



# THREE-YEAR BUSINESS PLAN

## 2017/18 – 2019/20



## STATEMENT FROM THE BOARD CHAIRMAN



Electricity is an essential factor in enabling Uganda to achieve a Middle Income status by 2020. As the Regulator of Uganda's Electricity Supply Industry (ESI), the Electricity Regulatory Authority (ERA), is central in the planning process for this industry. To this end, ERA formulated a Ten-Year Strategic Plan (2014/15 – 2023/24), which is expected to drive the industry to the next level. The first Three-Year Business Plan covering the period 2014/15 to 2016/17 was formulated and has been implemented.

ERA has made remarkable achievements over the three years, some of which are highlighted below:

- a) Increased Generation Capacity;
- b) Implementation of the Quarterly Tariff Adjustment methodology;
- c) Bujagali debt refinancing;
- d) Implementation of several Generation projects under the Global Energy Transfer for Feed-in Tariff (GETFIT) Program;
- e) Increased sector investments;
- f) Improved sector efficiencies.

It is my pleasure, therefore, to present the ERA Business Plan for the next three years (2017/18 to 2019/20). The Plan is a product of wide consultations with both internal and external stakeholders. The input received from these stakeholders was analyzed and a consensus reached on the most suitable strategic direction that ERA should adopt during this period.

I, therefore, trust that the Plan reflects the expectations of our stakeholders. This Business Plan takes cognizance of the existing Policy and Legal Framework at international, regional and national levels. More specifically, the Plan has taken into consideration the Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) energy agenda, Uganda's Vision 2040, the National Development Plan II covering the period up to 2020 and the Rural Electrification Strategy and Plan.

During this planning horizon, ERA's focus will be directed towards reducing the price of electricity, increasing electricity access and demand, and improving reliability and quality of service. Our role will therefore, be to sustain a regulatory framework that will facilitate achievement of these key outcomes hence contribute to national socio-economic development.

During this implementation period, ERA will continue to remain alert to emerging issues and developments and where appropriate, revise the strategic priorities in line with the evolving conditions. We at ERA have the will, ability and commitment to implement this Business Plan and we believe that with support from all stakeholders, we shall make a significant contribution to the socio-economic transformation of Uganda.

A handwritten signature in black ink, appearing to read 'R. Santo Apire'.

**RICHARD SANTO APIRE**  
**CHAIRMAN ERA**

## STATEMENT FROM THE CHIEF EXECUTIVE OFFICER



This Business Plan covering the period 2017/18 - 2019/20 marks the second plan within our 10-Year Strategic Plan for 2014/15 to 2023/24.

Our Winning Aspiration for the next Three Years is to be a *“Recognized Leader in the Promotion of Sustainable Electricity Supply for Socio-Economic Transformation”*.

To be able to achieve our Winning Aspiration, this Business Plan focuses on three core areas and three enabling areas which ERA will implement as indicated below:

Core Focus Areas/Organizational Priorities:

- a) Affordable Tariff;
- b) Accelerate Electricity Access and Grow Demand;
- c) Reliable Power Supply and improved Quality of Service.

Enabling Focus Areas:

- d) Stakeholder Management;
- e) Strong Governance, Risk and Compliance Management; and,
- f) People, Processes and Tools for Institutional Sustainability.

The ERA Business Plan has been developed following extensive consultations with our key Stakeholders. The Plan has been aligned with key Government Priorities as highlighted in the Uganda Vision 2040, NDP II and other Policy Documents.

This Business Plan will be delivered by a team of qualified and dedicated staff whose performance and conduct will be underpinned by ERA Core Values which are: Professionalism, Integrity, Innovation, Transparency and Accountability, Equal and Fair Opportunity, Stakeholder Sensitivity and Teamwork.

I thank all Stakeholders for their contribution and support over the years and request for continued support.

I pledge ERA's commitment towards the implementation of this Plan and resultant contribution to Socio-Economic Transformation of Uganda.

A handwritten signature in black ink, appearing to read 'Ziria', enclosed within a large, loopy oval shape.

**ENG. ZIRIA TIBALWA WAKO**  
**CHIEF EXECUTIVE OFFICER**



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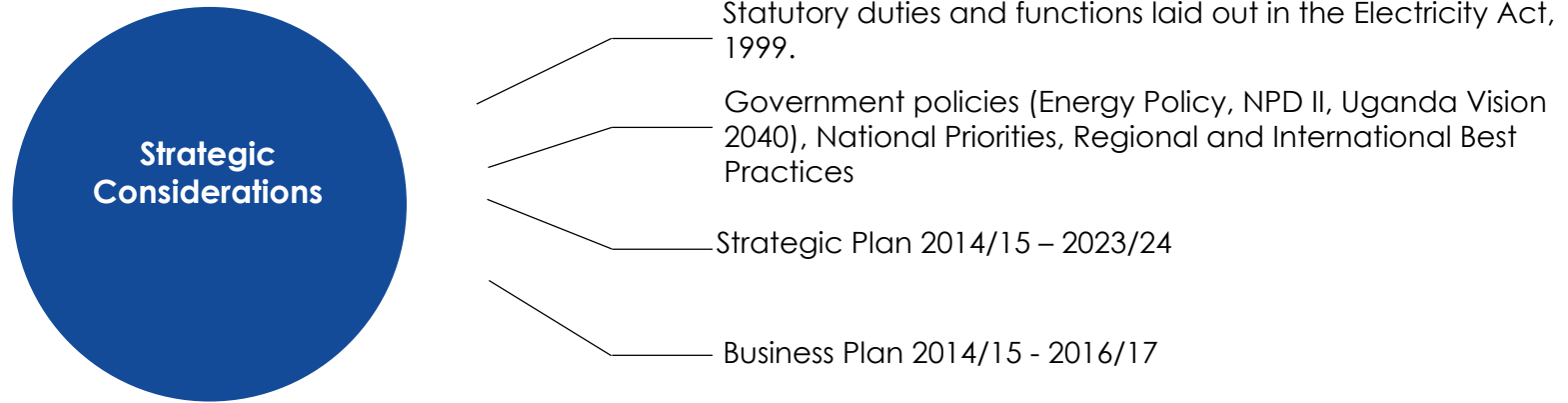
## ACRONYMS

<b>3-YBP1</b>	First ERA 3-Year Business Plan 2014/15 to 2016/17
<b>10YSP</b>	ERA Ten-Year Strategic Plan 2014/15 to 2023/24
<b>3-YBP2</b>	Second ERA 3-Year Business Plan 2017/18 to 2019/20
<b>CEO</b>	Chief Executive Officer
<b>DER</b>	Director Economic Regulation
<b>DFS</b>	Director Financial Services
<b>DLAA</b>	Director Legal and Authority Affairs
<b>DTR</b>	Director Technical Regulation
<b>ERA</b>	Electricity Regulatory Authority
<b>ESI</b>	Electricity Supply Industry
<b>GoU</b>	Government of Uganda
<b>MEMD</b>	Ministry of Energy and Mineral Development
<b>NDP II</b>	National Development Plan Two
<b>PPP</b>	Public Private Partnership
<b>KRA</b>	Key Result Area

## EXECUTIVE SUMMARY

### 1.1. Introduction

Electricity Regulatory Authority, derives its mandate from the Electricity Act, 1999, Chapter 145, Laws of Uganda. To deliver its mandate, ERA developed a 10-Year Strategic Plan, covering the period 2014/15 to 2023/24. The Strategic Plan is being delivered through 3-Year Business Plans. The first 3-Year Business Plan covered the period 2014/15 to 2016/17. It is against this background that the 3-Year Business Plan for the period 2017/18 to 2019/20 has been developed.



### 1.2. Key Trends affecting us

In formulating this Business Plan, ERA identified several key trends that are expected to be most influential to the industry over the next 3 years:

Key Trend	What it means for us	ERA's Strategic Response
Global drive to Renewable Energy	Optimize the energy mix to focus on renewables among other sources of generation	Increased licensing of renewable plants among other sources of generation
Electricity Tariffs – Government's commitment to reduce Electricity prices (Tariffs) to enhance industrialization	Increased need to improve Sector effectiveness and reduce sector costs along the whole value chain	Improve Sector efficiencies, increase access and demand, optimize sector costs
Amendment of the Electricity Act, 1999	Changes in Legal and Regulatory framework. Increased Institutional Revenues.	Increase Stakeholder Engagement with Government to enable favourable Legal Framework



Key Trend	What it means for us	ERA's Strategic Response
Increased sector investments – Karuma and Isimba HPP	Risk of un utilized plant capacity. Increased Sector costs	Accelerate Access to Electricity and Grow Industrial Demand
Electricity Access – Government's commitment to increase access to 30% by 2020	Increased Sector costs. Need to explore other funding options. Need to use a multiple approach including off grids, mini grids and solar home systems.	Implement enabling policy environment and regulatory framework to promote access
Changing customer expectations – Power 24/7, social media	Focus on sector efficiencies and strengthen Monitoring and Compliance Framework	Focus on reliable power and quality of service

### 1.3. Key Stakeholder Interests

In formulating our business plan for the next 3 Years, we took care to incorporate our key Stakeholder interests:

Stakeholders	Interest
<b>Consumers</b>	Reliable Power, Quality of Service, Affordable Tariffs
<b>Government</b>	Increased Access, Generation Capacity, Sector Sustainability, Improved Efficiencies and Reduced Tariff (electricity price)
<b>Licensees</b>	Transparent, Fair and Predictable Regulatory Environment
<b>Development Partners</b>	Cooperation in creation of a good investment climate and development of projects
<b>Regional players</b>	Cooperation in regional activities
<b>Authority</b>	Institutional Sustainability, Effective Regulatory Framework
<b>Secretariat</b>	Institutional Capacity



#### 1.4. SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis

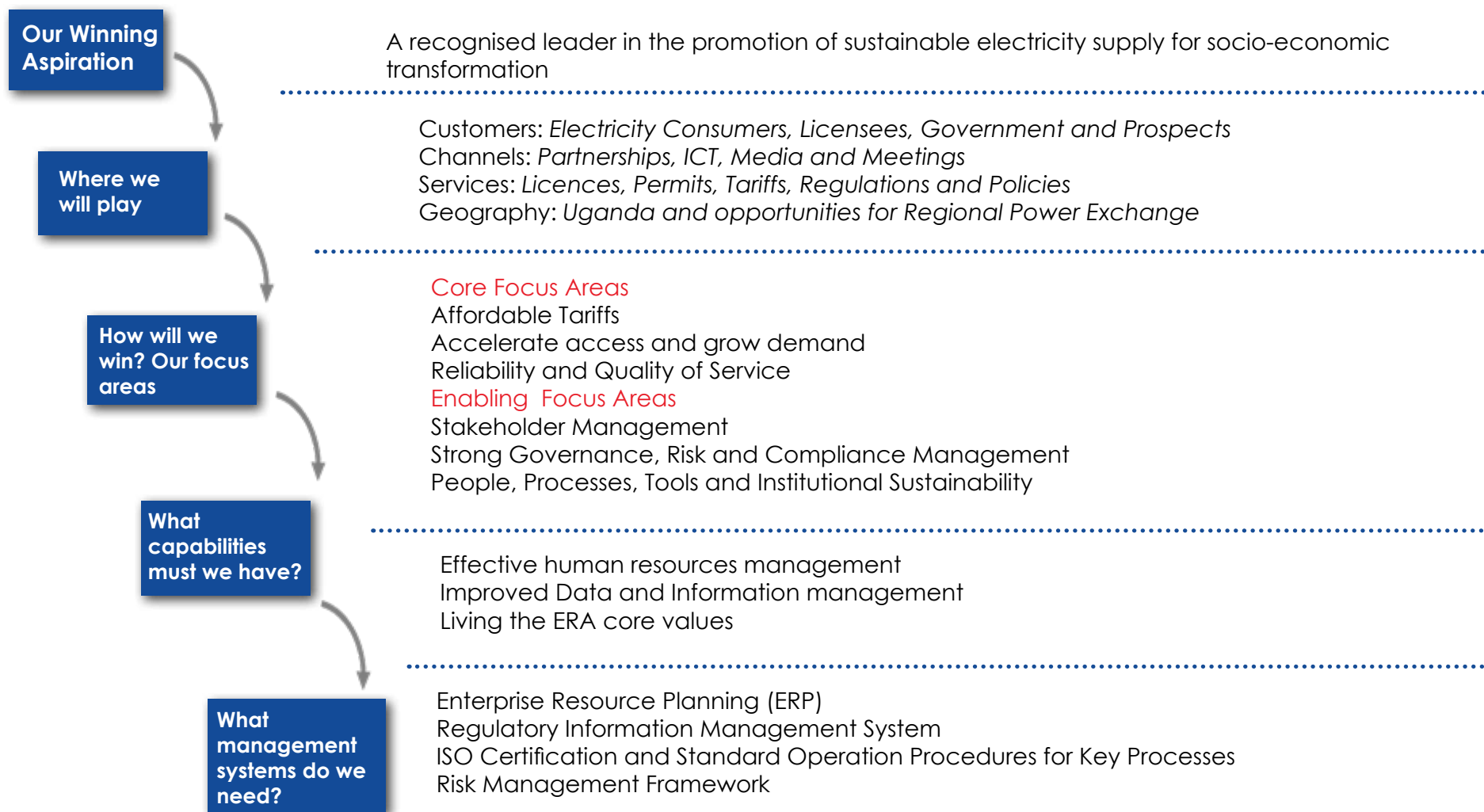
We have performed a SWOT analysis to understand how we can leverage our strengths to exploit our opportunities and how to tackle our weaknesses to mitigate the threats.

<b>Strengths</b> <ul style="list-style-type: none"><li>1) Skilled and talented Human Resources</li><li>2) Good reputation among Stakeholders</li><li>3) Standardised processes and management practices</li><li>4) Good Information Management Systems</li><li>5) Strong governance and management</li><li>6) Financial sustainability in the short-run</li></ul>	<b>Opportunities</b> <ul style="list-style-type: none"><li>1) Amendment of Electricity Act 1999</li><li>2) Increased sector investments (Karuma and Isimba) to absorb planned additional generation</li><li>3) Cooperation with development partners and regional players e.g. GETFIT, and GIZ tender for off grids and mini grids and future programs</li><li>4) Low Electricity Access rates</li><li>5) Participation in the Oil and Gas exploration activities</li></ul>
<b>Weaknesses</b> <ul style="list-style-type: none"><li>1) Manual Processes</li><li>2) Lack of Integrated Systems</li><li>3) Low staffing levels - 70% (work-life balance issues)</li><li>4) Limited Resources to Finance all programs</li><li>5) Work space constraints</li><li>6) Stakeholder Engagement - Awareness levels still low</li></ul>	<b>Threats</b> <ul style="list-style-type: none"><li>1) Reduction in Tariffs may lead to reduced revenues</li><li>2) Increased competition for skilled resources</li><li>3) Sector Financial Sustainability (for instance failure of Licencees)</li><li>4) Low Energy Demand</li><li>5) Non-compliance by licensees (e.g. on reliability of power)</li><li>6) Investments and impact (value for money)</li></ul>



### 1.5. ERA's 3 Year Business Plan 2017/18 to 2019/20 Executive Outlook

Based on analysis of Government Priorities, Stakeholders interests, SWOT, and a detailed review of the previous strategy, we have formulated our road map for the next 3 years. Our overall winning aspiration in the next 3 years is to be **“a Recognized Leader in the Promotion of Sustainable Electricity Supply for Socio-Economic Transformation.”** We shall achieve this by focusing on three Core Focus Areas of; *Affordable Tariffs, Accelerate Access and Grow Demand, and Reliable Power and Quality of Service.*





### 1.6. How shall we Measure Success?

We shall use the Balanced Score card to measure progress on a quarterly basis, to monitor the implementation of our Business Plan. The key performance measures we shall track for each focus area are indicated below:

Focus area	Performance areas	Measure
<b>Affordable Tariffs</b>	Reduce distribution + transmission Losses Optimize Generation Mix	Energy loss % (energy lost/energy purchased) Weighted average generation tariff (US cents/ kWh)
<b>Accelerate Access and Grow Demand</b>	Increase customer numbers Increase national electricity access rate	Number of new connections % of households connected
<b>Reliable Power and Quality of Service</b>	Reduce frequency and duration of outages Improve quality of service Encourage productive use of energy	SAIDI, SAIFI % compliance with Quality of Service Standards Industrial customer demand and implementation of rebate policy
<b>Stakeholder Management</b>	Improve management of stakeholder expectations	Stakeholder satisfaction index
<b>Governance, Risk and Compliance</b>	Monitor and enforce compliance to applicable standards, policies and laws	% level of compliance
<b>People, Process and Tools</b>	Increase Employee satisfaction Attain Financial sustainability Increase process automation	Employee satisfaction score Income to cost ratio Process automation rate



## PERSPECTIVE

### 2.1 The Energy Sector in the World today

- a) There are broad transformations in the global energy landscape today. Taken together, renewables and natural gas are the big winners in the race to meet energy demand growth until 2040. ERA's regulatory environment needs to take care of these global shifts, as they affect the tariff.
- b) In the interest of dealing with climate change, the era of fossil fuels appears far from over and it underscores the challenge of reaching more ambitious climate goals. Natural gas continues to expand its role while the shares of coal and oil fall back. It is clear that the winners for the next 25 years will be natural gas, wind and solar, replacing coal which has been the champion of the previous 25 years. The future of global energy in practice will depend much on government policies. To effectively manage the Electricity Supply Industry in Uganda, ERA is mandated to drive the future of the industry through her core mandate of Licensing, Tariff and Regulations / standards (LTR).
- c) ERA takes these global developments in the energy sector into account in this 3-Year Business Plan. Specifically, advocacy for electricity efficiency, effective electricity generation mix strategies, and focus on meeting global leading practices to drive renewable energy, which is environmentally friendly as advocated by international fora and environmentalists.

### 2.2 Uganda Vision 2040 and the National Development Plan

- a) The Uganda Vision 2040 is a blue print for Uganda's development agenda 2013 to 2040. It recognizes that energy and in particular electricity is a key driver of social-economic growth. To transform Uganda into a middle income country, quality affordable electricity supply is pre-requisite.
- b) Vision 2040 estimates that Uganda will require 41,738 MW by 2040 to meet its energy needs, with anticipated electricity consumption per capita of 3,668kWh. The Uganda Vision 2040 further highlights the need to increase access to the national grid to 80%. Furthermore it anticipates an energy mix which shall include: hydropower, solar, geothermal, nuclear, biomass, and peat, thermal, among others. ERA must prioritize and promote use of energy sources that will provide a competitive tariff compared to other countries. ERA shall emphasize renewable forms of energy like wind, solar and biomass, to complement hydropower. ERA's licensing regime shall focus on promoting industrial technologies that are less energy consuming.
- c) The estimated power demand prospect in the medium term to 2020, in the Power Sector Investment Plan, is 6,127 MW<sup>1</sup>.
- d) The National Development Plan II and the Ministerial Policy Statement 2016/17 (by MEMD) aim at transforming the Ugandan society to a middle income status by 2020. To unlock the constraints to Uganda's economic growth, the stated priorities for Government are:
  - i. Increase electricity generation capacity and expansion of the transmission and distribution network.
  - ii. Increase access to modern energy services through rural electrification and renewable energy development. Government further recognizes the need for regional power trading. Taken together, ERA must enable quality, reliable and affordable energy in Uganda through effective regulatory and supervisory regime for the industry.
  - iii. The electricity agenda has featured in the medium term Government Plans, demonstrated by an investment of US\$ 2bn in the generation sub sector. This 3-YBP2 takes consideration of the Government electricity priorities as articulated in Vision 2040 and NDP II.

<sup>1</sup> Uganda Sustainable Energy for All Initiative Action Agenda, June 2015; a publication of Ministry of Energy and Mineral Development

### 2.2.1 Electricity the Engine for Economic Development

There is a direct relationship between electricity supply and national development. With every 10%<sup>2</sup> increase in electricity generation capacity, the country GDP and employment creation capacity grows by 0.6%<sup>2</sup> and 0.3%<sup>2</sup> respectively. At household level, household incomes in electrified villages are 2.2<sup>2</sup> times better than those without electricity. Electrification further leads to:

- i. Improved quality of education and health care in schools and hospitals;
- ii. Increased home study time for children and adults in school;
- iii. Enhanced sense of security and safety for the community at night.

ERA facilitates Uganda's economic transformation through distribution and supply of electricity to end users composed of households, commercial and industrial customers.

### 2.2.2 The sector projections by 2020

Uganda's electricity sector is projected to grow in double digits, with the doubling of effective generation capacity from 912.7 MW as at 31<sup>st</sup> March 2017 to over 1,966.2 MW after commissioning of Karuma and Isimba Hydro Power Projects by 2019/20. Within the next 3 years, government aims to increase grid electrification rate to 30% from the current 20% of households. This shall be achieved through expansion of the electricity distribution infrastructure and accelerated customer connections. A total of US\$ 650m of investments is required over the 3-Year period to 2020 to prepare the distribution infrastructure for new generation capacity coming on stream, improve efficiencies and grow grid connections.

## 2.3 Key Developments in the Energy Sector & Implications to ERA

Table 1: Global Energy Developments

Issues	Details	Implication to ERA as a regulator	Possible strategic action/ response	Scorecard output for each strategic action
1 Electricity Tariffs	With calls from industrial customers, Government plans to reduce generation costs from US\$ 0.11 to US\$ 0.05	a) Pressure to reduce distribution costs along the supply chain b) Regulatory motivation to license more players who are effective c) License investors in the distribution network who are efficient d) Need for improved monitoring & supervision to cause players reduce energy losses & improve efficiencies	a) Engage key players to reduce energy losses ahead of the target 14.7% by 2018 b) Tighten the licensing regime to cause reduction in unserved energy to allow for KWh growth c) Provide clear targets to distributors to connect more customers to the grid d) Improve supply reliability through strict monitoring of players	a) Supply reliability and efficiency b) Grid connections, with effective demand

<sup>2</sup>What is the link between power and jobs in Uganda? Steward Redqueen, an independent evaluation commissioned by CDC, November 2016.

	Issues	Details	Implication to ERA as a regulator	Possible strategic action/ response	Scorecard output for each strategic action
2	Amendment of the Electricity Act 1999	The Act is being amended to strengthen the Regulatory Regime, remove the single buyer model, and introduce stringent penalties against power theft	<ul style="list-style-type: none"><li>a) Increased competition for more industry efficiencies</li><li>b) Support loss reduction strategy to enable affordability</li><li>c) Regime of penalties and fines for regulatory compliance</li><li>d) License more distributors other than Umeme to enable competition and efficiencies in last mile delivery</li></ul>	<ul style="list-style-type: none"><li>a) Set clear customer charters for each player to improve customer service, efficiencies and lower tariffs</li><li>b) Strengthen the regulatory function in readiness to the changes</li><li>c) Use the penalties to reduce power theft and operational inefficiency as customers will now have options</li></ul>	<ul style="list-style-type: none"><li>a) Improved engagement with Stakeholder and excel at Service provision</li><li>b) Reduce energy losses</li><li>c) Ensure compliance and efficient management of distribution infrastructure</li></ul>
3	New generation plants under construction	An additional 1,000 MW of generations capacity will be added to the grid in the next 4 years	<ul style="list-style-type: none"><li>a) Ready the transmission and distribution infrastructure for the new capacity</li><li>b) Connect more customers to create demand</li><li>c) Improve the distribution network to ensure supply reliability</li><li>d) Organization capability to cope with the increase in business size</li></ul>	<ul style="list-style-type: none"><li>a) Fast-track investments related to growth</li><li>b) Marketing and accelerating customer connections</li><li>c) Re-organize the business and build human and other capabilities</li><li>d) Rollout automation across the company</li></ul>	<ul style="list-style-type: none"><li>a) Focus on transmission and distribution infrastructure expansion</li><li>b) Efficient management of the distribution network</li><li>c) Excel at service provision and create awareness on effective use of electricity</li><li>d) Operate efficiently</li></ul>
4	Access to electricity	Government is targeting increasing access to the grid from 20% to 30% by 2020	<ul style="list-style-type: none"><li>a) Investment to expand the distribution network</li><li>b) Accelerating customer grid connections</li><li>c) Financing the required investments</li></ul>	<ul style="list-style-type: none"><li>a) Focused investment in growth of projects</li><li>b) Simplify the new connections process</li><li>c) Reduce the cost of connections</li></ul>	<ul style="list-style-type: none"><li>a) Network expansion</li><li>b) Excellence at customer service</li></ul>

	Issues	Details	Implication to ERA as a regulator	Possible strategic action/ response	Scorecard output for each strategic action
5	Evolving customer needs – high expectations	Electricity consumers are demanding for reliable supply and better service at affordable rates	<ul style="list-style-type: none"> <li>a) Consumer activism negatively impacts on the image of ERA</li> <li>b) Set compensation rates for prolonged outages from energy players</li> <li>c) Default on bill payments and increase in energy losses; which impacts on revenue collections to expand investments in the sector</li> </ul>	<ul style="list-style-type: none"> <li>a) Improve network performance</li> <li>b) Improve the customer experience at each of the touch points</li> <li>c) Consumer education</li> <li>d) Proactive customer communications</li> </ul>	<ul style="list-style-type: none"> <li>a) Excellence at Customer service</li> <li>b) Improved distribution network performance.</li> <li>c) Proactive Communication</li> </ul>
6	Increasing competition	<p>One player, Umeme, controls 97% of electricity industry, with Seven other distributors that are increasing their territory.</p> <p>Also, there is an increase in off grid solutions like solar, distributed generation etc. ERA must provide an enabling environment for these players to thrive</p>	<ul style="list-style-type: none"> <li>a) Industry growth prospects; and possible Tariff reductions</li> <li>b) Policy changes to increase competition within the distribution sector</li> </ul>	<ul style="list-style-type: none"> <li>a) Improve service</li> <li>b) Stakeholder engagement</li> </ul>	<ul style="list-style-type: none"> <li>a) Improved proactive Regulatory monitoring to enable market development</li> </ul>
7	Drive to Industrialize Uganda	The country's drive to industrialization and job creation, accelerates the need to electrify the country	<ul style="list-style-type: none"> <li>a) Supply reliable and quality electricity</li> <li>b) Affordability of end user Tariffs</li> <li>c) Local content in company expenditure</li> <li>d) Grid expansion and connection of industrial parks</li> </ul>	<ul style="list-style-type: none"> <li>a) Investment in growth related projects</li> <li>b) Loss reduction and efficiencies to reduce Tariffs</li> <li>c) Engage local contractors</li> </ul>	<ul style="list-style-type: none"> <li>a) Grid investments</li> <li>b) Efficient management of the distribution network</li> <li>c) Energy losses reduction</li> </ul>



Issues		Details	Implication to ERA as a regulator	Possible strategic action/ response	Scorecard output for each strategic action
8	Balancing national needs of accessibility and affordability of electricity	Leaders and major stakeholders want lower tariffs at the same time having a wide geographical coverage. This is a tough balancing act	<ul style="list-style-type: none"> <li>a) Review licensing regime to reward efficient operators with lower technical and operational energy losses</li> <li>b) On-going tracking of technical and energy losses, and communicating the same to the general public to promote transparency</li> <li>c) Prioritize sector players with better efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>a) Reduce energy losses</li> <li>b) Grow grid connections</li> <li>c) Risk management</li> <li>d) Aggressively enforce compliance &amp; best practices across the board</li> </ul>	<ul style="list-style-type: none"> <li>a) Investments monitoring</li> <li>b) Energy losses reduction</li> <li>c) Grid connections</li> <li>d) Efficient network management</li> </ul>
9	Promotion of effective energy mix	Increasing environmental concerns arising from climate changes and advocating for sustainable renewable energy sources.	<ul style="list-style-type: none"> <li>a) Promote the investment in renewable energy focusing on Biogas technology, construction of biogas latrines in schools, wind energy resources, improved cooking stoves, bio fuel development, among others</li> <li>b) Emphasize use of energy sources that provide for a competitive tariff while optimizing renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>a) Set standards that encourage investments in the renewable energy</li> <li>b) Introduce a reward and incentives to motivate investors</li> </ul>	<ul style="list-style-type: none"> <li>a) Standards</li> <li>b) Incentives</li> </ul>



# CONTEXT

## 3.1 Internal Analysis

### 3.1.1 Introduction

This Business Plan is derived from the ERA 10-Year Strategic Plan 2014/15 to 2023/24 (10YSP). It is a follow up to the first ERA 3-Year Business Plan 2014/15 to 2016/17 (3-YBP1). The 3-YBP1 was developed to specify activities to be implemented over the period from July 2014 to June 2017, to propel ERA to achieve the *strategic goals (themes)* of the 10YSP as outlined below:

- 1) *Power supply security and sustainability of the Electricity Supply Industry;*
- 2) *Electricity Industry Efficiency;*
- 3) *Transparency and Accountability to Stakeholders;*
- 4) *Operational Excellence.*

The 3-YBP1 helps to align ERA's long-term strategy to the emerging *global energy developments* and new Government priorities as articulated in the NDP II, Ministerial Policies, changes in sector priorities and GoU short and medium term goals as reflected in the National Budget, and the economic changes occasioned by both internal and external pressures. The 3YBP2 helps to address these issues while aligning the Authority to contribute to the country's Vision 2040 and for longer term sector growth.

### 3.1.2 Our mandate

ERA derives its mandate from the Electricity Act, 1999, (Cap 145) to regulate the generation, transmission, sale, export, import and distribution of electricity in Uganda. Specifically, Section 15 (1) of the Act defines the primary roles as;

- a. The power to issue, reject, amend, revoke or impose conditions in respect of a license;
- b. The power to approve or modify tariffs; and
- c. The power to make regulations.

In fulfilment of the mandate, ERA undertakes the following functions as spelt out in Section 10 of the Electricity Act:

- a) *Issue licenses for –*
  - i. *The generation, transmission, distribution, or sale of electricity; and*
  - ii. *The ownership or operation of transmission systems;*
- b) *Receive and process applications for licenses;*
- c) *Prescribe conditions and terms of licenses issued under the Act;*
- d) *Modify the licenses issued under this Act;*
- e) *Make and enforce directions to ensure compliance with licenses issued under this Act;*
- f) *Establish a tariff structure and to investigate tariff charges, whether or not a specific complaint has been made for a tariff adjustment;*
- g) *Approve rates of charges and terms and conditions of electricity services provided by transmission and distribution companies;*
- h) *Review the organisation of generation, transmission and distribution companies or other legal entities engaged in the generation,*



transmission and distribution of electricity to the extent that that organisation affects or is likely to affect the operation of the electricity sector and the efficient supply of electricity;

- i) Develop and enforce performance standards for the generation, transmission and distribution of electricity;
- j) Encourage the development of uniform electricity industry standards and codes of conduct;
- k) Establish a uniform system of accounts for licensees;
- l) Advise the Minister regarding the need for electricity sector projects;
- m) Prepare industry reports and gather information from generation, transmission and distribution companies;
- n) Prescribe and collect license fees;
- o) Provide for the procedure for investment programmes by transmission and distribution companies;
- p) Approve standards for the quality of electricity supply services provided;
- q) Approve codes of conduct in respect of the operation of transmission and distribution systems;
- r) Acquire information and carry out investigations relating to any of its functions; and
- s) Perform any other function that is incidental or consequential to its functions, as may be conferred on it by any other law.

### 3.1.3 Mission, Vision and Core Values

#### **Vision:**

“To be an effective regulator that promotes safe, efficient, reliable and sustainable electricity supply.”

#### **Mission:**

“To regulate the Electricity industry in accordance with the applicable laws, policies, standards and international best practices”.

#### **Core Values:**

ERA’s business conduct is anchored on the following key values:

Value	How we live it
Professionalism	We are dedicated to quality, timeliness and excellence in our service and live up to the commitments we set. We perform our tasks and deliver our outputs to the best of our ability with a focus on continuously improving quality, productivity and professional development
Integrity	We are honest and adhere to moral and ethical principles
Innovation	We are creative in delivering value to our stakeholders. As a learning organization, we believe in continuous improvement, promote and reward creativity and adapt new ways of doing things
Transparency and Accountability	We are clear and open while exercising our mandate. We serve the needs of our stakeholders in a responsible manner and recognize our obligation to bear consequences of our actions and decisions
Equal and Fair Opportunity	We conduct our functions and duties in ways that are just, unbiased and non-discriminatory



Value	How we live it
Stakeholder Sensitivity	In arriving at decisions, we endeavour to strike a balance and recognize the interests, expectations and aspirations of various stakeholders in the electricity industry. We therefore continually seek to identify, understand and respond to the legitimate interests and concerns of our stakeholders as the basis for sustaining mutually beneficial and respectable operational relations.
Teamwork	We embrace togetherness, promote and support a diverse, yet unified, team. We believe in partnerships and collaboration while maintaining individual accountability. We combine resources, competences, skills and work as a team in pursuit of the Vision.

### 3.2 Achievements in 2014/15 to 2016/17

During the period under review, the achievements highlighted in Table 2 were made. The objective was to analyse core areas of ERA's mandate, achievements and lessons learnt, which have informed the 3YBP2.

*Table 2: ERA selected achievements over the past period*


Areas	Achievement	Lessons learnt
<b>Licencing</b>	Installed Generation Capacity is 912.7 as at 31 <sup>st</sup> March 2017	Despite statutory timelines efficiencies can be gained by making improvements in the licensing process and ultimately automation.  Participation in the GETFIT program has increased the proportion of renewable energy in the sector
<b>Tariffs</b>	<ul style="list-style-type: none"> <li>a) Revision of the tariff methodology from monthly to quarterly. ERA has implemented the Quarterly Tariff Adjustment methodology.</li> <li>b) The Authority has provided technical support during the review of the tariff debt refinancing and waive of Corporate Income Taxes of Bujagali Hydro Power Project which is expected to lead to reduction in the tariff of the power plant and therefore end-user tariffs.</li> <li>c) The Authority implemented the Extra-Large Industrial Consumer category that includes 38 large industrial consumers for whom the cost of electricity has high impact on the overall cost of production and therefore competitiveness. The Extra Large Industrial Consumers category is now effective with off-peak tariff at US cents 6.7/kWh and an average tariff of US cents 10.3/kWh. This is in line with Government Policy on reduction of tariffs for the manufacturing sector. With the benefits from the final implementation of the Bujagali refinancing, the average tariff for the large and extra-large customer categories is expected to decrease further to an average of US 7.8 Cents/kWh, with an off peak tariff of US 5 Cents/kWh.</li> </ul>	ERA needs to balance the needs of different stakeholders in setting tariffs. Governments directed for a reduction in prices to 5cents for large industrials.



Areas	Achievement	Lessons learnt
<b>Tariffs</b>	<p>d) The end user tariff is currently about 94% cost reflective. The remaining proportion represents capacity charges for the thermal plants which are paid for by Government.</p> <p>e) Least Cost Power Generation: ERA has licensed Karuma and Isimba Hydropower plants at US Cents 4.16/kWh and US Cents 4.97/kWh respectively. When these plants are fully absorbed/ utilized, it is expected that the weighted generation tariff will reduce from the current US Cents 8.5/kWh (Sh.308.3) to US cents 6.7 (Sh.243.2).</p>	
<b>Regulations</b>	<p>Key regulations, guidelines, policies and standards developed during the period:</p> <ul style="list-style-type: none"> <li>a) The Weights and Measures (Electricity Meters) Rules 2015</li> <li>b) The Electricity (License Fees) (Amendment) (No.3) Regulations, 2014</li> <li>c) The Ready Board Guidelines</li> <li>d) Prepayment metering guidelines</li> <li>e) Electricity investment approval and verification guidelines</li> <li>f) Guideline for Installation Permit Issuing Procedures 2016</li> <li>g) The Client Charter</li> <li>h) The Electricity (Electrical Network Facilities) Standards</li> <li>i) Phase Three: Renewable Energy Feed In Tariff</li> </ul>	<p>To ensure sector efficiency, several regulations need to be developed or amended. Effective stakeholder consultation is critical for success. ERA needs to work with the Ministry to ensure that the Electricity Act amendment bill is enacted to ensure that all relevant regulations are effectively implemented</p>
<b>Investment planning and verifications</b>	<p>Cumulative investments in the sector approved by ERA as at 31<sup>st</sup> December 2015 amount to \$307.2m. An additional \$80m was submitted by Umeme for 2016 investment in the distribution sector. The investments approved targeted loss reduction and load growth. The activities undertaken include substation upgrade, pole replacement, new connections and feeder refurbishments.</p> <p>Total consumer connections had accumulated to 925,597 at the end of FY 2015/16 compared to 765,230 at the end of FY 2014/15</p> <p>The Authority continued to promote improvements in the efficiency of the ESI, which saw a reduction in energy losses from 21.3% in the FY 2013/14 to 19% by the end of 2016.</p> <p>The loss reduction was mainly on account of the investments approved by ERA towards refurbishment of feeders and upgrade of conductors to bigger capacities that could accommodate greater loads. Additionally, investments in the Prepayment Metering System, Automatic Meter Reading and Aerial Bundled Conductors on the Low Voltage network significantly improved. The target loss trajectory as approved for Umeme is 14.7% by 2018.</p>	<p>Clear indicators to monitor quality of investments should be developed. This will enable qualitative sector growth. ERA needs to actively direct sector investments to increase electricity access and improve reliability and quality of service. ERA will need to re-organise its resources internally to ensure that there is value for money in all sector investments.</p>



Areas	Achievement	Lessons learnt
<b>Stakeholder engagement</b>	<p>In living one of its Core Values – Stakeholder Sensitivity, the Authority undertook a number of initiatives that promoted participation and involvement of stakeholders in ERA's decision-making process:</p> <ul style="list-style-type: none"> <li>a) Several public hearings especially relating to: license applications and tariff reviews.</li> <li>b) Several consultative meetings relating to proposed new regulations, standards, policies and guidelines</li> <li>c) <i>The GET FIT Forum.</i> In the review period, the Electricity Regulatory Authority hosted a Forum for stakeholders to review the implementation of the Global Energy Transfer for Feed-in-Tariffs (GET FIT) program, to draw lessons learnt and discuss broader sectoral impacts and prospects such as the future of private sector development and investment into Renewable Energy in Uganda</li> </ul> <p><i>Rebranding of ERA.</i> In May 2016, the Authority launched a new corporate identity following its rebranding process. The process that began in August 2014 with a brand audit aimed at drawing out the Authority's position as the regulator of the Electricity Supply Industry in Uganda, by harmonizing and clarifying ERA's 'visual voice'.</p> <p>ERA has been recognised by different stakeholders for its role in developing Uganda's electricity sector.</p> <p><i>Regional Cooperation.</i> The Electricity Regulatory Authority continued to play an active role in the affairs of regional bodies to which it is a member, with a view to enhancing harmonization of the applicable regulatory framework. ERA is an active member of the Energy Regulators Association of East Africa (EREA) and African Forum for Utility Regulators (AFUR).</p> <p>The Authority is currently developing the Stakeholder Engagement Guidelines to further streamline its relationships with stakeholders.</p>	<p>ERA has to actively engage its stakeholders and involve them in decision making for it to effectively deliver its mandate</p>
<b>Compliance and monitoring (enforcement)</b>	<p>The Authority continues to review quarterly submissions and carry out on-site statutory inspections for all licensees'. Feedback on the review of the compliance statements was given to the respective licensees and action plans were agreed upon between ERA and licensees. Licensees who did not submit compliance statements were issued with compliance orders and advised to comply accordingly. The Authority has built internal capacity to ensure effective monitoring and compliance.</p> <p>To enhance compliance the following regulations, guidelines, standards are currently being developed.</p>	<p>There is need for capacity building for some licenses to ensure compliance. ERA is to develop monitoring tools and focus on enforcement.</p>



Areas	Achievement	Lessons learnt
<b>Staff trainings, workshops and meetings</b>	<ul style="list-style-type: none"> <li>i. Reviewed and implemented the Human Resource Manual.</li> <li>ii. Developed and implemented the administrative policies including the Vehicle Management policy, Asset Maintenance Policy and Security Policy.</li> <li>iii. Implemented a staff wellness program through the annual health check-ups and sensitization.</li> <li>iv. Developed and implemented a staff training and development plan.</li> <li>v. Developed a Human Resource Strategy and retention plan.</li> <li>vi. Strengthened the staff complement through recruitments for critical positions including; the CEO, Secretary Assistant Expenditure Accountant, Driver, Manager Pricing, Manager, Technical Compliance &amp; Monitoring, Director, Legal and and Authority Afflars, Principal Stakeholder Engagement Officer.</li> <li>vii. Strengthened the staff performance Management System through quarterly and half year reviews.</li> <li>viii. Developed an Occupational Health and Safety Policy.</li> </ul>	Staff constraints in terms of numbers and sitting facilities have been key challenges in implementing the organisation's mandate.

Source: ERA internal performance review reports

### 3.3 Analysis of the current strategy

Uganda's socio-economic transformation is hinged on the supply of reliable and affordable electricity. Presently, only 20% of households in Uganda are connected to the grid. Electricity transforms lives through industrialisation, ICT, health, housing, agriculture, education and powering commercial activities. The ERA strategy delivers efficient, reliable and affordable supply. An analysis of the ERA 10YSP and 3YBP1 was made to provide a basis to prepare a 3YBP2. The analysis highlights the following achievements:

Table 3: Analysis of 10YSP and 3YBP1

STRATEGIC PLAN								
	Theme	#	Strategic Objective	#	Strategic Initiative	Performance Indicator	Target	Comment on ERA's performance to date on the strategy
1	Power supply security and sustainability of the ESI	A1	Increasing electricity generation to meet present and future demand through attraction of both private and public sector investment and integration of environmental concerns	1	Develop policies that promote sustainable energy development (e.g. <i>interconnection policies, wheeling framework, competitive procurement process for generation projects, transparent licensing regime</i> )	a) Increase in generation capacity (%)	BL = 0 Y3 = 33 Y7 = 95 Y10 = 160	Installed Generation capacity stands at 912.7 MW. This represents a 7% growth over 3 years (855MW in 2013/14). Karuma and Isimba are expected to bring in an additional 600MW and 183MW respectively within the next 3 years. GETFit projects under construction amount to 73.6MW.
				2	Review and update relevant legal framework ( <i>renewable energy policy, 2002, REFIT policy, standardised agreements and licenses</i> )	b) Proportion of renewable energy in the generation mix (%)	BL = 88 Y3 = 97 Y7 = 100 Y10 = 100	Renewable energy stands at 88%. The remaining portion represents the thermal generators
				3	Develop and maintain a dynamic least cost generation plan to guide investment in electricity generation	a) Supply equals demand plus 10% reserve margin	BL = 0 Y3 = 0 Y7 = 0 Y10 = 0	Supply exceeds demand by 13%. Available capacity is at 680MW compared with demand of 600MW
						b) % reduction in the real cost of generation	BL = 0 Y3 = 2 Y7 = 5 Y10 = 9	Current weighted generation cost is US cents 8 compared to 9.7 cents 3 years ago
				4	Integrate environmental and social concerns into all regulatory activities	% of licenced projects with environmental clearance	BL = 100 Y3 = 100 Y7 = 100 Y10 = 100	100% compliance for all licensed projects.
		A2	Promote energy efficiency and demand side management practices	1	Develop a demand side management plan and facilitate implementation of demand side management measures by distribution utilities	a) Improvement in the load factor (%)	BL = 70% Y3 = 75% Y7 = 78% Y10 = 80%	Load Factor currently stands at 68%

STRATEGIC PLAN								
	Theme	#	Strategic Objective	#	Strategic Initiative	Performance Indicator	Target	Comment on ERA's performance to date on the strategy
				2	Collaborate with the relevant authorities to advocate for enactment of laws that will incentivize consumers to implement energy efficient measures	b) % of energy saved through DSM and EE measures	BL= 0% Y3=5% Y7= 7% Y10= 8%	Over 740,000 LED bulbs distributed with anticipated savings of 30MW
				3	Develop an incentive program for large electricity users to exploit time-of-use tariff regime			Time of use factor set currently at 130% compared to 110% earlier. This has the effect of distributing the peak load evenly throughout the day.
		A3	Strengthen the national electricity transmission and distribution infrastructure and enhance regional collaboration in electricity regulation	1	Develop uniform industry standards for electrical infrastructure	% availability of the network (transmission and distribution)	Tx; Dx) BL= 98; 65 Y3= 98.5; 75 Y7=99; 80 Y10=99; 80	Transmission network availability is currently at 98%
				2	Coordinate industry-wide network planning and development	a) Transmission and distribution line length (km)	(Tx; Dx) BL= 1,627; 26,202 Y3=3,566; 57,056 Y7=4,971; 79,536 Y10=4,971; 95,443	Transmission line length – 1,627km  Distribution line length – 32,863km
						b) Increased transmission and distribution transformation capacity(MVA)	<b>(Tx; Dx)</b> BL= 940; 2,168 Y3= 3,520; 3,520 Y7= 3,640; 3,640 Y10=4,140; 4,140	Current Distribution Transformer capacity is about 1,779.4 MW
						c) % increase in national electricity connection rate	BL= 0 Y3=52 Y7=166 Y10=300	Electricity access rate is currently at 20%



STRATEGIC PLAN								
	Theme	#	Strategic Objective	#	Strategic Initiative	Performance Indicator	Target	Comment on ERA's performance to date on the strategy
2	Electricity industry efficiency	B1	Increase technical, commercial and operational efficiency in electricity generation, transmission and distribution	1	Develop and enforce minimum performance standards for quality of supply and quality of service	a) Level of quality of supply (100%)	(Gx; Tx; Dx) BL= 100;100;50 Y3= 100;100;70 Y7=100;100;80 Y10=100;100;100	SAIDI – 123 hours  SAIFI – 37 times
						b) Level of quality of service (%)	BL= 50 Y3= 70 Y7= 80 Y10=90	SAIDI – 123 hours  SAIFI – 37 times
				2	Develop and enforce performance standards for the generation, transmission and distribution of electricity	Improvement in operational efficiency  a) Target availability for generation (%)	BL= 95 Y3= 97 Y7=97 Y10=97	Availability is currently over 97%
				3	Undertake technical (i.e., engineering, financial, etc.) audits of Licensees' activities to ensure value for money	b) Transmission and distribution losses (%)	BL= 3.8; 20 Y3= 3.3; 14.7 Y7=3.0; 10 Y10=2.8; 8	Distribution losses – 19% Transmission losses – 3.8%
				4	Develop and enforce the preparation and implementation of optimal maintenance plans by electricity generators, transmitters and distributors	Improvement in system availability a) SAIDI b) SAIFI c) CAIDI	SAIDI; SAIFI; CAIDI BL= 257; 109; 2.4 Y3= 100 ; 50; 2.0 Y7= 50; 30; 1.7 Y10=30; 20; 1.5	SAIDI – 123 hours SAIFI – 37 times
		B2	Promote reasonable and fair pricing of electricity services	1	Establish a dynamic tariff structure that delivers reasonable and fair prices of electricity	Level of cost reflectiveness of the tariffs (%)	BL= 81.4 Y3= 81.4 Y7= 100 Y10= 100	Tariff is about 94% cost reflective. Capacity charges for the thermal generators are paid by the Government.
				2	Develop and enforce regulatory accounting guidelines for licenses	Level of compliance to accounting guidelines (%)	BL= 0 Y3= 100 Y7=100 Y10=100	Uniform System of accounts developed. To be implemented in 2017/18

STRATEGIC PLAN								
	Theme	#	Strategic Objective	#	Strategic Initiative	Performance Indicator	Target	Comment on ERA's performance to date on the strategy
4	<b>Transparency and accountability to stakeholders</b>	C1	promote objectivity, transparency and accountability to stakeholders	1	Develop and implement a stakeholder engagement framework, awareness and advocacy strategy	a) Stakeholder Awareness Index	BL=50 Y3=70 Y7=80 Y10=95	Awareness level is at 40%. 50% of customers, 64% of general stakeholders and 67% of developers rate ERA's performance favourably.
				2	Develop and implement a stakeholder communication strategy	b) Level of stakeholder participation in ERA activities	BL=70 Y3=80 Y7=85 Y10=95	
				3	Promote electricity consumer protection	Consumer satisfaction index	BL=70 Y3=75 Y7=80 Y10=95	
5	<b>Operational excellence</b>	D1	Enhance good governance, internal operating efficiency and sustainability of ERA	1	Review, maintain and implement a system of internal controls and risk management	Level of compliance to internal controls (%)	BL=70 Y3= 100% Y7= 100% Y10=100%	SOPs developed and approved. Compliance will be reviewed in 2017/18
				2	Ensure financial viability and sustainability of ERA	a) Balanced budget  b) % increase in ERA's revenue portfolio	BL=0 Y3= 31% Y7 =185% Y10=260%	30% growth in Revenues Income to cost ratio of over 1.2
		D2	Enhance human capital management	1	Develop policies, systems and work methods that will provide an enabling environment that will attract, develop and retain skilled labour	a) Percentage of organisation structure that is filled	BL=75 Y3=90 Y7=100 Y10=100	Structure is filled up to 70%. Several recruitments are currently on-going
						b) Staff retention rate	BL=90 Y3=95 Y7=95 Y10=95	13 staff have left the organisation over the last 3 years compared to a staff complement of 54.
						c) Employee satisfaction index (%)	BL=80 Y3=85 Y7=90 Y10=95	Employment engagement levels are currently at 77.7%



STRATEGIC PLAN							
Theme	#	Strategic Objective	#	Strategic Initiative	Performance Indicator	Target	Comment on ERA's performance to date on the strategy
			2	Develop and implement staff development plan in order to improve knowledge, skills and abilities	a) Level of employee and organizational performance (%)	BL=70 Y3=80 Y7=90 Y10=95	Average staff performance is 76%
					b) % of positions filled internally	BL=80 Y3=90 Y7=90 Y10=90	30% of roles have been filled internally in the last FY 2016/17
					c) Compliance to staff development plan (%)	BL=70 Y3=80 Y7=90 Y10=90	Over 85% of the training plan has been implemented in 2016/17
			3	Review, implement and continuously improve the performance management system	a) % improvement in staff performance	BL=70 Y3=80 Y7=90 Y10=95	Average staff performance is 76%
					b) improvement in institutional performance	BL=70 Y3=80 Y7=90 Y10=95	Average staff performance is 76%
			4	Promote knowledge sharing within ERA by implementing a knowledge management programme	Knowledge sharing index	BL= 70% Y3= 80% Y7= 90% Y10=90%	Knowledge management framework to be developed and implemented in 2017/18
	D3	Improve use of technology and promote optimal utilization of organisational assets	1	Establish and maintain fully automated and integrated system	Level of system automation (%)	BL= 60 Y3= 100 Y7= 100 Y10= 100	About 30% of current processes are automated. Management will implement a Regulatory Management Information System over the next 3 years
			4	Acquire and maintain physical infrastructure for the organization	Adequacy of infrastructure (%)	BL= 90 Y3= 100 Y7= 100 Y10=100	ERA is planning to build new premises to house its increasing staff numbers within the next 2 years

### 3.4 ERA Stakeholder analysis

Key ERA stakeholders were identified from the *ERA Stakeholder Engagement Framework 2017/19* and analysed. The analysis evaluates their expectations, interest and influence, strategies that should be put in place to manage these expectations and at which level of engagement, as shown in *Tables 4 and 5*.

#### 3.4.1 The ERA international stakeholder's analysis

Table 4: Analysis of ERA's International Partners

Partner name	Nature of relationship	Interest & influence	Strategic partner engagement & priorities	Scorecard insights
1. The Government of China	Strategic sector partner	High influence right from financing to technical capacity development. Key sector investment potential and strategic partner for commercial and technical transfer resources	Concessional debt / grant financing below market rates for technical assistance and project development.  a) ERA has to ensure Transparent regulatory environment b) Develop legal documents (Power purchase agreements) to facilitate the implementation of electricity financing projects. c) Develop and share technical concept notes for financing with the partner	a) Partner with ERA to identify potential opportunities for investment b) Document viable projects and seek funding support and partnerships
2. European Union and Europe – (UK, Germany, Norway and Denmark)	Strategic sector partner	Influence is high in rural electrification and transmission networks	a) Debt financing for capacity development and access to electricity in rural areas b) Establish a transparent regulatory environment c) Develop legal documents (power purchase agreements) to facilitate the implementation of electricity financing projects. d) Develop and share technical concept notes for financing with the partner e) Technology transfer	a) Partner with ERA to identify potential opportunities for investment b) Document viable projects and seek funding support and partnerships
3. The World Bank	Strategic sector partner	Their influence is high in electricity accessibility	Concessional debt financing below market rates for electricity accessibility , distribution and development of transmission networks	a) Partner with ERA to identify potential opportunities for investment b) Document viable projects and seek funding support and partnerships

### 3.4.2 ERA key stakeholder analysis

Table 5: Analysis of local stakeholders

	Stakeholder	Responsible Person	Nature of relationship	Expectation/ Interest	Influence and interest	Strategy to obtain support	Balanced scorecard performance area outcome
1	The Government of Uganda (The Presidency and Parliament)	The Presidency	Ownership/ Control	<ul style="list-style-type: none"> <li>a) Effective regulation of the electricity supply industry</li> <li>b) Promotion of investment in the electricity sector</li> <li>c) Ensure compliance to performance standards by licensed entities</li> <li>d) Affordable electricity supply</li> <li>e) Quality and reliable electricity supply</li> <li>f) Economic growth</li> </ul>	Interest :H Influence :H 2x2 = 4	<ul style="list-style-type: none"> <li>a) Maintain a robust and effective regulatory frame work</li> <li>b) Carry out regulatory impact assessments on a regular basis</li> <li>c) Enhance licensing framework and establish investment incentives</li> <li>d) Timely reporting to enable monitoring of licensees' performance</li> <li>e) Promote least cost generation development</li> <li>f) Establish regulatory framework that promotes delivery of quality and reliable electricity supply.</li> </ul>	<ul style="list-style-type: none"> <li>a) Direct on the deliverables of ERA – <i>Reliable and safe power, Quality of Service and Affordable tariffs</i></li> <li>b) Amendment of ERA Act</li> </ul>
2	Authority (Board of directors)	Board Chairman	<ul style="list-style-type: none"> <li>a) Policy and oversight</li> <li>b) Implementation of strategy and</li> <li>c) Compliance with the Act and other relevant laws</li> </ul>	<ul style="list-style-type: none"> <li>a) Enhanced visibility of ERA</li> <li>b) Enhanced institutional capacity</li> <li>c) Sustainability of ERA</li> <li>d) Effective, efficient and robust regulatory framework</li> <li>e) Facilitation so as to conduct the business of the Board</li> </ul>	Interest :H Influence :H 2x2 = 4	<ul style="list-style-type: none"> <li>a) Delivery of the approved scorecard</li> <li>b) Effective stakeholder engagement mechanism.</li> <li>c) Continuous review of human resources policies and structures with a view to align the structure with the business needs.</li> <li>d) Explore ways of increasing ERA's revenue base</li> <li>e) Quality and timely information to guide decision making.</li> <li>f) Carry out regulatory impact assessments on a regular basis.</li> <li>g) Timely and adequate facilitation to help deliver their mandate.</li> </ul>	Define the scorecard deliverables to meet stakeholder expectations

	Stakeholder	Responsible Person	Nature of relationship	Expectation/ Interest	Influence and interest	Strategy to obtain support	Balanced scorecard performance area outcome
3	ERA Secretariat	Chief Executive Officer	Contractual implementation of the Board resolutions	a) Continuous improvement in human resource management and development policies and procedures. b) Adequate infrastructure, facilities, equipment and materials to execute the Authority's functions	Interest :H Influence :H 2x2 = 4	a) Regular review of human resource manual and staff emolument scheme to sustain competitiveness b) Capacity building c) Regular upgrade of institutional facilities and equipment to match the regulatory demands of the ESI. d) Job Security	Implementation of the scorecard
4	Key MDAs These include; - MEMD, MoFPED, REA, DWRM, NEMA, URA, ERA, NPA,UBOS, MoTIC, CMA, NSSF,KCCA, BOU,PPDA, OGG,USE	Prime Minister	Collaboration, regulation and oversight	a) Reliable information base on available investment opportunities in the energy sector in consultation with collaborating agencies. b) Better management of hydropower resources in liaison with MWE. c) Improved water catchment management d) Close liaison with MoFPED on issues related to sector financing e) Regular provision of reliable information and data on electricity sector so as to facilitate national planning.	Interest :H Influence :L 2x1 = 2	a) Enhance collaboration framework with agencies b) Maintain an up – to – date website c) Enhance collaboration framework with agencies d) Streamline catchment management aspects in ERA's licensing processes e) Enhanced co – ordination	Approval of the Financial, Technical and support Resources

	Stakeholder	Responsible Person	Nature of relationship	Expectation/ Interest	Influence and interest	Strategy to obtain support	Balanced scorecard performance area outcome
5	Operators in the electricity supply industry. These include; Sector investors, Donors, Generators and distributors.	CEO	Co –ordination and regulation	a) Strong co-ordination between ERA and ESI players. b) Harmonization of the regulatory regime with project implementation modalities of Government projects, i.e. ERA and UETCL projects. c) User friendly regulatory compliance policies and procedures. d) Advocate for supportive power investment incentive regime. e) Increased operational efficiency.	Interest : H Influence : L 2x1 =2	a) Effective co-ordination with sector players b) Greater co-ordination with relevant Government agencies c) Rationalize regulatory systems , policies and procedures and put in place mechanisms for sharing information and engagement d) Develop and implement a strong investment incentive advocacy program in consultation with Uganda Investment Authority. e) Develop effective mechanisms for engagement with ESI players and consultations with clients/ utilities. f) Acquire regulatory information management system and improve internal efficiency.	Compliance with standards, codes and laws. Invest in the sector
6	Regional and International Collaborating Agencies, e.g. ADB, EAC, OAU, etc.	Chief Executive Officer	Financing / partnerships	Share information on power sector developments and best regulatory practices in cross border/regional power pool trading. Partnerships.	Interest : H Influence : L 2x1 =2	a) Information exchange and benchmarking in order to promote international best practices. b) Establish, operationalize and coordinate regulatory framework for cross border/ regional power pool trading. c) Establish mechanism for joint regulatory actions with a view to enhance cost – effectiveness and efficiency especially at a regional level (EAC)	Partnerships for collaboration



	Stakeholder	Responsible Person	Nature of relationship	Expectation/ Interest	Influence and interest	Strategy to obtain support	Balanced scorecard performance area outcome
7	Public and the Consumers	Chief Executive Officer	Source of business and service delivery	a) Creating a direct linkage between consumers while delivering in terms of: i. Affordable electricity ii. Quality, safe and reliable electricity supply b) Increased public awareness of ERA and its mandate	Interest : H Influence : L 2x1 =2	a) Enhanced verification of investments b) Prioritize monitoring compliance to laws, regulations and license conditions c) Ensure that licensees focus on improving quality of service d) Establish electricity Consumer Touch points and Forums e) Put in place Electricity Consumer Ambassadors f) Set up a National Association for Large Industrial Users of Electricity Forum g) Organize regional Electricity consumer days (REC Days) h) Conduct national media engagements. i) Conduct Wiremen competition j) Carry out Brand perception and customer satisfaction survey.	Affordable tariff regime; Reliable power and good quality of service

### 3.5 What does Winning mean to ours Stakeholders

An understanding of what winning means to our stakeholders was made. This involved analysis of expectations and interests of ERA's key stakeholders as well as research on the subject to understand international leading practices in the electricity sector regulation. The key performance indicators (KPIs) have been categorised in the four areas of the balanced score card, as summarised in the following dashboard.

Table 6: ERA KPIs rationale

Indicator	Measure	Rationale	Applicable to
Stakeholder focus			
Total electricity generated.	Mega Watts (Planned vs. Actual)	This indicator measure the volume/ amount of electricity generated to meet the requirements of economy	Generation
Reliability of electricity supply.	Frequency (SAIFI) and Duration (SAIDI) of outages	Measures the frequency and duration of outages	Distribution
Quality of electricity supply.	Availability number of hours per month	Measures the continuity of service in terms of voltage variations, Frequency and waveform	Distribution
Affordable electricity tariff.	UGX/ kWh	Measures the unit price of electricity supplied to the end users.	Distribution
Stakeholder satisfaction index.	Number of customer complaints	The KPI looks at the number of complaints, their nature and time taken to respond.	Distribution
Complaints received and resolved.	%age	Indicator measures the Complaints received and resolved	Generation
			Transmission
			Distribution
Number of households electrified annually	%ge growth (Planned vs. Actual)	This indicator looks at the number of households connected to the grid annually i.e. No. of new connections at the end of year / total number of domestic connections for entire system * 100%	Distribution
Licensee awareness and compliance with Standards.	% awareness & compliance	Measures the licensee awareness and compliance to the Standards, Codes; acts and Regulations and KPIs	Generation
			Transmission
			Distribution
Internal Business Process			
Process automation rate -	Automation rate	This indicator considers the level of automation of the services the Authority offers to the stakeholders, including the issuance of licences and permits	Generation
Automation of internal processes-	Automation and interface	This considers the integration of the internal processes of ERA	ERA Internal process
Technical loss reduction.	%ge	This KPI considers the variance between the total electricity generated, transmitted and distributed to the final customer i.e. it helps to determine the losses arising from the technical inefficiencies	
			Transmission
			Distribution

Indicator	Measure	Rationale	Applicable to
Commercial loss reduction.	%ge	The KPI measures the total value of electricity lost	Distribution
Increase generation capacity.		This KPI measure the actual plant output in relation to its potential output. This is eventually translated into financial terms of the expected revenue versus actual revenue	Generation
Electricity purchases.	GWh	Measures the total electricity that is generated and purchased by the final customers	Distribution
Reduction in the real cost of generation.	%ge in UGX	The KPI defines the key cost drivers in the generation of electricity and advise on how to increase the efficiency gains	Generation
%ge of licenced projects complying with environmental standards- Track	%ge	The KPI includes the number of licenced projects that are complying with the environmental concerns that are defined by the National Environment Management Authority (NEMA)	Generation
<b>Learning and Growth</b>			
Staff development index.	%ge	This KPI measure the staff development programs in place and how they are implemented to improve the quality of staff output. It also looks at the number of staff that are developed per business area	ERA Internal process
Employee attrition rate.	%ge	This KPI measures the number of staff who exited from ERA versus the total staffing level at ERA over a defined period of time	ERA Internal process
Employee satisfaction index.	%ge	The KPI measures staff contentment with the policies, procedures and actions of the organisation.	ERA Internal process
Knowledge transfer rate.	%ge	This KPI measures how knowledge acquired by a staff through trainings sponsored by ERA are transferred to other staff who did not attend the same training for overall improvement of ERA.	ERA Internal process
Employee compliance levels- Track	%ge	This KPI measures staff compliance levels with organisational policies, procedures and guidelines while executing their work assignments	ERA Internal process
Employee innovativeness - Track	%ge	Gives an indicator on staff creativeness towards improving the way of doing business at ERA.	ERA Internal process
Employee productivity- Track	Turnaround time	This KPI measures the time taken by the staff to complete a specific assignment in view of the key mandate of ERA- Licence, Tariff and standards.	ERA internal processes
<b>Financial perspective</b>			
Investment planning and verification		This KPI measures the total amount of the planned investments since it affects the final tariff	Generation Transmission Distribution

Indicator	Measure	Rationale	Applicable to
<b>Revenue diversification and management</b>	Ugx	<i>This KPI measures the income generation capacity of ERA to execute her mandate to meet stakeholder expectations as defined in the 3YBP2</i>	ERA internal processes
<b>Budget absorption rate</b>	%ge	<i>This KPI looks at ERA's capacity to put to use the approved funds in a given period to achieve value for money as reflected in audit reports and performance reviews.</i>	ERA internal processes
<b>Proportional of renewable energy in the generation mix</b>	Ratios	<i>This indicator measures the contribution of renewable energy in the total electricity generated and distributed to the grid - (Hydro, Solar, Biogas, Nuclear, Geothermal, wind solar and biomass).</i>	Generation

The ERA team engaged with key stakeholders to understand what winning means to them. What winning means (stakeholder expectations) to the major stakeholders identified above is summarised in the ERA scorecard (Table 9).

### 3.6 Challenges faced by ERA

An analysis of ERA's current challenges affecting the attainment of stakeholder expectations was done. The process involved participation by all the top management team (TMT) and staff. Each member was asked to list all issues they considered as the major challenges or bottlenecks to ERA's success and sustainability. Table 7 provides a summary of the identified challenges; most of which are addressed by this 3YBP2 and work plans.

Table 7: ERA's major challenges to winning - categorisation

	Challenge	Industry Segment	Industry Structure	Channel Customers	End customers	Current capabilities	Our costs	Our competition
1	High tariffs					✓		
2	Manual processes					✓		
3	High attrition rate of staff					✓		
4	Balancing diverse stakeholder interests					✓		
5	Validation of licence information					✓		
6	Project management - failure to stay within timeframes					✓		
7	Unreliable power supply		✓					

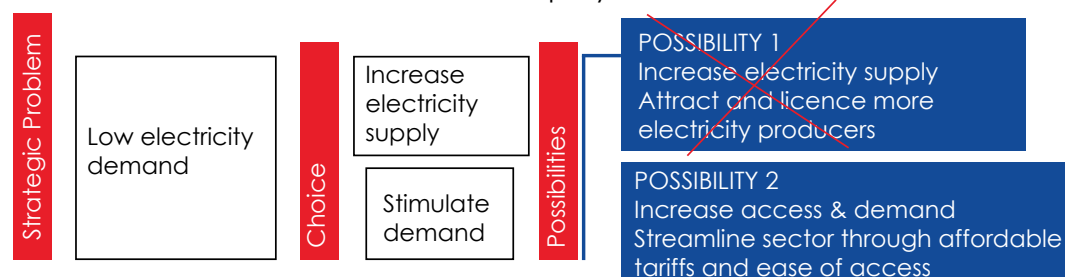
	Challenge	Industry Segment	Industry Structure	Channel Customers	End customers	Current capabilities	Our costs	Our competition
8	High turnaround time					✓		
9	Political interference		✓					
10	Planned generation vs uptake infrastructure		✓					
11	Staff skills to meet sector demands	✓						
12	Lack of teamwork and multi-cultural and skills diversity					✓		
13	Absence of institutional culture					✓		
14	Limited resources to finance all programs					✓		
15	Weak stakeholder engagement					✓		

The challenges were then prioritised as High, Medium or Low, in order of criticality to ERA's success. Any challenges classified as High, were considered critical to ERA's success; and the most pressing strategic issue at ERA was analysed. After discussions with key stakeholders, the following emerged as the summary of the most pressing issues that could affect ERA's success:



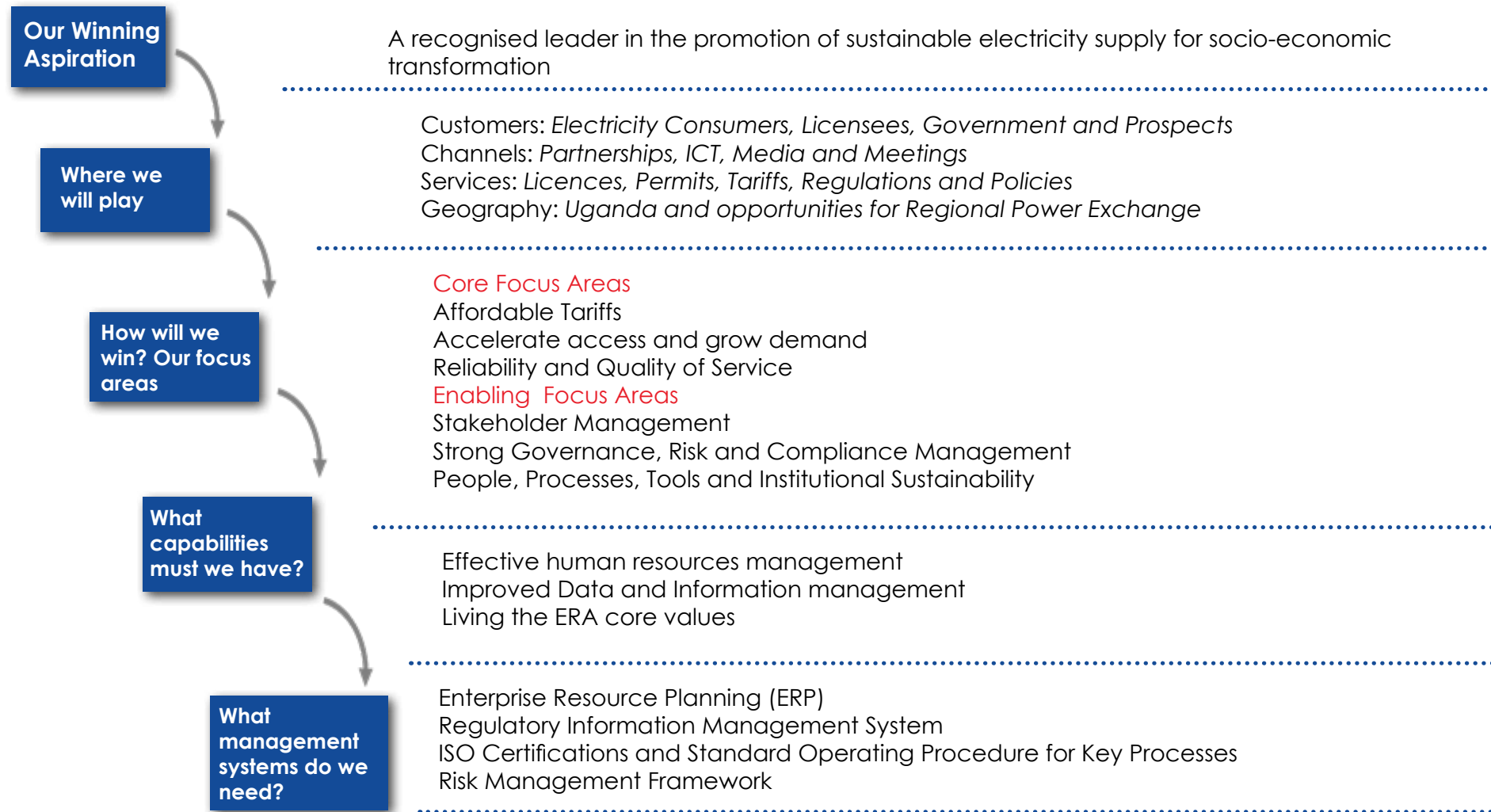
From the above, Management identified several possibilities, which were later reduced to two as follows:

The ERA team analysed each of the above possibilities, and selected possibility 2 for thorough analysis by answering the questions in the strategic cascade. To save time, strategic possibility two (*Possibility 2*) was generated and then analysed to assess its potential to be a great strategy for ERA. The Medium Term Strategy Cascade below directed ERA where to play and how to win within the next three years.



# NEW BUSINESS PLAN

## 4.1 ERA's 3 Year Business Plan 2017/18 to 2019/20 Executive Outlook



# ERA'S BUSINESS PLAN EXECUTION

## 5.1 Aligning the ERA Structure to the Strategy

- The "How We Will Win" or KRA refers to the key strategic themes or areas of focus. These KRA are indicated in 4.1. For effective execution of the medium-term plan, it must be aligned to the structure.
- All the KRAs have been carefully aligned to the existing departments and staff positions. This ensures that staff work as a team and their daily activities contribute towards the achievement of the ERA strategy as specified.

Table 8: Aligning current structure to the strategy areas of focus and administration

Level	Key areas of focus / Pillars	1. Affordable Tariffs	2. Reliability and Quality of Service	3. Accelerate access and grow demand	4. Stakeholder management (Communications, branding and PR)	5. Strong governance, risk and compliance management	6. People, Processes and Tools for Institutional Sustainability
1	CEO	✓	✓	✓	✓	✓	✓
2	Director, Technical Regulation		✓	✓			
3	Director, Economic Regulation	✓					
4	Director, Legal & Authority affair					✓	
5	Director, Financial Services						✓
6	Director Consumer & Public Affairs				✓		

## 5.2 Aligning the ERA Structure to Scorecard and Strategy

For effective execution of the strategy, the stakeholder expectations (scorecard) was aligned to the strategy

Table 9: Aligning stakeholder expectations to the strategy scorecard

Strategic Objective	Focus area	Performance Area	Monitoring	Performance Indicator	Measure	17/18	18/19	19/20	Accountable
Promote reasonable and fair pricing of electricity services	<b>Affordable Tariffs</b>	Reduce distribution Losses	Track	%	Energy lost/Energy purchased	16.0%	15.0%	<sup>3</sup>	DER
		Reduce Transmission Losses	Track	%	Energy lost/Energy purchased	3.38%	3.37%	3.38%	DER

<sup>3</sup>To be set after undertaking review of Umeme 7 year tariff parameters

Strategic Objective	Focus area	Performance Area	Monitoring	Performance Indicator	Measure	17/18	18/19	19/20	Accountable
		Optimize Operating and Maintenance costs	Benchmark	Ratio	Distribution O&M Costs/Energy sales (US\$/MWh)	21.51	21.08	20.45	DER
			Benchmark	Ratio	% of O&M Costs in UGX	67.8%	69.6%	70.4%	DER
Strengthen national and regional electricity transmission and distribution infrastructure and enhance regional collaboration in electricity regulation		Optimize Investment costs	Benchmark	Ratio	IRR of all approved planned investments >Return on Regulatory Asset Base/weighted Average cost of Capital	28.6%	28.6%	28.6%	DFS
			Track	%	% of actual and verified investments Vs approved plan	100%	100%	100%	DFS
			Track	%	% variance of standard costs Vs approved costs	5%	5%	5%	DTR
			Track	%	% of total investments initiated by ERA in approved plan	at-least-10%	20%	20%	DTR
		Increase collection rate	Track	%	Total revenue collected/total revenue billed	98.2%	98.5%	<sup>4</sup>	DER
		Increase energy purchases	Track	%	Increase in energy purchases in y1/ Energy Purchases in y0	6%	7%	8%	DER

<sup>4</sup>To be set after undertaking review of Umeme 7 year tariff parameters

Strategic Objective	Focus area	Performance Area	Monitoring	Performance Indicator	Measure	17/18	18/19	19/20	Accountable
		Increase number of connected customers	Track	Numbers	Number of new connections	200,000	300,000	500,000	DTR
		Optimize Generation Mix	Track	%	Weighted average generation tariff (US cents/ kWh)	7.4	7.0	6.7	DER
		Maximize Generation Plant availability	Benchmark	%	Hours available/ Total Hours in period	95%	97%	98%	DTR
		Optimize rate of return	Benchmark	Ratio	Return on equity (Generation) - new projects	15%	14%	12%	DFS
Strengthen national and regional electricity transmission and distribution infrastructure and enhance regional collaboration in electricity regulation	<b>Accelerate electricity access and grow demand</b>	Increase customer numbers	Track	Numbers	Number of new connections	200,000	300,000	500,000	DTR
		Increase national electricity access rate	Track	%	%of population with access to electricity	21.0%	24.0%	30.0%	DTR
		Reduce connection charges	Track	%	% reduction	5%	5%	5%	DER
		Increase compliance with Quality of Service Standards on access to electricity supply	Track	%	% Compliance with QoSS	80%	85%	90%	DTR

Strategic Objective	Focus area	Performance Area	Monitoring	Performance Indicator	Measure	17/18	18/19	19/20	Accountable
Strengthen national and regional electricity transmission and distribution infrastructure and enhance regional collaboration in electricity regulation		Invest in transmission and distribution infrastructure	Track	USD	Total investments	\$200m	\$250m	\$300m	DFS
Promote energy efficiency and demand side management practices.		Increase the load factor (load growth)	Benchmark	%	Average demand / Maximum demand	70%	72%	75%	DTR
		Scheduling and optimizing availability for transmission	Track	%	Number of hours available/Total Hours	Tx-98%	98.5	99.00%	DTR
Increase electricity generation to meet present and future demand through attraction of both private and public sector investment and integration of environmental concerns		Increase Generation Installed Capacity	Track	MW	Mega Watts	917.2	1,271.4	1,966.2	DTR
		Increase MW generated from off-grid plants	Track	MW	Mega Watts	0.2	0.5	1.5	DTR
Increase technical, commercial and operational efficiency in electricity generation, transmission and distribution.	<b>Reliability and Quality of Service</b>	Invest in transmission and distribution infrastructure	Track	USD	Total investments	\$200m	\$250m	\$300m	DFS

Strategic Objective	Focus area	Performance Area	Monitoring	Performance Indicator	Measure	17/18	18/19	19/20	Accountable
		Optimize reserve margin	Benchmark	MW	% of peak demand	10%	10%	10%	DTR
		Reduce frequency of outages	Benchmark	Number	Average Frequency of Outages pa (SAIFI)	37 <sup>5</sup>			DTR
		Reduce duration of outages	Benchmark	Hours	Average duration of outages pa (SAIDI)	123			DTR
		Compliance with Quality of Service Standards on customer service	Track	%	% Compliance with QoS	100%	100%	100%	MC
		Compliance with Quality of Service Standards on reliability of electricity supply	Track	%	% Compliance with QoS	100%	100%	100%	DTR
Promote objectivity, transparency and accountability to stakeholders	<b>Stakeholder management</b>	Improve management of stakeholder expectations	Track	%	Stakeholder satisfaction index	60%	70%	80%	DCPA
		Improve ERA's Communication with Stakeholders and brand awareness	Track	%	Brand awareness and perception index	50%	60%	80%	DCPA
		Promote Electricity Consumer Protection	Track	%	% escalated complaints resolved within SOP timelines	100%	100%	100%	DCPA

<sup>5</sup>These are base values for the SAIDI and SAIFI by December 2016 – these will be set after the study to determine the Tariff Performance Parameters should to be concluded in FY 2017/18



Strategic Objective	Focus area	Performance Area	Monitoring	Performance Indicator	Measure	17/18	18/19	19/20	Accountable
Enhance good governance, internal operating efficiency and sustainability of ERA	<b>Strong governance, risk and compliance management</b>	<i>Governance</i>							
		Improve Corporate Governance effectiveness for Licensees	Track	%	% of licensees complying	70%	80%	90%	DLAA
		Improve Corporate Governance effectiveness for ERA	Track	%	% of compliance	80%	90%	100%	DLAA
		Monitor and enforce compliance of Licensees to Electricity Act, other relevant Laws, Regulations, Guidelines and License Terms and Conditions	Track	%	% of licensees complying	75%	85%	99%	DTR
		Monitor and enforce compliance of staff to laws, policies and procedures	Track	%	% of compliance	100%	100%	100%	MHRA

Strategic Objective	Focus area	Performance Area	Monitoring	Performance Indicator	Measure	17/18	18/19	19/20	Accountable
	<b>People, Processes and Tools for Institutional Sustainability</b>	<b>People</b>							
Enhance human capital management		Attract competent people	Track	%	% of qualifying (shortlisted) applicants who have responded to adverts	50%	55%	60%	MHRA
			Track	%	% of structure filled	80%	100%	100%	MHRA
		Manage employee attrition	Track	%	Number of staff leaving/total staff	<10%	<9%	<8%	MHRA
		Increase Employee satisfaction	Track	%	% of satisfied employees	85%	90%	95%	MHRA
		Increase knowledge transfer index	Track	Number	Number of knowledge sharing sessions per dept. or unit	12	12	12	MHRA
		Increase Employee compliance levels	Track	%	% of compliance	100%	100%	100%	MHRA
		Enhance Employee innovativeness	Track	Number	Number of new ideas generated and adopted & implemented	2	3	4	MHRA
		Increase Employee productivity	Track	%	% completion of work plans	80%	85%	95%	MHRA

Strategic Objective	Focus area	Performance Area	Monitoring	Performance Indicator	Measure	17/18	18/19	19/20	Accountable
		Implement Employee value award system	Track	Number	Number of awards based on demonstrating values	3	3	3	MHRA
		Enhance staff development and training	Track	%	% of staff trained	100%	100%	100%	MHRA
Improve use of technology and promote optimal utilization of organizational assets		<b>Process</b>							
		Monitor and enforce compliance to SOPs	Track	%	% of compliance	100%	100%	100%	DFS
		Obtain and maintain ISO certification	Track	%	% certification	100%	100%	100%	DFS
		Increase Process Automation	Track	%	Proportion of automated processes to total	30%	40%	60%	DLAA
Improve use of technology and promote optimal utilization of organizational assets		<b>Infrastructure</b>							
		Strengthen and secure ICT infrastructure, systems and services	Benchmark	%	Number of hours ICT systems available/Total Hours	95%	96%	97%	DLAA

Strategic Objective	Focus area	Performance Area	Monitoring	Performance Indicator	Measure	17/18	18/19	19/20	Accountable
			Track	%	% reduction in related costs	5%	10%	20%	DLAA
			Track	%	% reduction in lead times	5%	10%	20%	DLAA
		Strengthen data management and information sharing across board	Track		Up-to-date sector statistical DB in place	100%	100%	100%	DER
Enhance good governance, internal operating efficiency and sustainability of ERA		<b>Finance</b>							
		Attain Financial sustainability	Track	Ratio	income/cost ratio	>1.0	>1.0	>1.0	DFS
		Optimize resource utilization	Track	%	% Budget absorption	100%	100%	100%	DFS
		Value for Money							
		Economy	Benchmark	%	% Variation of planned Unit cost Vs Actual Cost	+/-5%	+/-5%	+/-5%	MPDU
		Efficiency	Benchmark	Time	% Compliance to Standard/SOP	100%	100%	100%	MPDU
		Effectiveness	Benchmark	Ratio	Planned Procurements Vs Actual procurements	1.00	1.00	1.00	MPDU

## 5.3 ERA Work plans to execute strategy and deliver scorecard

### 5.3.1 Focus Area 1: Affordable Tariffs Work Plan

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
1.1 Reduce distribution Losses	1.1.1 Review Energy loss trajectory for Umeme Limited 2019-2025	0					Internal Loss trajectory report	DTR	Manager Technical Compliance
1.1 Reduce distribution Losses	1.1.1 Review Energy loss trajectory for other distribution companies	0					Internal Loss trajectory report	DTR	Manager Technical Compliance
1.1 Reduce distribution Losses	1.1.2 Undertake energy loss mapping, and profiling for the country	0					Energy Loss mapping report	DTR	Manager Technical Compliance
1.1 Reduce distribution Losses	1.1.3 Review and approve planned loss reduction investments	0					Approved investment plan	DTR	Manager Technical Compliance
1.1 Reduce distribution Losses	1.1.4 Review and Verify actual investments done	24					Approved investment verification report	DFS	Manager Financial Services
1.1 Reduce distribution Losses	1.1.4 Monitoring Financial and commercial performance	0					Financial and Commercial Performance reports	DER	Manager Pricing
1.1 Reduce distribution Losses	1.1.5 Undertake Loss reduction studies	500					Draft Loss reduction study by consultant	DER	Manager Pricing
1.2 Reduce Transmission Losses	1.2.1 Review and approve loss reduction investments plan	0					Transmission investment plan report	DTR	Manager Technical Compliance
1.2 Reduce Transmission Losses	1.2.2 Review and Verify actual investments done	24					Approved investment verification report	DFS	Manager Financial Services
1.2 Reduce Transmission Losses	1.2.3 Monitoring Financial and commercial performance	0					Financial and Commercial Performance reports	DER	Manager Pricing
1.3 Optimize Operating and Maintenance costs	1.3.1 Review and approve O&M targets for Umeme Limited	0					Internal Operation & Maintenance report	DER	Manager Pricing
1.3 Optimize Operating and Maintenance costs	1.3.2 Review and approve O&M targets for other distribution companies	0					Internal Operation & Maintenance report	DER	Manager Pricing
1.3 Optimize Operating and Maintenance costs	1.3.3 Review the share of local currency content in approved O&M for Licensees	0					Analytical report for O&M content	DER	Manager Pricing
1.3 Optimize Operating and Maintenance costs	1.3.3 Review Eskom GOMC for the period 2019 - 2023	0					Internal Operation & Maintenance report	DER	Manager Pricing

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
1.3 Optimize Operating and Maintenance costs	1.3.4 Develop financial and economic performance benchmarks	0					Financial and Commercial reports	DER	Manager Pricing
1.3 Optimize Operating and Maintenance costs	1.3.5 Review and monitor implementation of budgets for UEB successor companies	0					Monitoring reports	DFS	MFS
1.4 Optimize Investment costs	1.4.1 Review cost/benefit analysis of investment plans	0					Cost/Benefit Analysis reports	DER	Manager Pricing
1.4 Optimize Investment costs	1.4.2 Undertake status of distribution network study	400					Status of network report	DTR	Manager Technical Compliance
1.4 Optimize Investment costs	1.4.3 Determine medium term investment requirements for the distribution and transmission segments	300					Approved medium investment plan	DTR	Manager Technical Compliance
1.4 Optimize Investment costs	1.4.4 Establish standard cost for distribution and transmission plant and equipment	0					Standard unit cost for distribution and transmission plant and equipment	DER	Manager Pricing
1.4 Optimize Investment costs	1.4.5 Review Investment Trajectory for Eskom Uganda 2019-2023	0					Approved Investment trajectory	DTR	MTCM
1.4 Optimize Investment costs	1.4.6 Undertake investment verification of implemented projects	0					Investment verification report	DFS	MFS
1.5 Increase collection rate	1.5.1 Set Total Uncollection Factor trajectory for Umeme	0					Internal Uncollection Factor trajectory report	DER	Manager Pricing
1.5 Increase collection rate	1.5.2 Set Total Uncollection Factor trajectory for other distributors	0					Internal Uncollection Factor trajectory report	DER	Manager Pricing
1.5 Increase collection rate	1.5.3 Monitoring Financial and commercial performance	0					Financial and Commercial reports	DER	Manager Pricing
1.6 Increase energy demand	1.6.1 Identify areas of suppressed demand at LV network, transformer, feeders, and substation levels	0					Report on suppressed demand and required investments	DTR	Manager Technical Compliance
1.6 Increase energy demand	1.6.2 Approved Investments for load growth	0					Approved investment plan for load growth	DTR	Manager Technical Compliance
1.6 Increase energy demand	1.6.3 Study implementation of declining block tariffs for industrial users	0					Report on declining blocks	DER	Manager Pricing

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
1.8 Optimize Generation Mix	1.8.1 Monitor compliance with the merit order dispatch	0					Merit Order dispatch Monitoring report	DER	Manager Pricing
1.8 Optimize Generation Mix	1.8.2 Review and update the Least Cost Generation Plan	0					Updated Least Cost Generation Plan	DER	
1.8 Optimize Generation Mix	1.8.3 Undertake demand for forecast for Tariff Year 2018	0					Annual Tariff Order Paper	DER	Manager Pricing
1.8 Optimize Generation Mix	1.8.4 Review Power Purchase Agreements	0					Approved Power Purchase Agreements	DER	Manager Pricing
1.8 Optimize Generation Mix	1.8.5 Direct activities of the system planning coordination committee	0						DER	Manager Pricing
1.8 Optimize Generation Mix	1.8.6 Participate in activities of the energy sector working group	0					Minutes of the Sector working group	DER	Principal Economist (P&R)
1.9 Maximize Generation Plant availability	1.9.2 Review Target Availability for Eskom Uganda 2019-2023	0					Eskom Tariff Review Report	DER	Manager Pricing
1.10 Optimize rate of return on Capital for Electricity Projects	1.10.1 Review the impact of the REFIT Policy	0					REFIT evaluation report	DER	Principal Economist (P&R)
1.10 Optimize rate of return on Capital for Electricity Projects	1.10.2 Refinancing of debt for Bujagali Energy Limited	0					Bujagali refinancing report	DER	Manager Pricing
1.10 Optimize rate of return on Capital for Electricity Projects	1.10.3 Establish a reasonable Rate of Return for Investments in the different segments in the Electricity industry	0					Approved Rate of Return for Investments	DER	Manager Pricing
1.11 Set competitive Tariff	1.11.1 Conduct Annual Tariff Review for 2018 for Main Grid	0					Annual Tariff Review Report for Umeme Limited	DER	Manager Pricing
1.11 Set competitive Tariff	1.11.2 Undertake Annual Tariff Review for 2018 for off Grid	0					Annual Tariff Review Report for Umeme Limited	DER	Manager Pricing
1.11 Set competitive Tariff	1.11.3 Conduct Quarterly Tariff Review for Main Grid	0					Quarterly Tariff Review Report	DER	Manager Pricing
1.11 Set competitive Tariff	1.11.4 Undertake Quarterly Tariff Review for Mini-Grid	0					Quarterly Tariff Review Report for Mini-grids	DER	Manager Pricing
1.11 Set competitive Tariff	1.11.5 Update the main grid tariff model	0					Updated tariff model and manual	DER	Manager Pricing

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
1.11 Set competitive Tariff	1.11.6 Review and Set Tariff Performance Parameters for WENRECO	0						DER	Manager Pricing
1.11 Set competitive Tariff	1.11.7 Develop Tariff filing rules	0					Approved Filing Rules	DER	Manager Pricing
1.11 Set competitive Tariff	1.11.8 Review Umeme Limited reactive Power charges	0					Approved reactive power charges	DER	Manager Pricing
1.11 Set competitive Tariff	1.11.9 Review Umeme Limited Maximum demand charges	0					Approved maximum demand charges	DER	Manager Pricing
1.11 Set competitive Tariff	1.11.10 Review effectiveness of the Time of Use	0					Approved Time of Use weighting Factor	DER	Manager Pricing
1.11 Set competitive Tariff	1.11.11 Review the impact of electricity tariffs on industrial production	0					Evaluation Report	DER	Manager Pricing
1.11 Set competitive Tariff	1.11.12 Develop guidelines for determination of service charges for distribution licensees	0					Service Charges guidelines	DER	Manager Pricing
1.11 Set competitive Tariff	1.11.14 Proposed measures for tariff reduction	0					Tariff reduction measures	DER	Manager Pricing
1.11 Set competitive Tariff	1.11.15 Establish Uniform System of Accounts	0					Approved Uniform System of accounts	DER	Manager Pricing
1.11 Set competitive Tariff	1.11.16 Review exposure of the ESI to movements in FX and propose measure to reduce FX exposure	0					ESI FX analytical report	DER	Manager Pricing

### 5.3.2 Focus Area 2: Accelerated electricity access and growth in demand

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
2.1 Increase number of connected customers	2.1.1 Develop and approve new connection charges	0					Approved connection charges	DER	Manager Pricing
2.1 Increase number of connected customers	2.1.2 Design policies aimed at accelerated connections	0					Report of connection policies	DER	Manager Pricing
2.1 Increase number of connected customers	2.1.3 Source financing for accelerating new connections	0					Approved budget for connection pre-financing	DER	Manager Pricing

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
2.1 Increase number of connected customers	2.1.4 Undertake mapping for line extensions by distribution companies	0					Approved plan for network extensions	DER	Manager Pricing
2.1 Increase number of connected customers	2.1.5 Implement interconnection code and wheeling agreement	0					Interconnection and Wheeling framework	DTR	MTCM
2.2 Compliance with Quality of Service Standards on access to electricity supply	2.2.1 Monitoring Compliance to connection standards	0					Compliance reports	DER	Manager Pricing
2.2 Compliance with Quality of Service Standards on access to electricity supply	2.2.2 Develop a S-Factor as Part of the Tariff Methodology to enforce Quality of Service	0					Amended Tariff Methodology	DER	Manager Pricing
2.2 Compliance with Quality of Service Standards on access to electricity supply	2.2.3 Revise annual targets of QoS standards on access to electricity supply	0					Revised targets	DTR	MTCM
2.2 Compliance with Quality of Service Standards on access to electricity supply	2.2.4 Receive and review distribution licensee quarterly QoS standards on access reports	0					Review Reports	DTR	MTCM
2.3 Invest in transmission and distribution infrastructure	2.3.1 Identify areas of suppressed demand at LV network, transformer, feeders, and substation levels	0					Report on suppressed demand and re-quired investments	DTR	MTCM
2.3 Invest in transmission and distribution infrastructure	2.3.2 Approved Investments for load growth	0					Approved Load growth Investments	DTR	MTCM
2.3 Invest in transmission and distribution infrastructure	2.3.3 Receive and review Transmission and distribution licensee investment plans on load growth and increased access.	0					Consolidated investment plans	DTR	MTCM
2.3 Invest in transmission and distribution infrastructure	2.3.4 Monitor and audit implementation of licensee network investment plans	24					Report	DTR	MTCM
2.3 Invest in transmission and distribution infrastructure	2.3.5 Identify investments opportunities on the transmission and distribution networks	163					%age of directed investment on consolidated grid plan	DTR	MTCM
2.3 Invest in transmission and distribution infrastructure	2.3.6 Enforce Investment Approval and Verification Regulations	0					100% compliance	DTR	MTCM



Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
2.3 Invest in transmission and distribution infrastructure	2.3.7 Receive and review licensee grid extension applications	0					Analytical report	DTR	MTCM
2.3 Invest in transmission and distribution infrastructure	2.3.8 Ensure compliance with Environmental mitigation measures, conditions and terms of approval.	0					Compliance Report	DTR	ES
2.4 Scheduling and optimizing availability	2.4.1 Review and set target availability	0					Approved Target Availability	DER	Manager Pricing
2.5 Increase Generation Installed Capacity	2.5.1 Review License applications for generation projects	13					Awarded generation Licenses	DTR	MPD
2.5 Increase Generation Installed Capacity	2.5.2 Review technical/Legal aspects of permit and license applications	0					Analytical report	DTR	MPD/ES
2.5 Increase Generation Installed Capacity	2.5.3 Off /On site review of quarterly reports submitted by generation licensees	0					Monitoring Report	DTR	MPD/ES
2.5 Increase Generation Installed Capacity	2.5.4 Monitor the construction of generation projects	20					Monitoring Report	DTR	MPD/ES
2.5 Increase Generation Installed Capacity	2.5.5 Receive, appraise and monitor implementation of generation evacuation projects	0					Analytical report	DTR	MPD/ES
2.5 Increase Generation Installed Capacity	2.5.6 Conduct environmental review of permits and license applications	0					Analytical report	DTR	ES
2.6 Increase customer connections for off-grid licensees	2.6.1 Review the isolated grid regulations	0					Revised Isolated grid regulations	DER	Manager Pricing
2.6 Increase customer connections for off-grid licensees	2.6.2 Review and License off-grid applications	0					Licensed off-grid utilities	DER	Manager Pricing
2.6 Increase customer connections for off-grid licensees	2.6.3 Review technical/Legal aspects of permit and license applications	0					Analytical report	DTR	PPE/ES
2.6 Increase customer connections for off-grid licensees	2.6.4 Off /On site review of quarterly reports submitted by off grid projects	0					Review reports	DTR	MPD/ES
2.6 Increase customer connections for off-grid licensees	2.6.5 Monitor the implementation of off grid projects	0					Implementation reports	DTR	MPD/ES



Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
2.6 Increase customer connections for off-grid licensees	2.6.6 Conduct environmental review of permits and license applications	0					Analytical report	DTR	ES
2.7 Increase number of licensed wiremen and companies	2.7.1 Propose plans on how to increase applications for installation permits and licensed wiremen	0					Report	DTR	MTCM
2.7 Increase number of licensed wiremen and companies	2.7.2 Conduct monthly IPC trainings and interviews	163					Monthly report on IPC trainings and interviews	DTR	MTCM
2.7 Increase number of licensed wiremen and companies	2.7.3 Review licensees performance reports for wiremen and hold disciplinary meetings	0					Performance reports	DTR	MTCM
2.7 Increase number of licensed wiremen and companies	2.7.4 Conduct spot checks of newly wired installations	0					Inspection report on newly wired installations	DTR	MTCM
2.8 Develop uniform industry standards for electrical distribution and installation infrastructure	2.8.1 Monitor compliance with set standards and guidelines on distribution construction; poles, conductors, transformers and metering.	30					Compliance reports	DTR	MTCM
2.8 Develop uniform industry standards for electrical distribution and installation infrastructure	2.8.2 Draft guidelines on regulation of domestic, commercial and industrial electrical wiring practice	0					Approved Guidelines	DTR	MTCM
2.8 Develop uniform industry standards for electrical distribution and installation infrastructure	2.8.3 Collaborate with UNBS to develop distribution and installation network standards for the electricity industry	0					Distribution and installation network standards ESI	DTR	MTCM
2.9 Coordinate industry-wide network planning and development	2.9.1 Conduct quarterly System Planning and Coordination Committee meetings to develop consolidated network plans.	0					Quarterly activity reports	DTR	MTCM
2.9 Coordinate industry-wide network planning and development	2.9.2 Follow up on implementation of SPCC resolutions	0					Resolution report	DTR	MTCM

### 5.3.3 Focus Area 3: Reliable power and increased quality of service

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
3.1 Increase average network availability	3.1.1 Review network outages, loading , constraints and planned big industrial loads	0					Report on the network status	DTR	MTCM
3.1 Increase average network availability	3.1.2 Receive, appraise and monitor implementation of network outage management plans by licensees	0					Approved outage management plan optimizing availability	DTR	MTCM
3.1 Increase average network availability	3.1.3 Monitor implementation and impact of outage management plans	0					100% compliance to approved outage management plan	DTR	MTCM
3.1 Increase average network availability	3.1.4 Receive, appraise and monitor implementation of optimal maintenance plans by licensees.	0					Report on performance with regard to O&M	DTR	MTCM
3.1 Increase average network availability	3.1.5 Carry out site visits to ascertain working state of plant and equipment to maintain set availability level.	20					Status reports	DTR	MTCM
3.2 Optimize reserve margin	3.2.1 Determine optimal generation reserve margin	0					Annual required reserve margin	DTR	MTCM
3.2 Optimize reserve margin	3.2.2 Review and update annual supply vs demand projections highlighting load-supply balance and reserve margin level. Implement recommendations	0					Supply-Demand balance Report	DTR	MTCM
3.3 Reduce frequency and duration of network outages	3.3.1 Set SAIDI and SAIFI reliability targets for licensees	0					Approved reliability targets	DTR	MTCM
3.3 Reduce frequency and duration of network outages	3.3.2 Review outage data and verify the SAIDI and SAIFI for distribution licensees.	0					Outage review report	DTR	MTCM
3.3 Reduce frequency and duration of network outages	3.3.3 Undertake offsite verification and cause analysis of licensees' network reliability	15					Reliability analysis report	DTR	MTCM
3.3 Reduce frequency and duration of network outages	3.3.4 Review network reliability improvement plans from licensees.	0					Reliability improvement plans	DTR	MTCM
3.3 Reduce frequency and duration of network outages	3.3.5 Propose reliability improvement projects	0					Proposed reliability improvement projects	DTR	MTCM
3.3 Reduce frequency and duration of network outages	3.3.6 Track impact of investments made with impact with reliability improvement	0					Analysis reports	DTR	MTCM
3.3 Reduce frequency and duration of network outages	3.3.7 Monitor and report on implementation of network reliability improvement plans.	0					Implementation reports	DTR	MTCM

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
3.4 Compliance with Quality of Service Standards	3.4.1 Review distribution licensee quality of service standards	0					Compliance reports on DISCOs performance	DTR	MTCM
3.4 Compliance with Quality of Service Standards	3.4.2 Receive and review distribution licensee quarterly customer service reports	0					Review reports	DTR	MTCM
3.4 Compliance with Quality of Service Standards	3.4.3 Propose measures for the licensee to improve compliance with QoS	0					Improvement initiatives	DTR	MTCM
3.4 Compliance with Quality of Service Standards	3.4.4 Hold Grid Code committee meetings and workshops	163					Meeting minutes	DTR	MTCM

#### 5.3.4 Focus Area 4: Stakeholder Management

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
4.1 Improve management of stakeholder expectations	4.1.1 Implement the ERA Stakeholder Engagement Plan	698					Activity Reports	DCPA	MCA
4.1 Improve management of stakeholder expectations	4.1.2 Conduct a Stakeholder Satisfaction Survey						Stakeholder Satisfaction Survey Report	DCPA	MCA
4.1 Improve management of stakeholder expectations	4.1.3 Promote the New ERA Brand						Brand Awareness Survey Report	DCPA	MC
4.1 Improve management of stakeholder expectations	4.1.4 Review and Implement the ERA 3 Year Corporate Social Investment Policy and Annual Plan						Approved CSI Policy and Plan, CSI Activity Reports	DCPA	MC
4.1 Improve management of stakeholder expectations	4.1.5 Implement the Consumer Awareness and Advocacy Activities						Consumer Awareness and Advocacy Activity Reports	DCPA	MCA
4.1 Improve management of stakeholder expectations	4.1.6 Participate in Regional Cooperation activities	336					Activity reports	DFS	MCP
4.2 Improve ERA's Communication with Stakeholders	4.2.1 Review the ERA Communication Strategy						Approved ERA Communication Strategy	DCPA	MC
4.2 Improve ERA's Communication with Stakeholders	4.2.2 Implement Communication Strategies for Internal and External Stakeholders	357					Activity Reports, Media Presence	DCPA	MC
4.2 Improve ERA's Communication with Stakeholders	4.2.3 Profiling of the Chief Executive Officer						Media Presence, Activity Reports, Increased Engagement by Stakeholders	DCPA	MC

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
4.2 Improve ERA's Communication with Stakeholders	4.2.4 Review and Publish ERA Information Education Communication (IEC) Materials						Reviewed and Published IEC Materials	D CPA	MC
4.2 Improve ERA's Communication with Stakeholders	4.2.5 Develop and Implement an Annual Social Media Management Plan						Approved Social Media Management Plan and Activity Reports	D CPA	MC
4.3 Promote Electricity Consumer Protection	4.3.1 Monitor and Enforce the Implementation of Consumer Protection Guidelines and Regulations						Monitoring Reports	D CPA	MCA
4.3 Promote Electricity Consumer Protection	4.3.2 Resolve residual consumer complaints						Complaints Handling Reports	D CPA	MCA
4.3 Promote Electricity Consumer Protection	4.3.3 Monitor Compliance of Distribution Licensees to the Quality of Service Standards						Compliance Monitoring Reports	D CPA	MCA
4.3 Promote Electricity Consumer Protection	4.3.4 Develop and Implement the Monitoring Tool for Complaints Handling by Distribution Licensees						Approved Complaints Handling Monitoring Tool	D CPA	MCA

### 5.3.5 Focus Area 5: Governance, Risk and Compliance Management

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
5.1 Improve Corporate Governance effectiveness for Licensees	5.1.1 Enact/establish corporate governance framework for electricity utilities	0					Enacted Electricity (Corporate Governance) Regulations	DLAA	MLSC
5.1 Improve Corporate Governance effectiveness for Licensees	5.1.2 Review and conduct legal, technical, commercial and financial due diligence on the governance structures of applicants	0					Legal assessment or due diligence report on the governance structures of applicants	DLAA	MLSC
5.1 Improve Corporate Governance effectiveness for Licensees	5.2.3 Process applications for transfer of licenses	0					Authority decisions in respect of applications for transfer of license	DLAA	MLSC
5.2 Monitor and enforce compliance of Licensees to Electricity Act, other relevant Laws, Regulations, Guidelines and License Terms and Conditions	5.2.1. Conduct legal, technical, commercial and financial reviews on Licensees and Permit Holders.	0					Report on licensee's compliance with the laws and license obligations.	DLAA	MLSC



Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
5.2 Monitor and enforce compliance of Licensees to Electricity Act, other relevant Laws, Regulations, Guidelines and License Terms and Conditions	5.2.2. Conduct periodical inspection of Licensees	134					Inspection Reports.	DLAA	MLSC
5.2 Monitor and enforce compliance of Licensees to Electricity Act, other relevant Laws, Regulations, Guidelines and License Terms and Conditions	5.2.3 Take enforcement actions against non-compliant licensees	0					Report on Enforcement Actions Taken	DLAA	MLSC
5.2 Monitor and enforce compliance of Licensees to Electricity Act, other relevant Laws, Regulations, Guidelines and License Terms and Conditions	5.2.4 Conduct IT reviews on Licensees and Permit Holders	0					Licensee IT risk assessment report	DLAA	MIMT
5.2 Monitor and enforce compliance of Licensees to Electricity Act, other relevant Laws, Regulations, Guidelines and License Terms and Conditions	5.2.5 Carry out statutory inspections of licensees to determine network status and level of licensees compliance	134					Statutory inspection reports	DTR	MTCM/ES
5.2 Monitor and enforce compliance of Licensees to Electricity Act, other relevant Laws, Regulations, Guidelines and License Terms and Conditions	5.2.6 Review annual compliance statements of licensees for Technical compliance	0					Licensee annual technical Compliance review reports	DTR	MTCM/ES
5.2 Monitor and enforce compliance of Licensees to Electricity Act, other relevant Laws, Regulations, Guidelines and License Terms and Conditions	5.2.7 Monitor and enforce compliance with environmental obligations	0					Compliance reports	DTR	ES

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
5.2 Monitor and enforce compliance of Licensees to Electricity Act, other relevant Laws, Regulations, Guidelines and License Terms and Conditions	5.2.8 Collaboration with relevant lead agencies in environmental management	0					Collaboration reports	DTR	ES
5.2 Monitor and enforce compliance of Licensees to Electricity Act, other relevant Laws, Regulations, Guidelines and License Terms and Conditions	5.2.9 Develop and enforce performance standards for the generation, transmission and distribution of electricity	0					Performance benchmarks	DFS	MFS
5.2 Monitor and enforce compliance of Licensees to Electricity Act, other relevant Laws, Regulations, Guidelines and License Terms and Conditions	5.2.10 Implement and rollout the Uniform System of Accounts	0					Compliance reports	DFS	MFS
5.3 Monitor and enforce compliance of staff to laws, policies and procedures	5.3.1 Prepare internal compliance checklist for staff	0					Updated checklist on internal compliance	DLAA	LO
5.3 Monitor and enforce compliance of staff to laws, policies and procedures	5.3.2 Conduct Internal Audit on a quarterly basis and facilitate external Audits.	0					Audit Reports	CEO	MA
5.3 Monitor and enforce compliance of staff to laws, policies and procedures	5.3.3 Develop and implement Risk Management Framework	0					Approved Risk Management Framework	CEO	MA
5.4 Improve Corporate Governance effectiveness for ERA	5.4.1 Align ERA's ICT governance with national information security framework and other leading practices	0					ICT Governance structures established	DLAA	MIMT
5.4 Improve Corporate Governance effectiveness for ERA	5.4.2 Develop and Implement ICT Strategy	0					-Governance structures in place -Online and integrated systems -Integrated database for ERA data -Filled ICT structure -MoU with NITA	DLAA	MIMT

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
5.4 Improve Corporate Governance effectiveness for ERA	5.4.3 Develop annual corporate business plan and work plans	140					Approved annual business plan and work plan	DFS	MCP
5.4 Improve Corporate Governance effectiveness for ERA	5.4.4 Review and assess ERA's quarterly performance	0					Quarterly Performance reports	DFS	MCP
5.4 Improve Corporate Governance effectiveness for ERA	5.4.5 Prepare the Authority's annual report	0					Published annual report	DFS	MCP
5.4 Improve Corporate Governance effectiveness for ERA	5.4.6 Develop and implement the Authority's Board manual and activities						Approved Board manual	DLAA	MLSC
5.4 Improve Corporate Governance effectiveness for ERA	5.4.7 Undertake a Board self-assessment of Governance structures						Assessment report	DLAA	MLSC
5.4 Improve Corporate Governance effectiveness for ERA	5.4.8 Maintain an effective financial internal control system to ensure proper accountability and compliance to legal and statutory obligations	0					Monitoring and Compliance reports	DFS	MFS
5.4 Improve Corporate Governance effectiveness for ERA	5.4.9 Develop monitoring and evaluation Framework	0					Approved monitoring and evaluation framework	DFS	MCP
5.5 Ensure ERA has a professionally run Internal Audit function	5.5.1 Develop and implement the internal audit plan	60					Approved internal audit plan and quarterly reports	CEO	MA
5.5 Ensure ERA has a professionally run Internal Audit function	5.5.2 Develop Internal audit manual	0					Approved Internal audit manual	CEO	MA
5.5 Ensure ERA has a professionally run Internal Audit function	5.5.3 Develop SOPs for the Internal Audit function in line with the IA manual	0					Approved Internal audit SOPs	CEO	MA
5.5 Ensure ERA has a professionally run Internal Audit function	5.5.4 Develop an ERA Internal Audit strategy	0					Approved ERA Internal Audit strategy	CEO	MA
5.5 Ensure ERA has a professionally run Internal Audit function	5.5.5 Develop a quality assurance and improvement program for the Internal Audit.	0					Quality assurance and improvement program for Internal Audit at ERA.	CEO	MA

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
5.5 Ensure ERA has a professionally run Internal Audit function	5.5.6 Introduce and implement Internal audit supporting tools	0					Implemented audit tool	CEO	MA

### 5.3.6 Focus Area 6: People, Processes and Tools for Institutional Sustainability

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
<b>People</b>									
6.1 Attract competent people	6.1.1 Design and implement programs for proactive talent attraction and acquisition e.g. career fairs at top Universities						Right people at all levels within the structure	CEO	MHRA
6.2 Manage employee attrition	6.2.1 Review and align organizational structure to Institution growth needs						Re-aligned organizational structure	CEO	MHRA
6.3 Increase Employee satisfaction	6.3.1 Conduct employee satisfaction survey	0					Survey report	CEO	MHRA
6.3 Increase Employee satisfaction	6.3.2 Develop and implement employee satisfaction initiatives and schedule plan	328					Enhanced employee satisfaction	CEO	MHRA
6.3 Increase Employee satisfaction	6.3.3 Conduct job evaluation, analysis, grading and salary structure review						Job evaluation report	CEO	MHRA
6.3 Increase Employee satisfaction	6.3.4 Implement and maintain AS/NZ 1438 for OHS (Occupational Health & Safety) certification						Occupational Health & Safety certification	CEO	MHRA
6.3 Increase Employee satisfaction	Design and build a new Corporate building	6,202					Corporate building	CEO	DFS
6.4 Increase knowledge transfer index	6.4.1 Schedule and conduct internal knowledge transfer plan	0					Enhanced knowledge data bank	CEO	MHRA
6.4 Increase knowledge transfer index	6.4.2 Develop knowledge management framework	0					Approved Knowledge management Framework	CEO	MHRA
6.5 Increase Employee compliance levels	6.5.1 Identify all key policies and procedures and create awareness	0					Policy repository	CEO	MHRA
6.5 Increase Employee compliance levels	6.5.2 Monitor and enforce compliance in accordance with approved policies and procedures	0					Compliance report	CEO	MHRA
6.6 Enhance Employee innovativeness	6.6.1 Develop and implement an innovation framework	0					Approved innovation framework	CEO	MHRA

Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
6.7 Increase Employee productivity	6.7.1 Align staff work plans to the corporate work plan						Aligned staff work plans	CEO	MHRA
	6.7.2 Implement effective performance management system						Appraisal reports	CEO	MHRA
6.8 Implement Employee value award system	6.8.1 Develop and implement employee value award framework						Number of awards	CEO	MHRA
6.9 Enhance staff development and training	6.9.1 Develop and implement staff training plan based on staff needs assessment	1,084					Number of staff trained	CEO	MHRA
<b>Process</b>									
6.10 Monitor and enforce compliance to SOPs	6.10.1 Review and update core SOPs and communicate to all	0					Updated SOPs	DFS	MCP
6.10 Monitor and enforce compliance to SOPs	6.10.1 Perform compliance reviews against SOPs	0					Compliance review reports	DFS	MCP
6.11 Obtain and maintain ISO certification	6.11.1 Become ISO 9001 certified	100					ISO 9001 certification in place	DFS	MCP
6.11 Obtain and maintain ISO certification	6.11.2 Maintain ISO 9001 certification	0					Passed annual compliance review	DFS	MCP
6.12 Increase Process Automation	6.12.1 Identify core processes and provide integrated online services to stakeholders	3,500					Core processes automated	DLAA	MIMT
<b>Infrastructure</b>									
6.13 Strengthen and secure ICT infrastructure, systems and services	6.13.1 Acquire and maintain reliable and scalable computing and communication infrastructure	482					System availability KPIs attained	DLAA	MIMT
6.13 Strengthen and secure ICT infrastructure, systems and services	6.13.2 Secure Critical ICT infrastructure and systems	0					Reduced security incidents	DLAA	MIMT
6.13 Strengthen and secure ICT infrastructure, systems and services	6.13.3 Enhance availability of business systems and ensure ability to recover from disaster affecting critical ICT systems	0					System availability KPIs attained	DLAA	MIMT



Performance Area	Activities	Cost (Ugx'm)	Q1	Q2	Q3	Q4	Key output / KPI	Lead	Champion
6.14 Strengthen data management and information sharing across board	6.14.1 Develop and maintain an up-to-date sector statistical database	0					Up-to-date sector statistical DB in place	DLAA	MIMT
6.14 Strengthen data management and information sharing across board	6.14.2 Set up accurate and relevant information resources to both internal and external stakeholders	0					Timely information availability	DLAA	MIMT
<b>Finance</b>									
6.15 Attain Financial sustainability	6.15.1 Identify potential income sources for ERA as per the Act and make revenue projections	0					Revenue projections in place	DFS	MFS
6.15 Attain Financial sustainability	6.15.2 Optimize potential income sources identified in 6.17.1 and achieve the targeted projections	0					Cost to income targets attained	DFS	MFS
6.16 Optimize resource utilization	6.16.1 Develop and implement a budget that is aligned to the strategy and work plans	0					Budget performance	DFS	MFS
6.16 Optimize resource utilization	6.16.2 Update and implement asset management policy	683					Updated policy outcomes / objectives attained	DFS	MFS
6.16 Optimize resource utilization	6.16.3 Implement automated asset tracking systems for effective accountability	0					Automated asset tracking systems in place	DFS	MFS
6.17 Ensure Value for Money-Economy	6.17.1 Develop and implement annual procurement and disposal plan aligned to the approved budget	0					Timely procurements and disposals in line with plan	CEO	MPDU
6.17 Ensure Value for Money-Economy	6.17.2 Develop and maintain a pre-qualified list of providers	0					All sourcing is done from pre-qualified providers	CEO	MPDU
6.18 Ensure Value for Money - Efficiency	6.17.3 Conduct procurement awareness to different stakeholders	0					Timely implementation of the planned procurement processes	CEO	MPDU
6.19 Ensure Value for Money - Effectiveness	6.17.4 All procurements have clear set objectives and are met	0					User satisfaction as measured by zero rejected deliveries	CEO	MPDU

## 5.4 What capabilities must we have?

Table 11: Systems we need per Pillar?

How we will win	Capabilities needed	Status ( Available ✓ Not available ☒)/ comment	Cost Ugx'm		Next Action / activity and by when	Who is responsible
			One off	Monthly		
<b>All focus areas</b>	1. Effective staffing (People Agenda (attract and retain best talent))	✓	See bud- get	See budget	Ongoing staff training	MHRA
	1. Data management (research, analysis, interpretation and reporting)	✓	-d0-	-do-	To be procured	DLAA
	2. Teamwork and result oriented performance	✓	-do-	-do-	Team building initiatives in work plan	MHRA

## 5.5 The management systems we need

Table 12: Management systems needed

How we will win	What system do we need to be preferred brands	Status (Available ✓ Not available ☒)/ comment	Cost Ugx'm		Next Action / activity and by when	Who is responsible
			One off	Monthly		
<b>All focus areas</b>	1. Enterprise Resource Planning (ERP)	☒	See budget	See budget	See work plan	DLAA
	2. Regulatory Management Information System	☒	See budget	-do-	See work plan	DLAA
	3. ISO certifications and SOPs for key processes	☒	See budget	-do-	See work plan	DFS
	4. Risk Management Framework	✓	See budget	-do-	See work plan	DFS

## 5.6 ERA's Budget to Implement the Business Plan

The Business Plan activities have been aligned to the ERA budget to enable execution.

Table 13: FY 2017-2018 AND 2016-2017 BUDGET AGAINST 2015-2016 ACTUALS

Details	Budget (Ugx)	Budget (Ugx)	ACTUAL (Ugx)	Change
<b>REVENUE</b>	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015-2016</b>	
License Fees	17,687,674,505	12,735,880,440	10,364,598,539	39%
Levy	4,765,159,363	4,450,101,785	3,876,792,461	7%
Application fees	445,255,000	326,707,200	682,279,647	36%
Installation Permits	132,224,400	121,205,700	152,577,839	9%
Interest Revenues	77,000,000	86,800,000	243,863,642	-11%
Rental Income	-	-	91,547,085	
<b>TOTAL REVENUE</b>	<b>23,107,313,268</b>	<b>17,720,695,125</b>	<b>15,411,659,213</b>	<b>30%</b>
<b>Details</b>	July-June Budgets (Ugx)			
<b>EXPENDITURE</b>	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015-2016</b>	
Staff Costs	10,158,766,077	8,381,879,035	7,225,643,156	21%
Board Expenses	1,102,487,300	1,045,196,000	1,024,991,350	5%
Stakeholder	1,391,034,400	1,353,658,400	1,014,098,880	3%
General Admin	1,406,666,079	1,131,174,430	1,245,361,664	24%
Training & Conferences	1,083,530,038	952,259,091	1,052,595,531	14%
Consultancy & Strategic Focus	865,818,499	894,750,000	414,764,692	-3%
Monitoring and Compliance	896,620,000	832,975,500	475,988,102	8%
<b>Sub-total</b>	<b>16,904,922,394</b>	<b>14,591,892,456</b>	<b>12,453,443,375</b>	<b>16%</b>
<b>Non Recurrent</b>				
Capital Expenditure	6,202,390,874	3,124,304,000	615,326,973	99%
<b>TOTAL EXPENDITURE</b>	<b>23,107,313,268</b>	<b>17,716,196,456</b>	<b>13,068,770,347</b>	<b>30%</b>
Budget reserve/(deficit)	0	4,498,669	2,342,888,865	
<b>TOTAL BUDGETS</b>	<b>23,107,313,268</b>	<b>17,720,695,125</b>	<b>15,411,659,213</b>	<b>30%</b>

## 5.7 Key Assumptions

The following assumptions have been made in developing the scorecard:

- a) The macro-economic factors (exchange rate, inflation and fuel prices) are stable in the short to medium term.
- b) The sector can attract sufficient levels of financing to invest in the network.
- c) ERA can raise sufficient levels of revenue to finance the business plan.
- d) Investments in generation will follow the approved least cost generation plan.
- e) Licensees will meet agreed performance targets and will comply with applicable laws and regulations.
- f) ERA will have sufficient human resources to implement the business plan.

## 5.8 Risk Analysis

Table 14: ERA Risk Analysis

#	Strategic Outcome	No.	Risk Caption	Risk Description	Risk Rating	Mitigation
1	Affordable Tariff	1.1	Unstable macro-economic factors	Inflation, exchange rates, and fuel prices which have an impact on the tariff may be unstable in the long run	High	Quarterly tariff adjustment mechanism to adjust for changes in exchange rates, inflation and fuel prices
		1.2	Non-technical losses	The distribution and transmission companies may fail to reduce energy losses. This may lead to an increase in prices.	High	Determine energy loss trajectories for distribution and transmission companies.
		1.3	Increased sector costs	Increased sector investments may increase prices as these costs will have to be eventually recovered through the tariff	Extreme	Consider other sources of financing which don't adversely impact the tariff, e.g. concession financing.
		1.4	Low energy demand	In the short run capacity outstrips demand since major projects like Karuma and Isimba are expected online within the next 3 years. This implies that the unit price of power will be higher.	High	Develop connection policies to increase access and demand. Set connection targets for distribution companies

#	Strategic Outcome	No.	Risk Caption	Risk Description	Risk Rating	Mitigation
		1.5	Lack of enabling legal and regulatory framework to curb vandalism and power theft.	The Electricity Act 1999 has minor penalties for power theft and vandalism.	Low	Proposed amendment of Electricity Act
		1.6	Failure of licensees to meet set performance targets	Licensees may feel to meet performance targets which a bearing on prices for instance (energy losses, collection rates, etc.). This will increase sector costs and drive up prices.	Low	Standardized reporting requirements. Regular monitoring and inspection of licensees. Enforcement framework.
2	Accelerate electricity access and grow demand	2.1	Inadequate Sector funding	Increase in access and demand requires a lot of funding. The sector may be unable to raise the required capital at the right time	High	Consider other sources of financing which don't adversely impact the tariff, e.g. concession financing.
		2.2	Lack of enabling legal and regulatory framework on new connections	The current policy and legal framework is not sufficient to accelerate access and demand	Low	Develop connection policies to increase access and demand. Set connection targets for distribution companies
		2.3	Low income levels	People may not be able to pay for power because of low income levels	Medium	-Partnerships with development partners to give free connections (e.g. OBA program) -Sensitization of communities on productive use of power.
3	Reliable power supply and improved quality of Service	3.1	Failure of licensees to comply with Quality of Service Standards	Licensees may fail to comply with Quality of Service standards for a number of reasons.	Low	Standardized reporting requirements. Regular monitoring and inspection of licensees. Enforcement framework.
		3.2	Inability of sector to attract funding to invest in network rehabilitation	Licensees may fail to raise adequate funds to invest in rehabilitating dilapidated networks.	High	Consider other sources of financing which don't adversely impact the tariff, e.g. concession financing.
4	Stakeholder management	4.1	Low stakeholder awareness levels	Low awareness levels may cause ERA to lose influence among its key stakeholders.	Low	implement Stakeholder management strategy

#	Strategic Outcome	No.	Risk Caption	Risk Description	Risk Rating	Mitigation
5	Strong governance, risk and compliance management	5.1	Failure of licensees to comply with applicable laws	Licensees may fail to comply with applicable laws	Medium	Standardize reporting requirements Regular monitoring and inspection of licensees. Enforcement framework for non-compliance
		5.2	Institutional sustainability of licensees	Weak governance structures in some of the licensees may cause them to go out of business (e.g. Ferdsult which recently collapsed)	Medium	Standardize reporting requirements Regular monitoring and inspection of licensees. Enforcement framework for non-compliance
		5.3	Failure to comply with internal policies and procedures	Staff may fail to comply with internal policies and procedures. This might imply that ERA is unable to deliver a quality service which meets customer expectations	Medium	Regular compliance monitoring and enforcement
6	People, Processes and Tools for institutional sustainability	6.1	Staff retention	ERA may find it difficult to attract and retain qualified staff because of increased competition for skilled staff from the market	Medium	Implement retention and succession strategy
		6.2	Resource constraints	Lack of adequate resources to undertake all of the activities. ERA is currently dependent on the tariff to raise most of its revenues. There is a risk that policy directives aimed at reducing the tariff may mean that these revenues might be reduced	Extreme	Develop and implement funding strategy
		6.3	Work space constraints	The current office premises are inadequate to accommodate increasing staff numbers	Medium	Design and build new Corporate Head Office
		6.4	Manual processes and lack of integrated IT systems	Most of ERA's processes are currently manual and the existing systems are not integrated. This implies internal inefficiencies in delivering services to our customers	Medium	-Develop and implement a Regulatory Information Management System -Obtain ISO 9001 Certification -Integrate IT systems through an ERP
		6.5	Low staffing levels	ERA's approved structure is only filled up to 70%. This implies that ERA may not be able to deliver all its intended activities	Medium	Perform an HR structure review and implement changes



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**Sustainable Electricity Supply**