

Kenya Electricity Generating Company (KenGen)

KENYA'S GREEN ENERGY CHAMPION





KenGen

KENYA ELECTRICITY GENERATING COMPANY

Kenya's Green Energy Champion

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Sub-Saharan Africa has long been touted as one of the future hubs of renewable energy but progress has been uneven in most countries in the region. One of the notable exceptions to this has been Kenya, which already produces 92% of its total power from renewable energy capacity. This places it way ahead of schedule for its goal of being 100% reliant on renewable energy by 2030.

Kenya Electricity Generating Company PLC, abbreviated to KenGen, has been one of the protagonists in this impressive leap forward. KenGen, a government-owned enterprise, is the largest electric power producer in Kenya, generating nearly two-thirds of the electricity consumed in the country. As a shining example for other African countries making the green transition, Business Excellence decided to take a closer inspection.

Overview

KenGen, originally known as the Kenya Power Company (KPC) was incorporated in 1954. Its mandate, as set by the colonial government of the time, was to generate electricity through the development, management and operation of power plants. The company's first task was to

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The line between order and disorder lies in logistics

- Sun Tzu



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In 2019, we successfully bid and secured the clearance and Logistics contract for KIPETO Wind Energy PLC, a 100mw wind farm project in Kajiado county. Our company was contracted to transport 240,000 CBM of Wind turbine parts and accessories including Transmission line equipment.



KenGen is now the largest energy producer in East Africa

construct a transmission line between Nairobi and Tororo in Uganda. Later, it would develop geothermal and other power generating facilities between the two countries.

(799 MW), Thermal (253 MW) and Wind (25 MW). Thanks to KenGen's efforts, Kenya is now the world's eighth largest user of geothermal power, and has been one of the fastest countries in the world to provide electrification over the past 25 years.

Recent Developments

KenGen currently operates 31 power stations across Kenya, but that hasn't stopped it from developing an ambitious pipeline of projects for the years ahead. An example of the forward thinking that permeates the company can be seen in

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In 1996, the complex management structure that KPC had operated with was streamlined to create KenGen. Remarkably for a country with its energy-generating potential, when the modern, more agile KenGen came into existence, less than 10% of Kenya's population had access to electricity. Thanks to its work, in 2023, this figure has risen to over 78%. With installed capacity of 1,904MW, KenGen is now the largest energy producer in East Africa.

KenGen's corporate strategy is to deliver affordable clean energy by creating value for shareholders, while expanding energy sources. Its installed generation capacity mix includes Hydro (825 MW), Geothermal



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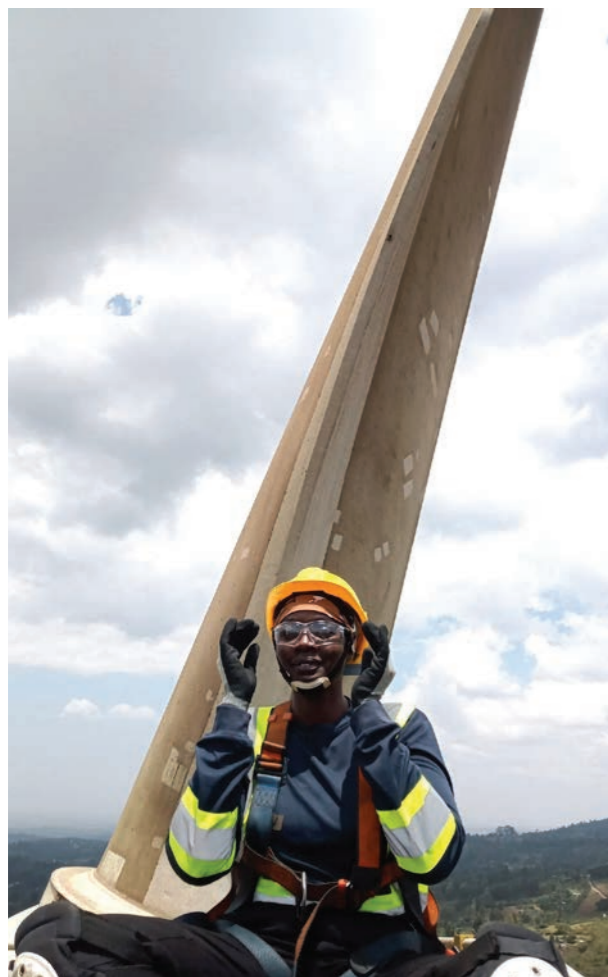


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Alongside KenGen, we are also current suppliers of drilling fluids to Geothermal Development Company Ltd (GDC), Greatwall Drilling Company (GWDC) and China Petroleum Technology and Development Corporation (CPTDC).



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the 342-ha Green Energy Park in Olkaria. The project, already under construction, will be delivered in four phases from 2025 to 2045, and will harness the geothermal resources in Olkaria to provide stable and renewable energy for companies in the park.

The same thermal field at Olkaria is also undergoing an upgrade, thanks to a co-investment between KenGen and the German government. The current combined total of 300-340 MW will be raised by 40 MW, enabling KenGen to cushion its customers against the rising cost of power. The project is expected to take 28 months. Its arrival is also expected to spur further green hydrogen generation within the country.

KenGen's influence is also spreading beyond Kenya. The firm recently signed a \$56 million contract for drilling services for Tulu Moye Geothermal. Under the terms of the agreement, KenGen will drill 12 geothermal wells, installing water supply

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systems and equipment. This is just the latest example of KenGen's diversification, both through international projects and innovative streams of revenue, which are set to expand as it gains a reputation as a world leader in geothermal energy.

Partners and Suppliers

One important component of KenGen streamlining its operations has been the ability to count on a network of world-class partners and suppliers. These are local and international, and cover every aspect of the company's operations. For example, on the energy side, it works with a range of contractors including Vivo Energy Kenya and Honor Energy Services. The heavy equipment it uses is provided by Voith Hydro GmbH, Atlas Copco, KONE Kenya, and CFAO Kenya.

Naturally, for a company of its size, it also collaborates with external stakeholders on a range of different operations. Examples include Sudi Chemicals in chemicals,



Konvergenz Network Solutions and Dimenson Data Solution in the company's growing IT services and solutions and networking requirements, the Copy Cat Limited for marketing and promotional activities, and Lamdmark Holdings Limited, a leader in Kenya's engineering and construction industry.

Broad Sustainability Outlook

While some companies might be satisfied with such a stellar portfolio of renewable energy projects, KenGen sees it as being core to a much wider sustainability effort.

For example, six of its energy projects Clean Development Mechanism (CDM) projects, and 10% of their revenue goes directly to community benefit programs. These include Mirira and Kiambaa Primary Schools, which have benefitted from upgraded classrooms, landscaping, new desks, and a refurbished water tank.

Environmental conservation is also important to KenGen, as witnessed by its investments in long-term projects dedicated to sustainable environmental conservation and the promotion of a tree planting culture within the organisation. For nearly 40 years, it has been running three nurseries with a total annual output of over 300,000 seedlings. Elsewhere, the The Schools' Green Initiative Challenge



(GIC) is a flagship environment program that is being implemented through KenGen Foundation.

Future Directions

Exciting times lie ahead for Kengen. As recently as September 2023, it announced that it plans to build a windfarm of 1 GW - the largest of its kind in Africa - in the northwest of Kenya. Located close to the existing 310 MW Lake Turkana wind farm, the new wind farm would become fully operational in 2028. If the 75% debt

funding can be obtained, the project would allow Kenya to begin exporting electricity to its neighbours. It is thanks to the initiative of KenGen that Kenya is approaching its target of 100% electrification, but also becoming a world leader in geothermal power. A recent Reuters article referred to the country as 'a geothermal powerhouse,' and not without good reason: KenGen has more geothermal resources under construction than any other company in the world. Truly, it is Kenya's green energy champion.



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