

# **RISK MITIGATION IN RENEWABLE ENERGY INVESTMENTS – EXPERIENCES OF KENYA**



**Paul N. Mbuthi**  
**Senior Asst. Director of Renewable Energy**  
**Directorate of Renewable Energy**  
**Ministry of Energy & Petroleum**  
**State Department of Energy**  
**Cell phone: 0722894155**  
**Email: [pmbuthi@gmail.com](mailto:pmbuthi@gmail.com)**



# Policy, Regulatory instruments & Strategies that stimulate RE investments

- Energy Policy, 2004
- Draft Energy Policy, 2017
- Energy Act, 2006
- Energy Bill 2016
- Feed-in-Tariff Policy
- RET Regulations
- LCPDP
- SE4All Investment Prospectus
- ...

# Tax waivers, Exemptions and Tax holidays

- 10 Year Corporate Income tax holiday
- 10 Year withholding tax holiday on repatriated dividends
- VAT exemption for plastic biogas digesters
- Zero rate on import duty
- Tax exemption on RE Equipment & Accessories

# Standards and Regulations

- **Standards in place for:**
- **Domestic biogas systems**
- **Improved cookstoves**
- **Solar Regulations**
- **Standard PPA**
- **Standards and labels**

# Geothermal

- **Special Purpose Vehicle to absorb pre-development investment risks**
- **Opening the geothermal power generation to private sector players (IPPs)**
- **Public Private Partnership policy and regulations to further derisk the investment**

# Informational Risks

- **SE4All Investment Prospectus**
- **SE4All website to showcase Projects and Investment opportunities – Planned linkage to IRENA Sustainable Energy Marketplace**
- **RE Investor Portal established at ERC to provide Information**

## Kenyan Solar Industry case Example

- Kenya has one of the most active commercial PV system market in sub-Saharan Africa, with an installed PV capacity in the range of 4 MW.
- An estimated 300,000 rural households in Kenya have solar home systems
- Annual PV sales in Kenya are between 10,000-20,000 systems.

# Kenyan Solar Industry Success Factors

- **Strong community awareness programmes**
- **Innovative marketing strategies e.g M-Kopa**
- **Mobile technology integration into marketing solutions**
- **A strong and growing micro-finance sector focused on financing renewable energy**

## Kenyan Solar Industry Success Factors.../2

- **Supportive policy and regulatory Environment (e.g FiTariff policy)**
- **Fiscal incentives**
- **Continuous awareness creation**
- **Strong private sector participation in renewable energy industry, e.g KEREAA**

# SUMMARY OF FIT PROJECTS as at 30<sup>th</sup> June 2017

	Wind	Biomass/ Biogas	Small Hydro	Solar PV	Geothermal	TOTAL	Capacity (MW)
Plants in Operation	0	1	2	1	0	4	3.4
Projects With Signed PPA's	3	2	11	0	0	16	230
Projects with Initialed PPA's	2	0	0	4	0	6	301
Projects with Finalized PPA Negotiations	0	0	1	4	0	5	121.5
Projects with PPA's under Negotiations	2	3	5	2	0	12	253.39
Approved Projects with PPA Negotiations Yet to Start	0	4	7	8	0	19	378.5
Projects with Feasibility Studies approved and sent to ERC-LCPDP	0	0	0	9	0	9	280
Projects in Feasibility Study Stage	12	20	60	81	1	174	2838.05
<b>Total No. of Approved Projects</b>	<b>19</b>	<b>30</b>	<b>86</b>	<b>109</b>	<b>1</b>	<b>245</b>	
<b>Total Capacity (MW)</b>	<b>898</b>	<b>504</b>	<b>490</b>	<b>2509</b>	<b>15</b>	<b>4415.84</b>	

THANK YOU