Business Daily
A NATION MEDIA PUBLICATION

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Energy. |

Shs1.4 trillion in debts: Unpaid power bills are draining UETCL

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Uganda Electricity Transmission Company Limited (UETCL) is facing a serious receivables problem, and ironically, it started with what looked like its safest customer.

A receivable is simply money someone owes you. UETCL had long sold electricity into a system where payment seemed almost guaranteed. But today, a large part of that money has not come in, and it is now putting pressure on the entire business.

The company's disclosures show UETCL holds Shs1.48 trillion in debts, including unpaid electricity bills, money owed by government entities, advance payments, and other outstanding balances.

Understanding the problem

The biggest part of this problem is Umeme, which holds about Shs597.1b due to UETCL. Some of this money has been outstanding for years, going as far back as 2014.

Part of the issue comes from how payments were structured. About Shs145.8b was withheld by Umeme due to unpaid electricity bills by government ministries, departments, and agencies.

Another Shs96.1b relates to the final invoice for March 2025, part of which has since been settled by UEDCL. But the bigger issue is uncertainty.

After Umeme's concession ended in March 2025, the remaining balance became subject to arbitration. That means UETCL cannot be sure when, or if, all this money will be recovered.

Because of this, the company had to recognise an impairment provision of about Shs484.3b to cover potential losses, effectively assuming that a portion of this money may never be collected.

UETCL faces a mounting debt crisis as unpaid bills, disputes, and delayed payments strain cash flow and drive massive financial losses. PHOTO / FILE

At the company's annual general meeting last Thursday, Energy Minister Ruth Nankabirwa said the matter is "effectively a court process, and I would not want to comment further as the matter is sub judice.

That matter, she said, could be concluded by 2027. Yet, Umeme is only part of the story. UETCL is also owed about Shs356.9b by UEDCL, mainly from unpaid bulk electricity bills dating back to 2019. Some of this money, about Shs35.8b, was withheld due to disputes over energy losses.

The Electricity Regulatory Authority (ERA) later reviewed the matter and ordered UEDCL to refund part of it.

So far, about Shs20.8b has been paid back, but reconciliation is still ongoing.

The dispute points to deeper structural issues in the system, where, in some cases, there are no clear agreements on how electricity is transmitted or wheeled.

But UETCL's infrastructure limitations also contribute to losses.

All of this delays cash coming in, and that matters because UETCL still has to pay power generators, including Independent Power Producers.

When customers delay paying, the company's cash flow becomes strained, making it harder to meet its own obligations.

There is also money owed by government itself.

As of June 2025, government owed UETCL about Shs63.9b, up from Shs47.1b the previous year.

Some of these are very old debts, with some stretching to over 10 years. This creates uncertainty and complicates financial planning. Then there are smaller, but still important, receivables.

UETCL is owed about Shs26.3b from telecom companies for optic fibre services, some of which date back to 2016.

There are also unpaid electricity bills worth about Shs29.6b from smaller and now-defunct distributors like Ferdsult Engineering Services and Kilembe Investments.

Some of these have gone through arbitration and court processes, but payment has still not been completed.

Taken together, these tell that this is a system-wide issue where money moves slowly, disputes take a long time to resolve, and large balances remain outstanding for years.

In effect, these delayed payments are now influencing the entire financial outcome for the national power transmission company.

When customers do not pay on time, cash flow weakens, uncertainty rises, and the company is forced to assume that some of that money may never come in.

That is exactly what happened with the Umeme balance, where one large receivable ended up wiping out profits for the year.

The impact shows up most clearly in how the business performs at its core.

Operating margin, which simply measures how much profit a company makes from its main activities, turned negative.

UETCL's margin fell to minus 23 percent, down from a positive of 7.36 percent the previous year, meaning the company was no longer earning enough from its operations to cover its costs.

A large provision for doubtful debts was booked, mainly linked to unpaid receivables. That single move reversed what would have been an operating profit into an operating loss.

And once that happens, the pressure spreads. A negative operating margin limits the company's ability to meet day-to-day obligations, maintain infrastructure, and invest in expanding the grid.

It also increases reliance on regulatory support, especially when tariffs do not fully reflect operational costs.

The bottom line tells the same story. UETCL reported a net loss of about Shs293.1b, compared to a profit of Shs82.3b the previous year.

The swing was not necessarily driven by weak demand or poor performance, but by impairment on receivables, money earned, but now uncertain.

This matters because lower profits mean fewer resources to reinvest in the network, maintain transmission lines, and support growing electricity demand.

It also raises questions about how the company will fund expansion without additional support. However, UETCL says it is actively pursuing recovery, most especially the Umeme debt.

At the same time, the company is engaging the regulator, ERA, to align tariffs with its actual cost structure.

In his January report, Auditor General Edward Akol said UETCL needs to strengthen revenue collection and speed up recovery of outstanding balances to avoid further cash flow strain.

Until that happens, the company is operating in a difficult position, where it has to deliver electricity every day and record revenue on paper, but a lot of it is not turning into cash, putting profitability under pressure.

Key data

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Shs63.9b

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Shs293.1b

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