Publication: Business Daily

Date: 3rd -July-2017

Page :13

BEST PRACTICES

Report cites Turkana wind plant as model investment

INFRASTRUCTURE

Project identified as best example in renewable energy, community engagement and alleviating poverty

GREEN ENERGY The Turkana Wind Power substation project in Laisamis in Marsabit. The wind farm is touted as Africa's largest. – FILE

James Ngunjiri
ngunjirij@ke.nationmedia.com

The Lake Turkana Wind Power project is recognised as the single largest wind energy production project in the sub-Saharan African region.

African Finance Corporation and Boston Consulting Group cite the project as one of the case studies in the region in their latest report on infrastructure.

Located in Loiyangalani, Marsabit County, the $690 million (Sh71.07 billion) plant is expected to have a significant economic impact on the economy.

It will provide 310 megawatts of reliable, low-cost wind power that Kenya Power will buy at a fixed price over a 20-year period, in accordance with the Power Purchase Agreement.

The deal went through without legislative delays due to Kenya's strong enabling environment and existing regulations for private investment in power generation.

"Turkana Wind Power, the largest-ever private investment in Kenya and the largest wind farm project in Africa, is a best practice example of large-scale investing in renewable energy, community engagement, and opening up an impoverished region through a single transaction," the report stated.

To promote its aim of supplying the national grid clean and affordable energy, the project has used an array of strategies to engage the local community effectively.

These included public meetings, workshops with specific groups such as vulnerable people, surveys targeting affected parties, use of brochures, leaflets, posters, non-technical summary documents and performance reports.

ind of
ange

SH71BN
COST
of Lake Turkana Wind Power project

310
MEGAWATTS
The amount of electricity the wind farm is expected to inject in the national grid.

The Lake Turkana Wind Power consortium also established a charity Winds of Change Foundation, to improve the quality life among people in the surrounding community.

Another benefit of the project is the upgrade of the $36 million (Sh3.7 billion) 207-kilometre Laisamis-Sarima road, which has opened up the area, reduced travel time to Loiyangalani and Laisamis as well as allowed easier access to Lake Turkana.

However, delays by the government in guaranteeing adequate transmission lines to the national grid have hindered the wind power project. These delays have been costly for the investors, and they raise the issue of risk associated with non-compliance by governments with regard to their responsibilities in adjacent infrastructure key to generating expected returns.

On the contrary, the report termed the Rift Valley Railways (RVR) deal as a concession that missed the target.

The report said the deal shows what can happen if the company operating a concession lacks the experience and capital needed to meet aggressive performance targets, in the event of changes of ownership or conflicts between shareholders. "Investors should be cautious in appraising their investment capabilities and the needs for investment from a concession granted, as well as in assessing different shareholders' alignments and dynamics," the report said.

It noted that a lack of investment muscle in due time, coupled with a volatile and nonaligned shareholder group, can negatively hinder any potentially attractive project.

Others projects in sub-Saharan Africa which have shown best practices or have served cautionary tales regarding what could possibly go wrong, or a mix of the two are Power Africa Initiative, BNETD in Cote d'Ivoire, privatising power in Nigeria, Cenpower Kpone IPP in Ghana and The Lekki-Epe Expressway in Lagos, Nigeria.

Others are Henri Konan Bedie Bridge in Abidjan, Cote d'Ivoire, Azura-Edo IPP in Nigeria and Moatize IPP in Mozambique.