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Kenya's Kipeto Energy Secures US\$233m Loan For 100-MW Wind Farm

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Kenya's second largest wind farm has reached financial close, paving way for the construction of 100 MW of capacity in Kajiado County.

Kipeto Energy Limited (KEL) has obtained a US\$233 million senior debt facility from the US Overseas Private Investment Corporation (OPIC) to fund the US\$300 million wind farm, to be built 70 km southwest of Nairobi.

OPIC said it supported private investment in Kenya, and that the US\$233 million provided to KEL would finance construction work at the 100-MW development, which would add a reliable source of energy to the country's national grid.

KEL has leased 70 square km of land in the Esilanke area of Kajiado county and has signed a 20 year power purchase agreement (PPA) with Kenya Power at a tariff of US\$0.12 cents per kW.

Kenyan-owned CraftsSkills Wind Energy International owns 12% cent of KEL, while London based private equity firm Actis LLP holds 88%,

which it bought in mid-2018 from various shareholders.

Actis acquired 55% from African Infrastructure Investment Managers (AIIM), 20% from the International Finance Corporation and 8% from Craftskills.

Craftskills chairman Kenneth Namunje and OPIC CEO Ray Washburne signed an agreement for the debt facility, which has a term of 17.5 years, in Washington DC.

"By addressing some of the most pressing development needs from power to transportation infrastructure, the projects will be hugely impactful engines of economic growth and stability throughout Kenya," said Washburne.

General Electric is to supply 60 1.7-MW turbines, while the local Maasai community near the Kipeto's project will receive 5% of annual dividends once the plant opens in 2020.

Worley Parsons is to manage the 22-month development phase on behalf of KEL, while China Machinery Engineering Corp (CMEC) is to build the wind farm.

Worley Parsons has already provided overall project management, engineering review and construction management services to the 310-MW Lake Turkana Wind Power (LTWP) project in northern Kenya.

"Our successful execution of Lake Turkana Wind Power Project and the experience gained played a key role in Worley Parsons being awarded the Kipeto project," said the company's Project Director Tim Gaskell.

He added that KEL was waiting for final permission from the Kenyan government to start construction.

KEL has reached agreement with the local Masai community for the relocation of local families. KEL has also secured a 30-year lease with 25 landowners and an agreement with 24 other landowners to build a transmission line to link plant to the national grid.

Power from wind turbines will be sent by underground cables to KEL's substation and transferred to Kenya's national grid by 66-kV kilovolt overhead transmission line cables.

Gaskell said work would begin to build a new 17-km road to the project site once KEL is given permission to commence construction

He said the construction of turbine foundations would follow, with work on the substation and overhead power lines taking place at the same time. Once foundations are dug and cast, the turbines will be erected and linked to KEL's substation.



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Any questions? Please get in touch

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