

### Regulatory environment

The energy sector is governed in chapter 314 of the Kenyan Constitution. In 2006, there were reforms where Energy Regulation Commission was launched in 2007, which lifted the role of regulation from the government. Its role is to set prices for Independent power producers (IPPs), ensure stiff competition, monitor market failure, promote cheaper renewable energy sources and reduce thermal share in generation.

Prior to the reforms, the government was the sole provider of utilities. As for the energy sector, Kenya Power and Lighting Company was the only monopoly until mid-1990s. OrPower 4 was the first company to be offered a tender to be an Independent Power Producer in Kenya in 1995. Tsavo Power also paved into the market around that time with diesel-based power production whereas OrPower 4 generates geothermal electricity.

In 1997, the sector was disintegrated into production, transmission and distribution activities which are currently done by Geothermal Development Company (GDC) or KenGen, Kenya Electricity Transmission Company (KETRACO) and Kenya Power respectively.

The Water Act was established in 2002, after which the Water Services Regulatory Board was launched and set up to guide on pricing, issue licenses and boost growth of the sector. It also analyses performance of the water utility service companies using a set benchmark and is in charge of SPAs and tariffs.