REPUBLIC OF KENYA

Regional Power Trade Actions and Priorities

2nd Horn of Africa Initiative
Regional Power Trade Technical Workshop
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BACKGROUND

- Kenya has been a member of EAPP since 2005.
- Three utilities are participating in EAPP namely - KenGen, KETRACO and KPLC.
- EPRA is a member of IRB
- Already Kenya imports/exports electrical energy from the neighbouring countries through
  - Bilateral Agreements
  - Cross-Border Agreements

BACKGROUND

- Cross-border agreements are between Kenya and Tanzania; Kenya and Ethiopia, at distribution level to allow for power supply to neighbouring towns.
- Two bilateral agreements at transmission level
  - Kenya – Uganda bilateral agreement is the oldest dating back to 1955.
  - Kenya – Ethiopia PPA bilateral agreement to import 400MW from Ethiopia was entered into in 2012 and is currently under review.

INFRASTRUCTURE DEVELOPMENT TO FACILITATE TRADE

Kenya is partnering with neighboring countries to develop Interconnectors to facilitate power trade in EAPP and eventually SAPP

- 500kV HVDC Eastern Electricity Highway Project

  The project aims to facilitate power exchange between Ethiopia and Kenya and is expected to be complete this year.

- 400kV Kenya-Tanzania Interconnector

  The project's objective is to connect the EAPP to the SAPP since it is part of the larger Kenya -Tanzania -Zambia interconnector. The project is expected to be completed this year.

- 400kV Lessos-Tororo line (Kenya-Uganda Interconnector)

  The interconnector between Kenya and Uganda will allow for trade between the two countries and other neighbouring countries. Expected completion in 2024.

STATUS OF THE DEVELOPMENT OF THE EAPP MARKET - Power Market design

- Kenya utiliies have been participating in the development of the EAPP Market
- Through EAPP, Nordpool and Ricardo consultants have been supporting the design of the power market as well as building capacity of the Market Committee.
- The Power Market Design Report is at an advanced stage, key highlights include:
  - In addition to bilateral trades, development of Day Ahead Market (DAM) and Intraday Market (IDM). In the future Forward and Balancing Markets.
  - Network management aspects including the need for cost recovery in the transmission pricing methodology. However, a separate consultant will be required to undertake Transmission pricing activity.
  - Establish a Market Operator (MO) who will operate the market, coordinate settlements and wheeling arrangements.
  - A road map for the development of the market in the next 3-5 years. This will require operating and transmission agreements, market rules and procurement of a software amongst others.
  - Market design roadshows to members planned

STATUS OF THE DEVELOPMENT OF THE EAPP MARKET - Trading arrangements and other initiatives

- Nomination of traders has been done. It is expected that capacity building for the traders will commence soon.
- Preparation of bilateral trading agreement and procedure for application by party to the EAPP Bilateral Trading Agreement is ongoing with the assistance of Power Africa.
  - The Bilateral Trading Agreement will facilitate physical transactions for the members.
- Other ongoing initiatives
  - Kenya and Tanzania with the support of AfDB are in the process of concluding a consultancy services study for:
    - Kenya – Tanzania interconnection tariff study
    - Feasibility study for interconnection transmission line from Menengai (Rongai) in Kenya to Mwanza in Tanzania via Kilgoris

CONCLUSION

- Kenya is committed to participate and facilitate power trading in EAPP and SAPP and looks forward to the operationalization of the market.
- Implementation of interconnectors is a key priority for the country and is being fast tracked
- EAPP General Secretariat to fast track the Market Design road shows
- EAPP is thus expected to effectively facilitate adequate preparations for the implementation of the planned power market design
- Kenya will work very closely with neighbouring countries, development partners and other key stakeholders in order to realize the envisaged benefits of regional power trade.

Thank You