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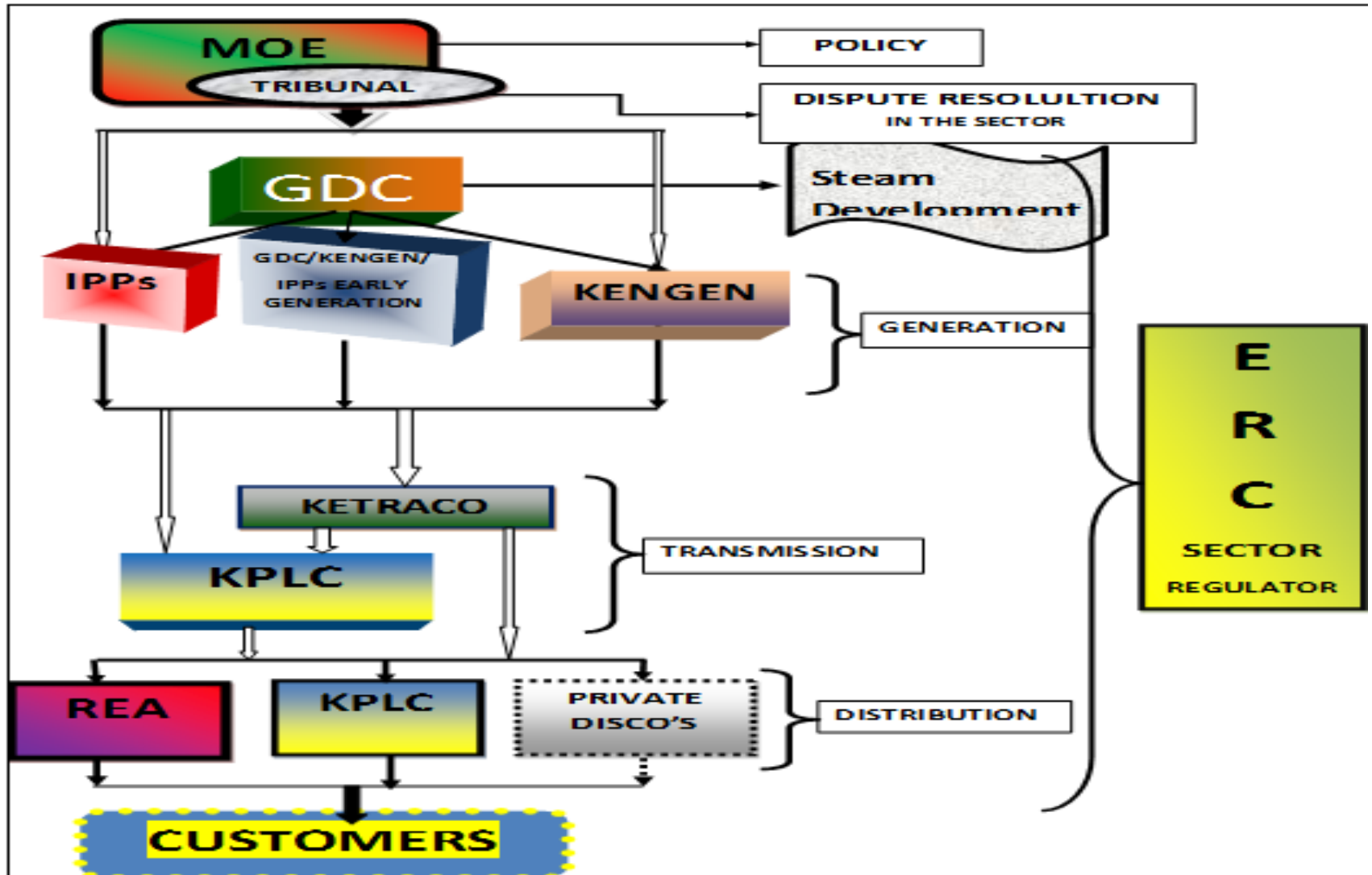
Institutional Approaches to Electrification in Kenya

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Kenya's Power Sector Institutional Set-Up



Institutions Roles in Electrification

- **Ministry of Energy (MOE)** – sectoral policy, supervision and interventions, Sourcing funding for electricity projects and implementation of feed-in-tariff policy
- **Energy Regulatory Commission (ERC)** – Enforcing regulations, licensing power companies, customer protection, approving Power Purchase Agreements and Tariff Reviews
- **Kenya Electricity Generation Company (KenGen)**– Largest electricity generation company that is majority Government owned (70%)
- **The Kenya Power & Lighting Company Ltd. (KPLC)** – Generation at off-grid stations, power purchase, transmission, distribution and retail sales of electricity
- **Rural Electrification Authority (REA)** – Implementation of the Rural Electrification Program (scheme construction)
- **Kenya Electricity Transmission Company Ltd. (KETRACO)** - Development and ownership of new transmission lines
- **Independent Power Producers (IPPs)** – Private sector power generation companies selling bulk power to KPLC (Current IPP's -IberAfrica, Tsavo, Or-power4, Rabai, Mumias and Imenti constituting 25% of the Kenya's installed Capacity)
- **Geothermal Development Company (GDC)** – Wholly Government owned for Steam wells development

Electrification Scale-Up

Institutions' activities in the Scale up Exercise:

● Ministry of Energy

- Facilitating the Kenya Electricity Expansion Project (KEEP) being implemented by MoE, KPLC, KenGen, REA, Ketraco, GDC & ERC

● KPLC

- Maximization projects in areas around the extended grid network to increase access
- Increase capacity, efficiency and quality of electricity supply
- Partial funding of projects under ESRP

● KenGen

- Development of Generation (Geothermal)

● Rural Electrification Authority

- Extending the MV grid to rural areas

● KETRACO

- Provides the transmission network that REA & KPLC can extend downstream

**Due to clear and specific mandate assigned to each player, the roles played by each are complimentary hence minimizing the possibility of conflict.*

Financing Electrification Programs

● Primary Sources of Funding:

● Government & Development Partners

- Funding the RE Schemes: To date KShs 46b (approx US\$ 554m) has been spent comprising 81% internal & 19% external sources
- Funding the Energy Sector Recovery Project (2005 -2012) - Totalling US \$233m from IDA(US\$111.5m) , EIB (Euro 51m), AfD (Euro 25m), NDF (Euro 10m) & KPLC (US\$34m).
- Kenya Electricity Expansion Project (2010 to 2015) funded from IDA (US \$102.2 m) & KPLC (US\$ 29.8m)
- Financing a Revolving Fund for KPLC & REA: AfD financed Euros 4.5m & 1.5 m respectively
 - Pilot in progress targeting 17,500 customers
 - Additional funding for National Revolving Fund under negotiation

Financing Electrification Programs

● KPLC:

- Rights Issue Funding (2011 to 2013) of KShs 9.2b (approx US\$ 111m) for transmission, distribution and prepaid metering
- KPLC Funded Distribution Projects (July 2008 to December 2010) of KShs 3.6b (approx US\$ 43m)
- System Reinforcement Schemes

● Joint KPLC & Customers Contributions

- Group Schemes
- Network Maximization schemes – a standard connection charge levied for areas already served by existing network through:
 - Transformer Maximization
 - Line Maximization
- Peoples' Settlement Electrification Schemes
- Individual Schemes –far away from the grid

Financing Electrification Programs

- **Commercial Banks** – Providing credit facilities to new customers to get connected (StimaLoan):
 - Equity Bank already implemented;
 - 3 other banks(NBK, Family Bank & Co-op Bank) facility under development

Additional Financing

- **Private Sector Participation**

- Generation: Independent Power Producers

- **Subsidies**

- Government subsidises RE & people settlement electrification.
 - No subsidies in the retail tariff
 - In the past, there has been temporary Government Intervention in subsidizing energy eg (60 cents(Kenya) to KenGen to ensure low tariffs to KPLC) and Emergency Generation

Conclusions

- Kenya is keen on Scaling up access of Electricity
- Multi-institutional approach to enhance scale up exists
- The Institutions have clear mandate and complement one another
- There are various Sources for funding electrification starting from generation to end use customer
- Development partners have and will continue to play a key role in financing electrification scale up

A nighttime photograph of a city skyline, likely Chicago, with a prominent lightning bolt striking the sky on the left side. The city lights are visible, and a body of water is in the foreground. The text "Thank You" is overlaid in the center.

Thank You