

16th November, 2007

KPLC CEO DECRIES SYSTEM VANDALISM

The Kenya Power & Lighting Co. Ltd. (KPLC) has lost a total of 71 transformers valued at Shs.35.5 million and conductors and 29,970 metres of cables and conductors valued at Shs.1.9 million to vandals since the beginning of July 2007. Further, the company lost 329 transformers valued at Shs.212 million and 250 kilometers of conductors worth Shs.12 million since 2004. These losses are exclusive of the cost of lost business opportunity to KPLC and the loss to the entire Kenyan economy.

KPLC General Manager & CEO, Mr. Don Priestman, made this announcement during the company's long service awards ceremony held at Stima Club, Ruraka, today.

Mr. Priestman said that the vandalism was posing a major challenge to the company, amid rising expectations from its customers, shareholders and other stakeholders. He said that demand for power is expected to increase from 987 megawatts in 2006/2007 to 1,153 megawatts in 2007-2008, and the company was expected to connect one million new customers in the next five years from 2008/09. This is in comparison to one million customers connected in the 85 years between 1922 when the company was formed, and 2006/2007.

The CEO noted that generation capacity would be enhanced when committed generation projects with a combined capacity of 556MW are commissioned between 2007 and 2010. Some of these projects are: the 60MW Sondu/Miriu plant by December 2007; and additional 52.2MW from Iberafrica Power and 25MW from Mumias Sugar Company Ltd., both by November 2008.

Apart from these projects, added Mr Priestman, Kenya is also involved in various initiatives aimed at accessing existing and potential regional power pools including the Kenya-Ethiopia Inter-connector, and various projects under the Nile Basin Initiative. Other improvements are being carried out under the banner of the US\$153 million donor and Company funded Energy Sector Recovery Project (ESRP). Already, under the project, the installation of a US\$1.1 million 66kV cable from Cathedral sub-station to Nairobi West sub-station is expected to be completed in December 2007, Mr Priestman said. The new cable will improve security of supplies to Nairobi City Centre.

Under the ESRP, too, installation of new radio equipment to enhance operational efficiency and improve data communication between Mt. Kenya and other

regions is in progress, while upgrade and rehabilitation of eight substations in Nairobi, Naivasha, Lanet, Lessos and Kamburu will be completed by July 2009 at a cost of US\$19,211 million, greatly enhancing power supply to those areas.

More system upgrade projects are also planned to commence before June 2008 in Athi River, Nairobi, Sondu, Cherangani, Butere, Thika, Limuru, Kikuyu and Kabete. In addition, construction of new transmission lines, namely the 132kV Kamburu-Meru, Chemosit-Kisii and Sondu-Kisumu and associated substations, is in progress, and will stabilise the power delivery system in the areas. Meanwhile, the Supervisory Control and Data Acquisition/Energy Management System is being upgraded at a cost of Shs.1.8 billion. The work has commenced and is expected to be completed by March 2009. The project also includes installation of a new fibre optic cable over the power line infrastructure, marking a milestone for the Company as in addition to using the fibre optic cable for internal purposes, it intends to make available the extra capacity for commercial use.

Mr Priestman however decried the numerous appeals in the Public Procurement Complaints, Review and Appeals Board against tender awards, and litigation instituted in courts by bidders who lost in the competitive bidding process. This, he said, had delayed commencement of some of the projects.

The CEO thanked KPLC staff for their efforts which, he said, led to improved performance in the 2006/2007 financial year such as an improved pre-tax profit of Shs.2.64 billion compared to Shs.2.4 billion in 2005-2006; connection of 120,191 new customers, reduction of system losses and outages, and improved operational efficiency.

During the function, 826 employees who have worked for the company for between 10 and 30 years were presented with various awards and bonuses.

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