



Kenya Power

Kenya Power Strategic Plan 2023/24-2027/28

Smarter *for* Better



REPUBLIC OF KENYA



Smarter *for* Better



In a year of transformation, Kenya Power has steadfastly embraced the principle of "Smarter for Better," revolutionising Kenya's power grid through technological advancements and data analytics.

Our ongoing investments to modernise the grid, including automating the network and the adoption of smart metering technologies, is expected to significantly enhance quality, reliability and efficiency of our services.

The power of big data will be instrumental in shaping our decision-making processes, offering valuable insights that align with our mission and vision as we endeavour to provide excellent customer experience.

Furthermore, we recognise the importance of continuous learning and development for our teams. Our robust training programmes and knowledge-sharing platforms continue to empower our employees, and foster a culture of innovation and excellence towards transforming the Company into the leading utility in the region.

And thus, the "Smarter for Better" mantra encapsulates our commitment to positive change through intelligence and innovation. We are proud of our accomplishments over the last 100 years, and remain confident in our commitment to light up every corner of Kenya, power the economy and create a brighter future for all.



VISION

Energy solutions
provider of choice.

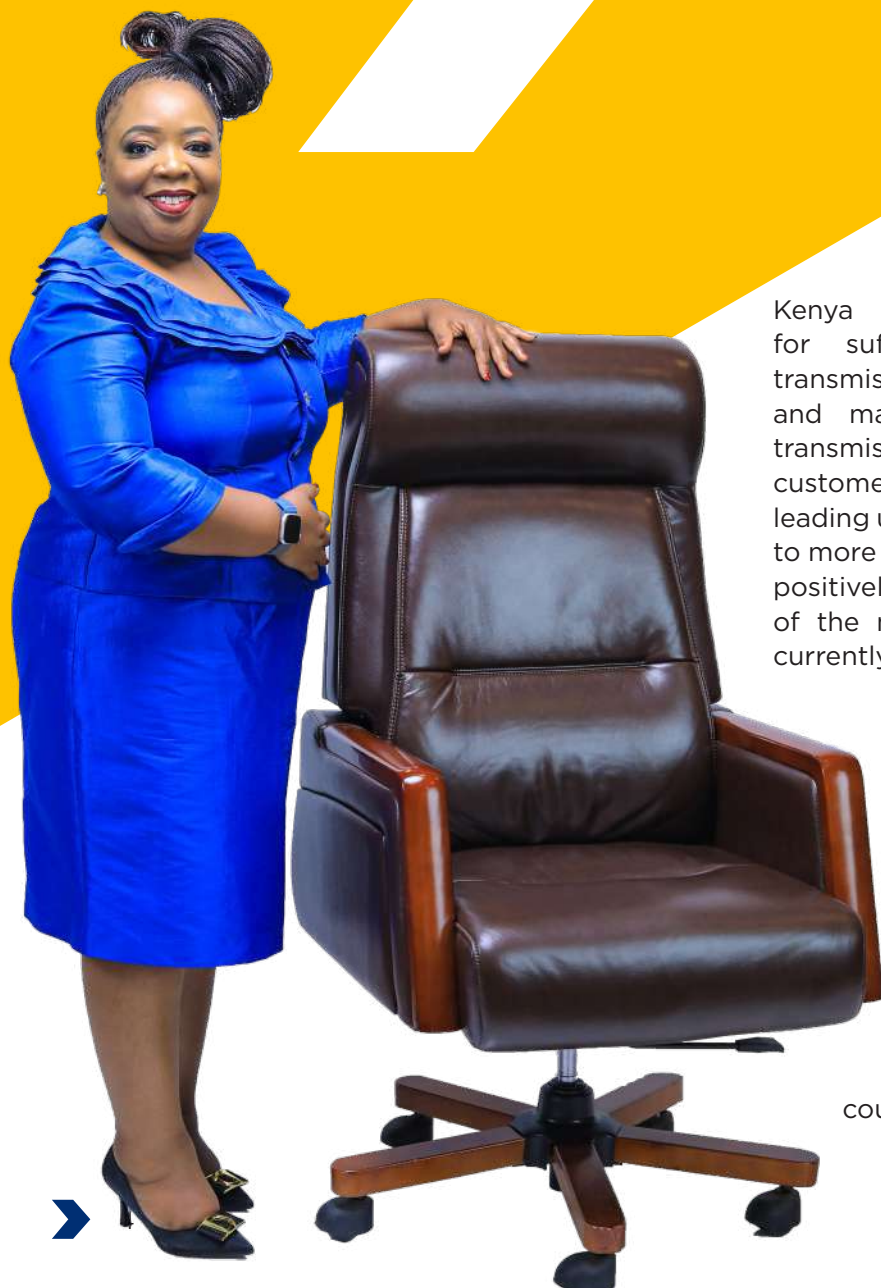
MISSION

Powering people for better
lives by innovatively securing
business sustainability.

CORE VALUES

We put our **customers first** as they matter most.
We work together as **one team** to achieve our goals.
We are **passionate** about powering the nation.
We believe in **integrity** and delivering on our promises.
We strive for **excellence** in all that we do.
We are **accountable** to our customers and stakeholders.

Foreword from the Chairman of the Board of Directors



Kenya Power's key mandate is to plan for sufficient electricity generation and transmission capacity to meet demand, build, and maintain the power distribution and transmission network and retail electricity to its customers. The Company continues to be the leading utility in the region, providing electricity to more than 9 million households in Kenya and positively contributing to the enhancement of the national electricity access rate which currently stands at 75%.

Quality electricity supply is critical for the achievement of economic development. For the last decade, Kenya Power has actively contributed to the national economic growth through provision of electricity to drive various sectors of the economy. The Company recognises the central role it plays in driving economic transformation and improving livelihoods across the country in line with its mandate.



The plan runs for a five-year duration with a midterm review. It takes into consideration new and emerging opportunities for the business as well as challenges that may affect the attainment of the strategic objectives

The Strategic Plan (2023/24 – 2027/28) builds on the gains made during the last century of service to the Kenyan people and provides a roadmap to attain the desired milestones that will sustain the Company in its next phase of its growth. The Plan is aligned to the Government's Vision 2030, The Bottom-Up Economic Transformation Agenda (BETA), SDGs, Africa Agenda 2063, EAC Vision 2050 and the Constitution of Kenya.

The plan runs for a five-year duration with a midterm review. It takes into consideration new and emerging opportunities for the business as well as challenges that may affect the attainment of the strategic objectives. In this regard, strategic issues of Financial Sustainability, Customer Centricity, Operational Excellence, and Human Capital have been extensively considered during the preparation of this plan as they directly influence the Company's ability to provide efficient, reliable, and affordable power to all.

The plan also recognises the aspirations of all stakeholders in the electricity sub-sector and brings an optimal balance of competing interests.

The generation mix, network growth, and average tariff progression will all lead to more

competitively priced electricity to the customer while ensuring sustained profitability for the Company. Given that electricity is an enabler of the country's socio-economic development, the Company's sustainability depends on, and gains from, increasing prosperity in its operating environment.

The implementation of this strategy will achieve the following:

- i) Supply security that incorporates climate change and the sustainability agenda
- ii) System efficiency to improve both supply quality and reliability as well as address system losses
- iii) Process re-engineering, through digitalisation and automation, geared towards improved customer-centric operational efficiency
- iv) Revenue growth and diversification for financial sustainability, and
- v) Institutional reforms to improve governance and support a shared performance culture.

I wish to thank the Government for its goodwill towards Kenya Power and support to ensure the sustainability of the business. Further, I wish to thank our customers, development partners, Board of Directors, and all other stakeholders for their support to ensure that the Company delivers on its mandate. Finally, I thank the staff for their dedication and hard work to position the Company at the forefront of the energy sector's evolution.

In conclusion, we commit to ensure effective delivery of the mandate and functions of Kenya Power, as well as the achievement of Kenya Power's goals and strategic objectives as contained in this plan.

JOY BRENDA MASINDE
CHAIRMAN, BOARD OF DIRECTORS

Preface and Acknowledgement From the Managing Director and CEO



Introduction

Over the last century, Kenya Power's business model had been anchored on the provision of electricity to households, industries, and other commercial establishments. Through its mandate to provide adequate and reliable electricity supply, the Company has been at the forefront in driving the national economic and social development agenda, making Kenya the regional economic hub and safeguarding the Company's position as a leading utility in the African region.

Changing Business Environment

Over the last five years, The Company has witnessed changes in the macro-economic and regulatory environment as well as in customer choices and preferences that directly impact our operations. The operationalisation of the Energy Act of 2019 has presented opportunities and challenges to the Company's business. Further, the global market has moved to support the action on climate change with the call for the uptake of clean energy to reduce consumption of fossil fuels.

The Plan is the Company's blueprint to achieve its vision as "The Energy Provider of Choice" as it fulfills its mandate in the national economic development agenda.

Strategic Plan

To respond to these changes and safeguard the Company's leading position in the energy sector value chain, the Company has developed the Strategic Plan 2023/24-2027/28. The Plan is the Company's blueprint to achieve its vision as "The Energy Provider of Choice" as it fulfills its mandate in the national economic development agenda.

The strategic plan aims to deliver projects and initiatives that strengthen the Company's competitive advantage, secure its profitability, improve power supply reliability and efficiency, and increase power access. With the identification of Key Results Areas, the Strategic Plan has identified key goals, strategic objectives, and key performance indicators, the last of which will demonstrate the extent to which the identified strategic goals have been attained.

In a fast-paced business environment with evolving regulations and changing customer needs, Kenya Power recognises that its business model will continually need review.

Climate change and the broader aspect of sustainable business practices is at the centre of this Plan and the Sustainability Strategy is one key output in the first year of the Plan's implementation.

Acknowledgment

I take this opportunity to thank all the members of the Executive Committee, Managers, staff, and stakeholders whose inputs informed the development of this Plan. Special recognition is given to the Business Strategy Division and the Strategic Planning Committee for their commitment and dedication in the coordination and guidance towards the preparation of this Plan.

Finally, I thank all our external stakeholders including the Ministry of Energy and Petroleum, National Treasury, State Department of Planning, Sector agencies, and the private sector whose input further served to enrich the Plan.

With the support and dedication of the management and staff, I am confident that the Company will achieve and even surpass its set targets and play its role in powering the nation.

DR. (ENG). JOSEPH SIROR
MANAGING DIRECTOR AND CEO

CONTENT



	Foreword from the Chairman of the Board of Directors	4
	Preface and Acknowledgement From the Managing Director and CEO	6
	Table of Contents	8
	List of Tables	10
	List of Abbreviations	11
	Key Concepts and Terminologies	12
	Executive Summary	14
1	INTRODUCTION	
1.1	Strategy as an Imperative for Organisational Success	18
1.2	The Context of Strategic Planning	18
1.2.1	United Nations 2030 Agenda for Sustainable Development	19
1.2.2	African Union Agenda 2063	20
1.2.3	East Africa Community Vision 2050	20
1.2.4	Constitution of Kenya	22
1.2.5	Kenya Vision 2030, Bottom - Up Economic Transformation Agenda and Fourth Medium-Term Plan	22
1.2.6	Sector Policies and Laws	23
1.3	Methodology	24
1.4	History of Kenya Power	25
2	STRATEGIC DIRECTION	
2.1	Mandate	27
2.2	Vision Statement	27
2.3	Mission Statement	27
2.4	Core Values	27
2.5	Strategic Goals	28
2.6	Quality Policy Statement	28
3	SITUATIONAL AND STAKEHOLDER ANALYSIS	
3.1	Situational Analysis	30
3.1.1	External Environment	30
3.1.1.1	Macro-environment	30
3.1.1.2	Micro-environment	33
3.1.1.3	Industry Environment	33
3.1.1.4	Market Analysis	34
3.1.2	Summary of Opportunities and Threats	35
3.1.3	Internal Environment	36
3.1.3.1	Governance and Administrative Structures	36
3.1.3.2	Internal Business Processes	37
3.1.3.3	Resources and Capabilities	37
3.1.4	Summary of Strengths and Weakness	37
3.1.5	Analysis of Past Performance	38
3.1.5.1	Key Achievements	38
3.1.5.2	Challenges	40
3.1.5.3	Lessons Learnt	40
3.1.5.4	Emerging trends in the electricity sector	41
3.2	Stakeholder Analysis	42

4	STRATEGIC ISSUES, GOALS AND KEY RESULT AREAS	
4.1	Strategic Issues	46
4.1.1	Financial Sustainability	46
4.1.2	Customer Centricity	46
4.1.3	Operational Excellence	47
4.1.4	Human Capital	47
4.2.	Strategic Goals	47
4.3	Key Result Areas (KRA)	48
5	STRATEGIC OBJECTIVES AND STRATEGIES	
5.1	Strategic Objectives	50
5.2	Strategic Choices	52
5.3	Expected benefits of the Strategic Plan	54
6	IMPLEMENTATION AND COORDINATION FRAMEWORK	
6.1	Implementation Plan	56
6.1.1	Action Plan	56
6.1.2	Annual Work Plan and Budget	57
6.1.3	Performance Contracting	57
6.2	Coordination Framework	58
6.2.1	Institutional Framework	58
6.2.2	Structure, Staff Establishment, Skill Set and Competence Development	60
6.2.3	Leadership	67
6.2.4	Systems and Procedures	67
6.3	Risk Management Framework	67
7	RESOURCE REQUIREMENTS AND MOBILISATION STRATEGIES	
7.1	Funding Requirement and Framework	72
7.2	Resource Mobilisation Strategies	73
7.3	Resource Management	73
7.3.1	Capital Planning and Execution	73
8	MONITORING, EVALUATION AND REPORTING FRAMEWORK	
8.1	Monitoring Framework	75
8.2	Performance Standards	76
8.3	Evaluation Framework	77
8.3.1	Mid-Term Evaluation	79
8.3.2	End-Term Evaluation	79
8.3.3	Ad-hoc Evaluation	80
8.4	Reporting Framework and Feedback Mechanism	80



LIST OF TABLES

Table 1.1: Summary of Agenda 2063 directly supported by Kenya Power	20
Table 1.2: Summary of EAC Vision 2050	21
Table 3.1: PESTEL Analysis	31
Table 3.2: Summary of opportunities and threats	35
Table 3.3: Summary of Strengths and Weaknesses	37
Table 3.4: Stakeholder Analysis	42
Table 4.1: Strategic Issues, Goals and KRAs	48
Table 5.1: Outcomes Annual Projections	50
Table 5.2: Strategic Objectives and Strategies	53
Table 6.1: Optimal Staff Establishment	60
Table 6.2: Skill Set and Competence Development	61
Table 6.3: Strategic Theme Teams by Key Result Areas	67
Table 6.4: Risk Management Framework	68
Table 7.1: Financial requirements for implementing the Strategic Plan	72
Table 7.2: Resource Gaps	72
Table 8.1: Outcome Performance Matrix	77
Table 8.2: Quarterly Progress Reporting Template	81
Table 8.3: Annual Progress Reporting Template	81
Table 8.4: Evaluation Reporting Template	81
Annex: Implementation Matrix	82



LIST OF ABBREVIATIONS

ADMS	Advanced Distribution Management System	KW	Kilowatt
BETA	Bottom-Up Economic Transformation Agenda	LMCP	Last Mile Connectivity Programme
BPR	Business Process Reengineering	LCPDP	Least Cost Power Development Plan
BS	Business Strategy	M&E	Monitoring and Evaluation
CAIDI	Customer Average Interruption Duration Index	MSMES	Micro Small and Medium Sized Enterprises
CAPEX	Capital Expenditure	MTEF	Medium-Term Expenditure Framework
CRI	Corporate Reputation Index	MTP	Medium Term Plan
CRM	Customer Relationship Management	MOEP	Ministry of Energy and Petroleum
CS	Customer Services	NM	Network Management
CSR	Corporate Social Responsibility	P2P	Peer to Peer
CTS	Cents	PBT	Profit Before Tax
DSM	Demand Side Management	PM	Project Management
EAPP	East African Power Pool	PMO	Project Management Office
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation	PMF	Project Management Framework
EEP	Ethiopian Electric Power	PPA	Power Purchase Agreement
EEU	Ethiopian Electric Utility	PPP	Power Purchase and Planning
EPRA	Energy & Petroleum Regulatory Authority	REREC	Rural Electrification and Renewable Energy Corporation
EPS	Earnings Per Share	RES	Rural Electrification Schemes
ESG	Environmental, Social and Governance	ROA	Return of Assets
GDP	Gross Domestic Product	ROE	Return on Equity
GHG	Green House Gases	SAIFI	System Average Interruption Frequency Index
GM	General Manager	SCADA	Supervisory Control & Data Acquisition
GoK	Government of Kenya	SDGS	Sustainable Development Goals
GWH	Giga Watt Hour	SLA	Service Level Agreement
HR	Human Resources	SME	Small & Medium Enterprise
ICT	Information and Communication Technology	SWOT	Strengths Weakness Opportunities and Threats
IESR	Institute of Energy Studies and Research	TBD	To Be Determined
IT	Information Technology	T&D	Transmission and Distribution
IPPS	Independent Power Producers	TCU	Transformation Coordination Unit
Kengen	Kenya Electricity Generation Company Ltd	TVET	Technical and Vocational Education and Training
Kshs.	Kenya Shillings	UETCL	Uganda Electricity Transmission Company Ltd
KETRACO	Kenya Electricity Transmission Company Ltd	VOC	Voice of Customers
KOSAP	Kenya Off-Grid Solar Access Project	WB	World Bank
KPI	Key Performance Index	YOY	Year on Year



KEY CONCEPTS AND TERMINOLOGIES

Baseline: A description of initial state of an indicator before the start of a project/programme, against which progress can be assessed or comparisons.

Key Activities: Actions taken or work performed through which inputs are mobilized to produce out-puts.

Key Performance Indicators (KPIs): These are measurable values that demonstrate how effectively its key business objectives will be attained.

Key Result Areas: These are broad areas in which you are expected to deliver results.

Monitoring: Taking a periodic look on the progress of a plan or activity.

Outcome: The intermediate results generated relative to the objective of the intervention.

Outcome Indicator: This is a measure of whether the plan is achieving the expected effects in the short/medium or long term.

Output: Products, services or immediate results, tangible or intangible resulting directly from implementation of activities or applying inputs.


Risk: An adverse event that may negatively affect business, investment or project.

Strategic Issues: These are problems or opportunities emanating from situational analysis that an organisation has to manage in order to fulfil its mandate and mission.

Strategic Goals: General qualitative statements on what the organisation is hoping to achieve in the long run.

Strategic Objectives: These are what the organisation commits itself to accomplish in order to achieve strategic goal.

Target: A result to be achieved within a given period.

A person is shown in profile, sitting at a desk and reading a book. A desk lamp with a red base and a white shade is positioned to the right, casting a warm, yellow light over the scene. The background is dark, with a window showing a grid pattern of light. A large, semi-transparent blue arrow points from the left towards the text.

**It's not about
ideas. It's about
making ideas
happen.**

Executive Summary

The Kenya Power and Lighting Company Limited PLC (Kenya Power) is established as a Limited Liability Company in accordance with the Companies Act, Cap 486 of the Laws of Kenya. It operates under the regulatory framework outlined in the Energy Act of 2019. Our primary mission involves the transmission, distribution, and retailing of electricity, which is procured in bulk from various electricity suppliers and subsequently distributed and retailed to customers throughout the nation. The Company has a customer base of 9.2 million and a network span of 289,937 kilometres as at end of June 2023. It is worth noting that renewable dispatch accounted for 89.5% of the total energy mix dispatched by Kenya Power in the fiscal year 2022/23.

This Strategic Plan provides the blueprint with which Kenya Power will achieve its vision and mission and by which it is aligned to the Government's Vision 2030, Medium Term Plan IV: 2023-27, The Bottom-Up Economic Transformation Agenda (BETA), SDGs, and Africa Agenda 2063, Vision 2030, EAC Vision 2050 and the Constitution of Kenya. Upon assessing the internal strengths and weaknesses of our electricity utility, the situational analysis has recognised the strength of our market leadership, robust infrastructure, and skilled workforce as well as areas requiring attention,

The Company has a customer base of 9.2 million and a network span of 289,937 kilometres. It is worth noting that renewable dispatch accounted for 89.5% of the total energy mix dispatched by Kenya Power in the fiscal year 2022/23.

such as operational agility and efficiency. Additionally, external opportunities and threats have also been identified chief among them, the favourable government support, evolving regulations, and the risk/threat of grid defection.

At Kenya Power, our mission is clear: "Powering people for better lives by innovatively securing business sustainability". At our vanguard, the vision is: "Energy solution provider of choice". Over the next five years, we are committed to realising this vision by addressing these four strategic issues: Financial Sustainability, Customer Centricity, Operational Excellence, and our Human Capital.

Guided by the Sustainable Balanced Scorecard methodology, the strategy has identified four Key Results Areas (KRAs) giving rise to eleven (11) strategic objectives that will ensure the achievement of the organisation's mission and vision.

These strategic issues addressed in the Plan are:


01

Towards enhancing financial sustainability, Kenya Power will implement strategic initiatives geared to improve cash flow, enhance cost management, and improve profitability. By rigorously monitoring our financial health, diversifying our revenue streams, and managing risks, we will fortify our position in the market enabling us to continue providing reliable and affordable electricity services to our valued customers, both now and in the years to come.


02

Our customers are at the heart of everything we do. In this planning period three strategic objectives will be pursued namely: Enhance customer satisfaction, improve stakeholder management, and raise sustainability levels. Kenya Power shall endeavour to deliver exceptional value and service, tailored to its customers' unique needs. This means actively listening to their feedback, understanding their preferences, and offering solutions that enhance their experience.

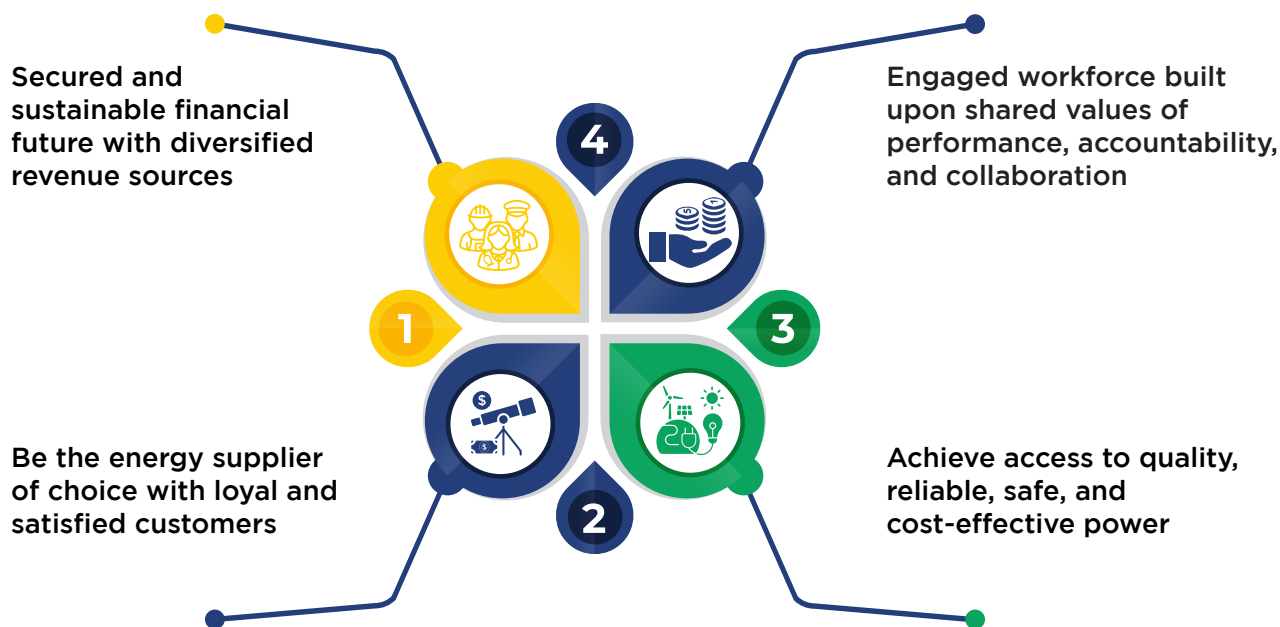

03

Towards enhancing operational excellence in our business processes, the plan has identified three strategic objectives namely: Improve Power Supply Quality and Reliability, Improve Business Effectiveness, and Enhance Network Efficiency. Initiatives geared to delivering a seamless and reliable power supply to our customers will be implemented.


04

At the centre of our operations is our human capital. We recognise that the dedication and expertise of our workforce are instrumental in our ability to provide quality service and drive innovation. Our strategic commitment to enhancing human capital revolves around three core objectives: enhancing productivity, improving employee experience, and fostering an encouraging work environment.

The strategic goals for this plan are:



The Strategy has identified key performance indicators for each objective, a resource requirement plan, and complete strategy implementation framework which has a monitoring, reporting, and evaluation plan. The financing of this strategic plan will be from the utility's revenues and credit from multilateral and commercial lenders.

The Business Strategy Division, with support from the Strategy Implementation Monitoring Team, coordinates the monitoring and reporting of the Plan. Robust data validation and participation mechanisms, as well as mid-year review of this Strategic Plan 2023/24 -2027/28, shall take effect to align this 'blue print' to the ever-changing environment.



INTRODUCTION

1.0 Overview

This Chapter highlights the foundational background for strategy formulation, the mandate of Kenya Power, the role of the Company in the national agenda, and the guiding national and international policy and regulatory environment.

1.1 Strategy as an Imperative for Organisational Success

The 2023/24 - 2027/28 Kenya Power Strategic Plan focuses on developing a transformational strategy to drive value-creation levers, redefine the operational business model, and explore approaches to sector refinancing, or new growth areas to diversify and deepen revenue streams.

The Plan has goals, objectives, and strategies to transform the business's performance and support value creation. The Plan positions Kenya Power to take up its key and vital role in supporting sector development and meeting its obligations to both its shareholders and the public.

Specifically, the Plan will focus on:

- i. **Supply security that incorporates climate change and sustainability agenda,**
- ii. **Revenue growth and diversification for financial sustainability,**
- iii. **Operational efficiency through process re-engineering that includes digitalisation and automation,**
- iv. **System efficiency to improve both supply quality and reliability as well as address system losses, and**
- v. **Institutional reforms to improve governance and support a shared performance culture.**



1.2 The Context of Strategic Planning

Kenya Power Strategic Plan 2023/4-2027/28 considers the development agenda, national development priorities, and regional and international development frameworks:

1.2.1 United Nations 2030 Agenda for Sustainable Development

Kenya Power's mandate has direct impact on at least five (5) of the 17 Sustainable Development Goals (SDGs) namely SDG's 7, 8, 9, 13, and 17 as listed below:

SUSTAINABLE DEVELOPMENT GOALS

<p>7 AFFORDABLE AND CLEAN ENERGY</p> 		
<p>Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all.</p> <p>We continue to connect new customers, improve network reliability and efficiency as well as increasing the share of renewable energy in the energy mix through dispatch.</p>		<p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>Goal 8: Sustained, inclusive and sustainable economic growth.</p> <p>We ensure security of supply to support Sustained per capita economic growth through productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro, small and medium-sized enterprises.</p>
	<p>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p>  <p>Goal 9: Industry, Innovation, and Infrastructure.</p> <p>We endeavor to provide high quality, reliable, sustainable, and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</p>	
<p>Goal 13: Climate Action.</p> <p>We are continuously integrating climate change measures into national policies, strategies, and planning.</p> <p>We also create awareness and raise human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<p>13 CLIMATE ACTION</p>  	<p>17 PARTNERSHIPS FOR THE GOALS</p>  <p>Goal 17: Partnerships to achieve the Goal.</p> <p>We seek to develop long-term partnerships through domestic and international resource mobilization and partnerships especially for our network expansion programmes and projects.</p>

1.2.2 African Union Agenda 2063

African Union Agenda 2063 (Agenda 2063) seeks to deliver on a set of seven aspirations which, if realised, will move Africa closer to achieving its vision for the year 2063. Kenya Power's mandate directly supports two of the aspirations that reflect the desire for shared prosperity and well-being, for unity and integration of all Africans as summarised below:

Table 1.1 Summary of the Agenda 2063 directly supported by Kenya Power

Aspiration	Goals	Priority Areas
A prosperous Africa, based on inclusive growth and sustainable development	A high standard of living, quality of life, and well-being for all citizens	Modern and liveable habitats and basic quality services
	Transformed economies	Sustainable and inclusive economic growth
		STI-driven manufacturing / industrialisation and value addition
	Modern agriculture for increased productivity and production	Agricultural productivity and production
	Blue/ ocean economy for accelerated economic growth	Marine resources and energy
	Environmentally sustainable and climate-resilient economies and communities	Sustainable natural resource management and biodiversity conservation
		Climate resilience and natural disaster preparedness and prevention
		Renewable energy
An integrated continent politically united and based on the ideals of Pan Africanism and the vision of African Renaissance	World-class infrastructure criss-crossing Africa	Communications and infrastructure connectivity

1.2.3 East Africa Community Vision 2050

The East Africa Community (EAC) Vision 2050 articulates a broad perspective in which the region optimises the utilisation of its resources to accelerate productivity and the social well-being of its people. It portrays a future East Africa with rising personal prosperity in cohesive societies, competitive economies, and strong inter-regional interaction.

The EAC Vision 2050 has six pillars, five of which Kenya Power’s mandate directly supports as shown below:

Table 1.2 Summary of EAC Vision 2050

Pillar	Goal	Category	Priority Area
Infrastructure	Improved access to affordable and efficient regional transport, energy and communication networks for increased competitiveness.	Energy	<ul style="list-style-type: none"> i. 100% access to modern energy services with more than 50% supplied from renewable and clean-energy sources. ii. A vibrant regional power market that enables access to least cost electricity with open access to transmission system with sufficient redundancy. iii. International levels met with respect to power system performance, reliability, and losses.
Agriculture, food security, and rural development	Increased investment and enhanced agricultural productivity for food security and a transformation of the rural economy.	<ul style="list-style-type: none"> i. Modernising agriculture ii. Rural development 	Provision of energy
Industrialisation	Leveraging industrialisation for structural transformation and improved intra-regional and global trade.	<ul style="list-style-type: none"> i. Manufacturing ii. Agro-processing iii. Extractives iv. Construction 	Provision of energy
Environment and natural resource management	Sustainable utilisation of natural resources and environment management and conservation with enhanced value addition.	<ul style="list-style-type: none"> i. Sustainable use of the environment and natural resources ii. Green growth promotion/ green economy/blue economy iii. Climate change adaptation and mitigation 	Employ sustainable practices in all operations.
Good governance, defence, peace, and security	A peaceful and secure East Africa	Good governance	Promote good governance

1.2.4 Constitution of Kenya

The Constitution of Kenya 2010 establishes the legal framework governing the operations of Kenya Power:

- i. Article 10 – National values and Principles of Governance: This Article sets out the values and principles that guide governance in Kenya. Kenya Power is a state corporation responsible for purchase, transmission, distribution and supply of electricity in the country. The Company adheres to the national values and principles of governance outlined in the Constitution.
- ii. Article 226 – Public finance principles and values. The provision encourages efficient and prudent use of public resources. Kenya Power promotes cost-effectiveness, avoids wasteful expenditures, and operates in an economically-viable manner. This includes efficient power transmission and distribution processes as well as responsible financial planning and budgeting.
- iii. Article 232 provides for Public Participation. The provision requires the public entities to foster public participation in the execution of their duties. Kenya Power seeks input, feedback, and opinions from the public regarding matters such as infrastructure development.
- iv. Article 227 – Public Audit. Kenya Power is subject to public audit by the Auditor General. The Company's financial statements and accounts are audited to ensure transparency, accountability, and proper management of public funds.
- v. Article 40 – Guarantees the Right to Property. Kenya Power adheres to this provision while acquiring private land for the construction of power infrastructure, such as substations, power lines, and transmission towers. Kenya Power ensures the right to property is not infringed without just compensation and due process. Kenya Power respects property rights of individuals and businesses while carrying out its operations.

1.2.5 Kenya Vision 2030, Bottom – Up Economic Transformation Agenda and Fourth Medium-Term Plan

The Government Development Agenda is espoused in the framework of Bottom-up Economic Transformation Agenda (BETA). It sets out the priority programmes, policies, and reforms to be implemented in the Medium-Term Expenditure Framework (MTEF).

The agenda is geared towards economic turnaround and inclusive growth and aims to increase investments in at least five sectors envisaged to have the largest impact and linkages to the economy as well as on households.

These are: Agricultural Transformation; Micro, Small and Medium Enterprise (MSME); Housing and Settlement; Healthcare; Digital Superhighway; and Creative Industry.

The organisation supports the commitment of the Government as espoused in the BETA which provides, among other things, comprehensive reforms and restructuring of Kenya Power to ensure that it operates on commercial principles by delinking it from Government development initiatives. By mobilising the resources needed to be invest in revamping the transmission and distribution network, the Company will improve on its supply reliability and bring down the cost of electricity.

The Fourth Medium-Term Plan (MTP IV 2023-2027) of the Kenya Vision 2030 is geared towards accelerating Socio-economic Transformation to a More Competitive, Inclusive and Resilient Economy. The MTP targets universal access to electricity by 2028, a 100% green grid by 2030 in line with the COP26 commitment, and the provision of quality and reliable electricity supply to the citizenry.

To achieve the target on universal access to electricity, the Company will continue implementing the Last Mile Connectivity Programme (LMCP) and the Kenya Off-grid Solar Access Project (KOSAP), street lighting, powering of TVETS, and electrification of health care facilities among others. In addition, the Company will be involved in the procuring of green power to offer supply security, network expansion, automation, system reinforcement, and modernisation to ensure quality and reliable electricity supply to all customers.

1.2.6 Sector Policies and Laws

The Energy Act 2019 is a key piece of legislation in Kenya that governs various aspects of the energy sector in the country. The provisions of the Act shape the regulatory framework within which Kenya Power operates. The Company complies with these provisions to ensure efficient, sustainable, and reliable electricity services for the consumers:

- i. **Electricity Licensing:** The Energy Act establishes the Energy and Petroleum Regulatory Authority (EPRA) as the licensing and regulatory body for the electricity sector. Kenya Power obtains the necessary licenses from EPRA to engage in the transmission, distribution, and retail of electricity.
- ii. **Renewable Energy Integration:** The Energy Act, 2019 promotes the integration of renewable energy sources into the electricity supply system. Kenya Power facilitates the integration of renewable energy sources, such as wind and solar, into the national grid.
- iii. **Off-grid electrification:** The Energy Act, 2019 emphasises off-grid electrification, particularly in the rural and marginalised areas. It establishes provisions for the licensing and operation of mini-grid systems and standalone power systems. Kenya Power collaborates with other stakeholders to extend electricity access to underserved communities.
- iv. **Consumer Protection:** The Energy Act 2019 contains provisions aimed at safeguarding consumer interests. It establishes mechanisms for the resolution of consumer complaints. Kenya Power ensures fair and transparent billing practices, provides access to electricity supply information, and maintains consumer safety and quality standards.

- v. **Energy Efficiency and Conservation:** The Energy Act 2019 promotes energy efficiency and conservation measures. Kenya Power implements appropriate management programmes and initiatives to reduce electricity consumption and promote energy-efficient practices.
- vi. **Rural electrification:** The Energy Act 2019 prioritises the electrification of rural areas. It provides for the establishment of the Rural Electrification and Renewable Energy Corporation (REREC) to oversee rural electrification projects. Kenya Power collaborates with REREC to extend electricity access to rural areas.

The Companies Act 2015 provides the legal framework for corporate entities operating in Kenya. Kenya Power is a company incorporated under the Companies Act and complies with the provisions in the Act in its operations and governance structures.

- i. **Incorporation and Registration:** The Companies Act 2015 sets out procedures and requirements for incorporating and registering Companies in Kenya. Kenya Power followed these procedures when it was incorporated.
- ii. **Corporate Governance:** The Companies Act 2015 establishes rules and regulations regarding the management and governance of companies. It sets out the duties, responsibilities, and liabilities of directors, officers, and shareholders. Kenya Power's directors adhere to these provisions.
- iii. **Financial reporting and auditing:** The Act sets out requirements for financial reporting including the preparation of financial statements, their presentation, and the appointment of auditors. Kenya Power complies with these provisions in preparing and auditing its financial statements.
- iv. **Company meetings:** The Act provides regulations for holding general meetings, such as annual general meetings (AGMs), and special resolutions. Kenya Power follows these rules when conducting its general meetings.
- v. **Company accounts and records:** The Act outlines obligations related to the maintenance and accessibility of company accounts and records. Kenya Power complies with these provisions in keeping its accounting books and records.

1.3. Methodology of Developing the Strategic Plan

The planning process took a consultative and participatory approach with all stakeholders across the Company including the Board of Directors, Management Committee, Regional Managers, and Managers.

Kenya Power's strategic planning process is carried out every five years, with a mid-term review that considers the changing social, economic, legal, and technological environments. The previous strategic plan covered the period 2017/18 to 2022/23.

1.4 History of Kenya Power

Kenya Power was incorporated in 1922 as the East African Power & Lighting Company (EAP&L). Its name changed to the Kenya Power and Lighting Company Ltd. in 1983. Kenya Power is partly owned by the Government of Kenya (and its institutions) with 50.1 % shareholding, and private investors with a 49.9 % shareholding. Before a major power sector restructuring exercise in 1997, Kenya Power also managed all generating stations on behalf of the Government. Currently, Kenya Power only manages some diesel and hybrid power generating stations which are owned by the government, and which are not connected to the national grid.

1922

Kenya Power was incorporated in 1922 as the **East African Power & Lighting Company (EAP&L)**. Its name changed to the **Kenya Power and Lighting Company Ltd.** in 1983.

1997

Before a major power sector **restructuring exercise in 1997**, Kenya Power also managed all generating stations on behalf of the Government.

Currently, Kenya Power only manages some diesel and hybrid power generating stations which are owned by the government, and which are not connected to the national grid.





2

STRATEGIC
DIRECTION

2.0 Overview

This chapter presents the mandate of Kenya Power, the vision, the mission, core values, the strategic goals, and the Quality Policy Statement.

2.1 Mandate

Kenya Power's key mandate is to plan for sufficient electricity generation and transmission capacity to meet demand, build and maintain the power distribution and transmission network, and retail electricity to its customers. It purchases for retail, bulk electricity from licensed generators including KenGen, IPPs, Uganda Electricity Transmission Company Limited (UETCL), Ethiopian Electricity Utility (EEU), and Ethiopian Electric Power (EEP).

2.2 Vision Statement

Energy solutions provider of choice

2.3 Mission Statement

Powering people for better lives by innovatively securing business sustainability

2.4 Core Values

The ideals by which the Company strives to carry out its operations and conduct its business are embodied in the following:

- i. We put our **Customer First** as they matter most: Kenya Power has a customer-centric culture that continually incorporates the Voice of Customer (VOC) into decision making across the business, thereby improving customer loyalty and brand perception.
- ii. We work together as **One Team** to achieve our goals: The Company thrives in a culture of working together contributing to the overall performance flows. The results of this are meaningful and rewarding to the Company.
- iii. We are **Passionate** about powering the nation: The Company has cultivated within its employees traits that have enabled them to believe in the work they do and to ingrain a stake in the success of the Company.
- iv. We have a high level of **Integrity and Accountability**. The Company has been sensitising its employees on upholding their integrity as an important quality of great leadership in its business. We believe in being accountable for our actions
- v. We strive for **Excellence** in all that we do: The Company strives to provide world-class power that delights its customers by ensuring all the levels of the organisation participate in continual improvement of its performance.
- vi. We embrace **Innovation** across all our business operations. The Company is continually seeking new ideas, solutions, and approaches to deliver products and services in a dynamic business environment towards exceeding customer expectations.

2.5 Strategic Goals



In the next five years, the Company will focus on these thematic areas (Strategic goals) that will cut across the business's operations.

The four strategic goals will be at the centre of the desired future state of the Company with digital transformation and internal process as enablers.

2.6 Quality Policy Statement

Kenya Power is committed to providing cost-effective, reliable and quality power that delights customers and betters people's lives. In pursuit of this undertaking, suitable technologies and innovations shall be embraced to improve power network and customer service. Quality objectives based on the Corporate Strategic Plan shall be established at relevant functions, levels and processes within the organisation. The Board, Management, and staff of Kenya Power are committed to effective implementation and continuous improvement of the Quality Management System that complies with ISO 9001:2015 Standard and other applicable requirements.



3

SITUATIONAL AND STAKEHOLDER ANALYSIS

3.0 Overview

This section presents an overview of the internal and external operating environment in which the strategic plan will be implemented.

3.1 Situational Analysis

Kenya Power undertook an environmental scan to identify and assess factors within its operating environment that would affect the execution of its mandate. The results of this analysis have been critically reviewed and, collectively, form the basis for the design, selection, and scope for the turnaround strategies and initiatives.

3.1.1 External Environment

3.1.1.1 Macro-environment

The macro-environment survey was carried out using the PESTEL framework namely:

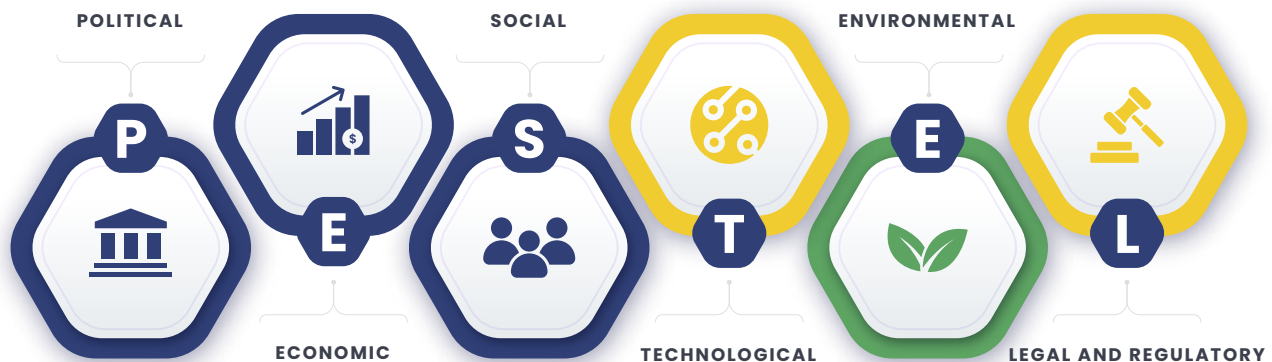


Table 3.1: PESTEL Analysis

Metric	Issue	Possible Impact	Strategic Intervention
Political	<ul style="list-style-type: none"> i. Government agenda regarding electricity sub-sector; ii. Reforms and restructuring of Kenya Power. iii. Energy sector policy and regulations. iv. Review of project financing model. v. Sustainability commitments. 	<ul style="list-style-type: none"> i. Increased organisational efficiency. ii. Improved financial health. iii. Increase in competition. iv. Increase in revenue v. Private sector involvement in Kenya Power governance 	<ul style="list-style-type: none"> i. Balance sheet restructuring and change in governance structure to ensure Kenya Power is commercially viable and sustainable. ii. Undertaking renegotiation of PPAs to ensure availability of affordable and reliable electricity to Kenyans. iii. Adopt Public-Private Partnership model to attract private investors to finance and modernisation of the transmission and distribution network. iv. Kenya Power will be required to actively participate in initiatives that will contribute towards reduction of carbon emissions to meet Kenya's emissions reduction commitments.
Economic	GDP growth underperforming the Vision 2030 forecast.	A deviation from the projected 10% annual GDP growth rate to around 5% affects projected electricity demand, hence expected sales.	Kenya Power has adopted a diversification strategy towards increasing the income streams
	Kenya's credit rating drop	Affects Kenya Power's on-lent and commercial loan prospects.	Continually seek additional source of funds from climate funds and joint ventures.
	Economic shocks from crises in foreign economies	<ul style="list-style-type: none"> i. Potential withdrawal of financiers from key power projects may affect Kenya Power. ii. Significant appreciation of the US dollar and other major currencies negatively affects Kenya Power's balance sheet. 	<ul style="list-style-type: none"> i. Intensified revenue collection. ii. Refinancing of commercial USD loans to local currency

Metric	Issue	Possible Impact	Strategic Intervention
Social	Steady population growth	A steady population growth gives a positive outlook in terms of energy planning by offering and securing both current and future consumption.	Increased investments on expansion and strengthening of the network, grid stability and reliability.
Technological	Evolution of technology	Kenya Power will face potential cyber security threats which will lead to increased operational costs.	Increased surveillance, IT hardware and software upgrades as well as capacity building
Environmental	Reduced hydrology Reduction in greenhouse gas emissions	Drought and hydro risk can potentially cause a notable change in the end-user tariffs charged on monthly basis given that 35% of power generation capacity in 2022 was hydro based.	Kenya Power will undertake Demand Side Management (DSM) initiatives to reduce thermal generation during the daily system peak demand and qualify for tradable carbon credits
Legal and Regulatory	Changes in the regulatory environment	<ul style="list-style-type: none"> i. Delay in tariff reviews and approvals may affect Kenya Power's projected revenue. ii. Kenya Power is not responsible for new transmission projects and thus cannot accelerate delayed transmission projects. iii. Mini-grids are considered where grids are not economically viable though they have relatively higher tariffs vis-à-vis Kenya Power's tariffs. iv. The opening up of the power market will lead to increased competition. v. The evolution of net metering in the power market poses challenges on reliability and system disturbances. 	<ul style="list-style-type: none"> i. Continuous stakeholder engagements to enhance goodwill within the sector. ii. Pass-through costs allow Kenya Power to recover from fluctuations in fuel costs, foreign exchange, and inflation, thus, reducing its financial risks. iii. Key partnerships with REREC towards opening up the population beyond the grid for cheaper grid tariff iv. Investment in refurbishment projects to enhance reliability and efficiency.

3.1.1.2 Micro-environment

The micro-environment consists of factors such as suppliers, consumers, employees, worker unions, media, and the general public. The factors are discussed below:

i. Suppliers

Kenya Power has a wide range of items used in the day-to-day operations. As such, there are many suppliers both local and international. The supplier range from common user items to highly specialised and technical items.

ii. Customers

Electricity is an essential commodity. Kenya Power's customer base consists of large and small-scale customers. The small-scale customers include domestic consumers, small and medium-sized enterprises while the large-scale customers comprise of commercial and industrial customers.

iii. Creditors

Kenya Power supplements its capex through credit, when needed, to fund its operations. The Company's creditors include banks, development partners, suppliers offering various payment durations after delivery, and international organisations. The Company has an obligation to comply with the conditions and terms that accompany access to credit.

iv. Employees

The Company relies on employees at every level to deliver its mandate. Kenya Power is committed to improving its employees' capabilities and skills through training and capacity building to create a strong culture of accountability.

3.1.1.3. Industry Environment

The Company has analysed key drivers of change and success factors in the industry:

i. Threat of New Entrants (Moderate)

The entry of mini-grids in the sector has led to a reduction of the market share. Currently, more than 21 private grids serve between 1,000 and 2,500 households. The use of captive power, mainly from solar stand-alone solutions, has steadily grown as the prices of solar panels and battery storage are on a decline. There is approximately 280MW of captive solar in the Kenyan market.

ii. Bargaining Power of Suppliers (Low)

Kenya Power has a large number of suppliers who provide a wide range of materials used in its operations. However, the supply of critical materials such as transformers, cables, conductors, and meters is dominated by a few suppliers due to the nature and costs involved in the supply of these materials. Such suppliers may have bargaining power due to their limited numbers.

iii. Rivalry among Existing Competitors (Moderate)

The rivalry between the private mini-grids / prosumers and Kenya Power is moderate. This is because Kenya Power controls a large market share and grid electricity is highly desirable. However, this stability will be affected as the Energy Act 2019 continues to open up the market to other players especially towards self generation. Additionally, price plays a huge role in determining consumer choices.

iv. Bargaining Power of Buyers (Moderate)

Kenya Power revenues are largely from the large power customers. These customers are beginning to embrace self- generation citing high end user tariffs, supply stability and environmental concerns. The Energy Act, 2019 opens up the electricity market for other distributors and retailers. This will give consumer's options and will therefore increase their bargaining power.

v. Threat of Substitute Products or Services (Moderate)

There are several substitutes of electricity including stand- alone solar solutions, charcoal, firewood, Kerosene among others. However, electricity remains an essential for many consumers and industries. The development of E-mobility provides opportunity to displace the fossil based fuels. The e-cooking agenda also offers opportunity to displace the high carbon fuels namely charcoal and firewood.

The switching costs are also high. The threat of entry may also depend on how the consumers perceive the experience. The company will continue to ensure reliability and stability of power to be the preferred energy solutions provider.

In summary, the competitive forces in the electricity distribution and supply are rising with the implementation of the Energy Act, 2019 and aggressive competitors. Further shifts in policy and legislation within the plan period will be continually monitored and strategies reviewed towards the accomplishment of the strategic objectives.

3.1.1.4 Market Analysis

Kenya Power's primary mission involves the transmission, distribution, and retailing of electricity, which is procured in bulk from various electricity suppliers and subsequently distributed and retailed to customers throughout the nation.

Kenya Power is the sole off-taker of all the generated power from different players such as KenGen, who are the majority stakeholder with over 60% market share. IPPs cover the remaining 40%. The country's current peak demand stands at 2,169.5MW with a reserve margin of 12%.

The country's power sector is expected to grow by 5.88% by 2027 to a focus of 2,585MW as per Least Cost Development Plan (LCPDP) 2022-2041. This is driven by the economic growth as well as the government policies and initiatives.

3.1.2 Summary of Opportunities and Threats

Kenya Power's opportunities and threats based on the PESTEL analysis are listed below:

Table 3.2: Summary of opportunities and threats

Environmental factor	Opportunities	Threats
Political	<ul style="list-style-type: none"> i. Favourable government support ii. Co-operation with the counties iii. Clear policies iv. Stable political environment 	<ul style="list-style-type: none"> i. Lengthy project approval process ii. Political goodwill
Economic	<ul style="list-style-type: none"> i. Regional power trade ii. Profitable business with fair returns iii. Relative ease to access funds for Capex iv. Drive for development v. Energy is an enabler to spur the growth vi. Developing country 	<ul style="list-style-type: none"> i. Grid defection ii. Increasing costs not recovered. iii. Excess capacity of supply and PPAs costs iv. Capital entrepreneurship v. Liberation of markets increases competition
Social	<ul style="list-style-type: none"> i. Solid reputation and recognised capabilities ii. Good demographics structure iii. Increased urbanisation and 24-hour economy 	<ul style="list-style-type: none"> i. Fraud and vandalism of the network ii. High number of low consuming customers iii. Land acquisition/availability for projects
Technological	<ul style="list-style-type: none"> i. High penetration of mobile and online-payments ii. E-mobility iii. Internet of Things (IoT) 	<ul style="list-style-type: none"> i. Insufficient organisational and commercial agility ii. Insufficient research and innovation iii. Cyber threats iv. Increase in competition
Legal	Cost-reflective tariffs methodology and allowed pass-throughs	<ul style="list-style-type: none"> i. Unfavourable legal and regulatory framework ii. Adherence to statutes e.g., Procurement & Disposal Act iii. Land acquisition
Ecological	Options for diversification	<ul style="list-style-type: none"> i. Climatic change ii. Resource depletion iii. Maintenance cost of sustainability

Environmental factor	Opportunities	Threats
Micro factors	<ul style="list-style-type: none"> i. Inflation ii. Forex exchange iii. Reliable and affordable power will grow the economy 	Purchasing power of the consumers
Industry environment	<ul style="list-style-type: none"> i. Grid stabilisation ii. Government drive for industrialisation iii. Government drive for accelerated electricity connectivity 	<ul style="list-style-type: none"> i. Competition from SMEs in solar business ii. Grid defection iii. Increased demand
Market environment	<ul style="list-style-type: none"> i. Market leader ii. Power export outside Eastern Africa Power Pool iii. Power auction 	<ul style="list-style-type: none"> i. Import of power within the Eastern African Power Pool ii. Continued single-buyer model

3.1.3 Internal Environment

3.1.3.1 Governance and Administrative Structures

i. Board of Directors:

Kenya Power is governed by the Board of Directors as set out under the Company Act and guided by the Energy Act 2019. The Board is responsible for the review and approval of policies and monitoring of the functions of the Company. The day-to-day management of the Company is the responsibility of the Managing Director and Chief Executive Officer, assisted by the Executive Management team. Executive Order No.2 of November 2023 on Organisation of Government places Kenya Power under the State Department for Energy, Ministry of Energy and Petroleum.

Kenya Power's headquarters are located in Nairobi City County with Eight (8) regional offices across the country. It has national coverage and provides electricity supply to over nine (9) Million customers.

ii. Organisational Structure

The Company is in the process of adopting a new structure which is poised to support the transformation agenda, staff productivity, and optimisation and allocation of resources. The structure is lean at the top which will enhance accountability. This structure will drive up productivity in line with the current strategy.

iii. Skilled Workforce:

The Board, top leadership, and workforce are staffed with human capital who are highly educated and trained with vast experience acquired over time. The skilled workers are an asset to the Company as they play a large role in developing the organisation's reputation and ongoing success..

3.1.3.2 Internal Business Processes

The Company's business processes and systems are designed to support its mandate, vision, and mission. It is supported by various divisions including: Finance, Commercial, Supply Chain, Infrastructure and Network Management, Business Strategy, and ICT. The business processes include planning, procurement, operations and maintenance, resource allocation and mobilisation, enterprise risk management, business development, and new connections. The enablers of these processes are systems, data, organisation, and people.

The Company continues to update its processes and systems depending on technological advancements and needs.

3.1.3.3 Resources and Capabilities

Kenya Power has both tangible and intangible resources. The tangible resources include physical infrastructure, finances, and human resources. Intangible resources include skills, innovation, creativity, customer loyalty, employee motivation, networks, alliances, and reputation. These resources are of valuable support to the Company in the achievement of its mandate. The tangible resources can be imitated at a cost whereas the intangible resources are scarce and inimitable thus requiring enormous resources and time to develop.

3.1.4 Summary of Strengths and Weakness

Table 3.3: Summary of Strengths and Weaknesses

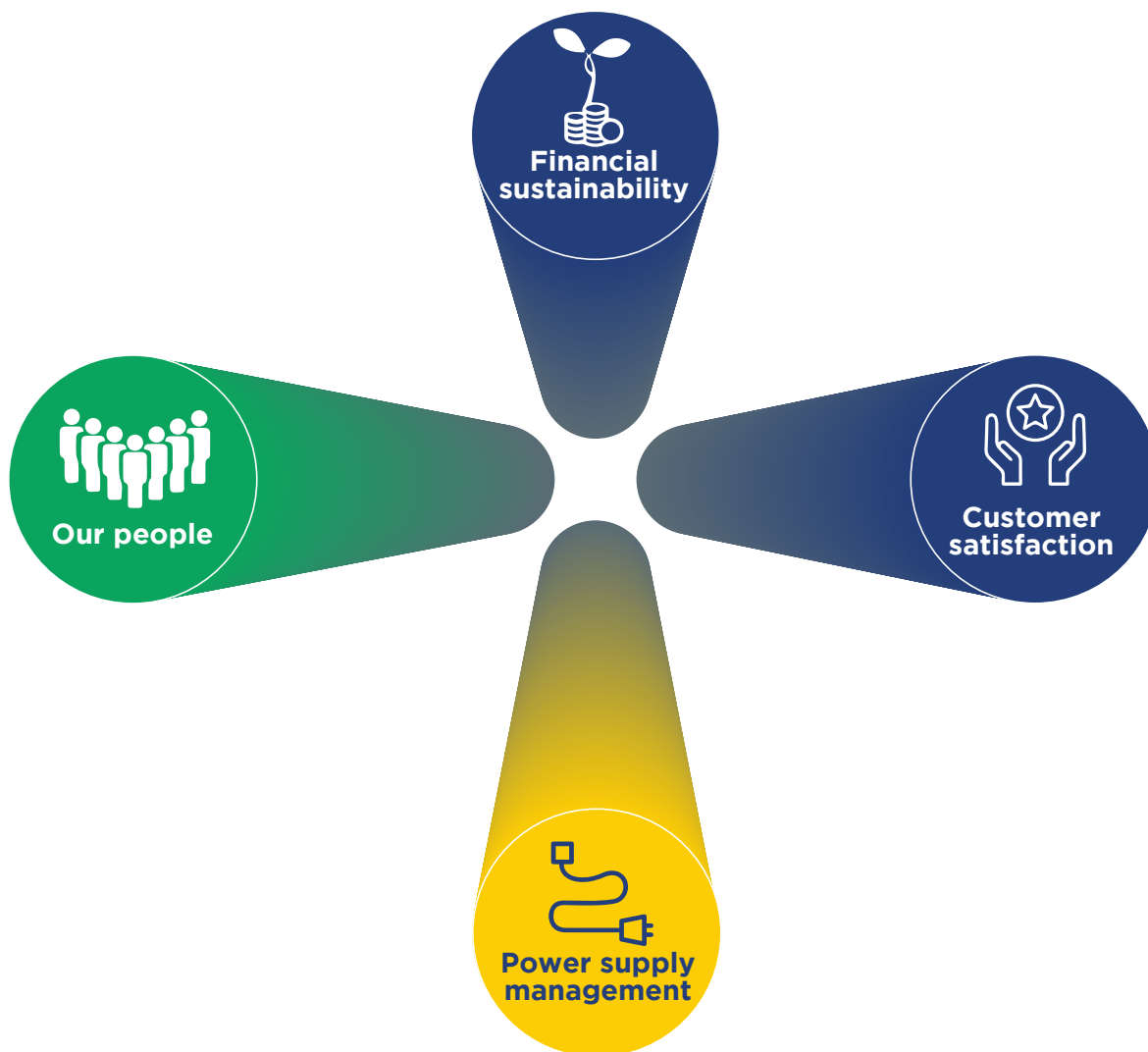
Factors	Strengths	Weaknesses
Governance and Administrative Structures	<ul style="list-style-type: none"> i. Well-defined roles and responsibilities ii. Clear mandate and vision iii. Supportive leadership 	<ul style="list-style-type: none"> i. Bureaucratic processes that delay decision planning ii. Weak succession planning and management
Internal Business Processes	<ul style="list-style-type: none"> i. Specialised equipment ii. Advanced technologies 	Inadequate specialised equipment and technologies
Resources and Capabilities	<ul style="list-style-type: none"> i. Physical and financial assets ii. Skilled manpower iii. Solid reputation 	<ul style="list-style-type: none"> i. Inadequate human resource ii. Lack of sufficient information and data for planning

3.1.5 Analysis of Past Performance

3.1.5.1 Key Achievements

The achievements made over the last five years in implementing the Strategic Plan 2018-2023 are analysed below.

The 2018-2023 strategic plan was premised on the following four strategic thematic areas:



The four themes were centred on the desired key performance areas as expressed in 15 strategic objectives across the four balanced scorecard perspectives.

i. Financial Perspective

The financial perspective had four objectives: Ensure financial sustainability, Improve cash flow, Improve cost management, and Increase profitability. Achievement of the objectives was to guarantee Kenya Power's financial sustainability in the future through the increase of revenues and the control of costs. The end of the Plan period saw Kenya Power post a negative Profit before Tax (PBT) of Kshs. 4,434 Million against an expected profit of Kshs 12,500 Million.

Performance under this perspective was impacted by several factors including the delay in approval of a cost reflective tariff, a consequent tariff reduction, and the direct and indirect effect of COVID-19 on the general economy and the business.

ii. Customer/Shareholder Perspective

Our customers are the reason we exist. In providing the best service to our customers, we pursued three objectives namely: Enhance customer satisfaction, improve engagement with stakeholders, and Rise sustainability levels.

The Customer Satisfaction Index improved though it did not meet the five-year target due to challenges in the supply chain that affected the maintenance of the network.

iii. Internal processes

Efficient and effective business processes are essential in achieving the mandate of the Company. Kenya Power had five objectives aimed at improving the internal processes and increasing operational efficiency namely: Improve network efficiency, Improve process effectiveness, Diversify revenue sources, Improve communication, and Enhance revenue protection.

By the close of the period, the overall system efficiency had declined from a low of 79.5% in 2018 to 77.6% in 2022/23. Further, 87% of all the dispatched energy was from renewable sources.

iv. Organisational Capabilities

There were three objectives under focus: Leverage technology and innovation, Improve talent's capabilities, and Reach a shared performance culture.

Implementation of the organisational reforms was impacted by the instability in the electricity sub-sector that affected the governance of the Company. In addition, budgetary challenges constrained implementation of the planned technological changes.



3.1.5.2 Challenges

- i. Macro-economic issues – The country has continued to experience economic shocks that have negatively impacted on pricing of goods and services. These include inflation, interest, and foreign exchange rates.
- ii. Litigation – There have been several legal disputes in the supply chain slowing down the procurement of critical materials such as transformers and meters which are critical for business continuity.
- iii. Organisational Stability: The period has been characterised by changes in top management thereby affecting and slowing down strategy implementation.
- iv. Low implementation of the corporate initiatives across the Company - The energy sector environment is very dynamic with both internal and external pressures slowing down the implementation of the corporate initiatives.
- v. Funding and budgetary constraints
- vi. System power losses – Both commercial and technical losses
- vii. Procurement processes –The PPAD Act of 2015 which regulates the procurement and disposal of public assets in public entities requires the coordination of various groups involved in the procurement process. This leads to delays in the procurement of critical supplies.
- viii. Vandalism of transformers and other physical infrastructure.
- ix. Human resource constraints
- x. Sector entities interdependency - Kenya Power is dependent on actions of other sector players in generation and transmission roles.

3.1.5.3 Lessons Learnt

- i. Development of Stakeholder Management Framework to enhance collaboration among different stakeholders leading to the success of projects.
- ii. Alignment of the budget and procurement plans with the Strategic Plan enhances strategy implementation.
- iii. The Strategic Plan is the tool to guide the key corporate initiatives identified and agreed upon yearly as part of the work plan.
- iv. Implementation of framework contracts to ensure timely availability of materials.
- v. Organisational structure is a great tool to aid and support strategy implementation.
- vi. There is need for increased resource mobilisation for Capex projects.
- vii. Leverage on technology and digitalisation of services to improve internal business process and also to mitigate the impacts of pandemics such as Covid-19.

3.1.5.4 Emerging trends in the electricity sector

The electricity sub-sector, like all other sectors, is evolving fast. The notable trends that continue to dominate and underlie the success of energy utilities in this environment are:

- i. **Decarbonisation and Sustainability Agenda:** The reduction of greenhouse gases (GHG) has been covenanted towards net-zero. This therefore necessitates a shift from fuel-based (and coal) generation sources to clean sources of electricity resulting in the energy transition toward renewable energy. Organisations are therefore expected to pursue and report on their business sustainability practices.
- ii. **Digitalisation:** Digitalisation is a transformation that embraces the ability of digital technology to collect data, establish trends, and make better business decisions. Digitalisation provides the basis for energy utilities to move towards smart grids.
- iii. **Decentralisation and emerging new business models:** The electricity market is shifting towards a more decentralised distribution model with mini-grids as well as the emergence of prosumers (self-generating customers). This requires a response from utilities to interrogate their business models and evolve with the changing environment and complex energy business demands.
- iv. **Diversification:** With the increased regulation and shrinking profit margins arising from electricity sales, successful utilities continue to innovate on their product offerings towards being a successful going concern. The quest for regional power trade calls for review of Kenya Power's business model and power reliability.
- v. **Reinvention of the customer relationship:** The digital wave is taking the electricity sector by storm. As for all sectors impacted, customers are increasingly tech savvy and want personalised services, instant information, and feedback. This trend impresses upon Kenya Power to develop new relationship models that are closer and more convenient to its customers' needs.
- vi. **Quest for affordability:** As more customers are connected in the underdeveloped areas, matters affordability become more pronounced because this population has weaker purchasing power. Governments, regulators, and utilities try to solve this through subsidies and by making the price of electricity more cost reflective.
- vii. **Smart grids:** The emergence of new technologies such as wireless broadband networks, artificial intelligence, Internet of Things and big data is continuously changing the face of the distribution network. These technologies enable the grid to automatically measure real-time load in the network, balance and optimise load, dispatch power, connect / disconnect customers, and allow utilities to collect more data and information. This will offer opportunities to utilities to improve efficiency, reduce costs, and offer a broad range of services above the supply of power. Utilities should take this opportunity to deploy smart grids.
- viii. **Energy storage solutions:** Energy storage is a real disruptor to the industry as it allows auto-producers to store the energy they produce for a later use, further decreasing reliance on the grid. Additionally, this power can be sold to other customers, offering parallel mini-grids that are autonomous from the central utility.
- ix. **Grid defection:** The lower cost of renewables, combined with available cheap storage systems and decentralised generation, reduces general reliance on the grid.

3.2 Stakeholder Analysis

To enable a deeper understanding of the various stakeholders who operate within and/or interact with Kenya Power, as part of the wider electricity sub-sector ecosystem, an analysis of their needs, expectations, and interactions is presented below.

Table 3.4: Stakeholder Analysis

Stakeholder	Role	Stakeholders' Expectations	Kenya Power's Expectations
Banks/ Financial Institutions	Project financing	<ul style="list-style-type: none"> i. National development goals ii. Social and economic welfare iii. Financial sustainability iv. Investment opportunities v. Business threats and risks 	<ul style="list-style-type: none"> i. Source funding for capital investments ii. Secure favourable financial rates iii. Build confidence on business sustainability
Shareholder	<ul style="list-style-type: none"> i. Elect directors and approve corporate actions ii. Declaration of dividends iii. Invest in the Company iv. Safeguard the interests of the Company 	<ul style="list-style-type: none"> i. Trading performance ii. Business sustainability iii. Growth in share value iv. Safeguard business interests v. Disclosure of business information vi. Business threats and risks 	<ul style="list-style-type: none"> i. Source funding for capital investments ii. Secure favourable financial rates iii. Confidence on business sustainability
Customers	<ul style="list-style-type: none"> i. Source of revenue to the Company ii. Provide crucial operational information such as power disruptions iii. Safeguard the Company's assets and infrastructure iv. Provide feedback on the service level 	<ul style="list-style-type: none"> i. Quality of supply ii. Billing iii. Education on cost of electricity iv. Good customer service v. Information on products, services, and the Company vi. Connectivity 	<ul style="list-style-type: none"> i. Grow energy demand ii. Periodic regional engagements iii. Reduced debts as customers promptly pay their bills
Members of Parliament	Legislation of laws and policies that impact on Kenya Power	<ul style="list-style-type: none"> i. Quality of power supply ii. Cost of power iii. Billing iv. Service delivery v. Customer service vi. Information on products, services, and the Company vii. Connectivity 	<ul style="list-style-type: none"> i. Mutually beneficial relationships ii. Stakeholder forums

Stakeholder	Role	Stakeholders' Expectations	Kenya Power's Expectations
Media	<ul style="list-style-type: none"> i. Communicate effectively on Kenya Power's operations such as power interruptions ii. Sensitisation campaigns on safety and dangers of vandalism 	<ul style="list-style-type: none"> i. Provide information accurately ii. Provide information promptly iii. Newsworthy content iv. Build positive public perception v. Timely responses to media clarifications 	<ul style="list-style-type: none"> i. Enhanced media/blogger relations ii. Improved communication iii. Improved public perceptions
Power producers	Building capacity by power generation	<ul style="list-style-type: none"> i. Trading performance ii. Energy demand/supply forecasts iii. Conformity to regulatory requirements iv. Synergistic unified positions 	<ul style="list-style-type: none"> i. Build synergies in the project ii. Enhance sectorial harmony iii. Enhance business sustainability
Other energy sector players: KenGen, REREC, GDC, and KETRACO	Collaboration in sector operations	Collaboration with Kenya Power to achieve its mandate	<ul style="list-style-type: none"> i. Enhance power reliability ii. Improve power availability and stability iii. Enhance business sustainability
Kenya Power's Board of Directors	<ul style="list-style-type: none"> i. Determine the mission, vision, and core values. ii. Set and oversee the overall strategy iii. Approve significant policies of the Company iv. Approve the Company's structure and annual budget v. Monitor the Company's performance and ensure business sustainability 	<ul style="list-style-type: none"> i. Internal policies ii. Corporate strategy iii. Business sustainability iv. Shareholder value 	Effective strategy implementation
MoEP	Develop policies and regulations	<ul style="list-style-type: none"> i. Business performance ii. Legal provisions iii. Regulatory compliance iv. Financial sustainability v. Sector stability vi. Energy inclusivity 	<ul style="list-style-type: none"> i. Support in securing funding ii. Influencing favourable policies iii. Ensure compliance with policies and regulations

Stakeholder	Role	Stakeholders' Expectations	Kenya Power's Expectations
Suppliers	<ul style="list-style-type: none"> i. Quality supplies ii. Timely supplies iii. Supports cost reductions 	<ul style="list-style-type: none"> i. Service level agreements ii. Brand representation iii. Ethical conduct iv. Effective and secure processes v. Financial sustainability vi. Supplier evaluation and monitoring processes vii. Partnerships 	<ul style="list-style-type: none"> i. Improved business processes ii. Business continuity iii. Enhanced business standards
National Treasury	<ul style="list-style-type: none"> i. Approve borrowings for the projects ii. Release of development funds from donors and other financial institutions 	<ul style="list-style-type: none"> i. National development goals ii. Social and economic welfare iii. Financial sustainability iv. Investment opportunities v. Business threats and risks 	<ul style="list-style-type: none"> i. Source funding for capital investments ii. Secure favourable financial rates iii. Build confidence on business sustainability
Other agencies	Support Kenya Power's operations	Clear lines of communication on national and sector matters.	Support anti-vandalism and anti-fraud campaigns and security initiatives against wayleaves encroachment and illegal connections
County Governments	<ul style="list-style-type: none"> i. Business registration ii. Provide support infrastructure such as way-leaves and parking bays. iii. Provision of revenues 	<ul style="list-style-type: none"> i. Quality of power supply ii. Cost of power iii. Billing iv. Service delivery v. Customer service vi. Information on products, services, and the Company vii. Connectivity 	<ul style="list-style-type: none"> i. Improved customer satisfaction ii. Grow energy demand. iii. Mutually beneficial relationships iv. General barazas v. Council of Governors forums
EPRA	<ul style="list-style-type: none"> i. Regulating power distribution ii. Approval tariffs iii. Promote the Company's growth and development iv. Strengthen Kenya Power's research, data management and information dissemination v. Enhance regulatory awareness, compliance and safety 	<ul style="list-style-type: none"> i. Quality of power supply ii. Cost of power iii. Billing service delivery iv. Energy sector policies 	<ul style="list-style-type: none"> i. Business performance ii. Legal provisions iii. Regulatory compliance iv. Financial sustainability v. Sector stability vi. Energy inclusivity
Employees	Effective execution of the strategy	<ul style="list-style-type: none"> i. Customer service best practice ii. Job security iii. Remuneration and benefits iv. Employee productivity v. Reward and recognition vi. Employee relations 	Empowerment of employees

4 >

**STRATEGIC ISSUES,
GOALS AND
KEY RESULT AREAS**



4.0 Overview

This chapter describes the strategic focus of the Company in the 2023/24 – 2027/28 planning horizon, the expected outputs, and the strategies to be undertaken to achieve the overall goals and objectives of the Company.

4.1 Strategic Issues

The strategy is organised around the Sustainable Balanced Scorecard methodology with the strategic issues stemming from the four Key Result Areas of financial sustainability, customer centricity, organisational excellence, and human capital.

4.1.1 Financial Sustainability

The goal is to transform Kenya Power into a commercially-viable company with a double-digit gross profit; a predictable return to shareholders; and a turnover of more than Kshs. 250 Billion annually, 1.1% of which will be from non-electricity revenues.

The current turnover stands at Kshs. 190 Billion, with the non-core revenues at 0.6%. The strategies to be pursued will include: Undertake refinancing and balance sheet restructuring, Develop and implement a diversification strategy (value-add services), Explore new funding options, and Review the Kenya Power business model.

4.1.2 Customer Centricity

The Company is focusing on raising customer experience by addressing the major pinpoints of supply outages, convenience in accessing Kenya Power's services and information, and the turnaround time for new electricity connections. This should see Kenya Power attain a Customer Satisfaction Index of 75% from 73% recorded in the baseline and a Corporate Reputation Index of 73% from 61% recorded in the baseline year.

Kenya Power will provide excellent services that create a positive customer experience since satisfied customers are the key element to becoming a top utility. As a company, Kenya Power will strive to anticipate and cater for the needs of its customers and stakeholders. Kenya Power will focus on serving its customers by providing quality and reliable supply, timely billing, and convenient service while anticipating their needs and solving their issues promptly.

The strategies to be pursued include: Optimised customer segmentation for service delivery focus, Implementation of 360 degrees CRM, Upscale Customer Feedback capture and monitoring, Build and maintain a stakeholder ecosystem, Build brand reputation, and Develop and Implement Kenya Power's sustainability strategy.

4.1.3 Operational Excellence

Kenya Power is expected to transform into a smart company that leverages on technology and innovation to improve efficiency and service delivery, and provides a stable, reliable, and quality supply to all its customers. This should result in an improvement of system losses to 15.5% at the end of the planning period from 23% recorded in the baseline. Towards this, Kenya Power will: Implement focused maintenance; Ensure power demand – supply balance at all times; Leverage on technology, automation, and innovation; Re-engineer its business processes; Build business intelligence and data analytics capabilities; and Reduce system losses by energy accounting at the various feeder and transformer levels to segregate losses.

4.1.4 Human Capital

The performance of any organisation will be dependent on three inputs: people/staff, processes, and plan. The most urgent of the three is **people**. With a total workforce of 9,400, the existing organisational structure must be reviewed and aligned to support the strategy and the ongoing business transformation, enhance employee productivity, and improve staff engagement levels to boost the overall performance of the Company. The strategies to be pursued include: Review the organisational design, Cultivate a performance-driven culture, Review and implement talent management mechanism, and Implement change management programmes. At the end of the Plan's period the productivity index and employee engagement index will improve from 59% and 64.9% to 80% and 85% respectively.

4.2. Strategic Goals

4.2.1 Secured and sustainable financial future with diversified revenue sources

Several strategies and initiatives will be implemented to achieve the two key objectives namely Improve cash flow and Improve profitability of the Company.

4.2.2 Be the energy supplier of choice with loyal and satisfied customers.

Kenya Power will strive to anticipate and cater to the needs of its customers and stakeholders by focusing on these two objectives: enhance customer satisfaction and optimise stakeholder engagement.

4.2.3 Achieve access to quality, reliable, safe, and cost-effective power.

The strategic objectives in support of the goal are: Improve network reliability and efficiency; Improve process effectiveness; and Enhance revenue protection.

4.2.4 Engaged workforce built upon shared values of performance, accountability, and collaboration.

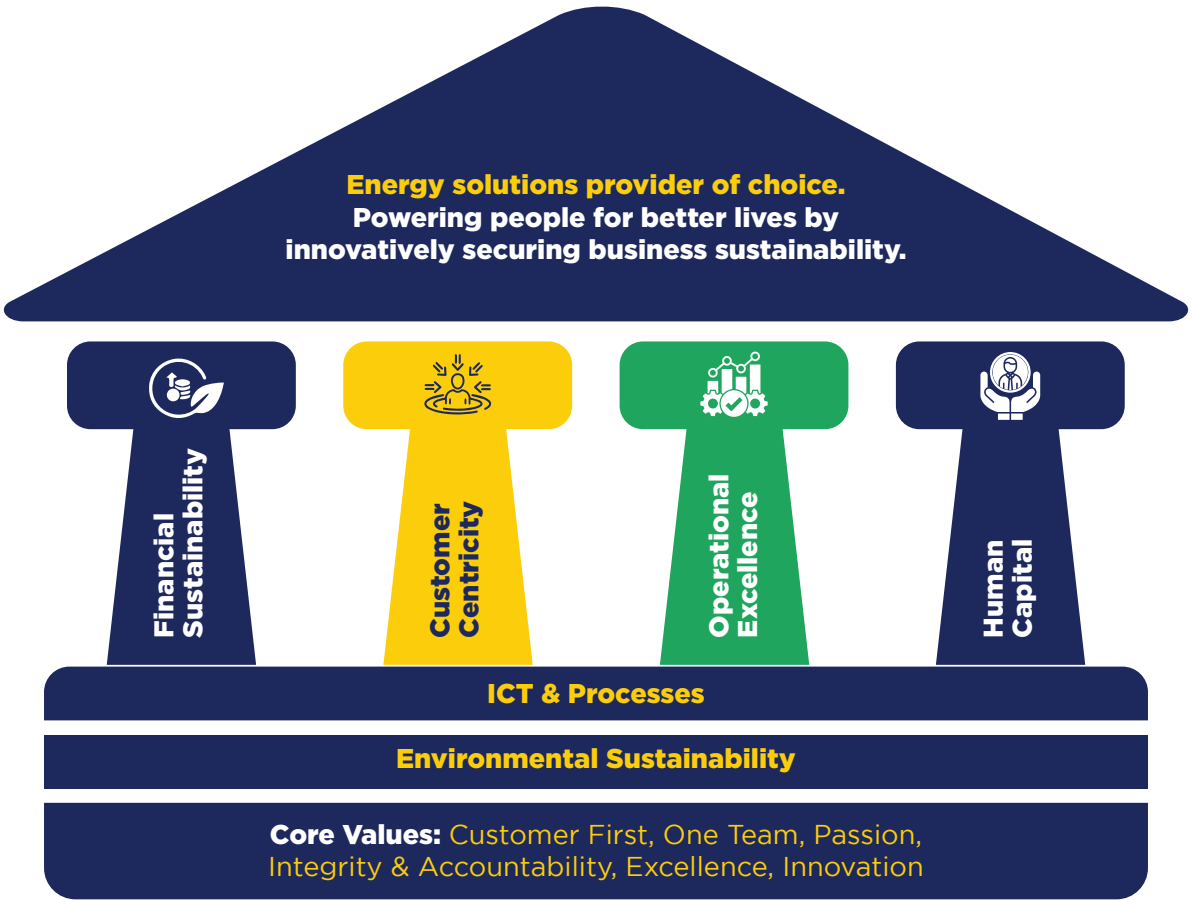
The strategic objectives in support of the goal are: Enhance productivity; Improve talent's capabilities, and Improve work environment.

4.3 Key Result Areas (KRA)

Table 4.1: Strategic Issues, Goals and KRAs

Strategic Issue	Goal	Key Result Areas
Financial Sustainability	Secured and sustainable financial future with diversified revenue sources	KRA1 : Rising profitability with healthy cash-flows
Customer Centricity	Be the energy supplier of choice with loyal and satisfied customers	KRA2 : Deliver high levels of customer satisfaction and loyalty
Operational Excellence	Achieve access to quality, reliable, safe, and cost-effective power.	KRA3 : Reliable and efficient distribution of power supply
Human Capital	Engaged workforce built upon shared values of performance, accountability, and collaboration.	KRA 4 : Optimised productivity

Kenya Power Strategy House



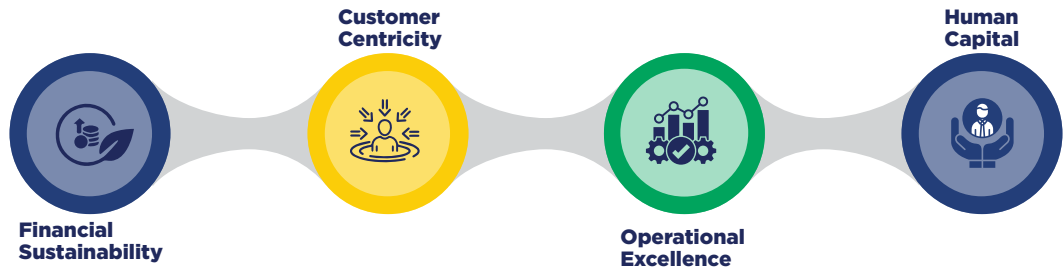
5 >

STRATEGIC OBJECTIVES AND STRATEGIES



5.0 Overview

In this chapter, the organisation’s overarching goals and approaches are aligned to deliver on the identified Strategic Issues below:



Financial Sustainability elucidates the strategic manoeuvres aimed at ensuring the long-term economic viability and prosperity of the organisation.

Customer Centricity focuses on strategies designed to enhance customer satisfaction, loyalty, and overall experience, underscoring the importance of a client-oriented approach.

Operational Excellence delineates strategies geared towards optimising internal processes, improving efficiency, and achieving a higher standard of performance.

Finally, **Human Capital** outlines strategies on attracting, developing, and retaining a skilled and motivated workforce, recognising the critical role of human resources in achieving organisational objectives.

This chapter offers a comprehensive framework aligning the organisation’s strategic vision with the Key Results Areas by adopting the Sustainable Balanced scorecard methodology to foster a holistic and integrated approach to sustainable success.

5.1 Strategic Objectives

Table 5.1: Outcomes Annual Projections

			Projections				
Strategic Objective	Outcome	Outcome Indicator	Year 1	Year 2	Year 3	Year 4	Year 5
KRA 1: Cash-flow & Profitability							
Improve Cash flow	Healthy cash-flow	Total Revenue	218,355	227,333	227,233	248,623	275,343
		T&D costs / revenues	26%	25%	25%	25%	25%
		Current Ratio	0.57	0.60	0.61	0.66	0.70
		Collection Efficiency	80%	82%	83%	84%	85%

			Projections				
Strategic Objective	Outcome	Outcome Indicator	Year 1	Year 2	Year 3	Year 4	Year 5
KRA 1: Rising profitability with healthy cash-flows							
Improve profitability	Profitability	Profit Before Tax(PBT)	8,662	8,975	7,631	8,813	3,921
	Shareholders Value	Return on Asset (ROA)	2.45%	2.36%	1.87%	1.67%	0.04%
	Reduced Financing costs	Debt to EBITDA Ratio	15%	14%	13%	13%	13%
	Diversified Revenues	% of non-core revenues vs. total revenues	0.7%	0.9%	1%	1.1%	1.1%
	Tariff Yield	Average yield per unit Sold (Kshs)	17.10	16.39	16.08	16.08	16.08
	Managed Costs	T&D costs / revenues	26%	25%	25%	25%	25%
Average cost of purchased power (with fuel and Forex)		10.85	10.79	10.70	10.60	10.61	
KRA 2: Deliver high levels of customer satisfaction and loyalty							
Enhance customer Satisfaction	Customer Satisfaction	Customer Satisfaction Index	73.5%	73.7%	74%	74.5%	75%
		Customer Charter Index	67%	69%	72%	74%	75%
Improve stakeholder management	Corporate reputation	Corporate Reputation Index	64%	66%	68%	70%	73%
		CSR Rating	64%	68%	70%	72%	75%
Rise sustainability levels	Enhanced Sustainability operations	Renewable Energy in Mix	89.9%	90%	90%	92%	95%
KRA 3: Reliable and efficient distribution of power supply							
Improve Power Supply Quality and Reliability	Reduced interruptions	SAIFI	32	30	29	26	25
	Improved response time	CAIDI	2.2	2.18	2.17	2.16	2.15

			Projections				
Strategic Objective	Outcome	Outcome Indicator	Year 1	Year 2	Year 3	Year 4	Year 5
KRA 3: Reliable and efficient distribution of power supply							
Reduce system losses	Reduced system losses	System Losses	21.5%	20.0%	18.5%	17.0%	15.50%
		% of smart meters for customers consumption of > 500 kWh	40%	60%	80%	100%	100%
Enhance business process efficiency	Material availability	Material availability rate	70%	75%	80%	100%	100%
	Improved billing	Billing rate (postpaid)	96%	99%	100%	100%	100%
	Improved service delivery	Availability of Key ICT Infrastructure	98%	99%	99%	99%	99%
		Network Visible Remotely	TBD				80%
KRA 4: Optimized productivity							
Enhance productivity	Improved Productivity	Productivity Index	70%	75%	78%	80%	80%
		Optimal Staff Establishment	75%	80%	80%	85%	85%
		Culture of Accountability Index	TBD				
Improve employee experience	Employee Experience	Employee Engagement Index	70%	75%	80%	85%	85%
		Employee Experience Index	TBD				
Improve work environment	Improved Work Environment	Work Environment Index	TBD				

5.2 Strategic Choices

Table 5.2: Strategic Objectives and Strategies

KRA	Strategic Objective(s)	Strategies
Rising profitability with healthy cash-flows	Improve cash flow	i. Revamp revenue collection ii. Revaluation and disposal of select assets iii. Develop financing partnerships
	Improve profitability	i. Undertake refinancing and balance sheet restructure ii. Develop and implement a diversification strategy iii. Explore new funding options iv. Review Kenya Power's business model v. Review and renegotiate existing vi. Employ cost management initiatives
Deliver high levels of customer satisfaction and loyalty	Enhance customer satisfaction	i. Invest in customer relationship management ii. Upscale customer feedback capture and monitoring
	Improve stakeholder engagement	i. Build and maintain a stakeholder ecosystem ii. Build brand reputation
	Rise sustainability levels	Develop and implement Kenya Power's sustainability strategy
Reliable and efficient distribution of power supply	Improve power supply quality and reliability	i. Implement focused maintenance. ii. Implement key infrastructure projects iii. Ensure power demand – supply balance at all times iv. Leverage on technology, automation, and innovation
	Improve business process effectiveness	i. Implement digital transformation ii. Business process re-engineering iii. Build business intelligence and data analytics capabilities
	Enhance network efficiency	i. Identify and map out the system losses ii. Reduce system losses
Optimised productivity	Enhance productivity	i. Review the organisational design ii. Cultivate a performance-driven culture
	Enhance employee experience	i. Revamp employee welfare ii. Review and implement talent management mechanism
	Improve work environment	i. Provision of suitable physical work environment ii. Implement change management programmes iii. Implement diversity and inclusion initiatives

5.3 Expected benefits of the Strategic Plan

The strategic plan will bring significant tangible benefits in three areas: revenues increase, costs optimisation, cash improvement, and efficiency improvement.

i. Revenues increase: Kenya Power aims at a regular increase of its revenues that is in line with the increase in demand and improved system efficiency as the country moves towards universal coverage and more generally to greater economic development which requires more power:

Revenues increase will come from:

- Incentivising new customers and low-consuming customer to use more power (yield),
- Increasing new customers,
- Maintaining a cost-reflective tariff, and
- Diversifying and developing new businesses.

ii. Cost optimisation will come from several sources, the most important ones being:

- Power procurement - Kenya Power aims to reduce the cost of power procured by optimising the sources of energy and reducing technical losses.
- T&D costs - Optimisation of T&D costs by outsourcing low value-added activities.
- Capex costs - Optimisation of procurement and improvement of design-to-execution processes
- Service - Optimisation of internal costs and productivity

iii. Cash optimisation will be achieved through:

- Reduction of receivables and enforcement of payment policies
- Stronger cash collection policies
- Investigation and pursuing of old debt
- Proactive revenue protection activities

iv. Efficiency improvement will result from:

- System loss reduction war-room strategy - A loss-reduction path driver has been adopted that will result in a 1.5% improvement in efficiency annually.
- Adoption of technology and ICT will help improve process effectiveness and network operations hence quicker turnaround time and effective interactions with customers and stakeholders.
- Smart grid and smart meters to address customer complaints on billing.

As a result, Kenya Power will be able to increase its overall profitability and shareholder returns. Additionally, many intangible benefits will accrue and contribute to the overall success of the Strategic Plan. This includes better work conditions, improved culture, and better information sharing among stakeholders



6

**IMPLEMENTATION
AND COORDINATION
FRAMEWORK**

6.0 Overview

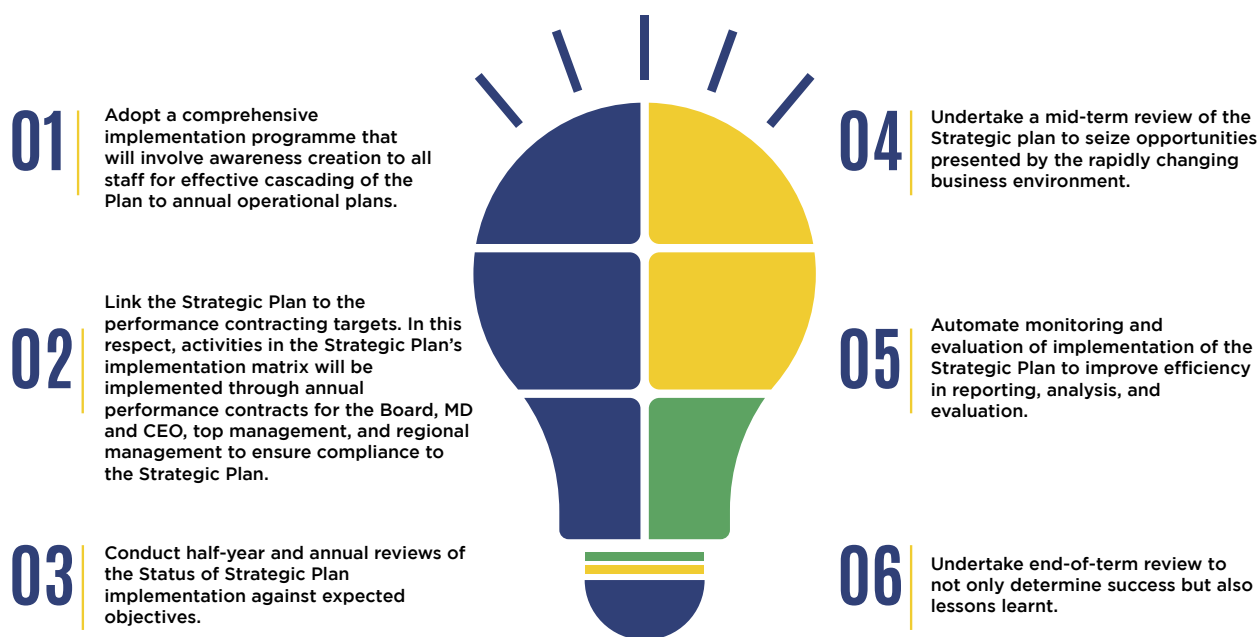
This chapter describes the framework upon which implementation and coordination of the strategic plan will be undertaken. The responsible function will provide leadership in the coordination and implementation of the Strategic Plan.

6.1 Implementation Plan

The Board of Directors will provide strategic direction towards ensuring that this strategic plan is implemented effectively.

The Strategic Plan will be coordinated and monitored through the Business Strategy Division. This will include a post-project evaluation of all the strategic projects within the Plan to ensure the expected business objectives are achieved.

Specifically, Management shall:

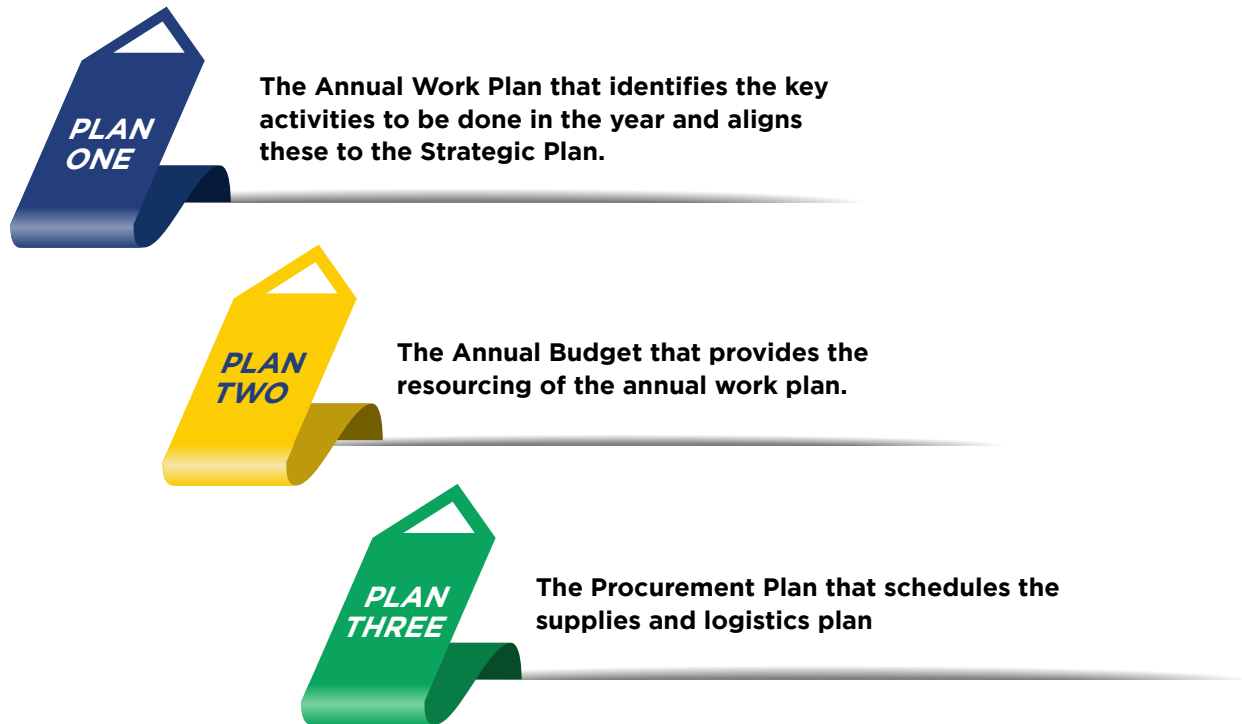


6.1.1 Action Plan

In identifying the Key Results Areas, Strategic Objectives, Outputs and Strategic outcomes, complete with resource requirements, this strategic Plan has laid out a work-plan for implementation of the identified strategies through the plan period. The detailed Implementation Matrix, by virtue of its volume, has been shown as Annex 2 in this Plan.

6.1.2 Annual Work Plan and Budget

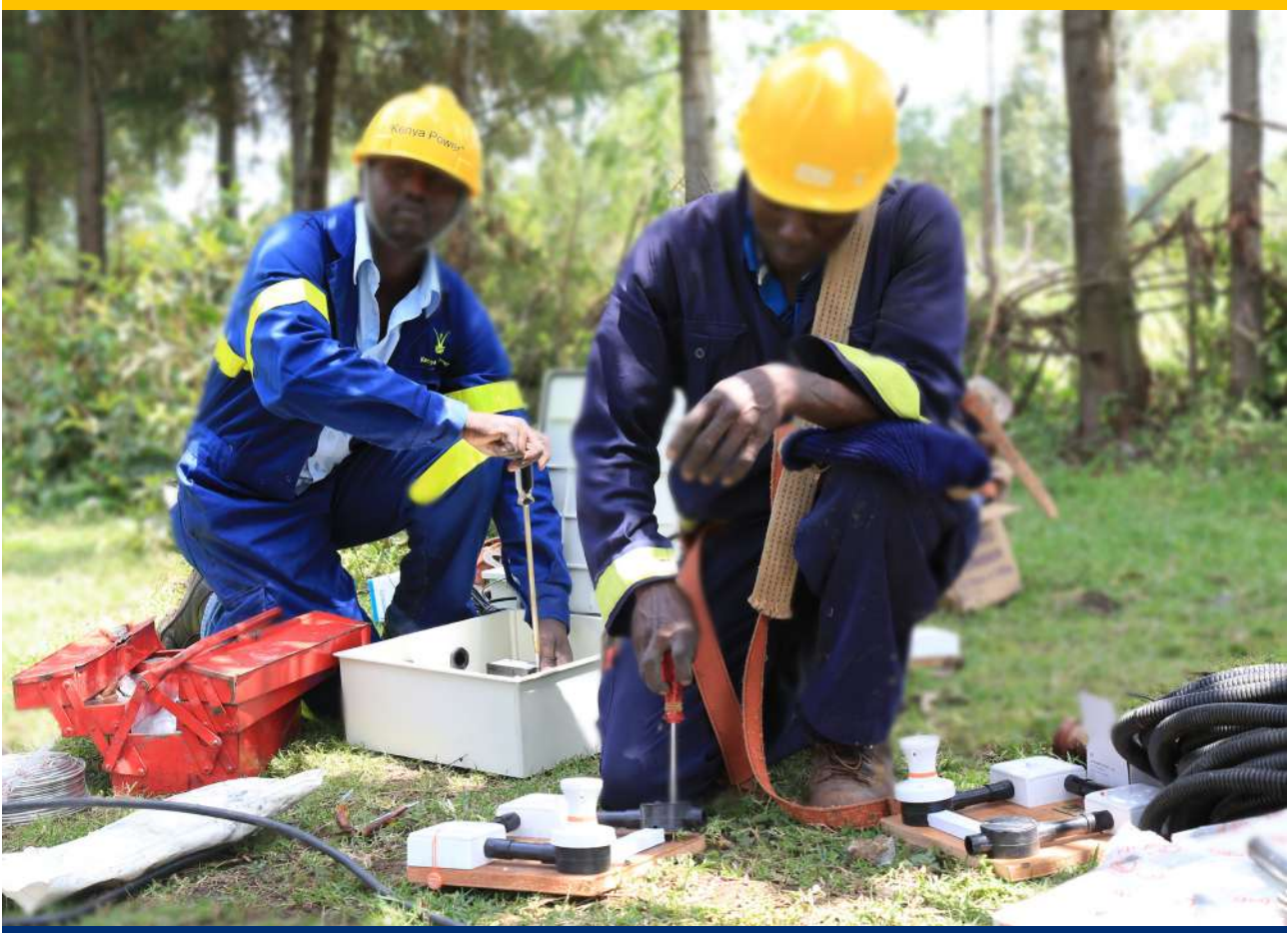
Kenya Power, on an annual basis, develops the work plan and budget aligned to the strategic objectives and initiatives in the Strategic Plan. This is done by the alignment of three crucial annual planning tools namely:



The above is further received and approved by the Ministry of Energy & Petroleum and the National Treasury.

6.1.3 Performance Contracting

The Company's Annual Work Plans constitute the annual performance contracts for employees. The Corporate Scorecard identifies the key deliverables for the office of the Managing Director and CEO and is cascaded to the General Managers and to the officers/staff in the organisation. The Performance Contracts are evaluated on a quarterly basis and an annual report prepared. The process is guided by the approved Kenya Power's Performance Management Framework.



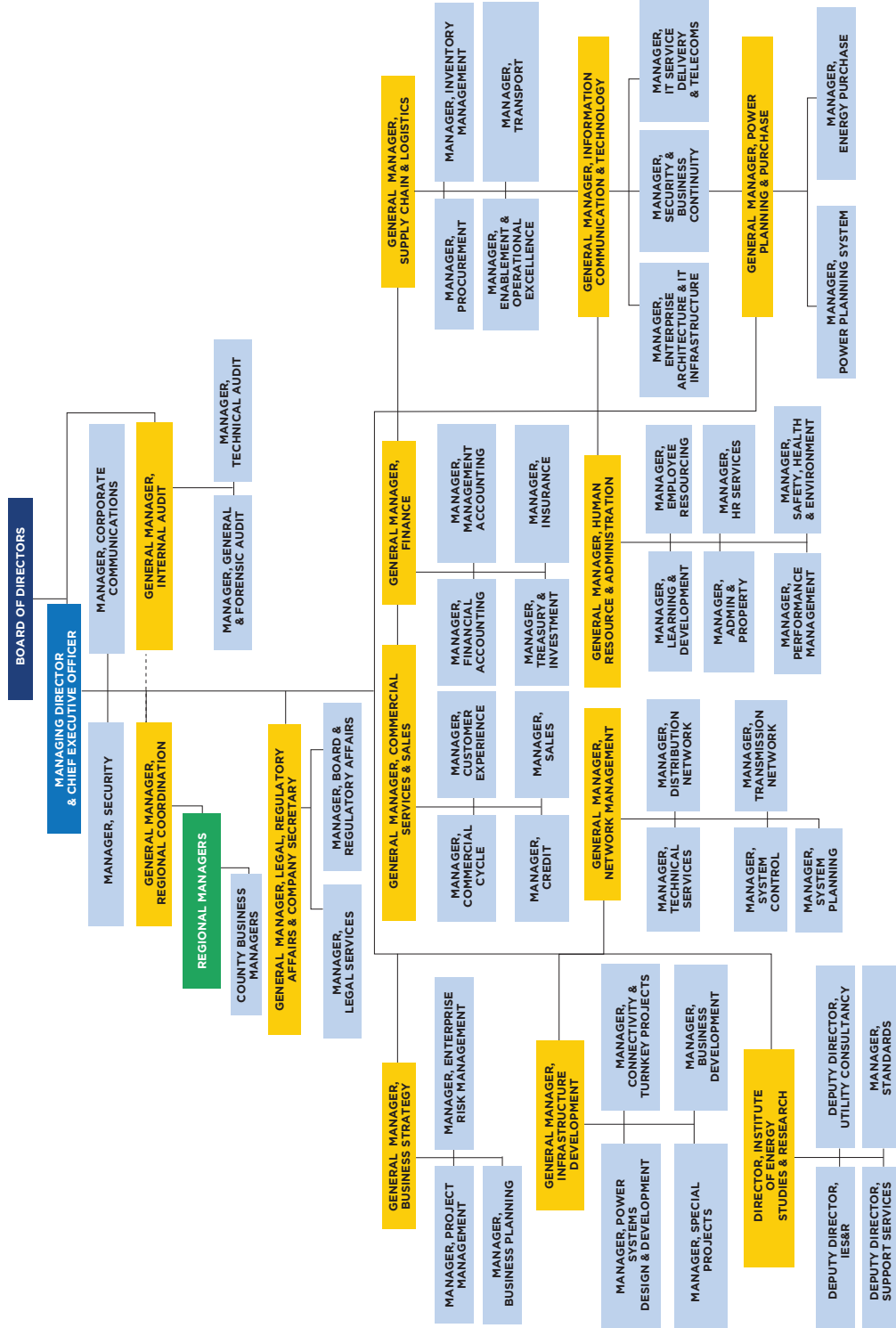
6.2 Coordination Framework

Towards execution of the Strategic Plan, Kenya Power has institutionalised a framework within which implementation, monitoring, reporting, and evaluation of the plan takes place. This includes the organisational structure, staffing levels analysis, and skills and competence development necessary to execute this Strategic Plan.

6.2.1 Institutional Framework

In compliance with the guidelines for developing and reviewing human resource management instruments for state corporations and public universities issued by the Public Service Commission, Kenya Power is reviewing its organisational structure. In the meantime, the Organisational Organogram below represents the current structure.

KENYA POWER ORGANOGRAM



6.2.2 Structure, Staff Establishment, Skills Set and Competence Development

In resourcing the structure, Table 6.1 and 6.2 below show the optimal establishment, current staffing and the identified skill and competence gaps within the organisation.

Table 6.1: Optimal Staff Establishment

Division	Approved Establishment(A)	Optimal Staffing Levels(B)	In-Post (C)	Variance D= (B-C)
Commercial Services & Sales	79	79	33	-46
Legal, Regulatory Affairs and Company Secretary	81	44	44	-37
Corporate Services	170	170	154	-16
Corporate Strategy	63	63	31	-32
Finance	137	118	118	-19
Information Communication and Technology	186	186	122	-64
Institute of Energy Studies	68	68	67	-1
Infrastructure Development	178	178	189	11
Internal Audit	62	62	38	-24
MD and CEO	318	318	244	-74
Network Management	636	636	302	-334
Power Planning and Purchase	50	50	26	-24
Risk Assurance and Treasury Middle Office	3	3	0	-3
Supply Chain	155	155	121	-34
Treasury and Investment	3	3	0	-3
Regional Coordination	11,230	11,230	7,841	-3,389
Total	13,419	13,419	9,330	-4,089

Table 6.2: Skill Set and Competence Development

CADRE	SKILLS SET	SKILLS GAP	COMPETENCE DEVELOPMENT
MD&CEO	i. Bachelor’s degree in engineering or business-related field from a recognised institution.	i. Visionary leadership	i. Strategic leadership development
	ii. Master’s degree from a recognised institution.	ii. Strategic thinker	ii. Finance management
	iii. At least fifteen (15) years proven experience in a large organisation, five (5) years of which should have been the level of Senior Management	iii. Communication skills	iii. Data analytics and management tools
	iv. Must be a registered member of a relevant professional body and in good standing.	iv. Customer focus	iv. Governance and ethics
	v. Experience in working with Government, shareholders and/or stakeholders including donors required.	v. Analytical skills	v. Project management
	vi. Leadership course lasting not less than four weeks from a recognized Institution.	vi. Business insight	vi. Public private partnerships financial and risk analysis
	vii. Corporate Governance Course from a recognized Institution.	vii. Decision-making skills	vii.Certified Ethical Hackers and Corporate Fraud
	viii. Proficiency in computer applications.	viii. Interpersonal and negotiation skills	viii. Governance and Integrity
	ix. Demonstrate a clear understanding of:	ix. Mentoring and coaching skills	ix. Coaching and mentoring
	x. Energy sector	x. Drive for results	
	xi. Public Finance Management Act, 2012.	xi. Creativity and innovation	
	xii. Public Procurement and Asset Disposals Act, 2015.	xii. Problem-solving skills	
	xiii. Kenya Power memoranda and articles of association		
	xiv. Mwongonzo: The Code of Governance for State Corporation.		
	xv. Fulfil the requirements of Chapter 6 of the Constitution		

CADRE	SKILLS SET	SKILLS GAP	COMPETENCE DEVELOPMENT
General Managers	i. Master's Degree from a recognised institution.	i. Strategic and leadership skills	i. Strategic leadership development
	ii. Bachelor's degree from a recognised institution.	ii. Communication skills	ii. Finance management
	iii. Professional qualification and membership to a professional body where applicable	iii. Planning and organising skills	iii. Data analytics and management tools
	v. Leadership course lasting not less than four weeks from a recognized Institution.	v. Analytical skills	v. Project management
	vi. Proficiency in computer applications	vi. Business insight	vi. Public-private partnerships financial and risk analysis
	vii. Fulfil the requirements of Chapter 6 of the Constitution of Kenya.	vii. Decision-making skills	vii. Certified Ethical Hackers and Corporate Fraud
		viii. Interpersonal and negotiation skills	viii. Governance and Integrity
		ix. Mentoring and coaching skills	ix. Coaching and mentoring
		x. Drive for results	
		xi. Creativity and innovation	
		xii. Problem-solving skills	
Regional Managers/ Departmental Managers County Business Managers	i. Master's degree from a recognised institution.	i. Strategic and leadership skills	i. Strategic leadership development
	ii. Bachelor's degree from a recognised institution.	ii. Communication skills	ii. Finance management
	iii. Professional qualification and membership to a professional body where applicable	iii. Planning and organising skills	iii. Data analytics and management tools
	iv. At least fifteen (11) years proven experience in a relevant field, five (5) years of which should have been the level of Management position.	iv. Customer Focus	iv. Governance and ethics
	v. Leadership course from a recognized Institution.	v. Analytical skills	v. Project management

CADRE	SKILLS SET	SKILLS GAP	COMPETENCE DEVELOPMENT
	vi. Proficiency in computer applications	vi. Business insight	vi. Public-private partnerships financial and risk analysis
	vii. Fulfilling the requirements of Chapter Six (6) of the Constitution	vii. Decision-making skills	vii. Certified Ethical Hackers and Corporate Fraud
		viii. Interpersonal and negotiation skills	viii. Governance and Integrity
		ix. Mentoring and coaching skills	ix. Coaching and mentoring
		x. Drive for results	
		xi. Creativity and innovation	
		xii. Problem-solving skills	
Engineers (Electrical/ Mechanical/ Civil)	i. Bachelor's degree in relevant engineering discipline from a recognised institution.	i. Analytical skills	i. Electrical authorisation
	ii. Graduate Engineer Registration by EBK/ KETRB or any other registration by Relevant Professional body.	ii. Problem solving skills	ii. Electrical power distribution
	iii. Demonstrated competence in work performance.	iii. Communication and interpersonal skills	iii. Power Systems Analysis
	iv. Proficiency in computer applications	iv. Report writing skills	iv. Transformer Protection
	v. Fulfilled the requirements of Chapter Six (6) of the Constitution	v. Project management Skills	v. Training on System Control, Switches
	vi. Leadership course from a recognized Institution.	vi. Planning and organising skills	vi. PLC and SCADA Systems Training
	vii. Management course lasting not less than four (4) weeks from a recognised institution	vii. Interpersonal and negotiation skills	vii. Motors, variable frequency drives
		viii. Team-building skills	viii. Fire detection and suppression.

CADRE	SKILLS SET	SKILLS GAP	COMPETENCE DEVELOPMENT
	viii. Supervisory course lasting not less than two weeks from a recognised institution	ix. Drive for results	
	ix. Project Management course	x. Strategic and leadership skills	
		xi. Mentoring and coaching skills	
Technicians	i. Diploma in Electrical and Electronic engineering/Mechanical engineering/Automotive engineering/Civil engineering/ Building and Construction/ Construction Management/GIS, Geomatics, Cartography, Survey, and other related Engineering disciplines from a recognised Institution.	i. Analytical skills	i. Operation and maintenance of plant, machinery, equipment, and tools
	ii. Graduate Technician Registration by EBK, KETRb or any other registration by Relevant Professional body.	ii. Problem solving skills	ii. Regulating machine load, voltage, frequency.
	iii. Supervisory course lasting not less than two weeks from a recognised institution.	iii. Communication and report writing skills	iii. Recording all operating communication with National Control Center (NCC)
	iv .Fulfil the requirements of Chapter Six (6) of the Constitution	iv. Project Management Skills	iv. Controlling access into substation.
	v. Proficiency in computer applications	vi. Planning and organising skills	v. Undertaking regular safety inspections.
		vii. Interpersonal and negotiation skills	vi. Undertaking scheduled and non-scheduled maintenance on electrical equipment.
		viii. Team-building skills	vii. Installing, repairing, and maintaining electrical equipment, and power transformers.
		ix. Drive for results and achievement	
		x. Mentoring skills	

CADRE	SKILLS SET	SKILLS GAP	COMPETENCE DEVELOPMENT
Craftsmen	i. KCSE D+ (Plus) or equivalent qualifications	i. Integrity and Ethics	i. Trouble shooting break down on the Electrical lines and auxiliaries.
	ii. Craft Certificate/Final Proficiency Certificate/Master Craftsperson III Certificate/National Skills Certificate in a related field.	ii. Communication skills	ii. Maintain power plant equipment
	iii. Proficiency in computer applications	iii. Interpersonal skills	iii. Welding and high-pressure welding
	iv. Fulfilled the requirements of Chapter Six (6) of the Constitution	iv. Team-building skills	iv. Rehabilitation of infrastructures.
	v. Supervisory course lasting not less than one week from a recognised institution	v. Drive for results	vi. Interpretation of drawings, sketches, and work orders
			vii. Construct, install, maintain, and repair power lines
Officers (Various cadres)	i. Relevant Bachelor's degree from from a recognised institution;	i. Communication skills	Competency development criteria to be us per relevant job cadre.
	ii. Registration with the relevant professional body in good standing.	ii. Interpersonal skills	
	iii. Proficiency in computer applications;	iii. Record-keeping skills	
	iv. Demonstrated competency in work performance.	iv. Negotiation skills	
	v. Fulfilling the requirements of Chapter Six (6) of the Constitution.	vi. Team-building Skills	
		vii. Confidentiality	
		viii. Guidance and counselling skills	
		ix. Drive for results	
		x. Creativity and innovation	
		xi. Problem solving	
		xii. Planning and organising	
Office Assistants	i. Bachelor Degree	i. Planning and organising skills	i. Administrative duties including arranging for meetings;

CADRE	SKILLS SET	SKILLS GAP	COMPETENCE DEVELOPMENT
	ii. KCSE (mean grade D+ plus) or equivalent qualification	ii. Team building	ii. Deadlines and tracking progress of various assignments;
	iii. Diploma in Secretarial studies	iii. Communications Skills	iii. Drafting, transcribing notes, correspondences and reports;
	iv. Certificate in secretarial studies	iv. Interpersonal skills	iv. Scheduling appointments
	v. Proficiency in computer applications	v. Confidentiality	v. Co-ordinating travel arrangements;
	vi. Fulfilling the requirements of Chapter Six (6) of the Constitution	vi. Customer Focus	vi. Receiving, sorting, and routing mail and reports to appropriate offices;
			vii. Attending to telephone calls;
			viii. Requisitioning for office supplies and equipment;
			ix. Maintaining an effective filing and record management system;
			x. Ensuring safety and security of information in the office;
Clerical (various)	i. Four (4) years relevant work experience	i. Planning and organising skills	i. Checking records to ensure integrity and accuracy of information.
	ii. KCSE (mean grade D+ plus) or equivalent qualification	ii. Team-building Skills	ii. Filling of correspondences
	iii. Professional Certificate qualifications	iii. Communications Skills	iii. Archived files are in safe custody
	iv. Proficiency in computer applications	iv. Interpersonal skills	iv. Receiving and sorting invoices.
	v. Fulfilling the requirements of Chapter Six (6) of the Constitution	vi. Confidentiality	v. Preparing folders for various activities
		vii. Records management skills	

6.2.3 Leadership

The Board of Directors will provide strategic direction towards ensuring that this strategic plan is implemented effectively.

The Strategic Plan will be coordinated and monitored through the Business Strategy Division. This will include a post-project evaluation of all the strategic projects within the Plan to ensure the expected business objectives are achieved.

Table 6.3: Strategic Theme Teams by Key Result Areas

Key Results Area	Strategic Theme Team
Cash-flow and Profitability	<ul style="list-style-type: none"> i. GM, Finance – Team Lead ii. Director, IESR iii. GM, Power Purchase & Planning iv. GM, L,RA&CS
Customer satisfaction and loyalty	<ul style="list-style-type: none"> i. GM, Commercial Services ii. GM, BS iii. Corporate Communications
Power distribution and supply	<ul style="list-style-type: none"> i. GM, Network Management ii. GM, Infrastructure Development iii. GM, PP& P iv. GM, Supply Chain & Logistics v. GM, ICT vi. GM, CS&S vii. Security Department
Human capital productivity	<ul style="list-style-type: none"> i. GM, HR&A ii. GM, RC iii. GM, BS

6.2.4 Systems and Procedures

Policies, rules and regulations govern the execution of the mandate of the organisation and are continually reviewed to ascertain their appropriateness and adequacy towards the support of carrying out the strategy. Kenya Power is certified under the ISO 9001 standards. Internal processes, systems and operating procedures have been developed and are regularly reviewed in accordance to the ISO guidelines towards successful implementation of the organisation’s mandate and the execution of this strategy.

6.3 Risk Management Framework

Risks that can affect the implementation of the strategic plan were identified. The potential risks, their impact, and their likelihood of occurrence were analysed for each objective. The results are presented in Table 6.4

Table 6.4: Risk Management Framework

Strategic Objective	Risk Class/Category	Risk Description	Likelihood (L,M,H)	Impact (L,M,H)	Overall Risk Rating	Mitigation Measures	Risk Owner
i. Improve Profitability; ii. Improve Cash flow	Operational Risk	Grid defection, particularly from the high-yield large power customers.	L	H	Medium	i. Ring-fence customer segments through targeted network reliability schemes and discounted tariffs. ii. Lobby to influence Policy and regulations.	i. GM CS &S ii. GM NM iii. GM, L, RA & CS iv. GM, PPP v. GM, BS
	Operational Risk	Sustained high technical and commercial losses	M	H	High	Review and adapt/adopt strategies to realize planned loss reduction	i. GM CS&S ii. GM NW
	Financial Risk	Poor return on investments from implemented projects.	M	M	Medium	Comprehensive and impartial project appraisals prior to implementation to assure viability and returns.	i. GM ID ii. GM NW
	Financial Risk	High debt levels	H	H	High	Review debt collection strategies and incorporate: i. Seeking budget appropriation for all government-related debt; ii. Incremental coverage of network using smart metering technology. iii. Review connection policy to allow clusters of bulk (smart) meters as opposed to multiple meters on site.	GM CS&S
	Regulatory Risk	Highly regulated electricity tariffs may be limiting.	H	L	Medium	Diversification of income streams.	i. Director, IESR ii. GM BS
	Financial Risk	Increased finance cost due Foreign Exchange Risk	H	H	High	i. .Source financing in local currency. ii. .Develop a pool of foreign currency within the revenue stream.	GM Finance
	Financial Risk	Failed execution of revenue diversification due to inadequate budgetary allocation.	L	H	High	Allocate sufficient resources to revenue diversification strategies.	i. GM Finance ii. Director, IESR

Strategic Objective	Risk Class/Category	Risk Description	Likelihood (L,M,H)	Impact (L,M,H)	Overall Risk Rating	Mitigation Measures	Risk Owner
iii. Enhance Customer Satisfaction & iv. Improve Stakeholder Engagement v. Rise Sustainable Levels	Reputational Risk	Poor service delivery typically indicated by non-adherence to Customer Charter.	M	H	High	i. Review and provide resource requirements necessary to meet the stipulations of the customer charter. ii. Review Kenya Power's governance and accountability structures to align service delivery.	i. GM CS&S ii. GM HR & Admin
	Regulatory Risk	Noncompliance with sustainability requirements.	M	M	Medium	i. Develop a sustainability strategy and implementation roadmap. ii. Develop and operationalize a waste management plan. iii. Create awareness on matters sustainability to the leadership team and across the Company.	i. GM BS ii. GM LRA & CS
	Operational Risk	Intensive resource requirements necessary to revamp the distribution network.	M	H	High	i. Prudent appraisal and sourcing finance to fund network upgrade as necessary. ii. Review and provide resource requirements necessary to improve the network. iii. Phased investments into creation of a smart distribution grid. iv. Sign and enforce service level agreements (SLA's) with all players in the network with financial cost attached to any breach of the SLA. v. Implement system efficiency improvement projects to address system losses.	i. GM Finance ii. GM BS iii. GM NM, iv. GM CS&S
ii. Improve Business Process Effectiveness	Operational Risk	Inadequate operational data alignment currently in the systems.	M	M	Medium	Data clean up to ensure integrity of system data.	GM ICT
	Operational Risk	Inadequate operational data alignment currently in the systems.	M	M	Medium	Seek automation of processes and operations as far as feasible, supported by a flatter operational hierarchy.	GM ICT
	Strategic Risk	Bureaucratic policies, procedures and operations.	L	H			

Strategic Objective	Risk Class/Category	Risk Description	Likelihood (L,M,H)	Impact (L,M,H)	Overall Risk Rating	Mitigation Measures	Risk Owner
	Key Man Risk	Talent drain away from Kenya Power and inability to attract new talent.	H	H	High	i. Capacity Building towards requisite skills and capabilities. ii. Develop and implement succession planning on all critical skills.	GM HR & Admin
	Strategic Risk	Inadequate resourcing and integration of innovations.	M	H	High	Allocate percentage of Company revenue towards improving both R&D capabilities and subsequent implementation of innovations.	GM Finance
	Technological Risk	Increased exposure on cyber security	H	H	High	i. Establish robust network access controls. ii. Monitor network traffic across all technological solutions. iii. Develop and implement an incident response plan. iv. Minimize cyber attack surface by continuously interpretation of potential entry points.	GM ICT
i. Improve Employee Experience ii. Improve Work Environment iii. Enhance Productivity	Reputational Risk	Depreciated brand loyalty	M	H	High	i. Planned and phased change management. ii. Review and implement HR policies, talent management and competency development to address employees' pain points.	GM HR & Admin
	Operational Risk	Demotivated workforce due to unhealthy work environment.	M	H	High	i. Review current structural, operational and social/ workplace gaps with a view to remedy. ii. Develop and Implement Diversity & Inclusion Initiatives.	GM HR & Admin
	Operational Risk	Employees targets mismatch with corporate objectives.	M	H	Medium	i. All performance measures to be in line with the corporate scorecard. ii. Implement the performance management framework. iii. Cultivate a performance driven culture	GM HR & Admin



RESOURCE REQUIREMENTS AND MOBILISATION STRATEGIES



7.0 Overview

Funding the Strategic Plan is critical for its success. Provision of adequate and timely funds for the initiatives over the next five years will be paramount to the Plan's success. This section outlines the financial requirements for implementation of the strategy.

7.1 Funding requirements and framework

The table below summarises the financial resources budgeted, inclusive of the implementation of this Strategic Plan.

Table 7.1: Financial requirements for implementing the Strategic Plan

Cost Item	(Projected Resource Requirements Kshs. (Billion)					
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
KRA 1: Cashflows and profitability	0.797	2.527	1.232	0.992	0.642	6.19
KRA2: Customer satisfaction and loyalty	0.800	1.66	0.69	0.74	0.76	4.64
KRA3: Power distribution and supply	19.9	41.4	36.5	31.9	29.1	158.7
KRA4: Human Capital Productivity	4.2	3.6	3.5	3.7	3.4	18.3
*Administrative Cost						
Power Purchase costs	152	158	166	172	181	829
T&D costs	81	62	54	72	98	350
Total	259	269	262	282	313	1,367

Table 7.2: Resource Gaps

Financial Year	Estimated Financial Requirements (Ksh. Bn)	Estimated Allocations (Ksh. Bn)	Variance (Ksh. Bn)
2023/24	254	244	-10.5
2024/25	266	252	-14.0
2025/26	258	251	-7.7
2026/27	278	270	-7.7
2027/28	310	294	-16.1

7.2 Resource Mobilisation Strategies

Recognising the capital-intensive nature of the Company's investments, the modest regulated returns and the long investment recovery period, a mixture of debt and equity financing is adopted. The mix of loans by tenor and costs is managed to ensure that the impact to the Company remains within sustainable levels.

The budget projections in this Strategic Plan assumes three types of funding options: Customer funding; self-funding from operational cash-flow; and through debt. The Company will observe the following requirements with regards to debt:



7.3 Resource Management

The organisation will explore the necessary measures to ensure efficient and effective utilisation of available resources to facilitate the achievement of the objectives. The tool for financial resource management is the annual budget. The budget serves to avail resources for operations and investment, manage the utilisation of the resources, and provide an account for every expenditure. The budget is allocated to the strategic objectives and strategies aligned to the Key Results Areas and then cascaded and assigned to the implementing Divisions, Regions/Departments, and Sections. This serves to ensure congruency of the vision and the resources to accomplish the strategic goals.

7.3.1 Capital Planning and Execution

Electricity distribution and supply is capital intensive and the incorporation of prudent capital planning and project execution is crucial. Planning for capital project is guided by the Public Finance and Management Act (2012) and the Public Investment Management Regulation. In ensuring prudent capital planning and execution, four main areas will be addressed namely project identification, project appraisal and prioritisation, project implementation, and, monitoring and evaluation.

8

**MONITORING,
EVALUATION
AND REPORTING
FRAMEWORK**

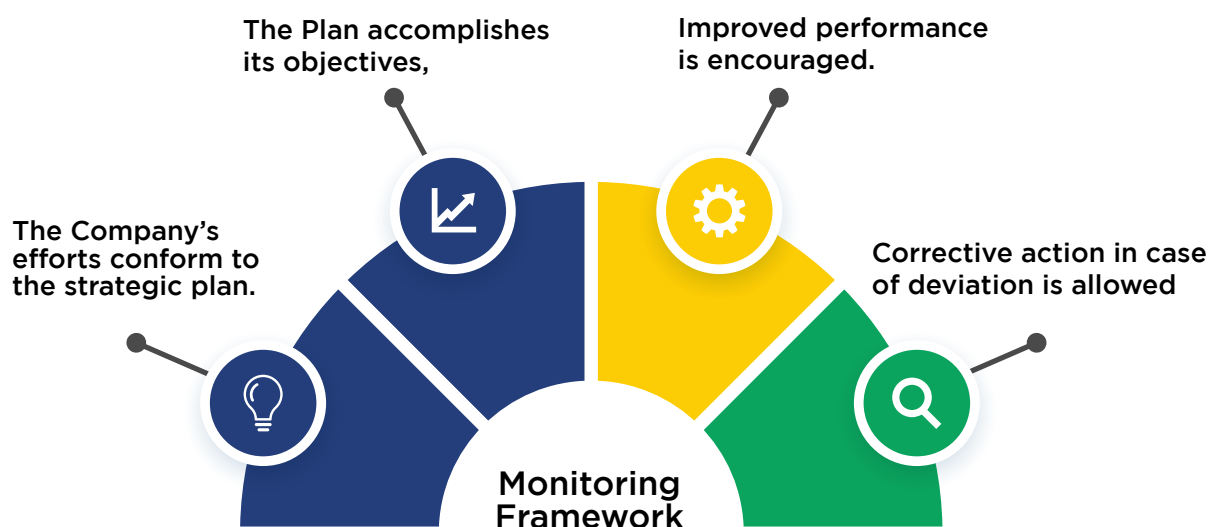


8.0 Overview

This chapter presents the monitoring, evaluation, and reporting (ME&R) framework of the Strategic Plan. This will involve a systematic and continuous process of collecting and analysing information based on the output/outcome indicators, and targets as provided for in the Strategic Plan. The results of ME&R will be used to make corrective actions, improve implementation of activities, and inform future plans of the Company. An implementation matrix with clear outcomes, outputs, output indicators, and targets for the five-year duration plan is annexed to facilitate monitoring and evaluation of the Plan.

8.1 Monitoring Framework

Monitoring is an important aspect of strategy implementation that involves taking a periodic look at how the plan is progressing.



Monitoring implementation of the Strategic Plan shall constitute systematic tracking of activities and actions to assess progress. Progress will be measured against specific targets included in the Plan. The following ME&R framework will be put in place by Kenya Power to enhance successful implementation of the Strategic Plan:

- Establish ME&R structures including a ME&R Committee to champion implementation of the Strategic Plan both at the Management level and the Board level;
- The ME&R Committee will hold quarterly meetings to review the status of the Strategic Plan's implementation. Also, areas requiring strategy change should be identified;
- The ME&R Committee will avail periodic progress reports to the Management and the Board on the progress made towards attainment of the strategic goals;

- iv. Annual Work Plans will be developed to guide the annual implementation of the Strategic Plan. The work plans will highlight the annual targets and resources available and will be linked to the Performance Contract and Balance Score card of the employees,
- v. Data collection and information on the Strategic Plan's objectives and KPIs is a continuous process. Sources of data collection are both system-generated and manual monthly reports derived from dashboards by strategy execution teams from various functions in the Company. Data is collected, collated, and analysed against the set strategic, sectoral, and global targets, in line with result-based management focusing on achieving strategic objectives. The information from the analysis is then compared against planned strategic target trends, including schedule, budget, and scope.
- vi. The strategic plan will be reviewed annually so as to ensure the necessary changes in objectives, strategies, and activities are effected. The ME&R framework will be a results-based framework measuring results at different levels. The baseline values to be used in this strategic plan will have been derived from the previous strategic plan and periodic reports from reputable organisations, e.g. World Bank, KNBS, and EPRA amongst other sources as will be deemed necessary. A detailed ME&R plan for the Strategic Plan will be developed to guide the implementation process.

8.2 Performance Standards

The ME&R being used by the Company is based on internationally accepted norms and standards that involve a systematic and objective process of examining the relevance, efficiency, effectiveness, success, impact (both expected and unexpected), and sustainability of the strategies detailed in the Strategic Plan. The Company conducts mid-term, and end-term evaluations of the Strategic Plan to establish the extent to which the outputs and outcomes expected have been realised.

The strategy is anchored on four overarching goals across the perspectives of Financial, Stakeholders, Internal Process, and Organisational Capability with well-formulated performance measurements complete with performance indicators namely: impact KPIs, input, outcome, and output KPIs.

The performance standard framework is linked to other existing performance management tools (e.g., Performance Contracting, Performance Appraisal Systems, and Balance Scorecard) by aligning indicators at various management levels (major strategic initiatives indicators, Annual Work Plan indicators, performance contract indicators, and accountability framework performance indicators) to the overall result chain. The Strategy Monitoring And Evaluation Committee coordinates the identification of the monitoring and evaluation standards that inform the ME&R process. The performance assessment process is data-driven and informs on decisions for continuous improvement.

8.3 Evaluation Framework

Evaluation will involve a systematic and objective process for assessing the level and extent of achievement of the objectives towards attainment of the strategic goals along respective KRAs. This includes clearly defined outcome indicators, baselines, and targets as summarised in Table 8.1. KRAs and Outcomes are drawn from the Action Plan Implementation Matrix in Table 6.1.

Evaluation is conducted through formal surveys and assessments and will look at what will be accomplished against the set targets. Three major evaluation activities will be undertaken during the strategy implementation period. These include mid-term evaluation, end-term evaluation and adhoc evaluation.

Table 8.1: Outcome Performance Matrix

Key Result Area	Outcome	Outcome Indicator	Baseline Year: 2022/23	Target	
			Value	Mid-Term Period (25/26)	End-Term Period
Key Result Area	Healthy cash-flow	Total Revenue (KShs M)	190,975	227,233	275,343
Cash-Flow and Profitability		T&D costs / revenues	28%	25%	25%
		Current Ratio	0.61	0.61	0.70
		Collection Efficiency	78.2%	83%	85%
	Profitability	Profit Before Tax(PBT) KShs M	(4.434)	7,631	3,921
	Shareholders value	Return on Asset (ROA)	(1.25%)	1.87%	0.04%
	Reduced financing costs	Debt to EBITDA Ratio	15%	13%	13%
	Diversified revenues	% of non-core revenues vs. total revenues	0.6%	1%	1.1%
	Tariff yield	Average yield per unit Sold (Kshs)	18.66	16.08	16.08
	Managed costs	T&D costs / revenues	28%	25%	25%
		Average cost of purchased power (with fuel and Forex)	10.73	10.70	10.61

Key Result Area	Outcome	Outcome Indicator	Baseline Year: 2022/23	Target	
			Value	Mid-Term Period (25/26)	End-Term Period
Customer Satisfaction and Loyalty	Customer satisfaction	Customer Satisfaction Index	73%	74%	75%
		Customer Charter Index	65.3%	72%	75%
	Corporate reputation	Corporate Reputation Index	61%	68%	73%
		CSR Rating	62%	70%	75%
	Sustainability levels	Renewable Energy in Mix	89.5%	90%	95%
	Power reliability and stability	SAIFI	44.9	29	25
	Improved response time	CAIDI	2.24	2.17	2.15
Power Distribution and Supply	Reduced system losses	System Losses	23%	18.5%	15.50%
		% of smart meters for customers consumption of > 500 kWh	20%	80%	100%
	Material availability	Material availability rate	60%	80%	100%
	Improved billing	Billing rate (post-paid)	94%	100%	100%
	Improved service delivery	Availability of Key ICT Infrastructure	98%	99%	99%
		Network Visible Remotely	-	TBD	80%
Human Capital Productivity	Improved Productivity	Productivity Index	59%	78%	80%
		Optimal Staff Establishment	69%	80%	85%
		Culture of Accountability Index	-	TBD	
	Employee Experience	Employee Engagement Index	64.9%	80%	85%
		Employee Experience Index	-	TBD	
	Improved Work Environment	Work Environment Index	-	TBD	

Key Result Area	Outcome	Outcome Indicator	Baseline		Target	
			Value (Ksh B)	Year	Mid-Term Period	End-Term Period
Rising profitability with healthy cash-flows	Revenues	Total revenue	190,975	2022/2023	227,233	275,343
	Profitability	Profit Before Tax (PBT)	(4,434)	2022/23	7,631	3,921
Deliver high levels of customer satisfaction and loyalty	Customer satisfaction	Customer Satisfaction Index	73%	2022/2023	74%	75%
	Stakeholder management	Corporate Reputation Index	61%	2022/2023	68%	73%
	Sustainability levels	Renewable energy in mix	89 %	2022/2023	90%	95%
Reliable and efficient distribution of power supply	Power quality and reliability	SAIFI	44.9	2022/2023	29	25
	System losses	System losses	23%	2022/2023	18.5%	15.50%
	Process efficiency	Material availability	60%	2022/2023	80%	100%
Optimised productivity	Staff productivity	Optimal Staff Establishment	69%	2022/2023	80%	85%
	Employee experience	Employee Engagement Index	64.9%	2022/2023	80%	85%
	Work environment	Work Environment Index	TBD			

8.3.1 Mid-Term Evaluation

Kenya Power will carry-out a mid-term review of the Strategic Plan to examine the progress towards achieving set targets. This review will ensure that necessary changes in the objectives, strategies, and activities are effected, informed by new information regarding the Company or the environment. The review will ensure that the Plan remains relevant and feasible, and delivers outputs that contribute to trade facilitation. The evaluation will be spearheaded internally by the Company's Management. This will be undertaken in the financial year 2025/2026.

8.3.2 End-Term Evaluation

This involves reviewing the successes and failures of the Plan. End-term evaluation will be conducted at the end of the Strategic Plan period and the achievements, challenges, lessons learnt, and recommendations will inform the next cycle of the strategic planning process for the Company.

The evaluation mechanism will entail:

- Measuring actual performance against set targets in terms of outputs and outcomes and establishing any variation(s) in performance,
- Identifying and addressing the casual factors of variance, and
- Identifying and recommending appropriate remedial measures including a review of objectives, strategies, and/or activities.

8.3.3 Ad-hoc Evaluation

Ad-hoc evaluation may be commissioned by the Board in case of significant and unexplained variance between the planned and achieved performance targets. Such variances will be identified through the regular quarterly and annual reports.

8.4 Reporting Framework and Feedback Mechanism

Reports will track progress towards attainment of the Company's strategic objectives and generation of strategic information to inform decision making. All functional areas in the Company will be involved in quarterly, bi-annual, and annual reporting on the progress of achievement of results and objectives based on the key output and outcome indicators. Result-based management will be adopted where every individual contributes towards the realisation of this strategic plan. This means that:

- i. The commitments made under this Strategic Plan will form the basis for annual performance contracting between the Board and the Government of Kenya,
- ii. Individual performance targets will be set and agreed upon between the Board and the MD & CEO then cascaded to the functional leaders and their respective staff members. The performance targets must be aligned to the strategic direction of the mandate of the organisation,
- iii. Performance evaluation will be carried out quarterly with the final evaluation to be done at the end of the year,
- iv. Departmental meetings will be held to monitor the implementation of action plans cascaded from the strategic plan,
- v. Annual strategic review meetings/workshops will be held to evaluate the impact of planned actions and the level of achievement of the strategic objectives,
- vi. Reporting will be systematic and essential information will be provided promptly using the prescribed templates in Tables 8.2, 8.3 and 8.4. as a basis for decision making and as an integral part of the monitoring function, and
- vii. Lessons learnt will be captured and fed into a continual adjustment and improvement of the necessary corrective interventions in the strategy. The action must not only correct the deviation but also prevent its recurrence.

Table 8.2: Quarterly Progress Reporting Template
Kenya Power and Lighting Company Limited PLC
Quarterly Progress Report
Quarter Ending

Expected Output	Output Indicator	Annual Target (A)	Quarter for Year			Cumulative to Date			Remarks	Corrective Intervention
			Target (B)	Actual (C)	Variance (C-B)	Target (E)	Actual (F)	Variance (F-E)		

Table 8.3: Annual Progress Reporting Template
Kenya Power and Lighting Company Limited PLC
Annual Progress Report Year Ending

Expected Output	Output Indicator	Annual Target (A)	Quarter for Year			Cumulative to Date			Remarks	Corrective Intervention
			Target (B)	Actual (C)	Variance (C-B)	Target (E)	Actual (F)	Variance (F-E)		

Table 8.4: Evaluation Reporting Template
Kenya Power and Lighting Company Limited PLC

Expected Output	Output Indicator	Baseline		Mid-Term Evaluation		End of Plan Period Evaluation		Remarks	Corrective Intervention
		Value	Year	Target	Achievement	Target	Achievement		

Table 8.5: Reporting Framework and Feedback Mechanism
Kenya Power and Lighting Company Limited PLC

Type of Report	Reported By	Reported To	Frequency
Quarterly Reports on KRAs	Strategy Implementation Monitoring Team	MD& CEO/Board of Directors	Quarterly
Quarterly Reports on Implementation of Strategic Plan	Strategy Implementation Monitoring Team	MD&CEO/Board of Directors	Quarterly
Annual Report on KRAs	Strategy Implementation Monitoring Team	MD&CEO/Board of Directors	Annually
Annual Report on Implementation of Strategic Plan	Strategy Implementation Monitoring Team	MD&CEO/Board of Directors	Annually
Mid-Term Review Report	Strategy Implementation Monitoring Team	MD&CEO/Board of Directors	Mid-Term
End-Term Review Report	Strategy Implementation Monitoring Team	MD&CEO/Board of Directors	End of Strategic Plan Term

Annex: Strategic Plan 2023/24 - 2027/28 Implementation Matrix

KRA	Objectives	Strategies		Key Activities	Expected Output	Output Indicators	
Strategic Issue		Financial Sustainability					
Strategic Goal		Secure and Sustainable Financial future with diversified income streams					
KRA		Rising profitability with healthy cash-flows					
Outcome		Positive Profitability					
Strategic Objective		Improve profitability to average 7.6 Billion					
Financial Sustainability	Improve Profitability	1.0	Undertake Asset Refinancing & Balance Sheet Restructure	Asset Refinancing & Balance Sheet Restructure		% Completion	
		2.0	Review of Kenya Power Business Model	Review Kenya Power Business Model	Business Model	% Reports Adopted	
		3.0	Develop & Implement a Diversification Strategy				
				3.1 Grow Existing Businesses (Fiber, Energy Efficiency & Advisory Services, Energy Audit Services, Consultancy, Captive Solar Solutions, Lease of Poles)	Diversified Revenues	Revenues (Kshs, B)	
				3.2 Reposition IESR (CapacityBuilding & Training)		Revenues (Kshs, B)	
				3.3 Develop new business Lines (eg Super Esco, Trunk Network, Utility Poles, E-Charging Stations)		Revenues (Kshs B.)	
		4.0	Explore new funding options (WB Facility DLIs)	Fund Sourcing	Project Implementation	% Implementation	
		5.0	Review and Renegotiate existing PPA's	PPA Renegotiation	Workplan Implementation	%Kenya Power Workplan Implementation	
		6.0	Employ Cost Management Initiatives (return on surplus funds in KES)	Cost containment mechanism	Cost Management Plan Implementation	% Implementation	
	Improve Cash Flow	7.0	Revamp the Revenue Collection	Revenue Collection reinforcement	Project Implementation	% Implementation	
		8.0	Revaluation & Disposal of Select Assets	Revaluation and disposal of assets	Project Implementation	% Plan Implementation	
		9.0	Develop Financing Partnerships	Otpimise Financing Partnerships	Project Implementation	% Plan Implementation	
Strategic Issue		Customer Centricity					
Strategic Goal		Be the energy supplier of choice with loyal and satisfied customers					
KRA		Deliver high levels of customer satisfaction and loyalty					
Outcome		Customer Satisfaction					
Strategic Objective		Enhance Customer Satisfaction to 75%					

	Annual Targets					Annual Budget					Total (Kshs B)	KRA Totals (B)	Responsibility	
	2023/24	2024/25	2025/26	2026/27	2027/28	2023/24	2024/25	2025/26	2026/27	2027/28			Lead	Support
		75	25			-	0.05	0.05			0.1	6.19	Finance	
1	1	1	1	1	1	-	-	-	-	-	-		BS	ALL
1.36	2.05	2.7	3.6	4.5		0.61	1.015	0.52	0.52	0.22	2.885		IESR	BS, CS&S
0.15	0.3	0.35	0.4	0.5		0.025	0.3	0.1	0.05	0.02	0.495		IESR	
0.02	0.3	0.72	1.2	1.74		0.1	1	0.5	0.4	0.4	2.4		IESR	CS&S, BS, ID, ICT
14.5	14.5	42	14.5	14.5		-	-	-	-	-			Finance	
100%	100%	100%	100%	100%	100%	0.002	0.002	0.002	0.002	0.002	0.01		PPP	Finance, L,RA & CS
100	100	100	100	100	100	-	-	-	-	-			Finance	All
20%	100%	-	-	-		0	0.1	-	-	-	0.1		CS&S	HR&A, ICT
100%	100%	100%	100%	100%	100%	0.06	0.06	0.06	0.02		0.2		Finance	HR&A,
100%	100%	100%	100%	100%	100%								Finance	

KRA	Objectives	Strategies		Key Activities	Expected Output	Output Indicators	
Customer Centricity	Enhance Customer Satisfaction	10.0	Invest in Customer Relationship Management				
				10.1 360 degrees CRM system	CRM Implemented	% Implementation	
		11.0	Upscale Customer Feedback Capture & Monitoring	Customer Feedback Mechanism	Customer Feedback Mechanism Implemented	% Implementation	
	Improve Stakeholder Engagement	12.0	Build and maintain a Stakeholders' ecosystem				
				12.1 Strategic Corporate Stakeholder & Partnership Framework Development and Implementation	Framework Implemented	% Implementation	
		13.0	Build Brand Reputation			% Implementation	
				13.1 internal Communication Framework Development & Implementation		% Implementation	
				13.2 External Communication Framework Development & Implementation		% Implementation	
				13.3 CSR Framework Development & Implementation		% Implementation	
	Rise Sustainability Levels	14.0	Develop and Implement Kenya Power Sustainability Strategy				
				14.1 Development of Sustainability Strategy	Sustainability Plan	%	
				14.2 Implementation of Sustainability Strategy	Sustainability Framework Implemented	%	
			KRA Total				
Strategic Issue		Operational Excellence					
Strategic Goal		Efficiently provide access to quality, reliable, safe and cost-effective power					
KRA		Reliable and efficient distribution of power supplyr					
Outcome		Improved Process Efficiencies					
Strategic Objective		Improved Power Supply Quality and Reliability					

	Annual Targets					Annual Budget					Total (Kshs B)	KRA Totals (B)	Responsibility		
	2023/24	2024/25	2025/26	2026/27	2027/28	2023/24	2024/25	2025/26	2026/27	2027/28			Lead	Support	
											2.525	4.63			
	5%	55%	100%	0	0	0.485	1.25	0.26	0.26	0.26			CS&S		
	100%	100%	100%	100%	100%	0.01	0.01	0.01	0.01	0.01			0.05	CS&S	
	100%	100%	100%	100%	100%	0.02	0.04	0.04	0.04	0.04			0.18	Corp. Comms	
	100%	100%	100%	100%	100%	0.01	0.015	0.015	0.015	0.015			0.07	Corp. Comms	
	100%	100%	100%	100%	100%	0.255	0.3	0.3	0.35	0.35			1.555	Corp. Comms	
	100%	100%	100%	100%	100%	0.015	0.03	0.05	0.05	0.07			0.215	Corp. Comms	
	100%	-	-	-	-	-	-	-	-	-			BS	All	
	-	100%	100%	100%	100%		0.01	0.01	0.01	0.01	0.04		BS	All	
0.801.660.690.740.76															

KRA	Objectives	Strategies		Key Activities	Expected Output	Output Indicators	
Operational Excellence	Improve Power Supply Quality and Reliability	15.0	Implement Focused Network Maintenance	15.1 Asset Health Care Center (Asset & Outage Management)	Project Implementation	% Implementation	
				15.2 Network Refurbishment		% Imple. Of Projects	
		16.0	Implement Key Infrastructure Projects				
				16.1 System Reinforcement & Flexibility Schemes		% Imple. Of Projects	
				16.2 Mechanization, Modernized Tools & Equipment		% Implementation	
				16.3 Deployment of Aerial Vehicle Services		% Implementation	
		17.0	Ensure Power Demand – Supply Balance				
				17.1 Implement Sales Growth Programs (Existing & New Customers)			
				17.1.1 Grow new customer Sales (incl. Pre-investments)	Sales Growth	Gwhrs	
				17.1.2 Grow Existing Customers Sales (incl. E-solutions, Time of Use)		Gwhrs	
				17.2 Supply side Management- Additional Capacity Planning	Project Implementation	% LCPDP Implementation	
		18.0	Leverage on Technology, Automation, & Innovation				
				18.1 Full ADMS Functionality & Roll Out	Project Implementation	% Plan Implementation	
				18.2 Extend SCADA Network Coverage	Project Implementation	% Implementation	
	Enhance Network Efficiency	19.0	Identify & Map-out System Losses		Project Implementation		
				19.1 Deploy Loss Diagnostic Tools & Strengthen System Loss Monitoring Team		% Implementation	
				19.2 Deploy Smart & Bulk Metering		% Implementation	
				19.3 Build Revenue Protection Capacity		% Implementation	
		20.0	Reduce System Losses			% System Loss.	
	Enhance Business Process Effectiveness	21.0	Implement Digital Transformation		Project Implementation		
				21.1 Re-design ICT Enterprise Architecture		% Implementation	
				21.2 Revamp ICT System Reliability & Performance		% Implementation	
				21.3 ICT Systems & Infrastructure Rejuvenation		% Implementation	
				21.4 Workforce Automation		% Implementation	
		22.0	Build Business Intelligence & Data Analytics Capabilities	Business Intelligence & Data Analytics		% Implementation	
		23.0	Business Process Reengineering (Corporate Level)	Business Process Reengineering (Corporate Level)	Annual Plan Implementation	% Annual Plan Implementation	

	Annual Targets					Annual Budget					Total (Kshs B)	KRA Totals (B)	Responsibility	
	2023/24	2024/25	2025/26	2026/27	2027/28	2023/24	2024/25	2025/26	2026/27	2027/28			Lead	Support
	5%	70%	95%	100%		0.02	3.71	1	0.14	0.14	5.01	158.7	NM	ID, PPP
	20%	45%	65%	85%	100%	5.4	5.5	5.5	4.1	4.1	24.6		NM	ID, PPP
											0.0			
	5%	35%	65%	85%	100%	2.2	15	15	12	11.5	55.7		NM	ID, PPP
	0	20%	50%	75%	100%	1.39	1.2	1	1	1	5.6		NM, SC	CS&S, ID, RC
	0	20%	50%	75%	100%	0	0.5	0.5	0.5	0.5	2.0		NM	BS
	115	125	138	155	175	0	2.5	2.5	2.5	2.5	10.0		ID	CS
	460	510	560	610	670	0.008	0.5	0.5	0.5	0.49	2.0		CS&S	ID, NM,BS
	100%	100%	100%	100%	100%	0.02	0.02	0.015	0.015	0.015	0.085		PPP	BS, LRA&CS,
	-	100%	100%	100%	100%	0.0	1.0	2.0	3.0	1.8	7.8		ID	ICT, NM
	-	100%	100%	100%	100%	0.0	0.15	0.15	0.1	0.1	0.5		ICT	ID, NM
	5%	30%	60%	80%	100%	0.253	1	1	1	1	4.253		CS&S, NM	ID, PPP, RC
	10%	40%	60%	80%	100%	0.247	0.5	0.5	0.5	0.53	2.277		CS&S	NM,ID, RC
	20%	50%	80%	90%	100%	-	0.2	0.2	0.2	0.2	0.8		CS&S	RC, Finance, HR&A
	21.50%	20.00%	18.50%	17.00%	15.50%	4.6	3.2	2.5	2.5	2.1	14.9			
	100%	100%	100%	100%	100%	0.17					0.17		ICT	All
	99.9	99.9	99.9	99.9	99.9	3.40	3.80	2.00	1.80	1.60	12.60		ICT	All
	10%	30%	55%	80%	100%	1.95	2.20	2.00	2.00	1.50	9.65		ICT	All
	10%	20%	40%	70%	100%	0.20	0.30				0.5		ICT	HR&A, RC
	20%	50%	80%	90%	100%	0.05	0.10	0.10	0.05		0.30		ICT	BS,
	100%	100%	100%	100%	100%	0.002	0.002	0.002	0.002	0.002	0.010		ICT	

KRA	Objectives	Strategies		Key Activities		Expected Output	Output Indicators	
Strategic Issue	Strengthen Human Capital							
Strategic Goal	Engaged workforce built upon shared values of performance, accountability and collaboration							
KRA	Optimized Productivity							
Outcome	Improved Productivity							
Strategic Objective	Improve productivity to 80%							
Human Capital	Enhance Productivity	24.0	Redesign the Organisational Structure			Project Implementation	% implementation	
			24.1 Re-design the Organisation Structure	24.1 Re-design the Organisation Structure				
			24.2 Implement the Organisation Structure	24.2 Implement the Organisation Structure				
		25.0	Cultivate a Performance Driven Culture			Project Implementation	% Completion	
			25.1 Implement the Performance Management Framework	25.1 Implement the PMF				
			25.2 Review Performance Management Tool	25.2 Review PM Tool				
			25.3 Automation of Management For Results Framework	25.3 Automation of MFR				
			25.4 Workforce Management System	25.4 Workforce Management System				
	Improve Employee Experience	26.0	Revamp Employee Welfare			Project Implementation	% Implementation	
				26.1 Review & Implementation of HR Policies & Benefits				
				26.2 Employee Engagement initiatives				
				26.3 Implement Employee Wellness Programs				
		27.0	Review and Implement Talent Management Mechanism					
				27.1 Talent Management Program				
				27.1.1 Development of Competency Framework	Competence Framework Developed			
				27.3.1 Capacity development policy framework,	Capacity Development Policy developed			
				27.3.2 Leadership Development	Project Implementation			
			27.3.3 Employee Development					
			27.3.4 Knowledge Management					
			27.3.5 Mentoring and Coaching					
		28.0	Implement a Succession Planning Framework	Succession Planning Framework	Annual Plan Implementation			
		Improve Work Environment	29.0	Provision of Suitable Physical Work environment	Suitable Work Environment			
			30.0	Implement Change Management Programs	Change Management Programs			
			31.0	Implement Diversity & Inclusion Initiatives	Diversity & Inclusion Initiatives			

	Annual Targets					Annual Budget					Total (Kshs B)	KRA Totals (B)	Responsibility	
	2023/24	2024/25	2025/26	2026/27	2027/28	2023/24	2024/25	2025/26	2026/27	2027/28			Lead	Support
	100%	-	-	-	-	1.8	0	0	0	0	1.8		HR&A	All
													HR&A	All
						0.22	0.65	0.7	0.6	0.6	2.77		HR&A	All
	100%												HR&A	All
		100%											HR&A	All
	30%												HR&A	All
	5%	10%	20%	50%	100%								HR&A	All
													HR&A	All
	100%					0.01	-	-	-	-	0.01		HR&A	All
	100%	100%	100%	100%	100%								HR&A	All
	100%	100%	100%	100%	100%	0.1	0.1	0.1	0.1	0.1	0.5		HR&A	All
													HR&A	All
						0.25	0.6	0.5	0.5	0.5	2.35			
													HR&A	All
													HR&A	All
													HR&A	All
													HR&A	All
													HR&A	All
	100%	100%	100%	100%	100%	-	0.2	0.2	0.2	0.2	0.8		HR&A	All
	100%	100%	100%	100%	100%	1.8	1.5	1.5	1.8	1.5	8.1		HR&A	All
	100%	100%	100%	100%	100%	-	0.5	0.5	0.5	0.5	2		HR&A	All
	100%	100%	100%	100%	100%	0.008					0.008	18.338	HR&A	All

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