



KPLC CLEARED TO ENTER INTO NEW POWER PURCHASE AGREEMENTS

The renewable energy sector in Kenya is showing new signs of life after the National Assembly Resolved to lift a long-term moratorium which had banned the approval of new Power Purchase Agreements (PPAs) by KPLC. Since the placing of the said moratorium, Independent Power Producers (IPPs) have been in an unending suspense as their fate was subject to deliberations by various stakeholders and oversight authorities.

The moratorium, imposed through the office of the president in 2021, was lifted by the cabinet in March 2023, only for the National Assembly to place another moratorium in April 2023 pending a report of inquiry by its Departmental Committee on Energy. The Senate in its proceedings of 24th May 2025 observed that the term of the moratorium that had been placed by the National Assembly had lapsed.

The Senate further observed that it is the high time to re-open the industry given that Kenya is still importing approximately 17% of its electricity amidst a growing demand.

Given that most power plant take between 6-10 years from inception to generation, the Senate foresaw a potential power crisis in the future if the moratorium remained in place. Indeed, that crisis already caught up, with the president having earlier announce a rationing program for the county.

The Task Force had made several recommendations with respect to reducing the cost of power in Kenya, which formed the subject of discussions in the various deliberations. While the measures taken were for the benefit of the end consumers, this exercise took a lengthy period of time, making it a double-edged sword that threatened to stifle foreign direct investment in the energy sector in Kenya. This notwithstanding, the country remains a stable investment destination in Africa, and the sector has regained momentum.

Going by the recommendations of the National Assembly, the new chapter in the power sector in Kenya is expected to be characterised by the mandatory incorporation of battery storage for all intermittent energy projects.

There's also a ban in amending any signed PPA's midway the cycle of the project, unless the same is approved by the National Assembly. Further, all indicative Tariffs in both the FIT and auction systems are to be tabled before the National Assembly for approval beforehand.

It is now required that future PPA tariffs be denominated in Kenya Shillings, while the Ministry of Energy is tasked with implementing competitive procurement of power through a bidding system. The National Assembly also requires the Business Registration Services (BRS) to forward the details of all the beneficial owners of IPPs. Going forward, PPA's will only be negotiated with companies that have disclosed their legal and beneficial ownership.

It is hoped that with these measures, there will be financial accountability in the energy sector, a more stable supply of power to the national grid, and that the cost of power will be reduced to match other countries that have adopted newer and less costly technologies.

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