10.32Bn (21%), from UGX.48.48Bn to UGX.38.16Bn in 2023/2024. Of the outstanding payables, 58% relates to supply of the Heavy Fuels and oils for Namanve TPP and Owner's engineer supervision cost for Karuma HPP and Isimba HPP which remained outstanding by the end of the financial year.

This was attributed to budget and cashflow constraints arising from insufficient GOU budgets and releases to support project supervision.

Failure to promptly settle outstanding obligations affects the company's creditworthiness, reputation, the morale of the owner's engineer and the quality of works.

The Accounting Officer explained that the company always prioritizes the budgets for project supervision to minimize the risks associated with delayed payments. For instance, in the FY 2023/24, a budget request of UGX.144Bn was submitted and only UGX.43.5Bn was approved and released. In addition, a supplementary of UGX.43.1Bn received during the year was not adequate to pay all the outstanding invoices.

Recommendation

I advised the Accounting Officer to engage MEMD and MoFPED to provide funding for settlement of the supervision costs and other obligations.

Other Information

The Directors are responsible for the other information. The other information comprises the statement of responsibilities of the Directors, commentaries by the Executive Director and the Head of Accounts, and other supplementary information. The other information does not include the financial statements and my auditors' report thereon. My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

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

Management Responsibilities for the Financial Statements

The Directors are also responsible for the preparation of financial statements in accordance with the requirements of IFRS and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Directors have a realistic alternative to the contrary.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

From the matters communicated with the Directors, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other reporting responsibilities

In accordance with Section 18 (1) of the National Audit Act (NAA), Cap 170, I report to you, based on my work described on the audit of Financial Statements, that; except for the matters in Section 2 of this report and those raised below, and whose effect have been considered in forming my opinion on the financial statements, the activities, financial transactions and information reflected in the financial statements that have come to my notice during the audit, are in all material respects, in compliance with the authorities which govern them.

In respect of the compliance criteria of the applicable laws and regulations, I consider it necessary to communicate the matters below;

1.4 Management of land for generation facilities

According to paragraph 11 of UEGCL Financial policies and procedures manual 2019, the Company is required to maintain an updated register of all its assets, ensuring that they are protected and safeguarded against theft.

The Company controls various parcels of land on which the generation facilities are held, however I noted that;

- Karuma HPP, Isimba HPP, Nalubaale-Kiira, Namanve TPP, were not recorded in the Company’s fixed assets register.
- No evidence that titling process of some of the land parcels had commenced.
- Some of the land was encroached on and the matters were in court.
- For some parcels the RAP process had not been completed and therefore full control had not been attained.

Table Showing status of land controlled by UEGCL

Generation Asset	Land Description	Comment	Management response
Karuma HPP	Not recorded in Asset register	Titling not complete RAP not complete 95% Land encroached Title in custody of MEMD	UEGCL’s mandate is to operate and maintain Gov’t’s Electricity Generation Assets. MEMD reserved the rights to purchase project land and, they also handle RAP as well as process of titling.
Isimba HPP	Not recorded in Asset register	Titling not complete, RAP not complete Land encroached and reported that some of the boundary mark stones were vandalized by the community	UEGCL’s mandate is to operate and maintain Gov’t’s Electricity Generation Facilities. MEMD as the Owner of Project reserved the rights to purchase project land and conduct RAP to completion.
Nalubaale-Kiira HPP	FRV 216 Folio 17 Land at Njeru vested in UEGCL from UEB	Transfer of UEGCL land at Njeru not complete	Separation of title has commenced. The file is at Mukono Zonal Lands Office with respect to the title of land within Njeru. The file will thereafter be forwarded to Jinja District Land Office
Namanve Thermal Power Plant	Not recorded in Asset register	Land not yet transferred to MEMD and then to UEGCL	At the Takeover of the NTPP from the developer- Jacobsen, all titles of the project land were handed over to MEMD, which is now processing transfer into Uganda Land Commission.
Nyagak III	Not recorded in Asset register	No evidence that the process of titling has commenced.	RAP is still on-going and titling will commence once it is completed.

Generation Asset	Land Description	Comment	Management response
Maziba HPP	FRV 233 FOLIO 12	No evidence that the process of titling has commenced. Land encroached and the matter is in court.	The land title is awaiting endorsement by the Registrar of titles at the Kabale Zonal Lands Office. Court process is still on to resolve the encroachment.
Muzizi		RAP on going and the process of land titling has not commenced.	Noted, RAP is still ongoing. UEGCL to consult with the relevant stakeholders given the complexities regarding Muzizi

The failure to streamline ownership and control of the Company's land impacts acquisition and renewal of licenses and transfer of Environment Impact Assessment certificates to UEGCL upon acquisition of facilities which are held on the land.

Recommendation

I advised the Accounting Officer to maintain a complete and accurate record of all the land controlled by the Company with relevant details such as size, location and value to ensure traceability and accountability.

1.5 Human Resource Management

1.5.1 Staffing Gaps

The Board approved the reviewed organizational structure at the 129th extra ordinary meeting on 31st May 2024.

A review of the approved structure revealed that out of 491 approved positions, a total of 371 (76%) positions were filled, leaving 120 (24%) vacant. Some of the key vacant positions included: Section Head-Mechanical-Karuma, Manager Health and Safety, Section Head Civil Karuma, Head Engineering and Asset Management among other positions as detailed in Appendix 1.

Understaffing hinders the entity's ability to deliver its mandate.

The Accounting Officer committed to fill the vacant positions during the course of the 5-year strategic plan period 2023-2024, in line with approved annual manpower plans and giving priority to critical positions.

Recommendation

I advised the Accounting Officer to ensure that critical positions are filled to enhance the company's ability to deliver its mandate.

1.5.2 Short term employment contracts

The Board at its 73rd ordinary meeting held on 23rd February 2023 approved offer of two-year contracts for recruitment or renewal of contracts and would automatically be terminated after the rationalization and merger process.

A review of the staff list revealed that all staff contracts were valid up to 30th June 2025 pending implementation of the merger of electricity companies.

Short-term offers render it difficult for the Company to attract highly qualified and experienced labour during recruitment. In addition, short tenure of contracts and the uncertainty of job security affect the ability of staff to diligently perform their duties, which impacts the operations of the Company.

The Accounting Officer explained that MEMD was engaged and is liaising with the Ministry of Public Service to secure an approval for the extension of the employment contracts for staff. Similarly, the UEGCL Board of Directors intended to engage the shareholders at the Annual General Meeting on the extension of contracts.

Recommendation

The Ministry of Public Service and the shareholders should provide guidance on the extension contracts and provide a clear roadmap on the merger process to avoid the loss of critical staff.



Edward Akol
AUDITOR GENERAL

20th December, 2024

SECTION 2: REPORT ON THE AUDIT OF COMPLIANCE WITH THE RELEVANT REGULATORY FRAMEWORK

The Office of the Auditor-General conducted a compliance audit on a subject matter of Assessing the Company's Corporate Governance.

The audit was conducted in accordance with the functions of the Auditor General, specified in Section 18 of the National Audit Act Cap 170.

The primary objective of the audit was to obtain sufficient and appropriate audit evidence to form a conclusion on whether UEGCL complied with the relevant identified criteria.

My audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI 4000)¹ on compliance auditing.

Relevant audit criteria

The criteria for the audit were based on Acts of Parliament, regulations, and manuals/guidelines designed to ensure compliance with laws governing the Corporate Governance for Statutory Corporations.

These include;

- Multiple international and national corporate governance authorities, such as the ICGN, ISO, and the Institute of Corporate Governance of Uganda.
- The Company's Act.
- UEGCL's Board Charter.

Audit Methodology

My audit was conducted based on the information and records provided by UEGCL. In executing this audit, various approaches were exercised which included;

- Documents reviews.
- Physical inspections.
- Interviewing relevant officials of the company and;
- Analysing data provided

Audit Findings

The material findings with respect to the compliance criteria for the applicable subject matter are as follows;

2.1 Assessment of Corporate Governance

The overall audit objective is to assess and evaluate the appropriateness and effectiveness of the governance practices, decision-making processes, and oversight responsibilities performed by the entity's governance board.

¹ ISSAI 4000 - Compliance Audit Standard

2.1.1 Delayed annual Board evaluation

According to paragraph 17 of the UEGCL's revised Board of Directors Charter, the Board shall undertake a formal and rigorous evaluation of its own effectiveness and performance, of its individual members, Committees and the Chairpersons of the Board. The performance evaluation shall be done at least once annually in accordance with appropriate evaluation tools approved by the Board of Directors.

During the year, there was no evidence of board evaluation contrary to the provisions of the charter. I reviewed the annual report and noted that the board evaluation was deferred, which contradicts good corporate governance practices.

Failure to undertake evaluation of the board's performance affects the board's ability to assess its effectiveness and of its committees.

The Accounting Officer explained that the board evaluation for the period 2023/24 was to be conducted in the second half of the FY 24/25 and would be completed within six months of the end of the year. However, the evaluation for the period 2022/2023 was only completed in June 2024 and it is prudent to give some time for the implementation of the recommendations before the next evaluation.

Recommendation

I advised the Board to conduct board performance evaluation annually as stipulated in the charter to ensure that any performance gaps identified are timely addressed.

2.1.2 Board composition

The First Schedule Table F (Section 14) of the Companies Act, CAP.106 requires that the composition of board be a balance of executive and non-executive directors, with the non-executive directors as the majority.

Whereas I acknowledge the provisions in the board charter to outsource some of the required expertise needed at a particular time, review of the ERA report revealed that there were gaps in the mix of skills, expertise, experience and diversity in the board and its committees. Furthermore, there are no executive directors without voting rights on the board and the ratio of public to private sector relevant experience of the members was reported at 6:1 by ERA.

The imbalances in the mix of relevant skills, expertise, experience and diversity in the board composition can lead to inefficiencies in the operations of the board and execution of its roles. Additionally, the significant representation of the board by public sector may deny the company the benefits of private sector experience.

The Accounting Officer explained that the Board resolved to co-opt a competent person with the relevant ICT skills, competences and experience to assist the Board execute its role concerning ICT Governance and Oversight, as well as one with Risk Management and oversight skills to assist the Board on the risk oversight role. The Executive Management is involved in all Board meetings and provides the balance to the board by offering an independent perspective and constructive advice.

Recommendation

The shareholders are advised to perform a comprehensive needs assessment for the board composition to ensure a well-balanced board in accordance with the requirements of the Companies Act and good corporate governance principles and practices.

2.1.3 Undefined Board Tenure

According to Section 11(b) and (g) of the UEGCL board charter states that in constituting the Board, the following considerations will be borne in mind: The Directors' terms of service, tenure in office and renewal of appointment, shall be determined by the Shareholders at an Annual General Meeting; The Shareholders shall ensure that at the time of constituting the Board, clear terms and conditions of service for the Directors shall have been drawn up; clarity on time commitments; a performance management mechanism for the Board in place and an approved oath for the Directors to be appointed.

I reviewed the appointment letters of the board and noted that the board members had no term limits for reappointment, it was contingent on the shareholder's decision at the AGM. This was due to lack of provisions in the board charter on the number of times the board members would be reappointed.

Without new members coming in, the Board may be denied new ideas, experience and perspectives that would enhance creativity and innovation.

The Accounting Officer explained that board tenure is determined by the shareholders.

Recommendation

The shareholders are advised to ensure that the tenure of the board in terms of reappointment is clearly defined in the board charter to ensure attraction of new talent and experience into the company's governance structure.

Conclusion

The evidence obtained from the compliance audit of the Uganda Electricity Generation Company Limited on the corporate Governance subject matter is sufficient and appropriate to provide a basis for my conclusion.

Based on the work performed described in this report, except for the findings stated above, nothing has come to my attention that causes me to believe that the subject matter is not in compliance, in all material respects, with the relevant criteria.

Edward Akol

AUDITOR GENERAL

20th December, 2024

SECTION 3: REPORT ON PERFORMANCE EVALUATION

In accordance with Schedule 2 of the Public Finance Management Act Cap 171 on the presentation of financial statements, and Section 18 of the NAA Cap 170, I undertook an evaluation of the Company's actual performance in comparison with its planned activities and outputs for the year as well as its mandate. This section presents the findings from the evaluation of the performance.

3.1 Assessment of the Company's Financial Performance

Section 50(1) of the Public Finance Management Act CAP.171 requires an Accounting Officer of a public corporation to independently manage the enterprise, operate efficiently, make profits and pay dividends to the shareholders. Their financial performance is therefore of interest to the stakeholders. Accordingly, I used financial ratios to analyse and assess the company's profitability, liquidity, efficiency and solvency. Below are my findings:

3.1.1 Operating Margin

Operating margin is the ratio that indicates how much profit an enterprise makes from its core business in relation to its total revenues. It is calculated from Operating income or EBIT /total revenue. It measures the extent to which the company can pay for its operating costs, while remaining profitable. Generally, an operating margin higher than 15% is considered good. A higher operating margin means that the enterprise has less financial risk.

The Company had an operating margin of 28.5% which is above 15% and thus considered adequate. I further noted that the operating margin increased by 6.1% from 22.4% realized in the previous year 2022/23.

The improved performance was attributed to increase in revenue arising from the takeover of Karuma and Nalubale-Kiira power plants.

Although the increase in the operating margin signals the Company's financial stability and its ability to cover the operating costs effectively, the Accounting Officer highlighted that 82% of the revenue was ringfenced for loan repayments and therefore the Company remains vulnerable with liquidity challenges.

Recommendation

I commended the Accounting Officer for the improved performance and urged management to continue deploying good cost management controls to ensure efficient use of resources.

3.1.2 Profits After Tax

The Company's profit increased from UGX.33.99Bn in the prior year to UGX.54.28Bn in 2023/2024 representing a 60% growth in profits.

The significant improvement in profitability was mainly attributed to increased revenue and the reduction in administrative expenses arising from the fact that the previous expenses included the buyout amount of Nalubale-Kiira HPPs.

Whereas in the context of an electricity generating Company growth in profitability signifies financial health and sustainable operations as well as its capacity to undertake future projects, the Accounting Officer indicated that the profit will be absorbed by the loan repayment.

Recommendation

I commended the Accounting Officer for the improved profitability and advised management to explore strategies to sustain the positive trend.

3.1.3 Return on Assets (ROA)

Return on Assets shows the percentage of how profitable a Company's assets are generating revenue. It measures management's efficiency in using the Company's assets to generate earnings. Although companies that require large initial investments will generally have lower return on assets, ROAs below 5% are generally considered inadequate.

I noted that although the company's ROA increased by 0.21 from last year's 1.04% to 1.25% which suggests a slight improvement the return is still considerably below the desired 5%.

This indicates a suboptimal utilisation of the company's assets to generate income, which was attributed to low electricity sales arising from the current weed challenge which impacts utilization of assets, as well as the low dispatch since capacity-based plants are prioritized over energy based.

The Accounting Officer stated that strategies such as a revision of the license to provide for cost reflective tariff which is line with the average tariff and allowing UEGCL to earn a reasonable return on investment would improve the ROA. The sector is also exploring the opportunity presented by the Electricity (Amendment) Act, of eliminating the single market buyer structure and selling directly to end users and East African Power Pool (EAPP).

Recommendation

I advised the Accounting Officer to engage ERA to revise the license to provide for a cost reflective tariff and allow UEGCL to earn a reasonable return on investment. In addition, the opportunities presented in the Act should be explored.

3.1.4 Liquidity Assessment

The Liquidity ratio measures a company's ability to meet short-term financial obligations with its current assets. A quick ratio between 1 and 1.5 is generally considered healthy.

UEGCL's quick ratio as at 30th June 2024 was 0.3 as compared to 0.2 as at the end of last financial year, and below the desired ratio of 1. This implies that the company's current assets are insufficient to cover its short-term obligations. Given that some of the cash balances are earmarked for specific future investments, the company's liquidity position is unhealthy.

This was attributed to loss of the Namanve capacity revenue due to unavailability shut down of generator 2 and 7 which were due for overhaul, delayed commissioning of Karuma which led to accumulation of interest payable and delayed fulfilment of government commitment to provide funding for owner's engineer, Karuma HPP startup funds and Namanve capacity arrears.

It was further attributed to invoicing based on energy as opposed to capacity of the HPP as per the power purchasing agreements which limits revenue stream. These factors increased the Company's short-term obligations without a proportional increase in current assets.

This implies that the Company's current assets are insufficient to cover its short-term obligations. Given that some of the cash balances are earmarked for specific future investments and loan repayment, the Company's liquidity position is unhealthy.

The Accounting Officer explained that the Company has continued to pursue the collection of the long outstanding receivables from UETCL, as well as continued efforts to pursue the financial sustainability agenda for the energy sector to provide a cost reflective tariff.

Recommendation

I advised the Accounting Officer to engage relevant stakeholders to renegotiate the power purchase agreement, so that invoicing is based on capacity rather than energy sold. In addition, the license for Nalubale-Kiira power plant should be reviewed to provide for a cost reflective tariff. Furthermore, MoFPED should provide funding for the Namanve capacity charge. These strategies would provide a more stable revenue stream, which would enhance the Company's liquidity position.

3.1.5 Debt Ratio Analysis

Debt ratios measure the proportion of the enterprises' total assets that are financed by debt (all liabilities). Although the risk levels vary from industry to industry, a debt ratio of more than 50% is considered undesirable.

UEGCL's debt ratio as at 30th June 2024 was 88.7%, indicating that a significant portion of its assets are financed by debt. The undesirable ratio is attributed to significant on-lent loans for Karuma and Isimba HPPs, and inadequate loan repayment on both loans.

This signifies a high financial risk given that the company majorly relies on debt to fund assets. Furthermore, it might hinder the company's access to future loans, limiting its financial flexibility.

The Accounting Officer acknowledged that UEGCL cannot substantially make the loan repayments given the challenges surrounding the plants, the energy billing, the low

dispatch for Karuma, the water weed, the water levels all impacting on the revenues for the plants from time to time. Additionally, Isimba still has defects which must be worked on which will lead to shut down of some of its units further impacting its revenue.

Recommendation

I advised the Accounting Officer to continue pursuing the debt restructuring option of converting on-lent into equity.

3.1.6 Interest Cover

Interest cover Ratio (ICR) measures a company's ability to meet its interest obligations on outstanding debt. A ratio above 2 is generally considered acceptable

The company's ICR improved by 41% from last financial year to a ratio of 4.1 on 30th June 2024. This is beyond the desirable ratio of 2 indicating that the company can comfortably cover its interest payments. However, I noted that interest payable increased by 18% from last year to UGX 529,864,652,815 in the current year which may cause potential challenges in meeting future interest payments.

The accumulation of interest payable is a result of delayed commissioning of Karuma and billing approach which is based on energy as opposed to capacity.

The Accounting Officer explained that the low revenue from Karuma HPP is not adequate to support the loan repayments. The loan agreements assumed that the tariffs would be capacity based as per the PPA, however with the energy tariff, and low dispatch it will be difficult for the Karuma loan to be repaid with consistency and within the 20 years. The shareholders need to consider a conversion of the outstanding Karuma interest arrears of UGX.546Bn to equity. In the short term, negotiations to allow more dispatch from Karuma is critical.

Recommendation

I advised the Accounting Officer to renegotiate with ERA to modify the generation licenses for both Karuma and Isimba HPP so that adequate revenue is generated to cater for repayment of loan and interest as well as the operations and maintenance costs.

3.2 Implementation of the Approved Budget

The Company is mandated to establish, acquire, maintain and operate electricity generation facilities and to promote research and development in the electricity generation sector while running the company on sound business principles.

I reviewed the strategic plan, work plans, budgets and performance reports to assess the extent to which the company implemented its planned activities and made the following observations;

3.2.1 Failure to align the Strategic plan Period to NDP III timing

The National Development Plan (NDP III) is expiring at the end of FY 2024/25. According to Section 12(6) of the PFMA CAP.171, the annual budget should be consistent with the National Development Plan, the Charter for Fiscal Responsibility and the Budget Framework Paper.

The company's strategic plan was anchored on Policy changes which encompass the overarching National Strategy as enshrined in NDP III and Vision 2040, formulation of the NRM Manifesto covering the period 2021- 2026. However, I noted that the company's strategic plan timeline of 2023-2028 was not aligned to NDPIII timeline of 2020-2025.

The misalignment of the company's strategic plan with National Development Plan may lead to the company implementing initiatives which do not contribute to the national goals as enshrined in the NDP.

The Accounting Officer explained that following UEGCL's engagement with National Planning Authority (NPA), it was agreed that the strategic plan 2023-28 would be aligned to the NDP IV and that the alignment process is envisaged to be finalized by March 2025.

Recommendation

I advised the Accounting Officer to ensure that the timing and the contents of the strategic plan are aligned to the NDP IV.

3.2.2 Revenue Performance

The company budgeted to receive revenue amounting to UGX.540.175Bn for the financial year 2023/2024, out of which UGX.431.181Bn was received representing 80% performance as shown in the table below.

Table showing Revenue Performance

Source	Revenue			%
	Budget (UGX) "Bn"	Actual (UGX) "Bn"	Variance (UGX) "Bn"	
Nalubaale-Kiira Income	90.132	90.132	-	100%
GOU Contribution (Isimba Grant)	19.660	19.500	(0.160)	(99%)
GOU Contribution (Karuma Grant)	24.864	22.854	(2.010)	(92%)
GOU Contribution (Muzizi)	2.500	2.500	-	100%
Karuma Start-up costs (GOU)	20.122	20.122	-	100%
Grant Income Nyagak (GOU)	22.820	22.000	(0.820)	(96%)
Isimba Income	172.701	184.760	12.059	107%
Karuma Income	121.327	11.750	(109.576)	(10%)
Namanve Income	66.050	55.228	(10.822)	(84%)
Interest Income	-	2.190	2.190	-
Sundry Income	-	0.145	0.145	-
Total	540.175	431.181²	(108.995)	80%

² The total includes revenue deferred during the year but excludes amortized deferred revenue.

The shortfall in the revenue was majorly attributed to unrealized income from Karuma resulting from delayed commissioning of the power plant and unpaid Namanve Capacity revenue.

This resulted into delayed commencement of the loan repayment for Karuma and the failure to overhaul two generators at Namanve TPP which had reached run hours.

The Accounting Officer explained that Karuma HPP revenue was not realized due to delayed attainment of Commercial Operation Date which happened on 12th June 2024.

Recommendation

I advised the Accounting Officer to negotiate with ERA and shareholders to incorporate the capacity charge in the tariff if funding from government cannot be realised.

3.2.3 Absorption of available funds

For the financial year 2023/2024, the Company had funds available for spending amounting to UGX.468.918Bn and spent UGX.375.597Bn representing an absorption of 80% as shown in the table below.

Showing absorption of available funds

Source	Actual receipts (UGX) "Bn"	Cash Balances b/d (UGX) "Bn"	Total funds available for spending (UGX) "Bn"	Funds spent (UGX) "Bn"	Un spent Balance (UGX) "Bn"
Nalubaale-Kiira	81.680	7.061	88.741	53.931	34.810
Isimba revenue	195.989	22.483	218.472	178.762	39.709
Karuma sales	3.965	-	3.965	0.122	3.842
Namanve revenue	53.688	0.302	53.991	53.677	0.314
GoJ releases- Projects	86.975	2.721	89.696	81.945	7.750
Norwegian Grant	-	14.562	8.114	3.546	11.016
Others	-	5.937	5.937	3.610	2.326
Total	422.299	53.068	468.918	375.597	99.770

The un-spent balance was meant for the following key activities which were either partially or not implemented.

Table Showing major activities attributed to unspent funds

No.	Strategic objective	Unutilized funds (UGX) "Bn"	Activities	Remarks	Management response
1.	Improve Asset Management	34.810	Nalubaale-Kiira (NKPS) Investment Component	The unspent balance includes UGX.33.24Bn for NKPS investments and UGX.1.56Bn for operations. I also noted that the funds for investments worth UGX.12.34Bn were spent on; plant licenses and insurance	The PPA allows collection on a monthly over a 12month period, yet the insurance and licence fees are all paid in advance. This is therefore a timing difference. Also, to note that at the point of take over from Eskom in April 2023, UEGCL did not receive working capital to support the initial costs for

No.	Strategic objective	Unutilized funds (UGX) "Bn"	Activities	Remarks	Management response
				and UGX.201Mn on approved investment. Most of the investments were not implemented during the year due to delays in the procurement process.	operations and maintenance of the plant.
2.	Improve Knowledge, Skills & Abilities	4.567	Norwegian grant's training capacity	Under absorption of grant funds could lead to failure to meet the grant objective of developing staff capacity.	This was majorly affected by Covid 19, the contract which should have been executed in 2020, but was instead signed off in 2022. UEGCL has secured a 2 year no cost extension to December 2026 to fully implement the pending activities and absorb the grant balance.
3.	Improve Asset Management	39.709	Isimba loan repayment and operation and maintenance (O&M)	Loan repayment for the subsequent period.	The loan is paid twice in a year in, May and November. The balance relates to two months collection after the May loan and interest payments for Isimba HPP.
4.	Implement the UEGCL Business Growth and diversification strategy	7.221	Nyagak PAs and Owner's Engineer (OE) costs Muzizi RAP activities	Muzizi RAP activities, Nyagak PAs and OE costs were not implemented	Nyagak III The change in evacuation route for Nyagak III HPP delayed the approval of the RAP report. CGV has now approved the report and RAP implementation will commence in Nov 2024 Muzizi RAP for Muzizi is ongoing, (planned for Ugx 2.5 Bn) a review to initial assessment to be done by external consultant to enable completion of this activity as per the CGV guidance.
5.	Improve Customer Satisfaction	0.691	Stakeholder satisfaction survey.	Assessment of stakeholder satisfaction was not done	The stakeholder satisfaction survey is set to be done during the current financial year at the same cost of Ugx.69 Mn

Unimplemented activities affect the company's ability to fully achieve strategic objectives.

Recommendation

I advised the Accounting Officer to ensure that the activities for which funds are available are implemented as planned.

3.2.4 Un funded strategic objectives

UEGCL is currently implementing a 5-year strategic plan for the period 2023-2028 which is intended to; meet specific national electricity generation targets, ensure efficiency in operations and maintenance, sustainably generate reliable, quality and reasonably priced electricity for socio-economic development.

A comparison of the company's strategic and annual work plan for the financial year 2023/2024 revealed that the entity had not adequately implemented some of its strategic initiatives amounting to UGX.66.389Bn due to funding challenges. The affected activities among others include Project supervision costs for Karuma and Isimba, Implementation of capital investments plans and Community Development Action Plan. Refer to appendix 2 for details.

Failure to secure funds for planned activities negatively affects achievement of the company's strategic objective and affect service delivery.

The Accounting Officer explained that key stakeholders were engaged on provision of additional funding to execute under unfunded activities. Management is also exploring alternative sources revenue from non-core business portfolios to supplement the core revenue resources, such as; operationalization of the Professional services Unit, the Commercialization of the UEGCL non-generation assets especially at Karuma HPP and sale of Carbon credits.

Recommendation

I advised the Accounting Officer to continue engaging MoFPED to provide funding for the implementation of unfunded priorities. Furthermore, the Accounting Officer should fast-track the avenues of generating alternative revenue from noncore business portfolios.

3.2.5 Implementation of planned activities

The company uses a Balanced Score Card (BSC) approach to monitor corporate performance using the 4 perspectives of: financial stewardship, stakeholder, internal business processes, and organisational capacity. To achieve the company's nine (9) strategic objectives under the various BSC perspectives, the company set out to implement 74 activities under 13 initiatives as detailed in appendix 3.

I assessed the implementation of a sample of sixty-nine (69) activities with total expenditure of UGX.155.968Bn and noted the following:

- 43 (62%) activities with total expenditure of UGX.135.790Bn were fully implemented. Some of the implemented activities include project Scheduling, Cost and Quality management for generation plants in the project and post project phase and implementation of the integrated compliance framework.
- 21 (31%) activities with total expenditure of UGX.20.177Bn were partially implemented. The company has spent some funds towards the activities however not all key deliverables had been achieved for example: development

and implementation of power generation infrastructure and implementation of the Community development Action Plan (CDAP) at Isimba and Nyagak Plants.

- 5 (7%) activities with a total cost of UGX.0.202Bn were not implemented. For example: environmental audit, brand and reputational survey for external and internal stakeholder

Failure to fully implement planned activities affects the company’s ability to achieve its set strategic objectives which ultimately impacts its corporate performance and service delivery.

The Accounting Officer stated that unimplemented activities will be prioritized in the FY 2024/2025, however, the failure to implement overhaul at Namanve was due to insufficient funding.

Recommendation

I advised the Accounting Officer to devise strategies to ensure unimplemented activities are prioritized and source funding for the insufficiently funded activities.

3.3 Project Infrastructure

3.3.1 Karuma HPP

On 16th August 2013, the Ministry of Energy and Mineral Development awarded a contract to Sinohydro Corporation limited to construct 600MW Hydropower plant at Karuma and its associated transmission line. The project was commissioned on 12th June 2024 which was over 5 years later than the initial expected completion date of 15th December 2018. I reviewed the contract implementation and noted the following:

3.3.1.1 Pending Snags & Works

Clause 55.1(F) of the special conditions of the contract requires the engineer-in-charge to issue certificates of completion (CoC). It further provides that the CoC shall not be refused on account of minor omissions or defects in the Generating Unit which do not affect the commercial operations or cause any serious risk to the Generating Unit.

I noted that CoC No.10 dated 12th June 2024 was issued alongside a list of 4,539 snags and outstanding scope of works which would be addressed during the defects liability period (DLP) as detailed in the table below.

Table showing Outstanding Snags

SN	Section	No	Update
1.	Outstanding Works		
	Electromechanical (Unit wise & Bop)	67	20% Completed, 70% WIP, 10% not started
	Civil Works	33	27% completed, 39% WIP and 33% not started
2.	Manuals	51	8 Fully Approved, 25 Approved with Comments, 20 Not Approved

SN	Section	No	Update
3.	As built Drawings	2662	33% Approved, 40% Under review, 27% not Started
4.	Snags		
	EM	291	57% Completed, 35% WIP, 8% not started
	Civil	1245	36% Completed, 40% WIP, 24% not Started
	Balance of plant (BoP)	190	28% Completed, 39% WIP, 33% not Started
	Total	4,539	

Though the pending items after issuance of the certificate of completion (CoC) were considered minor, delayed completion of pending works will affect safe and effective operation, maintenance as well as the durability of the power plant.

The Accounting Officer pledged to supervise the rectification of pending works by the contractor during the defects liability period.

Recommendation

I advised the Accounting Officer to ensure that the EPC contractor completes the outstanding snags and works expeditiously before the expiry of the defects liability period to avoid additional cost of supervision and ensure efficient and reliable generation of power.

3.3.2 Isimba HPP

On 6th September 2013, the Ministry of Energy and Mineral Development awarded a contract to China International Water and Electric Corporation to construct 183MW Hydropower plant at Isimba and its associated transmission line. I reviewed May-June 2024 DLP status report to assess the contract implementation and noted the following:

3.3.2.1 Pending Snags and defects after the Defects liability period.

Clause 5.2.1 of the contract states that the facilities or any part thereof shall be free from defects in the design, engineering, materials and workmanship of the plant supplied and of the work executed. It further provides that the facilities and the contractor's documents shall be in the condition required by the contract at the expiry of the defect's liability period.

Whereas the defects liability period expired on 31st March 2023, critical snags that were identified at the time of the plant takeover in April 2019 and during DLP were still pending.

Out of the 1610 defects identified between April 2019 to June 2024, only 1411 had been addressed leaving 199 pending as summarized in the table below. Appendix 4 gives details of the snags and possible consequences.

Table Showing a summary status of the rectification of snags and defects

Project Issues	Number of Issues identified	Rectified	Pending	Percentage of pending
Snag List & Outstanding works items	801	768	33	4%
Notified Defects as Warranty Service Requests	763	602	161	21%
Panel of Experts recommendations	46	41	5	11%
Total	1610	1411	199	12%

Some of the critical pending snags included: installation of the floating boom, operation and maintenance manuals, as built drawings, firefighting system, spillway remedial works and black start modification.

The unresolved issues affect the safety, operational integrity of the plant and reliability of power generation due to potential dam failure. Furthermore, they result in increased costs of supervision and monitoring.

The Accounting Officer explained that the owner’s engineer has continued to provide the necessary direction and guidance to the contractor on most of the remaining works. Furthermore, it is envisaged that the delayed remedial works on the Spillway may lead to potential dam failure which could lead to catastrophic flooding endangering lives and property downstream and significant economic loss to the country.

Recommendation

I advised the Accounting Officer to ensure that the contractor fast tracks the rectification of the remaining defects to secure the plant’s integrity and minimize the costs of supervision and monitoring.

3.3.2.2 Absence of Comprehensive Contractors All Risks Insurance

Clause 6.4.1(b) of the contract requires the contractor to take out and maintain Contractors All Risks Insurance cover (CAR) which should cover physical loss or damage to the Facilities and Contractor’s Equipment until the date of issuance of the Completion Certificate. I further noted that the President’s communication dated 19th December 2022 emphasized the need for the contractor to provide CAR covering the period up to the project completion date.

However, I noted that since the expiry of the Isimba HPP CAR in February 2021, the plant has not had comprehensive CAR as required by the contract.

Failure to obtain the CAR exposes the Company to risks associated loss or damage to the facility.

The Accounting Officer explained that engagements with MEMD to secure an appropriate CAR and ensure compliance with the contract.

Recommendation

I advised the Accounting Officer to ensure that the contractor acquires the contractor’s all risks insurance as required in the contract.

3.3.2.3 Delayed Implementation of Isimba Master plan for the Employers Camp

I noted that, the Company budgeted to spend UGX 126.6Bn for implementation of the master plan including: construction of 44 staff houses and other amenities such as; health center, internees' training block, workshop, garage among others. However, only UGX 26.9Bn (21.3%) was availed for the implementation of the master plan leaving a deficit of UGX 100Bn.

This results in unsustainable operation and maintenance of the power plant arising from staff commuting daily, despite the fact that the plant requires 24-hour monitoring. In addition, there was increased cost given that the company incurred UGX.581Mn during the year on rent for staff accommodation, excluding the cost of transporting staff from the rented accommodation to the power plant.

The Accounting Officer explained the Company had continuously budgeted for the employer's camp in line with the phased approach adopted to implement the master plan. However, works stalled due to budget cuts.

Recommendation

I advised the Accounting Officer to continue engaging the MEMD and MoFPED on allocation of funding for the completion of the employer's camp to close the accommodation gap and ensure sustainable monitoring of the plant.

3.3.2.4 Expired Draw down date

A review of addendum 6 of the contract revealed that the loan drawdown date expired on 31st December 2023 despite an outstanding amount of USD.16.179,186.38 payable to the contractor upon rectification of the identified defects.

In a letter to the Attorney General dated 1st October 2024, the PSST indicated that the funder agreed to extend the drawdown date to 31st December 2024 to allow MEMD to process advance payment guarantee against which the outstanding loan amount will be drawn. However, advance payment to the contractor contradicts the Presidential directive of 19th December 2022 which guided that the contractor should not be paid until all the defects have been rectified.

There is a risk that the contractor may not execute works up to the required standard due to receipt of full payment before completion. The situation is exacerbated with the fact that the contractor was paid the full retention amount, yet several critical snags are still pending. However, there is a risk of loss of funding due to expiry of the drawdown date.

The Accounting Officer stated that it is impractical to complete the pending works before 31st December 2024 because the Contractor has not yet established the Root cause of the Spillway defects to enable implementation of the remedy. It is estimated the works may take over 2 years.

Recommendation

I advised the MoFPED and MEMD to negotiate with the funder to extend the drawdown expiry date to allow adequate time for the contractor to address the pending snags.

3.3.2.5 Payment of retention monies prior to rectification of defects

Paragraph 8 of appendix 10 of the contract, states that when the Taking-Over Certificate has been issued for the facilities, and the facilities have passed all specified tests, the first half of the retention money shall be certified by the project manager for payment to the Contractor. The outstanding balance should be paid at the end of the defect's liability period provided all defects have been rectified.

Contrary to the above, the contractor was paid full retention monies amounting to USD 27,368,304 despite pending defects and snags.

There is a risk of financial loss if the contractor fails to address the pending defects.

The Accounting Officer explained that 5% retention was released against a retention Money Bond (RMG). MEMD was reminded to instruct the contractor to extend the Retention Money Guarantee (RMG) before its expiry on 31st December 2024.

Recommendation

I advised the Accounting Officer to engage MEMD to ensure that the contractor extends the retention money guarantee for a period commensurate to the time required to address the pending snags.

3.3.3 Nalubaale-Kiira**3.3.3.1 Delayed implementation of approved Investments**

From my review of quarter 1 and 3 Operations and maintenance reports, I noted that ERA approved budgets amounting to UGX.36.321Bn and UGX.34.400Bn for investment in the years 2023 and 2024 respectively.

However, out of the 58 approved investments approved for the two (2) years, only 3 (5%) were completed at the time of the audit and the majority were still under the procurement processes as shown in the table below.

Table showing status of ERA Approved Investments for Nalubaale-Kiira

Year	Under Procurement	Under Implementation	Completed	Total
2023	17	12	2	31
2024	26	-	1	27
Total	43	12	3	58

This was attributed to delayed initiation and long lead time for contracting and delayed implementation by the contractors.

The delayed implementation of approved investments undermines the intended goal of improving plant availability, performance and enhanced service delivery.

The Accounting officer attributed the delayed implementation of the approved investments to procurement challenges such as limited response from original equipment manufacturers, difficulty in estimating the contract price resulting in bid prices exceeding budgets which consequently requires ERA approval for additional budget causing delays.

Recommendation

I advised the Accounting Officer to always ensure that procurement processes are expedited to enable timely implementation of the investments that are intended to improve the reliability of electricity generation.

3.3.4 Funding gap for Namanve Thermal Power Plant

Under strategic objective 3 of the UEGCL strategic plan 2023-2028, the company aims to improve asset management by undertaking key actions including preparation and implementation of plant capital investment plans. Namanve Thermal Power plant is critical in ensuring security of supply and diversification of the generation mix of the Company's generation assets. The plant was transferred to UEGCL in 2022 in a state requiring extensive capital investment.

I noted that the plant has funding challenges which have hindered implementation of planned capital investments. The plant requires UGX.60.896Bn for the overdue overhaul of units; equipment upgrades and replacement; and remedial measures on continuously deteriorating and obsolete equipment.

Due to delayed implementation of planned investments, two generators which had depleted the running hours were shut down and this resulted in a 30% reduction of capacity charge revenue. In addition, the regulator issued a notice of non-compliance with the obligations to pay licensee fees for the plant amounting to USD.71,925 and a surcharge of USD 8,631 in April 2024.

The Accounting Officer further acknowledged that failures at Namanve Thermal Power plant expose the Nation to the vagaries of weather such as drought which may negatively affect the power output from hydropower plants.

Recommendation

I advised the Government and ERA to prioritize the funding for the implementation of plant critical investments to ensure plant availability and security of supply.

3.3.5 Progress of Implementation of Nyagak III Small HPP

On 30th November 2015 UEGCL entered into an agreement with Hydromax Ltd and Dott Services Ltd to develop, finance, construct, own, operate and maintain Nyagak III HPP under a Public Private Partnership arrangement. The agreement required parties to establish a Special Purpose Vehicle company-GENMAX to implement the

project. I reviewed progress reports to assess the extent of implementation of the project and noted the following:

3.3.5.1 Delayed completion of the Nyagak project

The expected commercial operation date for the plant was June 2024, however at the end of the financial year 2023/2024 the average physical progress was at 96.5%. I noted that the contractor requested for an extension of the deadline to 30th September 2024, however at the time of the audit in October 2024 the plant was not yet operational.

The delay was attributed to funding challenge due to delayed payments of pending certificates and delayed interconnected work of electro-mechanical and hydro-mechanical works and bad weather conditions. In addition, the construction of the evacuation infrastructure had not commenced, due to delayed acquisition of right of way for the new transmission route to new Nebbi substation.

This resulted into delayed access to electricity by the intended beneficiaries as well as increased costs of supervision. For instance, the extension of time for the supervising consultant by 6 Months ending December 2024 resulted in an additional cost of 146,960 Euros.

The Accounting Officer explained that the developer (GENMAX) proposed to change the alignment of the power evacuation line to Nebbi following the extension of UETCL national grid to West Nile region, a proposal that was approved by the UEGCL Board and MEMD. RAP implementation commenced and is expected to be completed by end of December 2024 to pave way for construction and completion of the new evacuation line in Q3 of FY 2024/2025.

Recommendation

I advised the Accounting Officer to ensure that the developer fast-tracks the completion of the generation plant to ensure improved economic and social livelihood of the beneficiaries.

3.3.5.2 Failure to include hand-Back provisions in the Implementation Agreement

Section 26(6)(t) of the Public private partnership Act CAP.111 states the agreement shall among others provide for the procedure for the delivery of the project to the contracting authority at the end of the agreement period.

Contrary to the above provision, the implementation agreement between UEGCL and the Strategic partner did not include procedures for the handing back the power plant to UEGCL at the end of the partnership. This was an oversight during the drafting of the implementation agreement.

Without procedures for handing back the power plant to UEGCL, there will be potential disruptions of power generation during the transition at the end of the partnership.

The Accounting Officer explained that the need to provide for the hand back mechanism in the implementation agreement or Shareholders agreement was based

on lessons learned from the takeover of Namanve TPP and Nalubaale-Kiira HPP. Furthermore, during the GENMAX Nyagak Limited AGM in October 2024, the UEGCL Board re-emphasized the need to provide for the hand-back mechanism in the Project Agreements.

Recommendation

I advised the Accounting Officer to continue engaging MEMD to ensure that the hand back provisions are incorporated in the implementation agreement.

SECTION 4: DONOR-FUNDED PROJECT AUDITED UNDER THE COMPANY

The Company is implementing one Donor-Funded project and in the year under review, a the project was audited by my office. A separate report was issued for the project and below is the status of the audits;

SN	Project	Status of audit
1.	Hydropower Operations and Maintenance Excellence project for year ended 31 st December 2023	Completed
2.	Hydropower Operations and Maintenance Excellence project for year ended 31 st December 2024	On going



Edward Akol
AUDITOR GENERAL

20th December, 2024

SECTION 5: APPENDICES

Appendix 1: Staffing Gaps

Department	Job Title	Approved	Filled	Vacant
CEO's Office	Executive Relations Officer	1	0	1
	Sub-Total			
Audit	Internal Auditor	3	2	1
	Internal Auditor (Technical)	2	1	1
	Manager Technical Audit	1	0	1
	Senior Technical Auditor	1	0	1
	Sub-Total	7	3	4
ICT	ICT Service Desk Officer	1	0	1
	ICT Network & Telecoms Support Officer	1	0	1
	ICT Officer Applications and Software Support	1	0	1
	ICT Systems Administrator	1	0	1
	Chief ICT Officer	1	0	1
	Senior ICT Officer-Plant Operations	2	0	2
	Senior ICT Officer -Business Intelligence	1	0	1
	Sub-Total	8	0	8
Risk	Senior Risk Officer Corporate Advisory	1	0	1
	Business Continuity Officer	1	0	1
	Sub-Total	2	0	2
Communications	Public & Media Relations Officer	3	1	2
	Senior Public Media and Relations Officer	1	0	1
	Sub-Total	4	1	3
PDU	Procurement officer	8	5	3
	Senior Procurement Officer	2	1	1
	Sub-Total	10	6	4

Department	Job Title	Approved	Filled	Vacant
Legal Services and Board Affairs	Head Legal Advisory Services	1	0	1
	Legal Officer	4	2	2
	Senior Legal Officer	2	1	1
	Senior Legal Officer Board Affairs	1	0	1
	Sub-Total	8	3	5
Strategy and Business Development	Business Performance Officer	2	1	1
	Business Analyst	2	1	1
	Senior Strategy Development and Alignment Officer	1	0	1
	Research and Innovation Manager	1	0	1
	Senior Investment Officer	1	0	1
	Manager Professional Services Unit	1	0	1
	Senior Professional Services Unit Officer	1	0	1
	Professional Services Unit Officer	1	0	1
	Sub-Total	10	2	8
	Finance	Senior Accounts Officer	6	2
Head of Regulatory Services		1	0	1
Financial Analyst Investment Planning & Verification		1	0	1
Pricing & Economic Analyst		1	0	1
Stores Officer		6	5	1
Senior Inventory Officer(1)		1	0	1
Store Assistant		5	3	2
Sub-Total		21	10	11
SHEQ	Manager Health and Safety	1	0	1
	Senior Environment and Safeguards Officer	1	0	1
	Senior Quality Officer	1	0	1
	Senior HS Risk Officer	1	0	1
	Senior Health & Safety Officer	3	0	3

Department	Job Title	Approved	Filled	Vacant
	Sub-Total	7	0	7
Human Resource	Senior HR Officer Talent Management	1	0	1
	HR Officer Talent Management	1	0	1
	Learning and Development Officer	1	0	1
	Sub-Total	3	0	3
	Job Title	Approved	Filled	Vacant
Estates and Administration	Administration Officer	5	4	1
	Office Attendant	8	6	2
	Security Officer	7	5	2
	Mechanical Technician	1	0	1
	Estates Officer	1	0	1
	Sub-Total	22	15	7
Projects	Senior Civil Engineer	5	2	3
	Assistant Project Manager	2	1	1
	Civil Engineer	9	3	6
	Senior Engineer	2	0	2
	Project Development Engineer	1	0	1
	Project Support Engineer	1	0	1
	Head Project Implementation	1	0	1
	Principal Engineer- Project Support	1	0	1
	Principal Engineer- Project Devt	1	0	1
	Assistant Project Manager (E&M)	1	0	1
	Sub-Total	24	6	18
Operations Head Office	Head Engineering and Asset Management	1	0	1
	Manager Engineering Services	1	0	1
	Senior Asset Management Officer	1	0	1
	Senior Turbine & Governor Engineer	1	0	1

Department	Job Title	Approved	Filled	Vacant
	Senior Transformer and High Voltage Engineer	1	0	1
	Senior Generator and Excitation Engineer	1	0	1
	Senior Protection and Control Engineer	1	0	1
	Senior Hydro Mechanical Engineer	1	0	1
	Senior Geotechnical and structure Engineer	1	0	1
	Senior Water resources and Hydrology Engineer	1	0	1
	Sub-Total	10	0	10
Operations Namanve	Shift Attendant	14	12	2
	Total	14	12	2
Operations Isimba	Shift Assistant	6	5	1
	Technical Manager Isimba	1	0	1
	Section Head Civil Isimba	1	0	1
	PA to Generation Manager	1	0	1
	Sub-Total	9	5	4
Operations Karuma	Civil Engineer	2	0	2
	Electrical Supervisor	1	0	1
	Mechanical Supervisor	1	0	1
	Planner and Scheduler	2	1	1
	Shift Assistant	10	5	5
	Section Head Electrical Karuma	1	0	1
	Section Head Mechanical Karuma	1	0	1
	Technical Manager Karuma	1	0	1
	Section Head Civil Karuma	1	0	1
	PA to Generation Manager	1	0	1
	Shift Attendant	10	6	4
	Machine operators	3	0	3
	Sub-Total	34	12	22

Department	Job Title	Approved	Filled	Vacant
Operations Nalubaale	Senior Civil Engineer	1	0	1
	Sub-Total	1	0	1
	Grand Total	195	75	120

Appendix 2: Unfunded strategic objectives

Strategic Objective(s) Impacted	Strategic Initiative(s)	Activities Impacted	Established funding Gap (UGX Bn)	Supplementary funding (UGX Bn)	Funding gap (UGX Bn)
Enhance Portfolio	Implement the UEGCL Business Growth and diversification strategy	Project supervision costs for Karuma and Isimba <ul style="list-style-type: none"> Visitors center at Isimba Operationalize Phase II of the Hydro power Resource Centre at Isimba 	23.4	16.5	6.9
Improve Management	Asset Management Plan	Implementation of capital investments plans (Plant overhaul costs) for Namanve <ul style="list-style-type: none"> Asset maintenance & improvement strategies (Namanve, Isimba & NKPS) 	2.3	0	2.3
		Establishing a centralized Maintenance facility.	1.5	0	1.5
Improve Governance	Develop and implement an ESG (Environment, Social & Governance) Strategy	<ul style="list-style-type: none"> Community Development Action Plan at Isimba Staff housing at Isimba 	16.6	1	15.6
	Implement the Enterprise Risk Management Plan	Assessment of Enterprise Risk Management System	0.125	0	0.125
Strengthen Collaboration	Design and implement a Stakeholder Collaboration Plan aligned to the Strategy	Muzizi Resettlement Action Plan	0.5	0	0.5
Improve Skills & Abilities	Implement a Talent Management Programme	Implementation of staff training plan	1	2.5	-1.5

			0.665	0	0.665
		<ul style="list-style-type: none"> Implementing the entity wide organization structure Norwegian grant staff capacity training top up Staff performance management system 		0	6.299
		<ul style="list-style-type: none"> Cross cutting administrative costs 	6.299	0	
Strengthen Infrastructure Technology	ICT and enhancement program	ICT Infrastructure installations for all plants	3.6	0	3.6
	Total		66.389	20	46.389

Appendix 3: Implementation of planned activities

Strategic Initiative(s)	Key Activities	Funded Budgetary Estimates (UGX) - FY 2023/24	UTILISATION FY 2023/24 (UGX)	Performance Notes/ Remarks	Status
Design and implement a Stakeholder Engagement Plan aligned to the Strategy	Conduct a brand and reputational survey				
	(i) Carry out brand and reputational survey for external and internal stakeholders' through an independent consultant	69,106,967	-	◆ Stakeholder satisfaction survey not yet conducted due to delayed completion of the Terms of Reference (TORs) and procurement of the independent	Not implemented
Develop a resource mobilization plan to meet O&M, Debt Service and investment requirements	Prepare Grant proposals for financing of the 5-year Strategic Plan				
	2.1.1 Preparation of Joint proposal with UTB for financial support for Capacity and Business Growth	491,940	391,000	The non-generation assets at Karuma have been registered and under review by Uganda Tourism Board (UTB). Funding proposal is yet to concluded.	Partially implemented
	2.1.2 Preparation of proposal for technical support & Capacity Development for O&M practices	36,430,000	36,430,000	A Capacity Building grant proposal worth USD 200,000 from the Government of India approved and 20 staff successfully completed the O&M training at NTPC and beneficiaries of the Technical Support and Capacity Development.	Fully implemented
	2.1.3 Development of a Proposal for noncore energy generation options (Waste to Energy)	2,500,000	1,414,948	Collaboration between CREEC (Centre for Research Energy and Energy Conservation) and UEGCL on handling municipal waste is ongoing.	Partially implemented
	2.1.4 Preparation of proposals to secure at least USD 3million from development partners towards Operations & Maintenance support	-		Capacity Building grant proposal worth USD 200,000 secured from the Government of India approved, though the total intended funding of USD.3Mn was not realized.	Partially implemented
	Engage sector stakeholders and develop a sustainable financing mechanism (covering O&M, debt, RoE) for UEGCL through cost reflective tariffs.			A proposal for improved financial decision making, and utilisation of investment funds was prepared for Management action	Fully implemented
	Establish and resource the commercial and regulatory function at UEGCL			Whereas the review of the Organogram was completed, the recruitment for the Regulatory function was not done and it was rescheduled to FY 2024/2025.	Partially implemented

Strategic Initiative(s)	Key Activities	Funded Budgetary Estimates (UGX) - FY 2023/24	UTILISATION FY 2023/24 (UGX)	Performance Notes/ Remarks	Status
Implement the UEGCL Business Growth and diversification strategy	Initiate process for assessment, quantification and sale of Carbon credits as a financial sustainability initiative, through a certified Consultant			The process to undertake assessment and sale of carbon credits commenced and is still under procurement.	Partially implemented
	◆ Implement Tourism Potential Project through strategic engagements with Uganda Tourism Board on the utilisation of non generating assets to generate additional revenue	50,000,000	46,187,823	The Karuma Business Plan to utilize Karuma's existing assets to generate additional non-core business revenue was finalized.	Fully implemented
	◆ Implement the Professional Services Unit				
	3.2.1 Prepare the Professional Services Unit (PSU) Framework	15,000,000	12,124,639	PSU Framework was approved by the Board. However, an external consultant to undertake benchmarking and staff profiling could not be procured due to the resourcing gaps.	Fully implemented
	3.2.2 Operationalise the PSU and make it functional	20,000,000	-	The PSU is not yet operationalised. Profiling of staff capabilities this initiative was still ongoing.	Partially implemented
	◆ Operationalise Phase II of the Hydro power Resource Centre				
	3.3.1 Institutionalising of the Resource centre Administration team and office furnishing	50,000,000	27,892,000	The dedicated administration team for the resource centre is not yet constituted and the furnishing of the resource centre done	Partially implemented
	3.3.2 Preparation of Resource Centre Training Guide (Training Program Needs Assessment, Objectives, Design, and Performance Evaluation		-	The preparation resource centre training guide was still ongoing by end of the FY.	Partially implemented
	Power Generating Projects				
	3.4.1 Develop and implement power generation infrastructural; Nyagak III 6.6MW project through UEGCL Equity and Grant funding contribution	16,334,996,000	15,224,462,658	Commissioning of Nyagak scheduled for March 2025. Project is substantially complete and under testing for the Electromechanical installations.	Partially implemented

Strategic Initiative(s)	Key Activities	Funded Budgetary Estimates (UGX) - FY 2023/24	UTILISATION FY 2023/24 (UGX)	Performance Notes/ Remarks	Status
Implement the Strategic Asset Management Plan	3.4.5 Undertaking the Floating solar project at Isimba Reservoir, completion of Feasibility Study report	40,000,000	36,696,098	Detailed feasibility study and ESIA commenced in Q4 (2023/24)	Partially implemented
	Identify and track closure of outstanding plant defects				
	Undertake Project Schedule, Cost and Quality management for generation plants in the project and post project phase (Isimba, Nyagak, Karuma, NKPS and Namanve), and the respective Plant defects closure recommendations from the respective project consultants/ Owner's Engineers.	27,586,148,373	27,917,006,152	Project Scheduling, Cost and Quality management activities were undertaken.	Fully implemented
	Conduct plant lifecycle condition assessment for all UEGCL Operational generating plants (Isimba HPP, Namanve and NKPS) to establish the plant health, with the respective Asset condition improvement recommendations	150,000,000	142,944,146	Condition assessment for NKPS and Isimba was completed. However, condition assessment for Namanve was not done due to the funding deficiencies in the year	Partially implemented
	Prepare and implement the mandatory approved plant capital investment plans in line with O&M manuals, Prudent maintenance practices and the PPA & Generation Licence provisions	58,427,503,087	-		
	• Implementation of the mandatory Plant overhauls at Isimba HPP in line with the ERA approved investment plan		-	Implementation of mandatory Plant overhauls is ongoing.	Partially implemented
	• Implementation of the mandatory Plant overhauls at NKPS Complex in line with the ERA approved investment plan		-	Most of the planned overhauls were not implemented due to procurement delays.	Partially implemented
	• Carry out the mandatory Plant overhauls at Namanve Thermal Power plant in line with the ERA approved O&M plan		-	The overhaul was not done due to funding gap.	Not implemented
	Prepare and implement Asset Operation & Maintenance Strategies		64,903,794,351		

Strategic Initiative(s)	Key Activities	Funded Budgetary Estimates (UGX) - FY 2023/24	UTILISATION FY 2023/24 (UGX)	Performance Notes/ Remarks	Status
	(i) Heavy fuel Oils (HFO) to run the Namanve Thermal generating Units		45,087,531,725	Acquisition of heavy fuel oil for Bn running Namanve generating units was done	Fully implemented
	(ii) Lube oils for the Maintenance and operation of the Thermal generating Units		1,115,783,846	Acquisition of Namanve Lube oil for the generating units was done	Fully implemented
	(iii) Carry out Landscape maintenance at the plant premises		129,687,324	Landscape of the plants was done	Fully implemented
	(iii) Electrical materials and spares for maintenance of Generation Units at the generation plants		6,289,859,301	Acquisition of Electrical materials and spares for Maintenance of Generation Units at the generation plants was done	Fully implemented
	(v) Carry out Specialised Plant maintenance activities for all UEGCL plants		960,436,697	Specialised Plant maintenance activities were undertaken	Fully implemented
	(vi) Undertake support to O&M by Hydro Operations International (HOI) and ICH (training Coordination) for Karuma and Isimba, supported by the Norwegian grant		5,779,750,271	The support to Operations & Maintenance by Hydro Operations International (HOI) and ICH was full implemented	Fully implemented
	(vii) Secure O&M technical support (Namanve TPP) consultancy, carry out Evacuation study and ISO Gap Assessment.		1,792,030,569	The Evacuation study and ISO Gap Assessment for Namanve was done.	Fully implemented
	(viii) Undertake Catchment preservation and Dam maintenance activities at all dams (Isimba, NKPS and Karuma dams)		355,820,019	Catchment preservation and Dam maintenance activities at all dams such as water weed control from the dam reservoirs, community sensitization and tree planting were done. However Geodetic survey and Dam safety Support were rollover to FY 2024/2025	Partially implemented
	(ix) Plant specialised labour costs for O&M works at the generation plants (Isimba, Karuma, Namanve & NKPS)		462,752,620	Specialized labour to support maintenance activities were undertaken	Fully implemented
	(x) Plant equipment Lubricants; Plant Generator fuel, motor vehicles costs, fuel and oil lubricants		1,046,585,673	Procurement of Plant equipment Lubricants was done.	Fully implemented
Develop and implement an ESG (Environment, Social &	Prepare an ESG Strategy			ESG strategy developed is yet be presented to management for consideration.	Partially implemented
	Review and update company policies in light of the changing laws, business environment and emerging trends	270,000,000	261,675,465	Review and updating of company policies in light of the changing laws was done	Fully implemented

Strategic Initiative(s)	Key Activities	Funded Budgetary Estimates (UGX) - FY 2023/24	UTILISATION FY 2023/24 (UGX)	Performance Notes/ Remarks	Status
Governance) Strategy	Decentralising and communication of specific PPDA guidelines applicable to UEGCL and critical to electricity generation procurements, updating and implementation of Company Transport, HR, procurement policies	7,283,472,000			
	Implement the Environment and Social Management Plan		714,470,770	Plant waste management for both hazardous and non-hazardous waste generated from the plants was done	Fully implemented
	(i) Carry out Environment projects and waste management at all the UEGCL plants		390,592,657	Landscape maintenance and site cleaning at the plant premises was done	Fully implemented
	(ii) Landscape maintenance and site cleaning at the plant premises			Activity not undertaken, However UGX 133M was committed to this activity.	Not implemented
	(iv) Undertaking the environmental audit at the plants		2,870,967,746	CDAP activities for Isimba were completed however for Nyagak was ongoing.	Partially implemented
Implement the Enterprise Risk Management Plan	(v) Implementation of the Community development Action Plan (CDAP) at Isimba and Nyagak Plants			The corporate risk profile was reviewed and updated.	Fully implemented
	Review and update the corporate risk profile			3 drills done in Isimba 1 drill done in Namanve PS 1 drills done in Nalubaale-Kiira	Fully implemented
Implement the Risk Based Compliance Management Plan	Update and test business process continuity plans (through Actualised business process drills)	25,000,000	22,796,172		
	◆ Develop and implement an integrated entity wide Compliance framework	45,849,108,561			
	(i) Implementation of the Compliance Management Plan (Insurance policies, generation licences and permits, Insurances and undertaking all legal obligations to UEGCL)			Compliance aspects relating to annual licences for all plants, Statutory Permits, Legal fees/ Expenses, General insurance for all plants were done	Fully implemented
	Plant and general insurance costs (all risk, general insurance requirements) for the generation assets		16,367,226,279.44	Plant and general insurance for all plants was paid	Fully implemented
	Clearance of statutory and regulatory plant and operations Licences and permits		11,517,361,356.84	Generation licenses and permits for all plants were acquired	Fully implemented

Strategic Initiative(s)	Key Activities	Funded Budgetary Estimates (UGX) - FY 2023/24	UTILISATION FY 2023/24 (UGX)	Performance Notes/ Remarks	Status
	(generation licences for all power plants, system / ICT licences)				
	-Implementation of the Supplier service level agreements, mandatory Audit of the Norwegian grant, legal fees and bank charges.		1,192,752,123.51	All Supplier service level agreements and the mandatory Audit for Norwegian grant were done	Fully implemented
Undertake Organisational design in light of the evolving business environment	(ii) Compliance sensitization and communication plan		839,976,017	Sensitization plan in place and implemented	Fully implemented
	Rollout of an Improved Strategic Performance Management System (i) Improved Strategic Planning and M&E framework for Head Office and Plants(IPCs)			M&E framework for Head Office and Plants (IPCs) presented and approved by Management.	Fully implemented
Design and implement a Stakeholder Engagement Plan aligned to the Strategy	Implement the awareness roadmap for Integrated Quality Management System with focus on IMS and ISO 9001:2015 recertification	76,000,000	54,000,000	IMS road plan in place and being implemented, ISO recertification was obtained	Fully implemented
	Update and implement the stakeholder engagement plan				
Implement a Talent Management Programme	Carry out the approved Strategy aligned corporate Stakeholder engagement activities that drive UEGCL positive Corporate image and management of Project Affected persons.	3,750,000,000	1,291,348,769	Corporate Stakeholder engagement plan is yet to be finalised, and initial assessment is yet to be reviewed by external consultant	Partially implemented
	Implementation of the UEGCL CSR plan entailing the Resettlement Action Plans and the Corporate Social Responsibility aligned to UEGCL business	710,000,000	670,697,540	CSR plan in place and being implemented.	Fully implemented
	Establish strategic partnerships for business growth, capacity building			Partnerships have been established with Swed Fund, Norwegian Embassy and Makerere University	Fully implemented
	Review the staff orientation program for adequacy and roll out the comprehensive reviewed program for new staff			Orientation program was reviewed and improved and Induction survey done for improvement recommendations	Fully implemented
	Undertake competence assessment to enable staff alignment to their job expectations			Competence analysis done exception for some Projects and Operations staff at the power plants.	Partially implemented

Strategic Initiative(s)	Key Activities	Funded Budgetary Estimates (UGX) - FY 2023/24	UTILISATION FY 2023/24 (UGX)	Performance Notes/ Remarks	Status
	Completed competence assessment reports for Operations and Projects Review and validate the job evaluation framework; and carry out a re-assessment of the job roles. Roll-out of the improved Staff Performance Management System and the Plant specific Internal Performance Contracts, to enhance Performance Autonomy and Creativity Enhancement at each plant level.	820,000,000	816,978,650	Staff Performance Management Framework approved by Management and was rolled out	Fully implemented
	Develop a staff capacity development program <ul style="list-style-type: none"> Implementation of Capacity Development plan (3-5)years (Training Needs Assessment/Analysis) in light of the NKPS takeover and impending Commissioning of Karuma HPP Implementation of the approved staff Capacity Development M&E Framework and training plan (Training Objectives, Evaluation Criteria and Impact Analysis) Implement the generation sustainability plan to ensure reliability and availability of the generation units at all power plants, at all times in line with the daily power declarations. (Maintaining Competent staff that handle O&M and overhaul/modifications at all times during plant operations)	231,500,000	224,795,679	Capacity development programme is ongoing - to be completed with the completion of the competence assessment	Partially implemented
		2,900,000,000	2,952,496,217	Operations staff had training in Plant O&M and benchmarked with regional plants and training centres in Africa,	Fully implemented
		1,202,337,000	1,180,813,737	Reliability of service and availability of the plants achieved Plant availability targets achieved: <ul style="list-style-type: none"> Isimba - 98.8% out of 97% target by regulator. NKPS - 99.9% out of 97% and Namanve TPP - 99.8% out of 97% requirement by regulator. 	Fully implemented
Develop & implement a research and innovation strategy	Prepare and implement a research and innovation strategy <ul style="list-style-type: none"> Updated research agenda Implementation of the approved Research and innovation strategy 			A draft Updated research agenda is pending Management's approval. draft research and innovation strategy in place.	Partially implemented Partially implemented

Strategic Initiative(s)	Key Activities	Funded Budgetary Estimates (UGX) - FY 2023/24	UTILISATION FY 2023/24 (UGX)	Performance Notes/ Remarks	Status
	Develop and rollout a Knowledge Management System to strengthen documentation, dissemination and utilisation				
	11.2.1 Document and approve knowledge products from the lessons learnt under the O&M and Projects implementation at UEGCL to guide decision making and future management reference	43,700,000	43,093,614	Lessons learnt for Karuma commissioning tests and Isimba floods were documented	Fully implemented
	11.2.2 Develop and roll out institutionalised knowledge Sharing Platforms (Portal, Seminars, Workshops)			No knowledge sharing platforms in place, research and Innovation workshop to be held in FY2024/25,	Not implemented
	11.2.3 Atleast 3 knowledge products implemented	28,000,000	29,122,390	Action plan from the Isimba flooding incident report operationalised through deliberate quarterly Plant safety inspections by select Top management team. This has been implemented in line with the quarterly planned inspections at all sites	Fully implemented
Implement a culture change management program	Define, establish and roll out the UEGCL desired culture	6,000,000,000			
	(i) Undertake staff performance and work environment improvement initiatives entailing estate management, work tools, performance-based incentives, office ambience and workplace ergonomics) at all UEGCL plants		1,366,671,170	Action plan for culture change developed Property maintenance	Fully implemented
	(ii) Undertake staff medical care to ensure staff wellness tests (Medical insurance costs) for physical and mental fitness/ adequacy for work		1,158,546,737	Staff medical and physical wellness tests were undertaken	Fully implemented
	(iii) Carry out estates management and property maintenance of the UEGCL asset portfolio including the plant premises and offices / condominium spaces.		339,859,642	Property maintenance and estates management was done	Fully implemented
	(iv) Execution of Supplier contracts, provision of Utilities (water & Electricity), provision of security, office supplies,		2,870,627,213	Supplier contracts were executed	Fully implemented

Strategic Initiative(s)	Key Activities	Funded Budgetary Estimates (UGX) - FY 2023/24	UTILISATION FY 2023/24 (UGX)	Performance Notes/ Remarks	Status
	catering services and rent at all UEGCL power plants and Offices				
Implement the ICT enhancement program	Design, install, test and rollout High speed WAN (Wide Area Network) integration at the power plant and ICT infrastructure improvement	2,350,802,664			
	(i) Provision of High-speed internet and reliable Wide Area Network and connectivity to support UEGCL processes and O&M implementation		463,804,133	Internet and reliable Wide Area Network and connectivity was provided to staff	Fully implemented
	(ii) Undertake Computer maintenance and provision of communication equipment and printing services for O&M support		290,222,925	Execution of the activities under the ICT support have been substantially completed,	Fully implemented
	(iii) Procurement of Office equipment (radio communication, CCTV, laptops, flow meters, digital cameras) to support UEGCL business of Project implementation and O&M of operating plants		1,246,607,132	Procurement of Office equipment was done	Fully implemented
	(iv) Provision of telephones and telegraphic services		324,335,085	Provision of telephones and telegraphic services was done	Fully implemented
	Design, install, test and commission an integrated risk compliance and contract management system	25,000,000		The integrated risk compliance and contract management system was finalized, and it was use	Fully implemented
Total		239,250,890,943	155,967,626,729		

Appendix 4: List of Isimba pending snags

SN	Pending Issue	Relevancy	Consequence of the pending Snag	Progress
1.	Operation and maintenance manuals	Plant and equipment should be operated in accordance operation Manuals.	<ol style="list-style-type: none"> Plant and equipment may be mal operated causing breakdown of plant. Trouble shooting, repair and maintenance operations are extremely difficult to conduct Operations of plant away from O&M manuals nulls any warranties or insurance. 	60 OM manual out of which 39 (65%) have been approved in compliance with the Employer's Requirements
2.	As-built drawings	They are a record of what has been constructed and serve as a record of final specification including all changes made during construction	<p>Essential for any works on the plant including operation, repair and maintenance. Their absence has bred a lot of confusion and as such led to prolonged outages and maintenance activities</p> <p>In future major works or overhauls will be challenging to undertake without appropriate as built records.</p>	The contractor to make submissions to address the OE's comments
3.	Installation of the floating boom	For retention of debris, buoyant matter, and other weed vegetation	<p>Absence of a floating boom increases the head losses across the intake, leading to loss of power generation during peak demand periods.</p> <p>Debris as well increases the wear and tear associated with moving parts of Mechanical equipment</p>	It was installed; however, the boom is being demobilize from the anchor points to rectify the spacer anomaly.
4.	Turbine Draft Tube & Spiral Case Access	The access provided was inadequate and posed high risk to the personnel operating the plant.	Improves safe access during inspections of the waterways	This was installed in Unit 3 draft tube during the outage August – September 2022. This is expected to be installed in all the remaining units; 1, 2 and 4.
5.	Spillway Defects: <ol style="list-style-type: none"> Gate Discharge Operation and Tests Procedure Stilling Basin Erosion Vibrating Piers Spillway Gates Control Access 	<p>The defects identified on Spillway are noted as part of design defects. Hence the Owner has rejected the entire Spillway.</p> <p>The Spillway performs the purpose of discharging the water in the river that is not used to power generation</p>	<p>The inadequacy of the spillway puts the entire dam structure(s) at risk. If the damage to the structures due to the design flaws being witnessed remains unrectified, the risk of the dam collapsing is significantly heightened</p> <p>From a perspective of flood control the inadequate Spillway can lead to flooding both upstream and downstream.</p>	<p>Following H.E's directive the Engineering, Procurement and Construction Contractor (EPCC) agreed to undertake the works to rectify Spillway defects in 3 Phases.</p> <p>Phase 1: Emergency underwater repairs were completed in March 2023</p> <p>Phase 2: The dry inspection was completed with defects mapping and predation of repair methodology statements. Phase 2 works were</p>

SN	Pending Issue	Relevancy	Consequence of the pending Snag	Progress
6.	Leaking powerhouse roof	This allowed leakage of storm water through the powerhouse roof in 2019 and 2020, resulting in spilling of storm water over electrical panels of Units 1, 2 and 3 and IPB ducts and onto the floors towards the generators, leading to units' shutdown and loss of power generation for two weeks.	Leaking roof can lead to damage of electrical equipment. From a health and safety perspective it can lead to electrocution and fire	due to commence but have been constrained by high discharges in the river. Phase 3: Technical discussions are still ongoing on the long-term Rehabilitation of the spillway. All outstanding snags previously identified on the Spillway are scheduled to be completed under phase 3. The manufacturing of cover sheet overlay is currently underway.
7.	Project Management Information System	Holds a record of all project documents in a central location.	The absence of a record or documentation for such large infrastructure compromises operations and any future capital works on the plant.	The system was set up and training of users completed. Uploading of the system with project documentation has commenced with the approved manuals and As-built drawings before handing over to UEGCL. Status has since remained the same from the last reporting period.
8.	Black Start Test	Capability to start generators without reference voltage	Black start capabilities are essential for emergencies when there is no reference voltage to start the generators.	The Black start test is expected to be done between August and September 2024.
9.	Embankment Potential Erosion	High Pore pressure readings in sections of the embankment dam may suggest existence of high water of clay in the dam.	The absence of explanation and hence remedy to the high pore pressures currently experienced maintains the risk of the embankment dams failing.	Physical tests, Chemical Tests and 2D electrical Resistivity Tomograph (ERT) tests have been done and remain inconclusive. 3D ERT test is now being considered to provide a better understanding to the problem before a definite solution is provided.
10.	Completion and Commissioning of the powerhouse firefighting system	Fires are a big hazard in electricity generation	Creates an unsafe working environment.	Remedial works completed. Experts currently being mobilized to undertake commissioning



Membro degli Accordi di Mutuo Riconoscimento EA, IAF Signatory of EA, IAF Mutual Recognition Agreements

CS 007 25.02.22

CERTIFICATE

N. UG24-15805B

This is to certify that the Environmental Management System of

Uganda Electricity Generation Company Limited

P.O. Box 75831, Plot 6-9, Okot Close Bukoto, Kampala – UGANDA

HAS BEEN INDEPENDENTLY ASSESSED AND IS COMPLIANT WITH THE REQUIREMENTS OF

ISO 14001:2015

for the following scope of activities:

The establishment, acquisition, operation and maintenance of electricity generation facilities to the satisfaction of stakeholders.

IAF 25

For timely and up to date information on any changes in the status of the certification referred to in this certificate, please contact the number +39 0296368458 or the e-mail address info@axe-register.com

The validity of this certificate is subject to annual periodic surveillance and the complete review of the organization's management system every three years.

Date of initial registration	11/11/2024
Date of this certificate	11/11/2024
Date of expiry	10/11/2027

On Behalf of the Certification Body

AXE REGISTER
Antonio Diavola
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UEGCL In Press



Challenges and prospects of powering Uganda to 52,000MW

The strides made in Uganda's electricity sub-sector over the past decade are a cause for celebration. Capacity in 2022 stood at 1,378MW in 2017 and a corresponding expansion of grid access from 5% to 19%.

Despite these achievements, Uganda still faces daunting challenges, particularly with an installed generation capacity per capita of 40MW per million people – one of the lowest in Sub-Saharan Africa.

Additionally, the long gestation period for developing power plants, ranging from five to 10 years, emphasizes the urgent need for sustained investment in electricity generation and supply. Failing to address this may lead to a shortfall in electricity supply meeting demand by 2030.

The Electricity Regulatory Authority's (ERA) 2021/22 Annual Report anticipates a growth trend in demand, with electricity dispatch increasing by 30% and end-user consumption by 28%, over the preceding five years.

To meet the projected growing demand driven by increased industrialization and a shift from biomass energy to grid power, the Government has outlined Vision 2040 targets in this regard.

To reach increasing electricity generation capacity to 52,481MW, enhancing on-grid access to 80% and increasing electricity consumption to 3,668Wh per capita.

Achieving these targets will require substantial investments, estimated at \$245 for new generation capacity, as outlined in the Energy Policy 2023.

This amounts to an annual investment of \$19, equivalent to 30% of Uganda's GDP. Examining the funding landscape for the electricity sub-sector investments reveals a reliance on the three T's: taxes, transfers



DR. ENG. HARRISON E. MUTIKANGA
Chief Executive Officer, UEGCL

(SOCG) – UEGCL, UETCL, and UEDCL – to do not cover the tariff levels. Value of all consumer categories to US\$ cent 5/Wh by 2024/25 and ERA's 2022/23 target was to reduce the weighted average end-user tariff by 4% from \$610 in 2021/22. However well-intentioned as it may be, artificially lowering end-user tariffs through the government policy to set generation tariffs at no more than US\$ cent 5/Wh – below the cost recovery level for most generation technologies – has lowered the appeal for private-sector participation in the electricity sub-sector.

This policy has already constrained UEGCL's ability to efficiently operate and maintain its existing power and also meaningfully contribute to the much-needed investment in new generation capacity to support Vision 2040.

To highlight the financial predicament of the SOCs, the Auditor General, in the annual audit reports, has expressed concern about UEGCL's low return on assets, which is a major concern for the shareholders of the company's assets to generate revenue.

For instance, with an average tariff of US\$ cent 5.1/Wh – significantly below the weighted average generation price of US\$ cent 5.49/Wh – UEGCL's Nalubale-Kira Power Station (NAPS) is subsidizing the operations and maintenance. Such obligations, thus, capital cost are fully covered from payments by consumers.

[Read the full version at \[uegcl.com\]\(#\)](#)

The writer is the Chief Executive Officer Uganda Electricity Generation Company Limited (UEGCL)

ELECTRICITY PRICING: WINNING THE BATTLE, BIT LOSING THE WAR

It is a common saying that you can't have your cake and eat it too. In the electricity sector, this is particularly true. While the government has successfully implemented a policy to cap electricity prices, this has led to a significant decline in investment in the sector.

As a result, the country's electricity supply is becoming increasingly unreliable, and the government is facing a growing deficit in its electricity sub-sector. This is a classic case of winning the battle but losing the war.

The government's policy to cap electricity prices is based on the premise that electricity is a public utility and should be affordable for all. However, this policy has led to a significant decline in investment in the sector. As a result, the country's electricity supply is becoming increasingly unreliable, and the government is facing a growing deficit in its electricity sub-sector.

This is a classic case of winning the battle but losing the war. The government has successfully implemented a policy to cap electricity prices, but this has led to a significant decline in investment in the sector. As a result, the country's electricity supply is becoming increasingly unreliable, and the government is facing a growing deficit in its electricity sub-sector.



The 600MW Karuma hydro power project. The Government needs \$245 to increase generation capacity

DR. ENG. HARRISON E. MUTIKANGA
Chief Executive Officer, UEGCL

There is need for a study to determine the cost drivers of manufacturing firms and industries to guide policy makers on how best to support the manufacturing sector.

For instance, it is worth noting that the cost of electricity for manufacturing firms and industries is a significant factor in their production costs. A study to determine the cost drivers of manufacturing firms and industries would provide valuable insights into how best to support the manufacturing sector.

The study would also help to identify the key areas where the government can intervene to reduce the cost of electricity for manufacturing firms and industries. This would be a crucial step in supporting the manufacturing sector and promoting economic growth.

28th NATIONAL NEWS

KARUMA HYDRO POWER PLANT ADDS 400MW TO NATIONAL GRID

The Karuma Hydro Power Plant has successfully added 400MW to the national grid, marking a significant milestone in Uganda's electricity sub-sector. The plant, which has been under construction for several years, is now fully operational and is providing a steady supply of clean energy to the country.

The addition of 400MW to the national grid is a major achievement for UEGCL and the government. It will help to meet the growing demand for electricity in Uganda and contribute to the country's economic development.

The Karuma Hydro Power Plant is a large-scale project that has involved significant investment in infrastructure and technology. The plant's successful completion is a testament to the hard work and dedication of the project team.

The plant's completion is a significant milestone for the country's electricity sub-sector. It will help to meet the growing demand for electricity in Uganda and contribute to the country's economic development.

The Karuma Hydro Power Plant is a large-scale project that has involved significant investment in infrastructure and technology. The plant's successful completion is a testament to the hard work and dedication of the project team.

The plant's completion is a significant milestone for the country's electricity sub-sector. It will help to meet the growing demand for electricity in Uganda and contribute to the country's economic development.

WE HAVE RECEIVED A CLEAN BILL OF HEALTH THIS YEAR – NANKABIRWA

UEGCL has received a clean bill of health for the year 2023, reflecting the company's strong performance and commitment to transparency. The company's financial statements for the year have been audited and found to be accurate and reliable.

The company's strong performance is a result of its focus on operational excellence and cost efficiency. UEGCL has successfully managed its operations and delivered high-quality services to its customers.

The company's commitment to transparency is also a key factor in its success. UEGCL has provided clear and concise information to its stakeholders, ensuring that they are well-informed about the company's activities and performance.

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Nyakag III power dam construction nears completion

The Nyakag III power dam construction project is nearing completion, with the main structure now fully in place. The dam, which is a key component of the country's electricity sub-sector, will provide a steady supply of clean energy to the country.

The completion of the Nyakag III power dam is a significant milestone for the country's electricity sub-sector. It will help to meet the growing demand for electricity in Uganda and contribute to the country's economic development.

The Nyakag III power dam is a large-scale project that has involved significant investment in infrastructure and technology. The dam's successful completion is a testament to the hard work and dedication of the project team.

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Ensuring safety in electricity generation: A vital responsibility for power industry professionals

Ensuring safety in electricity generation is a vital responsibility for power industry professionals. It is essential to ensure that the electricity sub-sector is safe and reliable, and that the public is protected from any potential risks.

Power industry professionals must adhere to strict safety standards and protocols to ensure the safe operation of the electricity sub-sector. This includes regular safety audits and inspections, as well as the implementation of safety measures to prevent accidents and incidents.

The safety of the electricity sub-sector is a top priority for UEGCL and the government. We are committed to ensuring that the electricity sub-sector is safe and reliable, and that the public is protected from any potential risks.

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

The Energy Minister, Nankabirwa, has announced that internal performance contracts (IPCs) have been implemented at several power plants to boost operational efficiency. These contracts are designed to incentivize plant operators to improve their performance and reduce costs.

The implementation of IPCs is a key strategy for the government to improve the efficiency of the electricity sub-sector. It will help to reduce the cost of electricity generation and ensure that the country's electricity supply is reliable and affordable.

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UEGCL LAUNCHES INTERNAL PERFORMANCE CONTRACT FOR NALUBALE THERMAL PLANT

UEGCL has launched an internal performance contract (IPC) for the Nalubale Thermal Plant. This contract is designed to incentivize the plant operators to improve their performance and reduce costs, thereby contributing to the overall efficiency of the electricity sub-sector.

The implementation of the IPC for the Nalubale Thermal Plant is a significant step towards improving the efficiency of the electricity sub-sector. It will help to reduce the cost of electricity generation and ensure that the country's electricity supply is reliable and affordable.

UEGCL has launched an internal performance contract (IPC) for the Nalubale Thermal Plant. This contract is designed to incentivize the plant operators to improve their performance and reduce costs, thereby contributing to the overall efficiency of the electricity sub-sector.

Considering listing electricity agencies on stock exchange

The government is considering listing electricity agencies on the stock exchange as a way to raise capital and improve the financial health of the electricity sub-sector. This move is expected to attract investment and support the growth of the sector.

Listing electricity agencies on the stock exchange will provide them with access to a wider pool of investors and capital. This will help to fund the development of the electricity sub-sector and ensure that the country's electricity supply is reliable and affordable.

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**UGANDA ELECTRICITY
GENERATION COMPANY
LIMITED ANNUAL FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2024**



UGANDA ELECTRICITY GENERATION COMPANY LIMITED
COMPANY INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

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UGANDA ELECTRICITY GENERATION COMPANY LIMITED
COMPANY INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

1. DIRECTORS

The Directors who held office during the period and to the date of this report were:

NAME	DESIGNATION
Eng. Proscovia Margaret Njuki	Chairperson
Eng. Wamala Julius Namusanga	Member
Prof. Nixon Kamukama	Member
Eng. Gilbert John Kimanzi	Member
Mr. Dravu Ronald	Member
Mr. Paul Patrick Mwanja	Member
Mrs. Hope Bizimana	Member

2. CHIEF EXECUTIVE OFFICER

Dr. Eng. Harrison .E. Mutikanga

3. REGISTERED OFFICE AND PRINCIPAL PLACES OF BUSINESS

Head Office

Block C Victoria Office Park
Plot 6-9, Okot Close –Bukoto
P.O. Box 75831
Kampala Uganda

Branch Offices

Nalubaale - Kiira Hydropower Complex Office

Plot 18-20 Faraday Road
P.O. Box 1101
Jinja District-Uganda

Isimba Hydropower Station Office,

Nampanyi Village, Busaana Sub-county
Kayunga District, Uganda

Karuma Hydropwer Station Office

Karuma Cell, Karuma Town Council,
Kibanda North, Kiryandongo District - Uganda.

Nyagak III Hydropower Project Site Office

Awondekai Village, Paidha
Sub-County, Zombo District, Uganda.

Namanve Thermal Power Plant

Kiwanga Kasokoso, Mukono District

4. COMPANY SECRETARY

Mr. Martin Mark Obia
Victoria Office Park
Plot 6-9, Okot Close – Bukoto
Kampala – Uganda

5. BANKERS

Stanbic Bank Uganda Limited
17 Hannington Road
Crested Towers
P.O. Box 7131
Kampala – Uganda

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
COMPANY INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

The Directors submit their report together with the audited financial statements for the financial year ended 30th June 2024 which disclose the state of affairs of Uganda Electricity Generation Company Limited ("the company" or 'UEGCL').

1. PRINCIPAL ACTIVITIES

The company was established by the Public Enterprises Reform and Divestiture Act, Cap. 78 and the Electricity Act, Cap. 157 under the Companies Act, Cap. 106 with the main objective of taking over, as a going concern, the generation activities of Uganda Electricity Board (UEB) established under Cap 135 of the laws of Uganda together with all or any part of the property, assets and liabilities associated with it.

The company's principal business is the generation of electricity and operation and maintenance of generation plants in addition to other roles assigned by the Ministry of Energy and Mineral Development from time to time and the roles incidental to the objectives set out in its Memorandum of Association. By virtue of a Concession and Assignment Agreement ('concession agreement') signed between the company and Eskom Uganda Limited ('EUL' or 'Eskom' or 'the Concessionaire'), the company's two assets, Nalubaale and Kira Power Stations, ('the complex') were concessioned out to the concessionaire, for a term of twenty (20) years effective April 2003, with a contractual responsibility of operation and maintenance of the complex. As a result, the company also played a vital role in the monitoring of the performance of the concessionaire against the agreed performance parameters to 31st March 2023 when the Eskom concession expired. Thereafter effective 1st April 2023, UEGCL took over the operations and maintenance of the two power plants of Nalubaale-Kiira including the electricity sale to UETCL.

In line with the principal business of electricity generation. UEGCL has also been involved in the supervision of GOU flagship projects of Karuma and Isimba Hydro Power Projects. Isimba HPP was completed and successfully commissioned on 31st March 2019, while Karuma HPP attained commercial operations on 12th June 2024. The Isimba and Karuma Plants are being operated and maintained by UEGCL as stipulated in the Generation and sale license issued by Electricity Regulatory Authority (ERA). In addition, UEGCL took over the operations of the 50MW Namanve Thermal Power Plant (TPP) from Jacobsen in February 2022 on behalf of Government of Uganda.

2. RESULTS

The results for the year are set out on page 6. The profit for the period of UGX 54.28billion (2023: Profit of UGX 33.99billion).

3. DIVIDEND

The Directors do not recommend payment of a dividend for the period (2023: Nil).

4. AUDITORS

In accordance with Article 163 of the Constitution of the Republic of Uganda, Section 17 of the Public Enterprises Reform and Divestiture Act, Cap.78 and Sections 13 (1) (a), 17 and 23 of the National Audit Act, Cap. 170, provide that the financial statements of the company shall be audited once every year by the Auditor General.

5. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 20th December 2024.

By order of the Board,



Mark Martin OBIA
Company Secretary

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
COMPANY INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

The Companies Act, Cap. 106 and Electricity Act, Cap. 157 of Uganda require the directors to prepare financial statements for each financial year, which give a true and fair view of the state of the financial affairs of the company as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure the company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors are ultimately responsible for the internal control of the company. The directors delegate responsibility for internal control to management. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the company's assets. Appropriate accounting policies supported by reasonable and prudent judgements and estimates, are applied on a consistent basis and using the going concern basis. These systems and internal controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The directors accept responsibility for the year's financial statements, which have been prepared using accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, Cap. 106. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company will have adequate resources to continue in business for the foreseeable future. This assessment is based on the fact that the company is established under laws of Uganda to provide a service in the power sector and there is no indication that this arrangement will be changed in the foreseeable future. The company's main source of revenue is sales revenue from Isimba HPP, Karuma HPP, Nalubaale-Kiira power plants and Namanve TPP which is meant to cover operations and maintenance of the plants. The revenue from Isimba and Karuma equally cover loan repayment from Exim Bank that financed the construction of the plants. In addition, funding for supervision of Karuma, and Isimba Plant (during defects liability period) for the next financial year 2024/25 have been approved by Government. There is an arrangement to merge some government business entities; even when this happens UEGCL will be a division within the new entity. As such, the directors are not aware of any material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

The financial statements were approved by the Board of Directors on 20th December 2024 and signed on its behalf by:



Mr. Paul Patrick MWANJA
DIRECTOR



Eng. Proscovia Margaret NJUKI
CHAIRPERSON, BOARD OF DIRECTORS

UGANDA ELECTRICITY GENERATION COMPANY LIMITED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2024

	Note	30/06/2024	30/06/2023
		UGX '000	UGX '000
Concession fees	3(a)	-	6,175,342
Nalubaale-Kiira Income	3(b)	41,878,021	12,336,681
Isimba Income	4	184,760,435	164,316,984
Karuma Income	5	11,750,444	795,738
Namanave Income	6	55,227,610	57,827,888
Other operating income	7	56,982,009	102,290,532
Total income		350,598,518	343,743,167
Cost of sales (Namanve TPP)	8	(50,281,830)	(47,712,503)
Staff costs and employee benefits	9	(40,714,412)	(29,460,340)
Administration expenses	10	(79,950,003)	(120,286,762)
Depreciation and amortization charge	11	(79,106,057)	(68,825,927)
Total operating expenses		(250,052,302)	(266,285,532)
Operating profit/(loss)		100,546,216	77,457,635
Interest income	12(a)	2,189,626	1,405,111
Interest Expense	12(b)	(24,522,688)	(26,957,394)
Foreign exchange gain/(loss)	13	(667,504)	(3,096,275)
(Profit)/loss before tax		77,545,651	48,809,077
Deferred tax expense	14(a)	(24,076,532)	(14,816,079)
(Profit)/loss for the year		53,469,119	33,992,998
Other comprehensive income	15	813,550	-
Total comprehensive income for the period		54,282,669	33,992,998



Mr. Paul Patrick MWANJA
DIRECTOR



Eng. Proscovia Margaret NJUKI
CHAIRPERSON, BOARD OF DIRECTORS

UGANDA ELECTRICITY GENERATION COMPANY LIMITED STATEMENT
 OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	30/06/2024	30/06/2023
		UGX' 000	UGX' 000
ASSETS			
Non-current assets			
Property, plant and equipment	16	8,146,768,259	2,761,830,944
Prepaid operating lease rentals	17	364,672	376,335
Land	18	4,882,117	4,882,117
WIP	19	11,155,693	4,772,440,733
Equity Investment in Nyagak III	20	4,129,129	4,129,129
		8,167,299,870	7,543,659,258
Current assets			
Trade and other receivables	21	118,660,533	76,027,828
Cash and bank balances	22	99,770,348	53,068,147
Inventory	23	21,315,835	18,555,826
		239,746,716	147,651,800
TOTAL ASSETS		8,407,046,586	7,691,311,058
EQUITY AND LIABILITIES			
Equity			
Issued capital	24(a)	105,208,169	105,208,169
Capital contributions	24(b)	554,861,676	554,861,676
Accumulated profits		17,180,144	(37,102,525)
Revaluation		271,636,098	271,636,098
		948,886,087	894,603,418
Non-current liabilities			
Deferred Income	25	1,391,134,120	649,980,863
Karuma on lent Loan	26(a)	3,954,058,996	3,892,636,958
Isimba on lent loan	26(b)	1,061,105,382	1,168,558,040
Deferred Tax Liability	14	171,288,566	147,212,034
Isimba retention	27	-	129,445,854
Karuma retention	27	205,094,424	205,094,424
		6,782,681,488	6,192,928,173
Current liabilities			
Trade and other payables	28	38,161,702	48,485,858
Interest payable Karuma	29(a)	526,596,316	443,692,985
Interest payable Isimba	29(b)	3,268,337	4,147,966
Isimba onlet loan	26(b)	107,452,657	107,452,657
		675,479,012	603,779,466
TOTAL EQUITY & LIABILITIES		8,407,046,586	7,691,311,058

 Mr. Paul Patrick MWANJA
 DIRECTOR

 Eng. Proscovia Margaret NJUKI
 CHAIRPERSON, BOARD OF DIRECTORS

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Issued	Capital
	capital	contributions
	UGX '000	UGX '000
	(Note 24a)	(Note 24b)
At 1 July 2022	105,208,169	554,861,676
P&L FY21/22	-	-
Profit for the year	-	-
At 30 June 2023	105,208,169	554,861,676
At 1 July 2023	105,208,169	554,861,676
Profit for the year	-	-
At 30 June 2024	105,208,169	554,861,676

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

Revaluation	Accumulated	Total
	Profit(loss)	
UGX '000	UGX '000	UGX '000
271,636,098	(71,094,648)	860,611,295
-	(874)	(874)
-	33,992,998	33,992,998
271,636,098	(37,102,525)	894,603,418
271,636,098	(37,102,525)	894,603,418
-	54,282,669	54,282,669
271,636,098	17,180,144	948,886,087

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	30/06/2024	30/06/2023
	UGX' 000	UGX' 000
Operating activities		
(Profit)/Loss before tax	77,545,651	48,809,077
Adjustments for:		
Interest income	(2,189,626)	(1,405,111)
Interest expense	24,522,688	26,957,394
Depreciation	79,094,394	68,814,238
Amotization of Prepaid lease	11,663	11,689
Foreign exchange gain/(loss)	667,504	3,096,275
	179,652,274	146,283,562
Decrease/(increase) in trade and other receivables	(42,632,705)	(10,610,858)
(Increase)/decrease in trade and other payables	(10,324,155)	30,515,687
Decrease/(Increase) in stock	(2,760,010)	(9,080,160)
Net cash flows from operating activities	123,935,404	157,108,231
Investing activities		
Purchase of property, plant and equipment	(517,364,012)	(142,503,394)
Expenditure on WIP Projects	(185,459,702)	(372,103,839)

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

Depreciation on projects Assets	113,473	213,929
Write down of eskom stocks	-	2,146,878
Deferred Income NKPS	50,054,254	-
Interest Income	2,189,626	1,405,111
Equity (Nyagak III)	(36,432)	(583,625)
Net cash flows used in investing activities	(650,502,793)	(511,424,940)
Financing activities		
On lent Borrowings	(175,476,473)	275,380,561
Deferred income	691,099,003	17,618,295
Interest payable	57,501,014	74,273,232
Interest Expense	-	(26,957,394)
Other Income	813,550	-
Closure of P&L	-	(874)
Foreign exchange gain/(loss)	(667,504)	(3,096,275)
Net cash flows used in financing activities	573,269,590	337,217,545
Increase /Decrease in cash and cash equivalents	46,702,201	(17,099,163)
Opening cash and cash equivalents	53,068,147	70,167,310
At end of period	99,770,348	53,068,147

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1. REPORTING ENTITY AND GOING CONCERN

1.1. Reporting entity

Uganda Electricity Generation Company Limited (UEGCL) was established by the Public Enterprises Reform and Divestiture Act, Cap. 78 and the Electricity Act, Cap. 157 under the Companies Act, Cap. 106 with the main objective of taking over, as a going concern, the generation activities of Uganda Electricity Board (UEB) established under Cap 135 of the laws of Uganda together with all or any part of the property, assets and liabilities associated with it.

The company's principal business is the generation of electricity and operation and maintenance of generation plants in addition to other roles assigned by the Ministry of Energy and Mineral Development from time to time and the roles incidental to the objectives set out in its Memorandum of Association.

In line with the principal business of electricity generation, UEGCL has been involved in the supervision of GOU flagship projects of Karuma and Isimba Hydro Power Projects. Isimba HPP was completed and successfully commissioned on 31st March 2019. The Isimba Plant is being operated and maintained by UEGCL as stipulated in the Generation and sale license issued by Electricity Regulatory Authority (ERA). In addition, following the end of Eskom concession in March, 31 2023, UEGCL took over the operation and maintenance of Nalubaale-Kiira plants effective April, 1 2024, including the sale of electricity to UETCL in accordance with the generation license issued by ERA and the power purchase agreement with UETCL.

1.2. Going concern

The directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company will have adequate resources to continue in business for the foreseeable future. This assessment is based on the fact that the company is established under laws of Uganda to provide a service in the power sector and there is no indication that this arrangement will be changed in the foreseeable future. The company's main source of revenue is the electricity billing for energy dispatched and capacity sales to UETCL which is expected to cover the company's operating costs at a minimum. Despite the arrangement to merge some government entities; ongoing plans by Ministry of Energy and Mineral Development and Ministry of Public Service indicate UEGCL operations will be a division within a new entity to be created. Borrowings for development of Isimba and Karuma HPPs have all been guaranteed by Government; as such the directors are not aware of any material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the principal accounting policies used in preparation of these financial statements. The policies have been applied consistently to all periods presented and are set out below.

a) Basis of accounting and statement of compliance

The financial statements are prepared on the historical cost basis unless otherwise stated. The financial statements are presented in Uganda Shillings which is the company's functional currency, rounded to the nearest thousands (UGX '000).

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and the requirements of the Companies Act, Cap. 106 of Uganda.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and that revenue can be measured reliably. Revenue is measured at the fair value of the consideration received excluding Value Added Tax, discounts, commissions, rebates and other sales taxes.

- (i) **Concession fees** receivable from the concessionaire (Eskom) for operating and maintaining the complex (the two dams of Kiira and Nalubaale) is recognized in the statement of profit or loss and other comprehensive income on a monthly basis. The concession fees were based on the amounts approved by Electricity Regulatory Authority on annual basis and comprised of the components specified in the concession agreement, debt service, depreciation of the concession assets and administration expenses.

Concession fees comprised of the amounts invoiced on a monthly basis and are stated net of VAT and discounts.

- (ii) **Electricity sales Revenue** is based on the monthly energy and capacity billings to UETCL in relation to the generation and sales license issued by Electricity Regulatory authority and are stated net of VAT and discounts.
- (iii) Grant Income is recognised when there is entitlement to the grant, certainty that it will be recovered and the amounts are measurable. Unspent grants are shown on the balance sheet

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

as deferred grants

- (iv) Government assistance (grants) for construction of long-lived assets are recognised as deferred grant income. The deferred grant income is recognised in the income statement on a systematic basis over the life of the plants.

c) Interest income

Interest income is recognised using the effective interest rate method.

d) Translation of foreign currency transactions and balances

Transactions in foreign currencies are translated into Uganda Shillings using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Uganda Shillings at the exchange rates ruling at that date. Foreign currency differences arising on translation are recognized in profit or loss except for differences arising on translation of available-for-sale equity instruments and on concession loans for construction projects during the construction period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into Uganda Shillings at the exchange rate at the date when the fair value was determined.

e) Service concession arrangements

A service concession arrangement is typically an arrangement involving a private sector entity (the operator) constructing and/or upgrading, operating and maintaining infrastructure used to provide a public service for a specified period of time. The operator is paid for its services over the period of the arrangement. The arrangement is governed by a contract that sets out performance standards, mechanisms for adjusting prices and arrangements for arbitrating disputes. The grantor (the party that grants the service arrangement) controls the infrastructure and the operator is required to return the infrastructure to the grantor at the end of the concession period.

f) Property, plant and equipment

All categories of property, plant and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets.

Plant assets and Head Office Land and Building are subsequently carried at a revalued amount, based on regular valuations by external independent valuers, less accumulated depreciation and accumulated impairment

losses. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the company over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus.

Decreases that offset previous increases of the same asset are recognized in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings

De-recognition

An item of the property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amounts of property, plant and equipment. When revalued assets are disposed of, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Land is not depreciated.

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
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Nalubaale & Kiira	
Power Station – Civil	1.25%
Power Station (Turbines & Generators)	2.50%
Power Station (Transformers)	3.30%
Power Station (Others)	4%
Power Station (Oil tanks, forklift,w/kshp content)	10%

Isimba HPP	
Civil (buildings & structures)	1.25%
Water turbine sets	2.5%
Generator sets	2.5%
Transformers & other	3.3%
Cranes & hoists	2%
Other Equipments	3.3%
Firefighting equipment	4%

Other office PPE	
Furniture and fittings	12.5%
Office machinery and equipment	20%
Computers	20%
Buildings	2.5%
Motor vehicles	20%
Tools and equipment	12.5%

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The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

No depreciation is charged for property, plant and equipment in the course of construction (capital work-in-progress). Upon completion of the project, the accumulated cost is depreciated using the depreciation rate of the appropriate property, plant and equipment category set out above.

g) Investments in Associates

When a company (Investor) holds 20% to 50% of the voting rights of an associate (investee), directly or indirectly (through subsidiaries), it is presumed that the company has or can exercise significant influence, but not control, over the investee's business activities. Significant influence may be evidenced by;

- Representation on the Board of Directors
- Participation in the policy-making process
- Material transactions between the investor and the investee
- Interchange of managerial personnel or technological dependency

The ability to exert significant influence means the financial and operating performance of the investee is partly influenced by management decisions and operational skills of the investor. IAS 28, requires Equity method of accounting to be applied for this kind of investment.

Recognition. The 30% Equity investment in Genmax, the SPV Company for the implementation of Nyagak III falls within the scope of IAS 28, Investments in Associates and Joint ventures. Under the Equity method of accounting the Equity investment is initially recorded in the investor's books of accounts at cost. In subsequent periods, the carrying amount of investment is adjusted to recognise the investor's proportionate share of investee's earnings or losses in the statement of profit or loss.

h) Prepaid operating lease rentals

Leasehold land is recognised as an operating lease. Any upfront payments are recognised as prepaid lease rentals and recorded under non-current assets and are amortised over the remaining period of the lease on a straight-line basis.

Operating lease payments are recognised as

an expense in the statement of comprehensive income on a straight-line basis over the lease term.

i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first in first out principle, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition.

j) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all the amounts.

k) Cash and Cash equivalent

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks that are due within three Months, and investments in money market instruments, net of bank overdrafts, if any.

l) Provision

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

m) Dividends

Dividends are recognised as a liability in the period in which they are declared. Proposed dividends are disclosed as a separate component of equity until ratified at the Annual General Meeting.

n) Tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the provisions of the Income Tax Act,

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Cap. 338 of Uganda. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in profit or loss.

Deferred income tax

Deferred income tax is provided for in full at the reporting date, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and Deferred income tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in profit or loss. Deferred income tax assets and deferred income tax liabilities are offset, if there is a legally enforceable right to set off current tax assets

against current tax liabilities and the deferred income taxes relate to the same taxable entity in the same taxation authority.

Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of goods and services is not recoverable from Uganda Revenue Authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense for the item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

o) Financial Instruments**i) Initial recognition**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial instruments at initial recognition. Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset. The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial assets and financial liabilities are recognised initially at fair value plus transaction costs, except in the case of financial instruments recorded at fair value through profit or loss. The company's financial assets include cash and short-term deposits, trade and other receivables, amounts due from related parties and staff loans, and the company's financial liabilities include trade and other payables, amounts due to related parties and borrowings (Government of Uganda loans).

ii) Subsequent measurement

Bank balances, trade receivables and other receivables and amounts due from related parties

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These financial assets are classified as loans and receivables, as they are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as 'financial assets held for-trading', designated as 'financial investments available-for-sale' or financial assets designated 'at fair value through profit or loss'. After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate method, less allowances for impairment. Amortisation is calculated by taking into account any discount or premium on acquisition fees and costs that are an integral part of the effective interest rate. The amortization is included in profit or loss. The losses arising from impairment are recognized in profit or loss.

Borrowings, amounts due to related parties and trade payables

After initial measurement, these financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortisation is calculated by taking into account any discount or premium on acquisition fees and costs that are an integral part of the effective interest rate. The amortization is included in profit or loss.

iii) De-recognition of financial assets and financial liabilities

Financial assets

A financial asset is de-recognised where:

- The rights to receive cash flows from the asset have expired; or the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and Either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged

or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

p) Impairment of assets

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
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is estimated. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of what the asset's carrying amount would have been net of depreciation or amortization if no impairment loss was recognized.

q) Employee benefits

Retirement Benefit Scheme

With effect from 1 April 2014, a new retirement benefit scheme was set up where members of staff contribute 5% of their gross monthly salary and the Company contributes 25% (changed

to 30% from 1st July 2022) of the gross monthly salary for each month worked for the contract staff. The scheme was registered as a defined benefit contribution with the Uganda Retirement Benefits Regulatory authority.

National Social Security Fund

The company also makes contributions to a statutory scheme, the National Social Security Fund (NSSF). Contributions to NSSF are determined by applicable statute and are shared between employer and employee. The company's contributions of 10% on employee emoluments are charged to profit or loss in the year to which they relate.



The Electrical Engineer, Ms. Anita Ingabire, guides students during an educational visit to the Namanve TPP earlier this year.

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 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

3. (a) CONCESSION FEES

	30/06/2024	30/06/2023
	UGX '000	UGX '000
		Restated
Administration component	-	3,731,142
License fees-Karuma HPP	-	2,444,200
	-	6,175,342

UEGCL, under the Concession and Assignment agreement (CAA), had the right to bill Eskom for Debt service, Depreciation, Return on Equity and Administrative costs. Due to the tariff structure approved by Electricity Regulatory Authority (ERA) for the year ended June 2023. During the year ended June, 30 2024 no concession fees was billed following the natural expiry of the Eskom concession in March 2023.

3. (b) NALUBAALE-KIIRA sales

	30/06/2024	30/06/2023
	UGX '000	UGX '000
		Re-stated
Investment Component	48,253,484	1,800,770
Operation & Maintenance (OM)	31,267,976	7,673,571
Generation License Fees	3,435,927	892,553
Royalties	459,835	118,528
Karuma License Fees	6,193,096	1,851,259
Recovery on Buy Out	1,193,609	-
Return on Buy Out	907,143	-
Graduate Trainees	221,205	-
	91,932,275	12,336,681
Deferred Investment Income (Apr23 to Jun23)	(1,800,770)	-
Deferred Investment Income (Jul23 to Jun24)	(48,253,484)	-
	41,878,021	12,336,681

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The income relates to the sale of electricity to UETCL based on capacity, generated from the two Hydro power plants of Nalubaale-Kiira for the year ended 30th June 2024. The investment income deferred is detailed and explained in note **(3C)** below;

3. (C) NALUBAALE-KIIRA INVESTMENT FUND

	30/06/2024	30/06/2023
	UGX '000	UGX '000
July 1, 2023	1,800,770	-
Billing for the year	48,253,484	1,800,770
Payments	(200,985)	-
	49,853,268	1,800,770
60 Days receivable (UETCL)	(4,266,913)	-
June 30, 2024	45,586,356	1,800,770

At the year end the status of implementation of the investments were as follows;

Performance obligation	Number of projects
Satisfied	3
Partially satisfied	1
Unsatisfied	53

The investment component of UGX 48 Billion (2023: UGX 1.8 Billion) is part of the overall tariff revenue that UEGCL earned. However, since it is earmarked for future capital expenditure, this portion of revenue cannot be immediately recognized in the statement of comprehensive income as revenue. This component has been recognized as deferred income (a liability) on the statement of financial position until the performance obligation takes place (capital expenditure).

The rationale for the accounting treatment is that the UEGCL has received funds in advance for specific future obligations (capital investments). IFRS 15.22 states that "An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer." Since the investment component is received in advance, but the performance obligation (capital expenditure for future infrastructure) has not yet been satisfied, the revenue is deferred and disclosed as a liability on the statement of financial position until the

performance obligation takes place (capital expenditure).

UEGCL has an obligation to carry out these investments as approved by the ERA. If this obligation is not met, there are two risks highlighted as below;

- i. Nalubaale plant would face forced outages which will directly impact on the sales and electricity supply to UETCL and ultimately to end users.
- ii. ERA will cause a refund. Section 6, (1) (Regulation of Costs and Investments) of the Electricity Tariff Code Regulations 2003. "The licensee is responsible for justifying that any costs or investments included in the formulation of tariffs are reasonable in the circumstances, and the Authority may challenge such costs or investments and where necessary reject them if the Authority considers them to be unreasonable or imprudent."

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

4. ISIMBA REVENUE

	30/06/2024	30/06/2023
	UGX '000	UGX '000
Sales revenue	184,760,435	164,316,984
	184,760,435	164,316,984

UEGCL billed UETCL based on energy generated and dispatched to the grid from Isimba power plant (July 2023 to June 2024). The power purchase agreement between UEGCL and UETCL for Isimba HPP provides that UEGCL bill power sales based on capacity. However, the generation and sales license issued by ERA stipulates that UEGCL bills on energy sold and not capacity.

a) Isimba HPP plant shut down due to flooding and the estimated insurance claim.

UEGCL submitted a claim and supporting documentation to the tune of UGX 1,847,024,429 to the Lead Insurer. The claim

was reviewed by a Loss Adjuster who advised that the claim was outside the risks insured because the proximate cause of flooding related to a defect in the cranes that were used to lift the downstream gates. UEGCL disagreed with the assessment and in a meeting with the Insurer and the Loss Adjuster, UEGCL agreed to submit additional information to the Loss Adjuster to reconsider his advice. This followed the flooding incident On Monday 8th August 2022 in the power house at the plant and two units (Unit 1 and Unit 4) tripped from activation of the flood protection system.

5. KARUMA INCOME

	30/06/20234	30/06/2023
	UGX '000	UGX '000
Interim Energy sales	3,326,901	795,738
Commercial sales revenue	8,423,543	
	11,750,444	795,738

UEGCL billed UETCL for the interim energy for the units tested and dispatched to the grid for period to 11th June 2024 amounting to UGX 3.3billion. Upon attaining the commercial operations on 12th June 2024, UEGCL started billing on commercial rate realising UGX 8.4billion. The unit price for the interim energy is 0.00160USD/KWH while the price after commissioning and take over is fixed at USD 0.0497/ KWH as per the PPA with UETCL.

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**6. NAMAMAVE TPP INCOME**

	30/06/2024	30/06/2023
	UGX '000	UGX '000
		Re-stated
Energy Tariff Revenue (HFO)	42,616,805	44,927,209
Capacity Revenue	11,386,796	11,545,704
Energy Tariff Revenue (O&M)	1,224,009	1,354,976
	55,227,610	57,827,888

UEGCL took over the operations of Namanve Thermal Power Plant (TPP) from Jacobsen in February 2022 on behalf of Government. The sales revenue relates to the electricity sale to UETCL.

7. OTHER OPERATING INCOME

	30/06/2024	30/06/2023
	UGX '000	UGX '000
Sundry Income	145,191	55,921
Grant Income Nyagak (GOU)	17,278,744	10,079,275
Norwegian Grant Income	6,593,063	10,917,860
Grant Income Isimba (GOU)	16,632,742	27,933,841
Grant Income Karuma (GOU)	3,545,951	1,056,804
Grant Income Nalubaale -Kiira (Asset additions)	6,597,135	1,321,334
Grant Income Buyout amount Nalubaale-Kiira	-	45,700,000
Grant Income Namanve TPP (GOU)	6,189,183	5,225,498
	56,982,009	102,290,532

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The GOU grants represent government contribution towards supervision of various projects. The UGX 16.6 Billion Isimba HPP grant income is majorly attributed to the amortisation of the GOU contribution towards supervision of the dam during DLP (OE costs and CDAP) and the current year amortisation of GOU grant deferred during the construction period. The UGX 17.3 Billion for Nyagak III relates majorly to GOU contribution towards the construction of the project made to GENMAX for which no return is expected (Government grant). The UGX 6.2 Billion grant income for Namanve is current year amortisation of grants deferred (Fixed asset, stock, and GOU contribution) during the year. The UGX 6.6 Billion Norwegian grant income relates to amortisation of the five-year Norwegian grant extended to UEGCL by the Norwegian Ministry of foreign affairs towards the operations and maintenance support for Isimba Plant and Karuma HPP upon commissioning.

8. COST OF SALES

	30/06/2024	30/06/2023
	UGX '000	UGX '000
Heavy Fuel Oil	45,087,532	45,828,362
Oil and lubricants	1,208,634	1,017,814
Inventory	3,985,665	866,326
	50,281,830	47,712,503

The cost of sales majorly relates to Heavy Fuel Oil (HFO) and lubricants Incurred to generate electricity at Namanve Thermal Power Plant.

9. STAFF COSTS AND RELATED BENEFITS

	30/06/2024	30/06/2023
	UGX '000	UGX '000
Salaries	22,604,188	16,524,045
Company contributions to NSSF and other funds	8,660,151	6,063,928
Other staff benefits and allowances	9,450,073	6,872,367
	40,714,412	29,460,340

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The staff cost is attributed to operations and maintenance staff costs for Isimba, Nalubaale-Kiira, Karuma and Namanve Plants. The average number of persons employed by the company during the period ended 30th June 2024 was 400 (2023: 356). The company workforce increased by 44 staff, majorly attributed to operations staff hired for Karuma HPP and other plants.

10. ADMINISTRATION EXPENSES

	30/06/2024	30/06/2023
	UGX '000	UGX '000
Transport expenses	1,429,061	1,464,036
Project administration Exps (Nyagak III)	16,673,347	10,079,635
Operational expenses	12,163,651	11,706,797
Directors' allowances	187,978	47,268
Directors' expenses	597,480	1,064,602
Consultancy fees	12,118,150	14,420,441
Legal fees	67,418	88,620
Norwegian Grant Expense	6,523,883	10,753,322
Karuma expense	3,511,447	1,056,804
Community Development Action Plant (CDAP)	2,172,397	9,270,140
Insurance	12,987,831	7,247,586
Licenses and permits	11,517,361	7,387,513
Buy Out Amount Nalubaale-Kiira HPPs	-	45,700,000
	79,950,003	120,286,762

The UGX 16.7 Billion Nyagak III expense relates to GOU grant support towards the project construction, land is capitalised towards the construction of Nyagak III. The project is being implemented as a Public Private Partnership. Operational expenses of UGX 12.2 Billion relate to various administrative costs (security, utilities, publicity, advertising, catering services, Protective gears among others for O&M Isimba, Namanve, Nalubaale-Kiira power plants and head office), consultancy of 12.1 billion relates majorly to payment for supervising Owners Engineers for Isimba HPP and experts for Namanve TPP. In addition, UGX 13 Billion was incurred on insurance for Isimba HPP, Namanve and Nalubaale-Kiira plant assets and

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license fees of UGX 11.5 Billion paid majorly to the regulator (ERA) during the year ended 30th June 2024. UGX 6.5 Billion was spent from the Norwegian grant support for capacity building of staff in operations and maintenance of Isimba and Karuma Plants. UEGCL equally spent UGX 2.2 Billion in Community Development Action Plans in an effort to restore livelihoods in both Karuma and Isimba plants through infrastructure support in education and health sectors among others.

11. DEPRECIATION AND AMORTISATION CHARGE

	30/06/2024	30/06/2023
	UGX '000	UGX '000
Depreciation Nalubaale-Kiira Plant assets	16,352,257	17,729,224
Depreciation (Isimba HPP Assets)	48,378,101	46,808,541
Depreciation (Namanve TPP)	4,537,759	4,276,473
Depreciation (Karuma HPP)	4,442,532	-
Amortization (Nalubaale & Kiira)	5,359,775	11,689
Depreciation Nyagak III	35,632	-
Depreciation & Amortization	79,106,057	68,825,927
Depreciation Projects assets (Capitalised)	-	213,929
	79,106,057	69,039,856

The depreciation for projects relates to Karuma depreciation for various assets that supported implementation.

12. INTEREST

(a) Interest Income

	30/06/2024	30/06/2023
	UGX '000	UGX '000
UEGCL/ESKOM Escrow a/c	7,521	21,356
Isimba sales account	2,129,117	1,383,755
Karuma sales account	52,989	-
	2,189,626	1,405,111

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Interest income for the period relates majorly to the income received from the Isimba sales, Karuma sales collection accounts and UEGCL/ESKOM escrow account held with Stanbic bank.

The significant amount on the UEGCL/ESKOM escrow account was withdrawn to support the operations of the Nalubaale-Kiira plants following the natural end of the concession in March 2023 hence the huge decrease to UGX 7.5 Million for year ended June 30,2024.

(B) Interest expense

	30/06/2024	30/06/2023
	UGX '000	UGX '000
Interest	24,522,688	26,957,394
	24,522,688	26,957,394

This relates to Isimba HPP Loan interest incurred during the financial year ended 30th June 2024.

13. NET FOREIGN EXCHANGE GAINS/LOSS

	30/06/2024	30/06/2023
	UGX '000	UGX '000
Unrealised foreign exchange (gain)/loss	(3,031,180)	2,715,779
Realised foreign exchange (gain)/loss	3,698,684	380,496
Net foreign exchange (gain)/loss	667,504	3,096,275

The net foreign exchange loss for the period of UGX 0.6 Billion (2023: loss of UGX 3.1 Billion), resulted from revaluation of other monetary items especially the outstanding receivable from UETCL denominated in USD at the year-end using the closing exchange rate as at 30th June 2024.

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14. TAX

The tax rate is set at 30% on the results for the year as adjusted for tax purposes in accordance with the Income Tax Act (Cap. 338 of Uganda).

No current income tax has been recognised in the financial statements because the company had accumulated tax losses of UGX 347 Billion as at 30th June 2024 (2023: 395 Billion). The tax losses will be carried forward and utilised against future taxable profits in accordance with the Income Tax Act of Uganda.

a) Reconciliation between the income tax expense and the product of accounting profit and the tax rate

	30/06/2024	30/06/2023
	UGX '000	UGX '000
Profit before tax	77,545,651	48,809,077
Tax at 30% (2024: 30%)	23,263,695	14,642,723
Tax effect of expenses not deductible	812,837	173,356
Deferred income tax charge	-	
Deferred tax expense	24,076,532	14,816,079

a) Current Income tax Provision

At 1 July 2023	-	-
Provision for the year	-	-
At 30 June 2024	-	-

b) Deferred Income Tax

Deferred Income tax is calculated on all temporary differences using the liability method at a principal tax rate of 30%. As at 30th June 2024, the company had a deferred tax liability of UGX 171.3 Billion (2023: UGX 147.2 Billion). The deferred tax liability is attributable to the following;

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	At 1 July 2023	Movement for the year	At 30 June 2024
	UGX' 000	UGX' 000	UGX' 000
Deferred income tax Asset/ (Liability)			
Accelerated tax depreciation	148,357,849	11,697,425	160,055,274
Net realized foreign exchange (losses)/gains	814,734	(1,829,719)	(1,014,985)
Tax losses carried forward	(118,376,020)	14,208,825	(104,167,195)
Deferred tax Asset/(Liability) expensed	30,796,563	24,076,532	54,873,095
Deferred income tax Liability			
Revaluation Surplus	116,415,471	-	116,415,471
Total Deferred tax Liability	147,212,034	24,076,532	171,288,566

	At 1 July 2022	Movement for the year	At 30 June 2023
	UGX' 000	UGX' 000	UGX' 000
Deferred income tax Asset/ (Liability)			
Accelerated tax depreciation	139,911,909	8,445,940	148,357,849
Net realized foreign exchange (losses)/gains	(4,319,219)	5,133,952	814,734
Tax losses carried forward	(119,612,207)	1,236,187	(118,376,020)
Deferred tax Asset/(Liability) expensed	15,980,483	14,816,079	30,796,563
Deferred income tax Liability			
Revaluation Surplus	116,415,471	-	116,415,471
Total Deferred tax Liability	132,395,954	-	147,212,034

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15. OTHER COMPREHENSIVE INCOME

	30/06/2024	30/06/2023
	UGX '000	UGX '000
WHT Interest written off	813,550	-
	813,550	-

The tax that relates to an assessment of penal interest from (URA) of UGX 814 million has been written off following the WHT ledger reconciliation with URA. The penal interest resulted from late payment of WHT for the period 2001-2009.



An O&M staff at the 50 MW Namanve TPP during routine plant inspection.

16. FIXED ASSET MOVEMENTS

	Plant & Machinery	Buildings	Furniture & fittings
Cost	UGX' 000	UGX' 000	UGX' 000
At 30 June 2023	3,003,773,347	12,075,521	1,107,975
Additions	5,296,692,749	164,971,837	28,323
Disposal	-	-	-
At 30 June 2024	8,300,466,096	177,047,358	1,136,298
Depreciation & Amortisation			
At 30 June 2023	267,455,812	2,659,420	623,148
Charge for the year	74,697,327	474,913	126,322
At 30 June 2024	342,153,139	3,134,333	749,470
NET CARRYING VALUE			
At 30 June 2023	2,736,317,534	9,416,101	484,827
At 30 June 2024	7,958,312,957	173,913,026	386,828

Computers & software	Tools & Equipment	Motor Vehicles	Office Machinery	Total
UGX' 000	UGX' 000	UGX' 000	UGX' 000	UGX' 000
11,454,980	875,345	8,931,620	5,280,233	3,043,499,021
293,451	-	1,170,036	953,156	5,464,109,553
-	-	-	-	-
11,748,431	875,345	10,101,655	6,233,389	8,507,608,574
2,407,961	807,804	6,242,701	1,471,231	281,668,078
2,149,916	10,808	863,994	848,956	79,172,236
4,557,877	818,612	7,106,696	2,320,187	360,840,314
9,047,020	67,541	2,688,918	3,809,002	2,761,830,944
7,190,554	56,733	2,994,960	3,913,202	8,146,768,259

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**Testing of the complex (Kiira & Nalubaale dams)
for impairment**

During the year ended 30th June 2023, prior to the end of the Eskom concession end of March 2023, Office of The Auditor General, conducted a due diligence exercise to obtain the Buyout amount of the investments not recovered by Eskom by the end of concession. The procedures involved verifications of the investments as indicated in the detailed due diligence report of the Auditor General. The report summarized the amounts invested by Eskom from inception of the concession on annual basis in the two plants. The asset additions of UGX: 128 Billion which related to investments by Eskom from July 2018 were

incorporated in the financial statements for the period ended 30th June 2023. The derivation of the asset addition was guided by the comprehensive asset verification that was conducted during the year ended 30th June 2018, for Nalubaale and Kiira power plants in Jinja. The outcome of which was an updated fixed asset register in relation to Nalubaale and Kiira power plants. The results of the asset verification was fully incorporated in the financials statement as at 30th June 2018 including the write down for impairment. .

Accordingly, review of the carrying amounts of the complex for the financial year ended 30 June 2024, indicated no impairment.

17. PREPAID OPERATING LEASE RENTALS

		30/06/2024	30/06/2023
		UGX '000	UGX '000
Cost			
At 1 July 2023		2,023,114	2,023,114
Additions		-	-
At 30 June 2024		2,023,114	2,023,114
Amortization			
At 1 July 2023		1,646,779	1,635,090
Charge for the year		11,663	11,689
At 30 June 2024		1,658,442	1,646,779
Net carrying amount		364,672	376,335
	Nalubaale	Kiira	Total
	UGX' 000	UGX' 000	UGX' 000
Cost			
At 1 July 2023	1,581,924	441,190	2,023,114
Additions	-	-	-
At 30 June 2024	1,581,924	441,190	2,023,114

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Amortization			
At 1 July 2023	1,284,487	362,291	1,646,779
Charge for the period	9,097	2,566	11,663
At 30 June 2024	1,293,585	364,857	1,658,442
Net carrying amount			
At 30 June 2023	297,437	78,899	376,335
At 30 June 2024	288,339	76,333	364,672

At inception, the lease obligations were paid up front. As such, the obligation resulting from the minimum lease payment was expunged at the beginning of the leases in a single payment.

18. LAND

	Head Office	Nyagak III	Muzizi	Isimba Sign Post	Total
	UGX '000	UGX '000		UGX '000	UGX '000
At 30 June 2023	1,549,900	647,920	2,681,297	3,000	4,882,117
Additions	-	-	-	-	-
At 30 June 2024	1,549,900	647,920	2,681,297	3,000	4,882,117

One of the projects being supported by the Government is the construction of Nyagak III (6.6MW) Small Hydropower Project in Zombo District to which Government of Uganda through MoFPED and MEMD has committed to providing both equity and grant funding amounting to USD 8.1 million. This follows the exit of KfW from the project in 2018. The funding commitments are part of the Shareholders' Agreement between UEGCL and the Strategic Partner (A consortium of DOTT Services Limited and HydroMax Limited). Additionally, one of the obligations of UEGCL (as Public Partner) under the Shareholders' Agreement and Implementation Agreement

is acquisition of land for the project (for both transmission line and generating facility) and the deployment of an Independent Engineer.

The project is currently under construction phase, being developed as a Public Private Partnership (PPP) by a Special Purpose Vehicle (SPV), Genmax Nyagak Ltd, formed between UEGCL and the procured Private Sector Partner. The private partner is a consortium of Hydromax Ltd and Dott Services Ltd. UEGCL with support and financing from GoU procured GOPA Intec (in association with Zollet Ingegneria) as Independent Engineer to assist with the monitoring and supervision of

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

the project in accordance with requirements and obligations under the Shareholders Agreement and Power Purchase Agreement.

The developer GENMAX Nyagak Limited is responsible for the financing, design, construction, and operation of the power plant for a period of 20 years after which the plant shall revert to UEGCL.

The UEGCL board approved the project financing approach to be adopted by the developer

GENMAX Nyagak Limited. The developer GENMAX Nyagak Limited contracted DOTT Services Limited and Tata Consulting Engineers as Construction Contractor and Design Engineer respectively in accordance with the FIDIC Red Book Construction Contract. The Nyagak land balance at 30 June 2024 of UGX 680 Million relates to land acquisition costs for the Nyagak Hydro Power Project in respect of the project-affected people's verification, disclosure activities and the land valuation.

19. WORK IN PROGRESS

	Karuma	Muzizi	Others	Total
	UGX '000	UGX '000	UGX '000	UGX '000
At 1 July 2023	4,744,679,131	9,321,000	18,440,602	4,772,440,733
Additions	184,179,257	800	1,280,444	185,460,501
Reclassified to PPE	(4,928,858,388)	-	(17,887,153)	(4,946,745,541)
At 30 June 2024	-	9,321,800	1,833,893	11,155,693

The WIP amount significantly reduced from UGX4.9 Trillion to a mere UGX11billion due to the reclassification of Karuma WIP UGX4.9 Trillion to fixed assets (Karuma Plants assets), upon attaining commercial operations on 12th June 2024. In addition, the WIP in relation to staff houses worth UGX 17.9 Billion was reclassified to buildings following their completion. The outstanding WIP at the reporting period relates majorly to amounts capitalised under Muzizi project worth UGX9.3 Billion. However, the procurement for the construction contractor for Muzizi project was cancelled due to inadequate finance coupled with delays in project implementation, the financiers (KFW & AFD) cancelled the financing to the project. Currently the project is off the Public Investment Plan (PIP).

20. EQUITY INVESTMENTS IN NYAGAK III

	30/06/2024	30/06/2023
	UGX'000	UGX'000
Equity Investment	4,129,129	4,129,129
	4,129,129	4,129,129

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
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As per the shareholders agreement, UEGCL is obliged to pay USD 8.1million to GENMAX, towards the construction of Nyagak III of which USD 1.2 Million is the equity investment, representing 30% of the equity holding in GENMAX and the balance of USD 7 Million being the GOU grant contribution.

AS at 30th June 2024, the equity portion amounting to UGX 4.1 Billion has been fully paid, being the GOU contribution to equity in line with the shareholders agreement (USD 1.2 Million being the 30% Equity investment in Nyagak SHPP). The amount has been recognised at cost using the equity method of accounting per IAS 28, Investment in Associates and Joint ventures.

Nyagak III is being implemented as a Public Private Partnership (PPP). Accordingly, a special purpose Vehicle GENMAX Uganda Ltd was formed between UEGCL and the private partner (a consortium of Hydromax and Dot services) to oversee the construction and thereafter the operation and maintenance of the plant for a period of 20 years after which the plant shall revert to UEGCL.

21. TRADE AND OTHER RECEIVABLES

	30/06/2024	30/06/2023
	UGX '000	UGX '000
Trade receivable-UETCL	87,730,301	60,887,815
Withholding tax recoverable	2,090,234	1,769,739
Staff debtors	56,153.71	49,583
Prepayments	28,783,845	13,318,659
Others	-	2,033
Total	118,660,533	76,027,828

Receivable from UETCL of UGX 87.7billion are outstanding invoices for sale of electricity to UETCL for May and June 2024 for Isimba HPP, Nalubaale-Kiira, Karuma Plants and Namanve plants.

For Namanve TPP, this includes, the capacity invoices for 13 months effective December 2022 to December 2023 amounting to **UGX 12billion**, which remain outstanding. UEGCL continues to pursue the outstanding capacity revenue for Namanve TPP which represent GOU subsidy to support the operations and maintenance of the plant. The prepayments of UGX 28.8billion relate majorly to advance payments for Isimba plant and Karuma plants' insurance of UGX 20billion and license fees to the regulator worth UGX 6billion.

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**22. CASH AND BANK BALANCES**

	30/06/2024	30/06/2023
	UGX '000	UGX '000
UEGCL/ESKOM Escrow account	1,858,095	8,246,588
Concession / Nalubaale-Kiira account	34,810,760	672,573
Norwegian grant support account	11,016,062	14,562,609
Projects account	7,750,589	2,695,866
Cash at hand	77	736
Isimba sales collection account	39,709,925	22,483,427
Prepaid Debit Card Account	15,097	6,051
Isimba O&M Operations Ac UGX	85,018	9,331
Stanbic Namanve TPP UGX Account	234,615	3,798,779
Namanve TPP-Delegated operations account	79,813	302,843
Nalubaale-Kiira-Delegated operations account	368,082	289,343
Karuma sales collection account	3,842,215	-
	99,770,348	53,068,147

UEGCL/ESKOM Escrow Account

In accordance to section 5.1 of the Concession and Assignment Agreement, the company was required to open and maintain an escrow account. The significant amount has been withdrawn following the natural end of the concession in March 2023, leaving a balance of only UGX 1.8 Billion.

Isimba sales collection account

The account receives revenue from UETCL for invoices billed based on energy dispatched to

the grid. The revenue from the account is for loan repayments and, operations and maintenance (O&M) of the plant. The account is denominated in Uganda Shillings.

Namanve TPP account sales collection account.

The account is for revenue from UETCL for invoices billed based on electricity generated and dispatched to the grid as well as the capacity tariff to support operations and maintenance of the plant. The account is denominated in Uganda shillings.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Norwegian grant account

The account is for the five-year Norwegian grant funding to support the operations and maintenance of Isimba and Karuma Plants. The account is denominated in US dollars.

Nalubaale-Kiira account sales collection account.

The account is for revenue from UETCL for invoices billed based on electricity generated and dispatched to the grid based on capacity tariff to support operations and maintenance of the plant. The account is denominated in Uganda shillings.

Karuma sales collection account

The account receives revenue from UETCL for invoices billed based on energy dispatched to the grid. The revenue from the account is for loan repayments and, operations and maintenance (O&M) of the plant. The account is denominated in Uganda Shillings.

Delegated accounts (Isimba, Nalubaale-Kiira and Namanve)

These accounts receive funds from the operational accounts for the various plants to support the delegated operations of the plants. The accounts are operated and managed by the respective business units.

23. INVENTORY

	30/06/2024	30/06/2023
	UGX '000	UGX '000
Inventory	21,315,835	18,555,826
	21,315,835	18,555,826

The inventory are tools and spares, purchased by UEGCL or received as non-cash items from GOU to support plant operations.

24. ISSUED CAPITAL AND CAPITAL CONTRIBUTIONS

a) Share capital

	Number of	Amount
	shares	UGX '000
Authorized, issued and fully paid ordinary shares of UGX 500 each:		
At 1 July 2023	2	1
Conversion of Government of Uganda loans to equity	210,416,340	105,208,168
At June 2024	210,416,340	105,208,169

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

b) Capital contributions

	30/06/2024	30/06/2022
	UGX '000	30/06/2023
Government of Uganda	554,861,676	554,861,676

This balance relates to the Government of Uganda consideration in respect to the net assets and liabilities taken over by the company from Uganda Electricity Board.



Hon. Sidronius Okaasai OPOLOT, Minister of State for Energy (C), with the members of the UEGCL Board and Top Management during the Launch of the Internal Performance Contract (IPC) for Namanve TPP in April 2024.

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 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

25. DEFERRED INCOME

	Karuma	Isimba	Nyagak & Muzizi	Norwegian grant	Namanve	Nalubaale-Kiira	Total
	UGX '000	UGX '000	UGX '000	UGX '000	UGX '000	UGX '000	UGX '000
30 June 2023	167,057,776	192,792,265	19,330,603	11,313,508	125,589,000	133,897,709	649,980,863
Additions	567,418,893	132,472,168	7,221,256	-	-	50,054,254	757,166,571
Amortization	-	(159,056)	-	(3,067,939)	(6,189,183)	(6,597,135)	(16,013,314)
30 June 2024	734,476,669	325,105,377	26,551,859	8,245,568	119,399,817	177,354,827	1,391,134,120

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
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Relates to amortisations of cash received for projects supervision and fixed assets and inventories/spares for Namanve and Nalubaale Kiira upon take over in relations to asset additions. The Nalubaale-Kiira deferred income addition of UGX 50.1 Billion relates to the investment income as detailed in Note (3C)

26. Karuma and Isimba on lent loans

The loans which were denominated in US dollars have been converted to Uganda shillings following UEGCL request to have the loans in the functional currency to hedge against currency risk due to the volatility of Uganda shillings against the US \$. The conversion took effect 1st July 2021 as per the approval by both Exim bank of China and MoFPED.

a) Karuma on lent Loan

The amounts represent outstanding loan disbursements by the Export – Import Bank of China to the Government of Uganda; which in turn the Government has on lent to UEGCL. The outstanding loan balance as at 30 June 2024 was UGX; **3,954,058,996,448** (2023: **UGX 3,892,636,957,762** while the outstanding interest amount was **UGX 526,596,316,251** (2023: **UGX 443,692,984,590**).

By the Preferential Buyer Credit (PBC) Agreement dated the 24th Day of November 2014 and the Buyer Credit Loan (BCL) Agreement dated February 20, 2015; the Export – Import Bank of China lent to the Government an amount of United States Dollars Seven Hundred and Eighty Nine Million Three and Thirty Seven Thousand Two Hundred and Seventy Five and Thirty Six Cents (US \$ 789,337,275.36) from the PBC Financing Agreement plus another United States Dollars Six Hundred and Forty Five Million Eight Hundred and Twenty One Thousand and Four Hundred and Seven and Twelve cents two (US \$ 645,821,407.12) from the BCLA Financing Agreement respectively.

Under the provisions of Article 6 Section 6.12 (1) of the PBC Financing Agreement, and Article 16 Section 16.1 (3) of the BCLA Financing Agreement, the Government is required to enter into On - Lending Agreements with UEGCL and UETCL (as borrowers') for the purpose of on lending the full amount of the Credit to UEGCL and UETCL respectively upon the terms and conditions therein stated and for the purposes of implementing the 600 MW Karuma Hydropower Dam and Associated Transmission Works and Sub Stations Project.

The Government agreed to on lend to UEGCL as Borrower, and to the extent that, such amount have been made available to the Government by the BANK, an amount not exceeding United States Dollars Six Hundred and Fifty Three Million Eight Hundred and Six Thousand and Five Hundred and Eighty Four and Eighty Three Cents (US \$ 653,806,584.83) from the PBC Financing Agreement plus another United States Dollars Five Hundred and Thirty Four Million Nine Hundred Thirty Two Thousand Six Hundred and Sixty and Thirty Two Cents (US \$ 534,932,660.32) from the BCLA Financing Agreement respectively and all totalling United States Dollars One Billion One Hundred and Eighteen Million Seven Hundred Thirty Nine thousand Two hundred and Forty Five and Thirteen Cents (US \$ 1,118,739,245.13) as a **“Subsidiary Loan”**.

Subsidiary Loan bears the following terms

- Loan Amount - Uganda shillings
4,237,546,336,756.01
- Maturity Period - 20 years including 5 years of grace
- Interest rate - 2 % p.a on disbursed and outstanding amounts

b) Isimba on lent loan

The amounts represent outstanding loan disbursements by the Export – Import Bank of China to the Government of Uganda; which in turn the Government has on lent to UEGCL. The outstanding loan balance as at 30 June 2024 was **UGX 1,168,558,039,571** (2023: **UGX 1,276,010,697,479**), while the outstanding interest amounted to **UGX;3,268,336,564** (2023: **UGX 4,147,966,381**). The amount of principal payable within the next 12 months is **UGX; 107,452,657,083**

By the Preferential Buyer Credit (PBC) Agreement dated the 24th Day of November 2014; the Export – Import Bank of China lent to the Government an amount of United States Dollars Four Hundred and Eighty-Two Million Five Hundred and Seventy-Eight Thousand and Two Hundred (US \$ 482,578,200) from the PBC Financing Agreement.

Under the provisions of Article 6 Section 6.12 (1) of the PBC Financing Agreement, and Article 16 Section 16.1 (3) of the BCLA Financing Agreement, the Government was required to enter into On - Lending Agreements with UEGCL and UETCL (as borrowers') for the purpose of on lending the full amount of the Credit to UEGCL and UETCL respectively upon

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
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the terms and conditions therein stated and for the purposes of implementing the 183 MW Isimba Hydropower Dam and the Isimba-Bujagali interconnection Project.

The Government agreed to on lend to UEGCL as Borrower, and to the extent that, such amount have been made available to the Government by the BANK, an amount not exceeding United States Dollars Four Hundred and Fifty Two Million One Hundred and Forty Seven Thousand and Nine Hundred and Forty Six (US \$ 452,147,946) as a **“Subsidiary Loan”**.

Subsidiary Loan bears the following terms:

- a. Loan Amount - Uganda shillings
1,611,789,869,024.04
- b. Maturity Period - 20 years including 5 years of grace
- c. Interest rate - 2 % p.a on disbursed and outstanding amounts

27. Isimba and Karuma retentions

The specific amount for Karuma HPP has been computed in line with the terms of the loans and recognised to the outstanding loan amounts for the period ended June 2024. The Isimba retention has been fully paid.

28. TRADE AND OTHER PAYABLES

	30/06/2024	30/06/2023
	UGX '000	UGX '000
Trade and other payables	31,968,109	41,259,320
Taxes payable (WHT & VAT)	4,416,133	4,940,362
Payroll deductions (PAYE & NSSF)	1,777,460	2,286,176
	38,161,703	48,485,858

The Withholding tax that relates to an assessment of penal interest from Uganda Revenue Authority (URA) of UGX 814 million has been written off following the WHT ledger reconciliation with URA. The penal interest resulted from late payment of WHT for the period 2001-2009. The principal WHT was paid in 2010.

29. RELATED PARTIES

Following the restructuring of Uganda Electricity Board (UEB), three Government of Uganda fully owned successor companies were created including the company. The other two companies, Uganda Electricity Transmission Company Limited (UETCL) and Uganda Electricity Distribution Company Limited (UEDCL) are related to the company through common shareholding.

During the year, the following transactions occurred with related parties;

i) Transactions with related parties

		30/06/2024	30/06/2023	
Nature of transactions	Related Party	UGX '000	UGX '000	Terms
Sale of electricity	UETCL	343,670,763	241,452,635	Arms length Retainer & allowances
Fees for services	Directors	785,457	1,111,870	

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**ii) Amounts due from related Parties**

UETCL	87,730,301	60,887,815
	87,730,301	60,887,815

Contingent Liabilities**a) Outstanding legal cases****i) SAMUEL BAMUSONIGHE V UEGCL**

Samuel Bamusonighe, a former project accountant with UEGCL sued the company alleging unfair termination in 2017. Sam Bamusonighe seeks general and special damages of UGX 425M. court heard the matter fully and awaiting judgement on a date yet to be confirmed by the industrial court. UEGCL believes that Sam Bamusonighe is owed much less than his claim. UEGCL awaits the Court ruling at a future date yet to be confirmed by the Court.

ii) JOHN ERIC MUGYENZI V UEGCL, LABOUR DISPUTE NO. 96 OF 2016

This case was filed before the Industrial Court where Eng. Mugyenzi (deceased) alleged wrongful termination of employment, breach of the employment contract, unfair and wrongful termination. The matter has not proceeded as no legal representative has been appointed by the estate of the Claimant and the process of attaining the Letters of Administration has not yet been completed.

iii) UEGCL V MOSES AGABA HIGH COURT CIVIL SUIT NO 07 OF 2024

UEGCL filed a case against Mr. Moses Agaba for encroachment on its land at Maziba Hydro power in Kabale High Court. An external Counsel was procured and is handling the matter on behalf of UEGCL. No date for hearing has been set.

iv) HELLEN LABEJA & OTHERS V ATTORNEY GENERAL AND UEGCL

Project Affected Persons (PAPs) for the Karuma project land filed the case claiming inadequate compensation by project owners. The case came up for hearing on 22 March 2023 and was adjourned to 5 September 2023 and has been further adjourned to 27th November 2023. UEGCL raised a preliminary objection on UEGCL was wrongly sued since it's not the implementing agency handling compensation of PAPs. UEGCL subsequently submitted a written submission to court following the judge's directive on the same. The matter is now at mediation and the judge directed UEGCL participates in the mediations despite the objection.

b) Threatened Litigation**AGABA MARTIN M, BUYINZA MICHEAL & 70 ORS Vs UEGCL**

The 72 former employees of UEB, claim they are entitled to pension of Ugx.6,286,913,950/= in accordance with the UEB Act, 1999 and the UEB- Non- Contributory Retirement benefits /Pension Scheme Standing Instructions of 1992. The parties met on the 6th March, 2018, agreed to substantiate the basis of the former UEB employees. In a letter dated 26th June, 2018, the former UEB employees submitted letters spelling out terms of service under which UEB employees were transferred to UEGCL, the UEB standing Instructions and the decision of court in the case of Mavunwa Edison & Ors vs UEGCL to support their claim for pension. UEGCL could not retrieve information regarding the pension entitlements of all former employees of UEB to enable it verify the claim. A letter was written to the Registrar General to provide UEGCL with copies of documents relied on in verification of the staff benefits that were paid out during the liquidation of UEB. UEGCL has also written to the Office of the Auditor General seeking a copy of the Auditor General's Pension Verification Report to inform our findings and way forward. To date, UEGCL has not received sufficient information to substantiate this claim by the former UEB employees.

30. Financial Risk Management

The company has exposure to credit, market and liquidity risks from its use of financial instruments. The company's Board of Directors has overall responsibility for the establishment and oversight of the company risk management framework.

Credit risk

Credit risk is the risk of financial loss to the company if a counterparty or customer fails to meet its contractual obligations, and arises primarily from concession fee and energy and capacity billings and other amounts due from related parties and other stakeholders. The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as indicated below:

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	30/06/2024	30/06/2023
	UGX '000	UGX '000
Trade receivables	87,730,301	75,978,245
Staff advances and loans	56,154	49,583
Bank balances	99,770,348	99,770,348
	187,556,802	175,798,176

Trade receivables relate majorly to billed but unpaid sales revenue due from UETCL and were neither past payment due date nor impaired except the 13 capacity invoices December 2022-December 2023, for Namanve TPP worth UGX 12 Billion. The capacity component is a government subsidy to support the operations of the plant. UEGCL continues to peruse the outstanding amount with UETCL and other relevant stakeholders.

Market risk

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will reduce the company's revenue or increase the operational and capital costs. The objective of the company's market risk management is to manage and control market risk exposures in order to minimize the impact of adverse market movements with respect to revenue protection and to optimise the funding of the business operations and capital expansion.

Currency risk

The company has successfully converted the Karuma and Isimba on lent loans in respect of the construction of Isimba and Karuma HPPs to Uganda shillings from USD. The company had the following currency exposures to United States Dollar at year-end. All amounts are in UGX '000.

	30/06/2024	30/06/2023
	UGX '000	UGX '000
Financial assets		
Stanbic Bank Uganda Limited Escrow Account	1,858,095	8,246,588
Norwegian grant support account	11,016,062	14,562,609
Net currency exposure	12,874,157	22,809,198

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During the year ended 30th June 2024, UEGCL received the Norwegian grant worth UGX 3.5 billion.

The following significant exchange rates applied during the year:

	Spot rate		Average Rate	
	2024	2023	2024	2023
US\$:UGX	3,706.63	3,667.13	3,786.24	3,763.18

Interest rate risk

As at 30th June 2024, the company had exposure to interest rate risk as the company had interest bearing borrowings from China EXIM Bank through GOU for the construction of Karuma and Isimba.

Liquidity risk

Liquidity risk is the risk that the company does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows from revenue and capital and operational outflows. The objective of the company's liquidity and funding management is to ensure that all foreseeable operational, capital expansion and loan commitments can be met under both normal and stressed conditions.

The following are the contractual maturities of financial liabilities and financial assets, including estimated interest payments and excluding the impact of netting off agreements.

30-Jun-24	Carrying Amount	< 6 months	6-12 months	Over 1 year
	UGX '000	UGX '000	UGX '000	UGX '000
Financial assets				
Trade and other receivables	118,660,533	106,296,524	12,364,009	-
Cash and bank balances	99,770,348	97,912,253	-	1,858,095
	218,430,881	204,208,777	12,364,009	1,858,095
Financial liabilities				
Trade and other payables	38,161,702	-	38,161,702	-
Interest	529,864,653	529,864,653	-	-
Isimba loan payable in 1 year	107,452,657	-	107,452,657	-
	675,479,012	529,864,653	145,614,359	-
Net liquidity gap	(457,048,130)	(325,655,876)	(133,250,350)	1,858,095

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30-Jun-23	Carrying Amount	< 6 months	6-12 months	Over 1 year
	UGX '000	UGX '000	UGX '000	UGX '000
Financial assets				
Trade and other receivables	76,027,828	76,027,828	-	-
Cash and bank balances	53,068,147	44,821,558	-	8,246,588
	129,095,975	120,849,386	-	8,246,588
Financial liabilities				
Trade and other payables	38,975,252	38,975,252	-	-
Interest	447,840,951	447,840,951	-	-
Isimba loan payable in 1 year	107,452,657	-	107,452,657	-
	594,268,860	486,816,203	107,452,657	-
Net liquidity gap	(465,172,886)	(365,966,817)	(107,452,657)	8,435,778

30. NON-FINANCIAL RISK MANAGEMENT

i. Compliance risk

Compliance risk is the risk of non-compliance with the contractual obligations and other statutory requirements of the Government of Uganda. The contractual obligations are contained in the concession agreement with Eskom Uganda Limited and the on-lending agreements with MoFPED for construction of Isimba HPP and Karuma HPP. The approach adopted to manage these risks includes a combination of adequate procedures to assist management in achieving adherence to the legislative requirements and effective monitoring and reporting mechanism to ensure compliance. The company's top-level management is charged with the responsibility of monitoring and ensuring adherence to the concession and the on-lending agreements.

ii. Operational risk

Operational risk is the risk of the company not being able to operate if certain uncertainties occurred. These are caused by environmental factors, political, social factors and machine breakdown such as floods, wars, strikes and fire.

The company recognises operational risk, inclusive of information risk and business continuity, as a significant risk category and manages it within acceptable levels.

The company's management continues to develop and expand its guidelines, standards, methodologies and systems in order to enhance the management of operational risk. Corporate risk register has been developed based on departmental risk registers. Actual and potential risks are reviewed regularly and proper systems are put in place to avoid and reduce such uncertainties.







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