



# WHAT POWER AFRICA MEANS FOR KENYA

## Kenya Energy Sector Overview

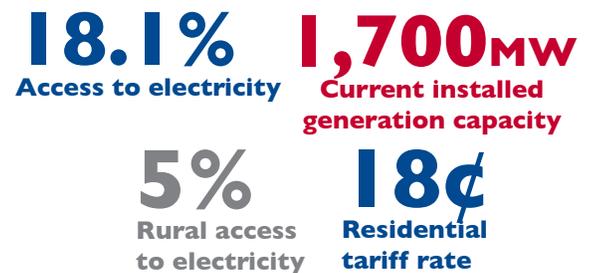
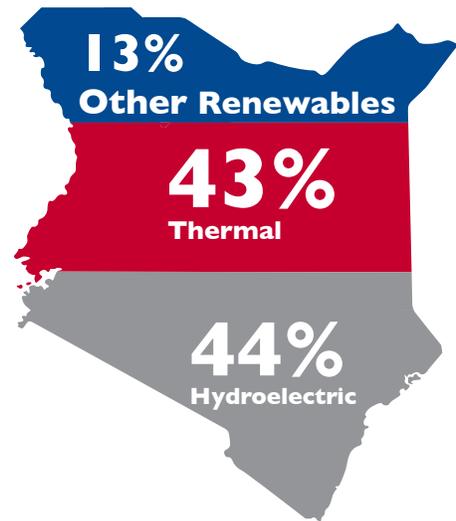
The Government of Kenya has set forth its “Vision 2030,” a program to transform Kenya into a “newly industrializing, middle-income” country. However, Kenya has less than 2,000 MW of generation capacity to serve its population of over 43 million, which constrains economic growth. Kenya is believed to possess over 7,000 MW of undeveloped geothermal energy resources in the Rift Valley. Wind (see transactions below) and biomass energy are also significant potential sources for power generation. Power Africa is helping Kenya reduce reliance on expensive diesel fueled generation and other high cost fossil resources.

Kenya aims to increase generation capacity by 23,000 MW by 2030 and by 5,000 MW by 2016. The Government of Kenya is focused on sustaining a stable investment climate for private sector participation in the sector, developing expanded transmission and distribution networks to deliver power to customers, maintaining a creditworthy off-taker, maintaining cost-reflective tariffs, and reducing inefficiency in the sector to support more affordable end-user tariffs.

In Kenya, Power Africa is supporting the development of the energy sector through financing, grants, technical assistance, and investment promotion. Power Africa is working to mobilize over \$1 billion in private investment for electricity to accelerate geothermal and wind projects. Power Africa also is providing technical experts to identify the least expensive and most effective ways to better integrate clean renewables into Kenya’s energy mix. Through feasibility studies and pilot projects, Power Africa also is helping major infrastructure investments advance and is demonstrating the effectiveness of U.S. technological solutions.

In partnership with General Electric, the African Development Bank, and others, Power Africa awards grants for innovative energy projects. In

## Current Generation Input Mix



Sources: US Energy Information Administration, International Energy Statistics, 2010; World Bank, Databank, 2010; World Bank, Africa Renewable Energy Access Program

## Highlighted Transactions

Name	MW	Type of Transaction	Value (USD Million)	Timeline	Power Africa Support	GOK Actions
African Geothermal International Limited (AGIL)	140	Geothermal	\$600	<ul style="list-style-type: none"> <li>Expected to reach financial close in 2014</li> <li>Commercial operation by 2017</li> </ul>	<ul style="list-style-type: none"> <li>Geothermal Risk Mitigation Facility grant</li> </ul>	<ul style="list-style-type: none"> <li>Letter of support</li> <li>VAT Exemption</li> </ul>
Kinangop	60	Power Purchase Agreement with Aeolus Wind	\$150	<ul style="list-style-type: none"> <li>Reached financial close November 2013</li> <li>Construction begins 2014</li> <li>Operational 2017</li> </ul>	<ul style="list-style-type: none"> <li>Facilitated conditions precedent to financial close</li> <li>Providing grid code revisions</li> </ul>	<ul style="list-style-type: none"> <li>Feed-in Tariff</li> <li>Letter of Support</li> <li>VAT Exemption</li> </ul>
Kipeto	100	Wind	\$300	<ul style="list-style-type: none"> <li>Construction begins 2014</li> <li>Operational 2017</li> </ul>	<ul style="list-style-type: none"> <li>Anticipated approval of USG debt financing Q3 2014</li> </ul>	<ul style="list-style-type: none"> <li>Feed-in Tariff</li> <li>Letter of Support</li> <li>VAT Exemption</li> </ul>
Lake Turkana	300	Wind and Transmission	\$1,100	<ul style="list-style-type: none"> <li>Reached financial close in March, 2014</li> <li>Construction begins Q3, 2014</li> <li>Operational in phases starting mid-2015</li> </ul>	<ul style="list-style-type: none"> <li>Potential OPIC involvement in refinancing</li> <li>Assisting KPLC to resolve system operation constraints due to wind intermittency</li> </ul>	<ul style="list-style-type: none"> <li>Feed-in Tariff</li> <li>Letter of Support</li> <li>VAT Exemption</li> </ul>

Kenya, Power Africa already has awarded three \$100,000 grants: 1) Solar World (E.A.) Ltd. for solar-powered water systems to provide both water and electricity in rural areas; 2) Afrisol Energy Ltd. to use bio-digesters to produce electricity and biogas for small urban businesses; and 3) Mibawa Suppliers, to expand its delivery of pay-as-you-go lighting and chargers. Power Africa has requested proposals for additional grants to be awarded in 2014.

## Power Africa Initiative: Mobilizing Investments in Energy

Power Africa begins in six focus countries with ambitious strategies for energy sector development – Ethiopia, Kenya, Tanzania, Liberia, Ghana, and Nigeria. Additionally, in Uganda and Mozambique, Power Africa promotes responsible and transparent resource management.

Working with host governments, the private sector, and other partners such as the African Development Bank, the World Bank and other governments, Power Africa accelerates investments to develop resources responsibly, build out power generation, efficient distribution and transmission, and expand the reach of mini-grid and off-grid solutions. A key goal is to add cleaner, more efficient electric generation capacity.

## A New Way of Doing Business for Development

Power Africa directly addresses constraints to investment by taking a transaction-centered approach to galvanize collaboration, producing near-term results while driving forward reforms that pave the way for future investment. This two-pronged approach focusing on transactions and on energy sector management enables public sector partners, such as ministries and power companies, to more effectively and efficiently govern energy resources and leverage private sector investment and technology to meet vital energy needs for economic growth, health, and education.

The U.S. government brings the trade, regulatory, finance and other expertise of 12 specialized agencies to advance transactions between public and private investors. Power Africa Transaction Advisors are based in the focus countries. Power Africa outreach efforts, including trade delegations, invite U.S. companies to invest in the region and bring their cutting-edge technologies and solutions to expand access to affordable and sustainable electric power.

**For more information on Power Africa visit: [www.usaid.gov/powerafrica](http://www.usaid.gov/powerafrica)**

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