



UEDCL
Lighting up your world

**LAA BUDGET APPLICATION
FOR FY2023/2024**

8th December 2022





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Background:

01

UEDCL is licensed by the Electricity Regulatory Authority - License number 53 as an asset owner of the assets leased to Umeme under the Lease and Assignment Agreement (LAA).

Subsequent amendments to this license permit UEDCL to operate the pole plant, UEDCL Towers, project construction as well as retail power distribution on network lines.

02

03

The LAA was signed in 2005 and placed UEDCL as a representative of the Government of Uganda. UEDCL owns the distribution assets and monitors Umeme Ltd.'s performance and operation of the distribution assets and best utility practices.



Background continued:

04

In addition, UEDCL signed an MOU with West Nile Rural Electrification Company Limited (WENRECO) on behalf of the Government of Uganda to monitor the West Nile concession under a similar arrangement.

The LAA and Section 9(2) of the asset ownership license (as amended), require UEDCL to submit to the Authority its annual budget estimates for approval and incorporation into the tariff.

05

Methodology:

● Debt service

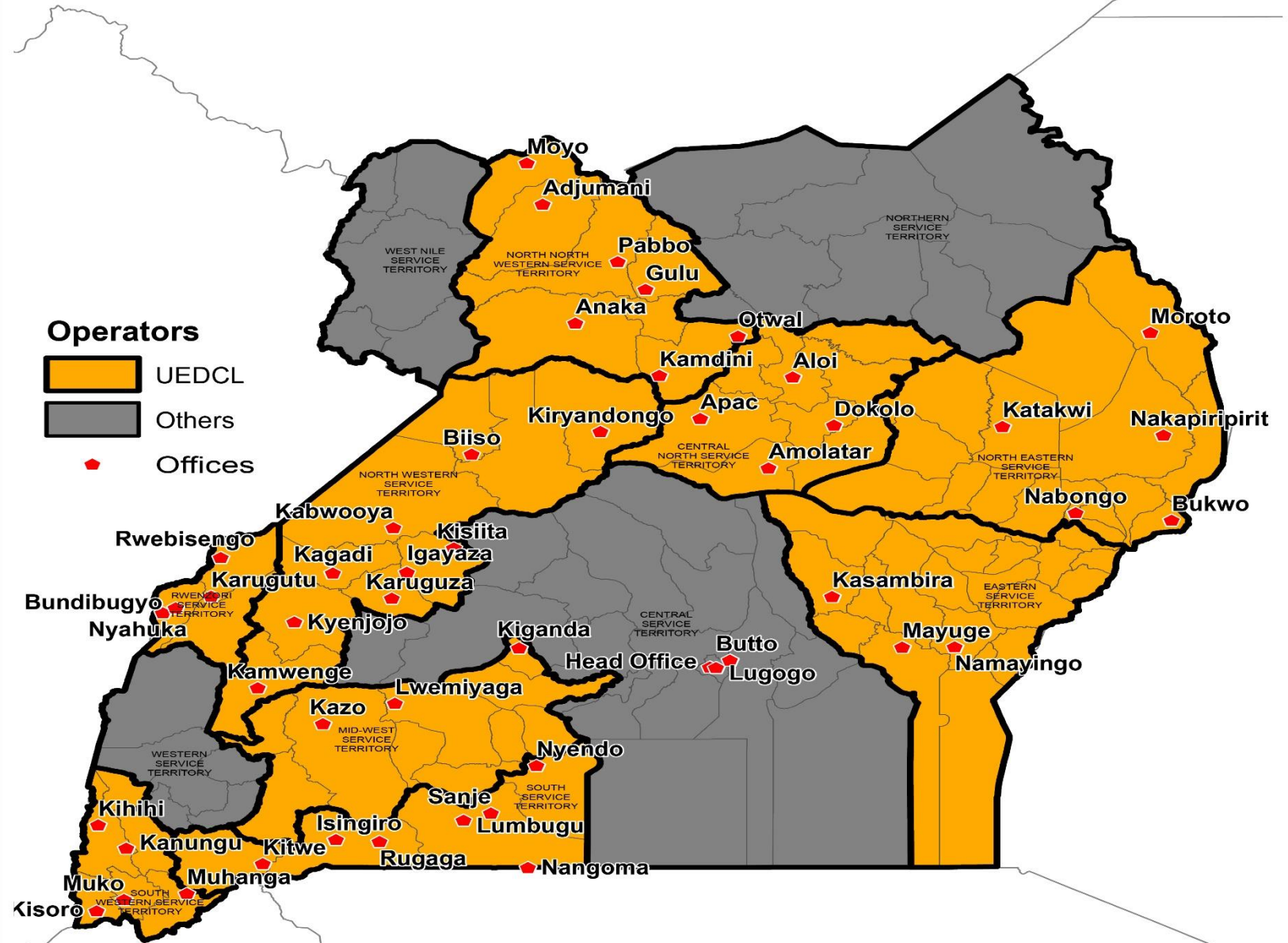
● Return on equity

● Administration fees

● Depreciation



Our footprints:



Strategic Direction



2023 - 2024

Forth year of the corporate strategic plan

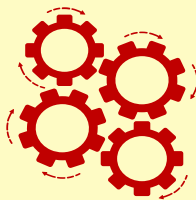
Strategic focus areas:



Business growth and sustainability – Create self sustainable business units with individual capital growth.



Customer service excellence – achieve improved supply and quality of service.

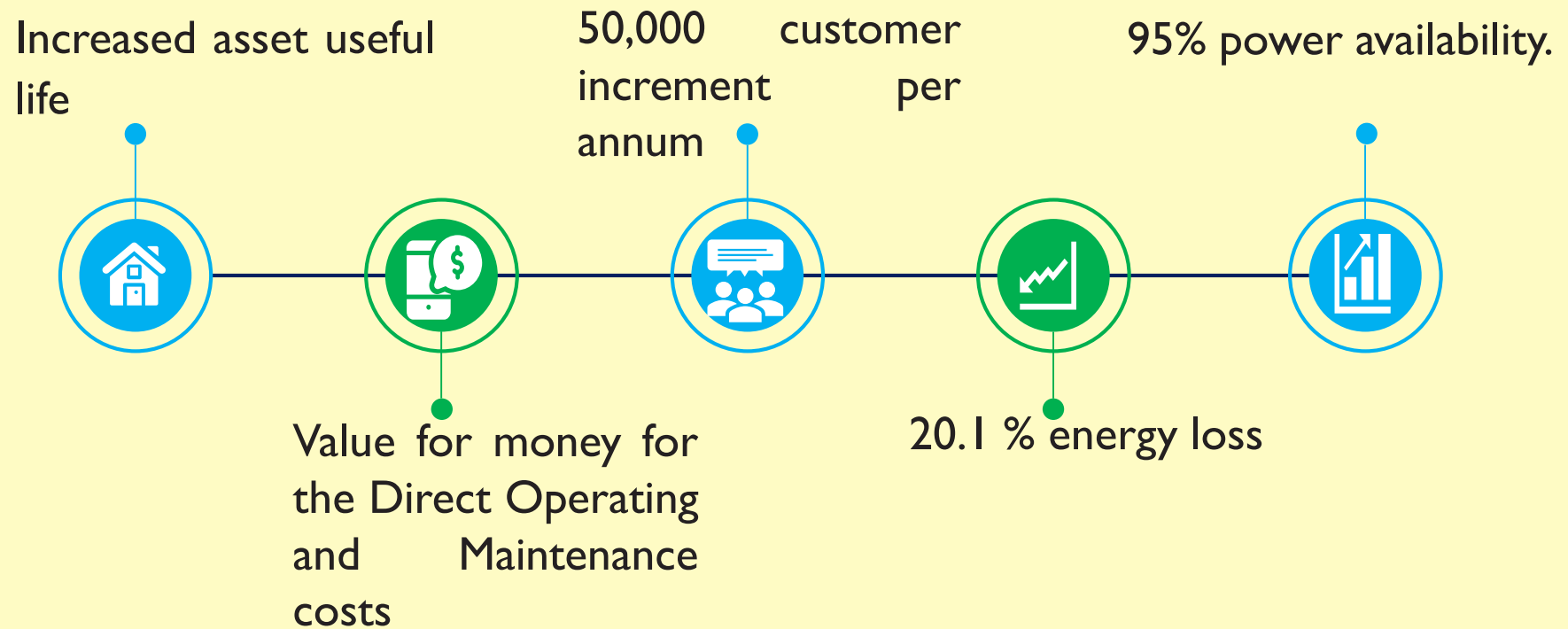


Operational efficiency – reduced input through improved processes and motivated staff.



Strategic Direction continued:

Deliverables:



Strategy deliverables continued.....

100% regulatory and statutory compliance



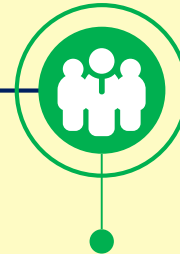
Poles production of 100,000 p.a.



10% Earnings Before Interest Tax & Amortization (EBITDA)



Staff count of 567





FY 2023/24 DETAILED TARIFF APPLICATION



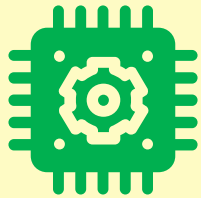
FY 2021/22 Performance Highlights:



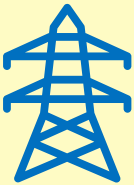
The low voltage network grew by 26% and the medium voltage network by 9%.



Customer base – cumulative customer count - 96,969 (6,951 new connections).



Distribution transformers - increased by 435 to a total of 3,221.



Power availability - recorded average availability of 92%.



FY 2021/22 Performance Highlights...Continued

Safety, Health & Environment:



- Public safety campaigns were conducted.
- Staff and contractors' trainings conducted.



- Continued to support out growing scheme with 28 out growers and approx. 344,400 eucalyptus trees.
- Disposal of recovered poles from the network – a recycle method was introduced during the year allowing farmers to reuse the poles strictly for fencing.



- ERA approved target was 20.1%.
- The company incurred an actual energy loss of 25% plus an 18% evacuation loss. This was attributed to 9 mini dams on our network.



2021/2022 Budget Performance Review:

- ERA approved a budget of UGX 8.4 billion.
- The summary below outlines the company performance for the FY 2021/22 in comparison to the approved budget by the Authority.

Expense Line	Actual FY 2021/2022 (A)	Budget FY 2021/2022 (B)	Budget FY 2022/2023 (C)	Variance (A-B)
Direct staff costs	4,736,814	5,725,532	5,846,133	17%
Other Staff Costs	627,437	809,166	858,131	22%
Total Staff Costs	5,364,251	6,534,698	6,704,264	18%
Repairs and maintenance costs	64,159	78,600	81,700	18%
Transport costs	280,733	194,500	199,752	(44%)
Administration costs	1,557,265	1,593,509	1,594,983	2%
Total	7,266,408	8,401,307	8,580,699	13%

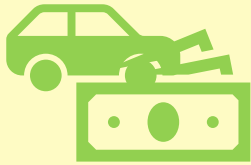


2021/2022 Budget Performance Review continued...



Staff costs: Total spend was 18% below budget.

This was majorly attributable to vacant positions that were pending approval from the Ministry of Public Service.



Transport costs: the company spent over the budget by 44%.

The major cause of this was the aging fleet and impact of high fuel prices.



Administration costs: A 2% budget saving was realized.

This is mainly in relation to; software support costs, legal expenses and third-party claims.



Budget Approval – FY 2022 / 23



**Ushs 8.05
Billion**
Considered and
Approved by
ERA



Budget approval
was given against
an application of
Ugx 42 Billion



The approval was
premised on inflation
adjustment of 2.7%,
staff, transport, and
administrative costs &
capital expenditure.



One quarter of
this financial year
has so far been
implemented.



FY 2023/24 BUDGET APPLICATION:

The major consideration in this application is the monitoring costs required for UEDCL to competently execute its role as per the LAA and WENRECO O&M agreement.

This work plan has incorporated additional tasks to be carried out as the expiry of the concession draws close;

- Consultancies for specialized skills shall be necessary
- Monitoring activities shall intensify.



FY 2023/24 BUDGET APPLICATION:

The overall LAA application for funding through the tariff is **UGX 42,985,790**

Cost Description	Approved 2022/2023	Application 2023/2024	Variance
	Ushs'000	Ushs'000	
Employment	6,704,263	10,392,068	(55%)
Administration	1,828,983	13,337,995	(629%)
Transport and travel	199,752	457,580	(129%)
Repair and maintenance	81,700	123,893	(52%)
Capital requirements	43,000	1,205,800	(2704%)
TOTAL	8,857,698	25,517,336	(88%)
Less other Income	(16,500)	(16,500)	0%
Less management fees	(1,210,000)	0	100%
Administrative Charge	7,631,198	25,500,836	(234%)
Depreciation Requirement as per the LAA	-	14,268,954	(100%)
Registration fees to URSB	-	3,216,000	(100%)
Total LAA Requirement	7,631,198	42,985,790	(463%)



FY 2023/24 Budget Application - Staff costs:

The 2023/2024 application has a 55% Increase in comparison to the 2022/2023 budget due to the following reasons.

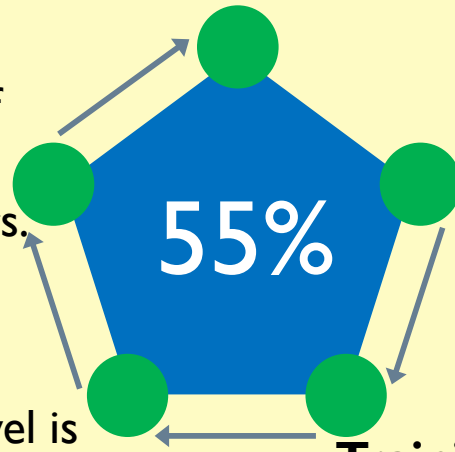
A **10% inflationary adjustment** applied to the approved FY2022/2023 budget.

Provision for **recruitment** of five staff in line with the 2020/21 – 2024/25 Strategic Plan; 3 Managers and 2 officers.

Medical cost is in anticipation of increase in staff numbers and dependents.

Subsistence allowance: Increased travel is anticipated as the concession comes to an end.

Training: this shall enable bridge identified skills gaps and meet projected new business requirements.



FY 2023/24 Budget Application - Administration costs:

This application has a 30% Increase as compared to the 2022/2023 approved budget due to:

Concession monitoring:

The scope of supervision and monitoring is expected to increase in readiness for the concession expiry.

Directors' allowances and expenses:

The 3 previously vacant Board positions were filled. The cost now includes Board allowances and training for a full Board – 8 members.

Consultancy:

As a requirement in the LAA, assessment of the status of the distribution network must be done as the concession comes to an end. Technical support has been provided for this.

Software Support:

All systems are centrally located at the UEDCL Towers. This cost will enhance seamless access to UEDCL systems regardless of the location and protection of the information.

Third party claims:

This will cater for wayleave costs as a result of disputes arising from property owners



FY 2023/24 Budget Application - Capital Requirements:

No.	Summary description	Amount Ush 000
1	Fleet - 4 Double Cabin Pickups (2 replacements & 2 new acquisitions)	870,000
2	Technical Equipment (6 Insulation resistance testers, 3 clamp on meters & 3 earth resistance testers)	58,500
3	Digital / Virtual Equipment (5 New Laptop computers, 4 laptop replacements, 3 servers, 1 printer, 3 cameras, 6 field tablets)	241,500
4	Furniture (4 Filing Cabinets, 10 Office tables, 11 office chairs & 10 Visitors chairs)	35,800
	Total	1,205,800



FY 2023/24 Budget Application - Other Costs:



Depreciation

In line with the LAA provisions, Ushs 14,269million as a depreciation charge for incorporation into the tariff.

Way leaves

A provision of Ushs 500million has been made for wayleaves resulting from disputes arising from landowners.

Registration fees

The shareholders of UEDCL at its Annual General Meeting held on October 30th 2020, approved and resolved that the registration fees required by Uganda Registration Services Bureau (URSB) for the conversion of UEDCL debt to equity, be made through the tariff. As such, a provision of Ushs 3,216million has been included.



The background of the advertisement features a large, complex piece of industrial machinery, likely a high-voltage switchgear or transformer, with various pipes, valves, and electrical components. The ABB logo is prominently displayed on a white panel on the right side of the machinery. The overall scene is set outdoors, with a building visible in the background.

Thank you

Lighting up your world

Nakasero Road, UEDCL Tower,
6th Floor Plot 37, Kampala-Uganda.
Telephone +256 312 330300
Toll free line: 0800203088

Email: contact@uedcl.co.ug; or check
Website: www.uedcl.co.ug

 [@UEDCL](https://www.facebook.com/uedcl)  [@UEDCLTD](https://www.twitter.com/uedcltd)  www.uedcl.co.ug