

Kenya - Renewable Energy Regulatory Capacity Development

Project Overview

Introduction

The Renewable Energy Cooperation Programme (RECP) is an initiative under the Africa-EU Energy Partnership (AEEP) aiming at developing viable and sustainable renewable energy (RE) markets in Africa. It responds to needs in relatively young RE markets in the by setting up new interventions as required or by complementing successful, existing instruments. As a European contribution to two of the targets of the Sustainable Energy for All (SE4ALL) Initiative (namely energy access and renewable energy), the RECP provides tailored and integrated support interventions under four Action Areas (1. Policy advisory, 2. Private sector cooperation, 3. Project development support and financing, and 4. Technology, innovation and capacity development).

The Regional Technical Assistance Programme (RTAP) is the Technical Assistance (TA)-component of a credit line established by the Agence Française de Développement (AFD) for financing RE projects through two commercial banks in Kenya. RTAP provides technical assistance to project developers towards bankability in order to feed the credit line. RTAP is funded by the EU Africa-Infrastructure Trust Fund (ITF), and hosted by the Kenya Association of Manufacturers (KAM). Most of the projects in the RTAP-pipeline are meso-scale RE projects – mid-range multi-million projects ranging from ca. 0.5 MW – 10 MW.

From the project pipeline, a number of policy/regulatory issues are arising, manifesting in challenges for leveraging private investment. The experience with small-scale RE projects in the Kenyan energy sector is still developing, and the regulatory framework has recently undergone a fresh revision. The modified regulatory instruments, in particular the FiT framework, will now interface with the realities of project development. The project outlined herein will provide technical backstopping to the implementation and fine-tuning of the FiT framework. Furthermore, it will support the Government of Kenya in addressing remaining regulatory gaps.

Objective

The goal of this project is **to develop, fine-tune and streamline, as necessary and appropriate for the various regulatory instruments, the framework for small-scale RE power generation, and build the regulatory capacity accordingly.**

In doing so, the project will contribute to renewable energy market development in Kenya, in terms of increased investment, additional generation capacity, and improved access to energy.

Project Approach

Project implementation will comprise the following activities:

- ▶ **Support to fine-tuning of existing regulation** (e.g. the Feed-in Tariffs policy), where appropriate regulatory instruments already exist;
- ▶ **Development of new regulation**, where the required regulation doesn't yet exist, e.g. for net-metering and power wheeling;

- ▶ **Process assistance**, i.e. technical backstopping for stakeholders (both public and private sector) in navigating the regulatory aspects of project development and the implementation or application of the regulatory instruments.

Upholding the integrated approach of the RECP, and striving to minimize transaction costs and coordination efforts for all stakeholders concerned, the project will refrain from creating a new implementation structure. Instead, **RTAP as an existing support intervention will host this project by embedding a team of qualified consultants** within the RTAP structure.

The project will work with “hard data”, and move beyond mere policy advisory, by identifying case studies from within the RTAP project pipeline. The project will then facilitate between these projects and the regulatory bodies in Kenya towards moving the projects forward in the regulatory process and thereby in parallel identifying and addressing regulatory needs.

In doing so, the project will respond flexibly to the actual needs of both private and public sector stakeholders in Kenya. **At all times, the consultants will adopt a close and constructive approach to collaboration with the stakeholders.** The project will interface with the current state-of-affairs in the Kenya context, and complement as well as support the ongoing work by Government of Kenya and its partners.

The Ministry of Energy is the lead agency on the public side. Other primary stakeholders comprise the Energy Regulatory Commission (ERC) and Kenya Power (KPLC).

Project Partners

The project is implemented in collaboration with the Kenya Association of Manufacturers (KAM), with support through the EU Energy Initiative Partnership Dialogue Facility (EUEI PDF) under the Africa-EU Renewable Energy Cooperation Programme (RECP), funded by the European Commission and EU member states. For more information, please see:



Kenya Association of Manufacturers (KAM)

<http://www.kam.co.ke/>



Africa-EU Energy Partnership (AEEP)

<http://www.africa-eu-partnership.org/partnerships/energy>



Renewable Energy Cooperation Programme (RECP)

<http://africa-eu-renewables.org/>



European Union Energy Initiative – Partnership Dialogue Facility (EUEI PDF)

<http://www.euei-pdf.org/>



European Commission, Development and Cooperation – EUROPEAID

<http://ec.europa.eu/europeaid/>