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Kenya's renewable energy development has received a major boost after the Kenya Electricity Generating Company (KenGen) signed a Memorandum of Understanding (MoU) with the French Development Agency (AFD) underpinning funding of up to Ksh6.9 billion (60 million Euros) by the French Government for the development of the 80 MW Meru wind project.

This is a major milestone for the Kenyan economy as well as for the generation utility which has an African reputation of implementing projects quickly and at lower costs. The MoU on the project was signed this week in Paris, France, by KenGen's Managing Director and Chief Executive Officer (MD&CEO), Eng. Mugo and the AFD Deputy Managing Director, Mr. Jacques Moineville, witnessed by Kenya's President, His Excellency Uhuru Kenyatta and his French counterpart François Hollande in France. A loan agreement is expected to be signed by August this year.

The funds from the AFD will be used for the construction of the first phase of the wind farm in Meru County, expected to feed 80MW into the national grid. The Project is embedded in KenGen's expansion strategy to meet Kenya's rising demand and bring down the cost of electricity by focusing on clean and renewable sources.

During the signing of the MoU on the project, KenGen's MD&CEO Eng. Albert Mugo, said that the project will contribute to economic development and mitigate climate change.

"The project will contribute to a sustainable national energy matrix by producing environmentally sound electrical energy and avoid the generation of carbon emissions at reasonable economic costs," said Eng. Mugo.

The design of the Project is based on the Feasibility Study that consultancy company Grontmij has prepared for KenGen dated July 2012 and financed with a grant provided by AFD to the Government of Kenya.

The design also takes into account inputs from discussions that took place with KenGen, the National Environmental Authority (NEMA), Kenya Electricity Transmission Company (KETRACO), Kenya Power, Meru County and local community representatives during the project appraisal mission.

According to the pact, the project includes all infrastructure on site such as roads, collector network, service area, control room; step-up substation within the perimeter of the wind farm (80 MVA, 33kV/32kV), designed and constructed with provision to be upgraded to 220 kV for future wind farm stages. The area will therefore experience an infrastructure facelift which will benefit the local economy directly.

The funds will also be used on an overhead transmission line (OHTL) of approximately 20 Km designed and constructed with a provision to be upgraded to 220 kV for future wind project stages, which will connect the step-up substation to the existing 32kV

bay in Isiolo substation, currently under commissioning.

The project includes warranty, operation and maintenance of all the facilities for a two-year period. The entire project area is planned to provide 400 MW of wind energy over the coming years.

KenGen has been pursuing an ambitious growth strategy focused on increasing installed capacity mainly from renewable sources of wind and geothermal. The focus of the strategy is to provide abundant renewable energy, facilitate reduction of generation tariffs and provide a competitive return to our shareholders. KenGen has proven that these conflicting interests can all be met in all the recently commissioned projects, specifically the 280MW Geothermal Project, the wellheads project and now the wind power project line-up. KenGen is firmly committed to powering freedom and will continue to pursue projects that meet these criteria.

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#### About Kenya Electricity Generating Company Limited

Kenya Electricity Generating Company Limited (KenGen) is the leading electric power generation company in Kenya, producing about 75 percent of electricity consumed in the country. The company, which is listed on the Nairobi Securities Exchange, utilizes various sources to generate electricity ranging from hydro, geothermal, thermal and wind. Hydro is the leading source, with an installed capacity of 819.9MW. Geothermal comes second with 513.8MW including that from the innovative wellheads technology. With its wealth of experience, established corporate base and a clear vision, the company intends to maintain leadership in the liberalized electric energy sub-sector in Kenya and the Eastern Africa Region.

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