5TH - 9TH OCT 2025 PUBLIC PARTICIPATION & STAKEHOLDER ENGAGEMENT EXERCISE FOR AFRICA 50 PIP - KAKAMEGA & BARINGO		
S/n	**Comments and Queries Received**	**KETRACO Response**
A	**Preamble:**	
	Kenya is having a serious Unemployment crisis across all cadres including Professionals like Engineers, Doctors, Lawyers, Accountants, Surveyors etc. This is because of our failure to create Jobs. KETRACO should be one of the organizations on the forefront OF Job Creation. Unfortunately, it does not appear that way from the above Project. Recently we had the GENZ Riots principally because of the unemployment crisis.	KETRACO and the Ministry of Energy and Petroleum remain committed to job creation as guided by the constitution (relevant clauses in PPP Act Cap 430, Energy Act, NCA Act, PPADA Acts etc). The opportunities in development of transmission lines are immense. The industry is however well regulated and requires specialised engineering skills and experiences (relevant to transmission line and substation planning, development and operations) as core requirement for successful implementation and operations.
	From our experience, over 90% of KETRACOs project Functions can be done 100% by Kenyan EPCs (Engineering, Procurement and Construction). Materials can be brought in but Design, Project Management, Construction can be 100% Local.	This remains a challenge given the low number of local firms that participate in the previous tenders. Over 99% of previous projects have been funded by multilateral finance institution that prescribe the procurement guidelines including the minimum qualification requirements. Local firm not meeting the requirements of main contractor are always encouraged to form JVs or be subconsultants to get the relevant experience and grow towards achieving all that is required of the main contractor.
B	**Specific Comments**	
1	Public Participation requires that the Document for Public Participation should be available in good time for the Event. It was not available. So this does NOT strictly qualify as a Public Participation. The same mistake by KETRACO Public Participation where no Documents were availed.	The documents shall be published and made available in a accordance with the Section 69 of the PPP Act Cap 430. The same will be provided in KETRACO's website once published.
2	My comments are based on bits and piece of information availed to us.	no response required on this from KETRACO
3	A Ministry of Energy Offical said PPPs are the way to go. But missed one important fact:PPPs only make sense if a Citizen is the PPP. If a Foreigner, you are exporting Jobs, FOREX and Wealth. Countries like INDIA cannot allow a Foreign PPP.	KETRACO is open and encourages participation of local investors in PPPs for transmission lines. Africa 50 is privately initiated proposal that has been processed as per the PPP Act. Local investors are equally encouraged and challenged to take up available opportunities in PPPs for transmission lines. KETRACO has in the recent past (6 months) received 5 expressions of interest from firms local origin. This is an indication that the local market is slowly embracing the PPP principles and investment in transmission lines.

4	In the absence of the Documents, we are not able to tell whether there is Demonstrable 40% Local Content. Local Content should not just be Casuals, Supply of Sand BUT should include the following: EPCs, Design Engineers Technicians so that we build Capacity to undertake future KETRACO expansion. We need the Documents availed for us to be sure 40% Local Content in a form to help the Country is in place. Or else the project is a non-starter.	The local content requirement for the PPP project forms a critical part of the project agreement. In the drafting of the local content schedule for Africa50 PIP project, the proponent has shared a Local Requirement Schedule has demonstrated compliance to the requirement of the PPP Act cap 430, Energy Act , PPADA Act and the NCA Act. In the negotiated project agreement, the proponent shall prepare a local content plan that will be reviewed by KETRACO and submitted to the regulator EPRA for approval. The plan shall be reviewed annually to ensure participation of locals remains relevant throughout the project period.
5	It appears the Cost evaluation is based on Rule of Thumb where previous Tender values are used. KETRACO MUST do an Internal preliminary Design and Costing. It is an Engineering Company, it is unprofessional that they rely on Tender Figures.	KETRACO has undertaken preliminary design and costing of all the completed projects, on-going and planned projects. The tender figures are only used to provide information on the market.
6	Acting KETRACO CEO Eng. Kibias in a presentation said Ethiopian Energy is cheap because Renaissance Dam was done without Borrowing. Seven years (7) and it is finished.	The power plant may have been fully supported by the government- this was the second option as a source of finance after efforts to get a loan were proved futile given the sensitivity it arose around use of river Nile. The evacuating transmission lines and the Kenya-Ethiopia HVDC line forming a key component of this major project were all financed through concessional loans mainly from World Bank and Africa Development Bank with some components funded by EXIM China etc. The affordability 'cheapness' of the power from Ethiopia is not pegged on the source of funds alone, the large capacity brings a lot of gains through economy of scales. The cost of land and land acquisition processes for both the power plant and the evacuating transmission lines cannot be compared with Kenya. The procurement of contractors through international competitive tenders also increased the competitiveness in prices leading to lower EPC costs.
	They raised Funds internally and hence have no Loan. Why can't KETRACO Lines be done the same way?	This is model that may one day work and we are looking forward to this. KETRACO is 100% government and projects are 100% financially supported by the Government depending on the fiscal guidelines as provided by the National Treasury. KETRACO has limitations on advising the Government or the National Treasury on matters public finance.
7	The Total Cost is US$ approximately US$ 320m. Then raise the tariff for annual repayment of US$ 60m for 30 Years (???). We will pay US$ 1.8 Billion?? The real cost is US$ 150m. This will burden Foreign FOREX Reserves for 30 Years.	The country is already constrained and the fiscal space to borrow concessional loans has diminished to allow for more borrowing. Indeed, if the money was readily available, this would have been the best way to finance projects. Unfortunately, the situation is dire and this is seen on the day to day activities undertaken by the Government where private participation through PPP is becoming a mainstay in development of infrastructural

		projects across all sectors - be it transport, health, education etc.
8	The same Project can be achieved by EPRA as follows: a. Revise the Tariff and in 2026 raise US$ 60 million. b. In 2027, appoint a Contractor (WE WANT A LOCAL EPC) to start Phase 1 of the Works. c. End of 2027, another US$ 60 Million raised , domthe same and do Phase 2. d. By the end of 4 years, you will have raised US$ 240 Million and entire project will be done. e. Then from 5th Year, any money raised is to do other Projects. From above, you will have finished this Africa50 Projects with zero Loans. In fact, some of that Money can be used in our Hospitals.	Currently KETRACO does not get a retail tariff from EPRA but rather a revenue requirement that only covers maintenance of transmission lines and administrative expenses. Changing the tariff structure is a policy decision by the Government through MOEP.
9	Let us face it. 90% of the Money will not come to Kenya. Kenya will have to pay in US$ from the Kenyan Economy. It is a direct load on the exchequer (Tariiff) and even if US$ are purchased form the open market, it will be a burden on Forex requirements which will have to come from Tea Exports. The very reason why PPPs are supposed to be done by Locals.	KETRACO encourages the participation of locals in PPPs. We are happy and looking forward to processing any PIP coming from the local investors subject to the requirements and procedures and given in the PPP Act Cap 430.
10	It amounts to a very expensive Loan. Annual repayments of US$ 60M for borrowing US$ 320M is about 18% per annum on US$ denominated Loan.	The weighted average cost of capital for the project is 10.5% which combines the cost of debt of SOFR + 4% and Return on Equity of 15%. The concession period is running for 30 years with construction taking 30 months
11	The General Manager KETRACO said Kenya is undergoing rapid industrialization to justify putting 400MVA Substation in Musaga and 200MVA in Kakamega (exact sizes to be corrected once the document is available).. There is no evidence of such Industrialisation even in Kenya as a whole. Kakamega has a current demand of 4.7MVA form 1955. When will the Demand reach 200MVA according to Africa50. Then this is NOT a Design. Any Load Growth can be executed by Kenyas themselves.	Substation at Musaga is 2x110MVA 220/132kV while substation at Kakamega is 2x45MVA 220/33kV. Objective of Musaga 220/132kv SS is to reinforce the 132kV system (Lessos-Tororo) by linking it to new 220kV network in the area. The 220kV will bring power from Olkaria through the Olkaria-Lessos-Kibos line. Demand forecast for Kakamega has been done. Load is growing at an annual growth rate of about 4%. The county has also indicated of plans and projects that will further drive this demand. This is noted in other counties too. It is also worth to note that Kakamega substation will not be limited to serve the load in Kakamega County alone. The substation is expected to have at least six (6) new 33kV feeders. At least 1 or 2 of the feeders will support load in neighbouring counties of Vihiga. The substation will also be able to supply some loads in Kisumu, Bungoma and Nandi counties especially during contingency periods
12	There is no need for Technology Transfer since we already have it. It is only a chance to Practice.	KETRACO has provided opportunities to a number of local companies. The local companies are on the hand required to be innovative and strategize through partnerships and

13	To date, KETRACO have never developed a Local Company to be an EPC. Technology Transfer cannot be forever.	joint ventures to build capacity so that that they remain competitive and keep increasing their share in project development with a view of positioning their firms for eligibility to participate as main contractors in upcoming/future projects. In the next 20 years for instance, KETRACO is expected to develop 80 more projects, from these, a forward looking/ thinking firm should be able to lay down a concrete plan with periodic targets and effective performance monitoring on the implementation of the plan with a view of achieving the objective. Other Government incentives may be necessary as experienced in other Countries; however, this is beyond KETRACO.
14	Projects are taking forever in KETRACO because of Management problems in KETRACO. We have been Subcontractors in KETRACO. To date KETRACO should have developed an In-House Construction Team rather than just being a Project Management Company. Like Kenya Power. Many of those stalled Projects would have been competed a long time ago. They have Engineers and Technicians on payroll	Building internal capacity is requires financial support. Comparing KETRACO to KPLC on this front is completely skewed given the different financial standing and mandates for the two companies. KETRACO has made strides towards building capacity especially in operations and maintenance where over years KETRACO has continued to build capacity in operations and maintenance of AC transmission lines and substation (up to 400kV) and 500kV HVDC. KETRACO has built capacity in planning, design and engineering including project management of transmission lines' projects. KETRACO is currently constrained to replicate this to construction of similar magnitude as this requires additional financing. Projects in KETRACO are stalled due different reasons; some unique and specific - project to project case. Many have contractual implication that makes it impractical for KETRACO to take over and complete. These projects had also been financed by development partners who provide the procurement guidelines. Taking over these projects will not only require the technical expertise but also the necessary financing/funding depending on the level of completion- KETRACO is challenged financially and has limitations to undertake the completion of most of the stalled projects. For some stalled project, taking over and completion, may be more complex than starting a new project altogether.
15	Again from KETRACO GM presentation, the justification to put up a 400kV Line is in anticipation of 3 x 100MW PV Solar Plants. That will make a total of almost 1000MW of Intermittent Energy form a total of 2300MW Load demand, 50%. That is not acceptable if you want a stable Grid. That reason is not justified.	The line traverses the geothermal fields in Baringo County (Paka, Silale/Silali, Korosi). The LCPDP has projected that the power plants will be ready starting 2028. The expected capacity is 3x100MW - this is from geothermal and not Solar PV. It is important to note that the integration of Solar PV among other intermittent RE sources is well planned and coordinated within the sector's Least Cost Planning Committee and the Feed in tariff Committee under the coordination of Ministry of Energy and Petroleum

16	There is very little difference between 220kV and 400kV. It is only increasing the spacing form 2 metres to 4 metres. The Control and Protection is the same. Kenyan EPCs have the capability.	The difference is not just on the insulation requirements, a very important consideration in equipment design, installation and operations. The principles on the control and protection may be similar to a great extent and depending on the protection philosophies. 400kV requires additional engineering, specialised skillset and experience in equipment design, handling, installation and commissioning to ensure safety of equipment, personal, property and life in areas where the project is implemented. The cost comparison of 220kV equipment 400kV equipment also is a clear indication on the requirements and attention required when handling extremely high voltage (EHV) equipment - 380kV and above. KETRACO ascribes to international standards such as IEC and IEEE, KETRACO is also a member of CIGRE. These are international recognised standardisation bodies that provide principles and leadership in this industry, they provide guidelines required for design, testing and commissioning of EHV equipment - they dictate industry practice. The projects are tendered competitively, restricted or through PPP. Any EPC with relevant experience, Kenyan or otherwise, is welcome to participate in development of similar project as EPC, PPP proponent, private party, sponsor, sub-contractor, JV partner etc.
17	As an SME, ARM Engineering has a Permanent Staff of 30 Engineers/Techicians and Support Staff. Our Salary Bill is approximately Shs 4 Million per Month. You cannot manage to sustain such a Payroll if you work as a Subcontractor. We require Turnkey EPC Scope. So the 40% Local Content should be EPC, not Risky Local Works like Civil Works.	The local content requirement for the PPP project forms a critical part of the project agreement. In the drafting of the local content schedule for Africa50 PIP project, the proponent has shared a Local Requirement Schedule has demonstrated compliance to the requirement of the PPP Act cap 430, Energy Act, PPADA Act and the NCA Act. In the negotiated project agreement, the proponent shall prepare a local content plan that will be reviewed by KETRACO and submitted to the regulator for approval. The plan shall be reviewed annually to ensure participation of locals remains relevant throughout the project period.
18	We wrote all these points to PPP Secretariat and KETRACO and we are yet to receive a feedcack. As far as we concerned, KETRACO is still to address our Concerns as Kenyans.	KETRACO responded to all earlier queries and comments received from previous stakeholder engagements and public participation forums. KETRACO response can be accessed through KETRACO website.