

# PARLIAMENT OF KENYA

## THE SENATE

## THE HANSARD

Wednesday 24<sup>th</sup> May 2023

### Morning Sitting

*The House met at the Senate Chamber,  
Parliament Buildings, at 9.30 a.m.*

*[The Deputy Speaker (Sen. Kathuri) in the Chair]*

### PRAYER

#### DETERMINATION OF QUORUM AT COMMENCEMENT OF SITTING

**The Deputy Speaker** (Sen. Kathuri): Clerk, confirm whether we have quorum.

*(The Clerk-at-the-Table consulted with the  
Deputy Speaker)*

Ring the Quorum Bell for five minutes.

*(The Quorum Bell was rung)*

Ring the Quorum Bell for another 10 minutes.

*(The Quorum Bell was rung)*

Hon. Senators, I can confirm that we now have quorum. Clerk, proceed to read the Order Numbers.

### QUESTIONS AND STATEMENTS

#### QUESTIONS

*Question No.015*

OPERATIONS OF THE KENYA  
NATIONAL TRADING CORPORATION

**The Deputy Speaker** (Sen. Kathuri): Hon. Senators, we have two questions today. The first one is Question No.15 by the Senator for Marsabit County Sen. Chute to the Cabinet Secretary for Investments, Trade and Industry.

On this Question, I understand that the Cabinet Secretary wrote a letter requesting for rescheduling because he is out of the country on official duties and the letter has been provided by the Secretariat. So, the Senate Business Committee will consider when to reschedule that Question so that the Cabinet Secretary can appear.

*(Question deferred)*

On the other Question No.16---

**Sen. Chute:** Mr. Deputy Speaker, Sir---

**The Deputy Speaker** (Hon. Kathuri): Just a minute, kindly. Who has given you the microphone? What is happening, hon. Chute? Are you hacking the system?

*(Laughter)*

**Sen. Chute:** No, Mr. Deputy Speaker, Sir.

*Question No.017*

DELAY IN DISBURSING FUNDS FROM THE  
SALE OF CRUDE OIL TO THE TURKANA COMMUNITY

**The Deputy Speaker** (Hon. Kingi): I was saying that the other Question is by the Senator for Turkana County, Sen. Lomenen. I understand the Cabinet Secretary is ready to appear before the Senate to answer Question No.17. Therefore, I will ask the Secretariat to present him to this House because we are ready for him.

*(The Cabinet Secretary for Energy and Petroleum  
(Hon. Chirchir) was led into the Chamber)*

**Sen. Chute:** Mr. Deputy Speaker, Sir, I would like to talk about the issue of the Cabinet Secretary not coming here today, if you will allow me.

**The Deputy speaker** (Sen. Kathuri): Okay. Please proceed for only one minute. What do you want to add to my Communication?

**Sen. Chute:** Thank you, Mr. Deputy Speaker, Sir, for this opportunity. The Minister got this information or the letter for invitation on 15<sup>th</sup> of March. He should have answered this question or he should have let us, the House, know that he is not going to be in because he received the letter from the Senate on the 2<sup>nd</sup> of May 2023. However, he deliberately ignored this letter because the answer came this morning. According to the information provided by secretariat, he is not going to appear before us.

Mr. Deputy Speaker, Sir, why did he not inform the Senate in advance before this question was scheduled? It seems as if these experienced politicians are ignoring this House. I urge you to admonish the Cabinet Secretary and direct him to appear next week on Wednesday.

Mr. Deputy Speaker, Sir, the same Cabinet Secretary is always talking on many things in political rallies. He is not a politician. Yet when it comes to questions that are being asked by this House, he does not even care. He seems not to care about the summons of this House. Please take this matter very seriously.

**The Deputy speaker** (Sen. Kathuri): Sen. Chute, definitely, I am taking this matter with the seriousness that it deserves. I have requested that the question should be rescheduled within a week. However, I am a bit convinced that he is out of the country because this correspondence is quite enough.

I have another correspondence that, His Excellency, the President is the one who sent him and he has communicated to the Ministry. So, do not get agitated, Senator. It is only me who can help you. You have done your bit.

**Sen. Chute:** Thank you, Mr. Deputy Speaker, Sir. However, you see---

**The Deputy speaker** (Sen. Kathuri): I have not given you---

**Sen. Chute:** Thank you. Sorry, Mr. Speaker. My apologies.

*(Technical hitch)*

**The Deputy speaker** (Sen. Kathuri): I do not know what is happening with the system. The technical team should work on this system with immediate effect so that we can do smart business.

As I was saying, Sen. Chute, your issue is well placed on my table. I would like to assure you that the Cabinet Secretary must appear before the House.

I welcome the Cabinet Secretary for Energy and Petroleum to the Senate.

I also would like to ask the Senator of Turkana County to ask his Question because the Cabinet Secretary is ready to answer. I thank you, Cabinet Secretary, for keeping time.

Hon. Lomenen, please proceed.

**Sen. Lomenen:** Mr. Deputy Speaker, Sir, I would like to thank you for this opportunity and also thank the Cabinet Secretary for Energy and Petroleum for availing himself for this Question.

I would like to ask the Question No.017

*Question No. 017*

DELAY IN DISBURSEMENT OF FUNDS FROM  
THE SALE OF CRUDE OIL TO THE TURKANA COMMUNITY

(a) What are the reasons for the Government's delay in disbursement of funds from the sale of crude oil in 2019 to Chem International, a United Kingdom (UK) company to the Turkana County Government and the local government despite the enactment of Petroleum Act No. 2 of 2019?

(b) What plans does the Government have to ensure the Turkana community receives their fair share of oil revenue and could the Cabinet Secretary provide a timeline for this?

**The Deputy speaker** (Sen. Kathuri): Thank you. Cabinet Secretary, it is now your turn to respond to the question.

**The Cabinet Secretary for Energy and Petroleum** (Hon. Chirchir): Mr. Deputy Speaker, Sir, Kathuri Murungi and the Hon. Members of this House, the Senate, I am happy and privileged to come before you today to answer this Question raised by Sen. Lomenen.

Mr. Deputy Speaker, Sir, please allow me because of the very topical nature of petroleum exploration in the region, particularly in our region in Northern Kenya, Turkana to give a small background so that we can all be in tandem with what is happening.

I know there has been coverage in the media regarding some two oil upstream mergers Total Energy and Africa Oil relinquishing their 25 per cent shares each and Tullow taking over 100 per cent to prospect and continue the project. So, allow me to give a very short background so that we can quickly be together.

**The Deputy Speaker** (Sen. Kathuri): That is in order. Please proceed.

**The Cabinet Secretary for Energy and Petroleum** (Hon. Chirchir): Hon. Deputy Speaker, Sir, the first oil discovery was made in March, Ngamia Block 10 BB by Tullow BV followed by much more discoveries in Block 13T in the South Lokichar Basin. The oil reserves in the South Lokichar basins are estimated today at 504,000,000 barrels.

In June 2018, the Government of Kenya launched the early oil pilot scheme, which entailed transportation of stored crude oil drawn from the appraisal wells testing activities. The storage was being done at site out there in Turkana.

The process involved production of 2,000 barrels per day, and I think it was done for about 200 days. Transportation of the oil was by road from the South Lokichar Basin to the Kenya Petroleum Refineries where we had some tank firms. That is where the storage was done in Mombasa over a two-year period.

The objectives of the early oil pilot scheme were as follows-

(1) It was meant to provide important technical well data as well as other data to optimize the field development plan and the design of the crude oil export pipeline. The report is currently on my desk.

(2) Testing the marketability of the crude oil from the South Lokichar Basin.

(3) Establishing a logistical infrastructure. Basically it was testing and confirming that those bridges needed to be upgraded and other key arrangements to transport the crude oil from the production fields to the export load Port of Mombasa.

(4) Enabling the national and county governments to gain the necessary experience and capabilities as Kenya transitions from exploration and appraisal into development and production.

(5) Creating scalable employment and business opportunities that would assist in building capacity in the country.

The buyers of the crude oil were competitively identified through a bidding process where interested parties bided on freight and premium for transportation of the crude oil to the international markets. You may be aware that oil is an internationally traded commodity. Therefore, there is splat pricing for the crude. The competition was basically for the margins in premium and freight.

The crude oil was transported in two parcels as tabulated in the report which I submitted to the House. I hope all Members have managed to get a copy this morning. The first cargo of 26<sup>th</sup> August, 2019, had 240,150 barrels and the buyer was ChemChina

UK Ltd. The second batch was on 30<sup>th</sup> September, 2022, and it had 174,627 barrels to Glencore Singapore Pte Ltd.

In respect to the question raised by Sen. Lomenen, we are aware that Section 58 of the Petroleum Act, 2019, provides for apportionment of the profits from the sale of crude oil between the national Government, county government and the local community. If you go specifically to that section of the Act, it is 75 per cent for national Government, 20 per cent for the county government and 5 per cent for the local community.

The crude oil sold from the South Lokichar Basin had been produced from exploration and appraisal activities. It was not commercial production. The table there shows the total number of barrels exported, revenue generated, the costs incurred and a deficit from early oil production scheme project. I think there were many experiments, which led to incurring a lot of costs.

For those of us who have seen the production sharing contract, like I said, there is coast oil, which basically covers the coastal area and the profit oil is shared in a certain ratio between the company producing, which is Tullow Oil, and the Government. What goes to the Government is shared in the ratios that I mentioned.

The cost is commonly referred to as cost oil, while the detail between revenue and cost is referred to as profit oil. It is the profit oil which is shared between the IOC and the host government. The Government's share of the profit oil is then shared in line with Section 58.

I got the detailed correspondences. We are lucky to have done a comprehensive audit by an independent auditor known as Rosa Korea Associates of South Africa (RKA). We have a full audit report which confirms the total number of barrels as shown. That is 414,777 barrels for the two consignments that were off taken by the two companies that I mentioned.

There was revenue of US\$27,292,479 and the costs associated to the end-to-end project, which covers all the logistical issues and storage of the petroleum products at the Kenya Petroleum Refineries Limited (KPRL) totaling to US\$51,022,971 and the delta revenue, which is a deficit, is US\$23,730,491.

The table there shows that there was no profit oil. If anything, the IOC is owed US\$23,739,491 on account of the early oil scheme. Therefore, there were no excess funds to be shared in this early oil project scheme in line with the provision of the Act.

The second question was; what plans does the Government have to ensure that the Turkana Community receives their fair share of the oil revenue and could the Cabinet Secretary provide a timeline for this?

Mr. Deputy Speaker, Sir, all revenue from petroleum will be shared in accordance with Section 58 of the Petroleum Act, 2019. The process will be undertaken in strict compliance with the Public Finance Management (PFM) Act, 2015, and of course, under the oversight of the Senate Standing Committee on Energy which will continue to confirm that we do obey the laws and we shall certainly do work in line with the Act established for this country.

The Ministry is currently reviewing the Field Development Plan (FDP). This is a report which has been submitted to us to confirm the commerciality and the technical viability of taking this product and building infrastructure and making sure that it is economically viable.

The report will soon be tabled in the House with a comprehensive technical report on its commerciality, both technical and economic, for ratification by Parliament. Afterwards, the contractor is expected to move to the final investment decision in the timelines that should be done within a year, and thereafter build the infrastructure within a period of three years so that we can get our first oil into the market.

I thank you.

**The Deputy Speaker** (Sen. Kathuri): Thank you, Cabinet Secretary. You may have your seat for supplementary questions. I will start with the owner of the question, Sen. Lomenen. The Standing Orders provide that you can ask two supplementary questions. However, if you have one, fair enough, we can proceed with the next Senator.

**Sen. Lomenen:** Mr. Deputy Speaker, Sir, this is the saddest news I have ever received in this Senate. In the report given by the Cabinet Secretary, they have agreed that crude oil was sold and exported to a United Kingdom Company. Those were 414,777 barrels of crude oil. What we received as revenue is US\$23,730.

Mr. Deputy Speaker, Sir, the nation, Turkana Community and the international community are hearing this information for the first time. Why did the Ministry decide to sell the crude oil while they knew that it was not viable? They were selling it at a loss. This is the question we are asking.

The community knows that they sold their oil and are waiting for 25 per cent; 20 for the county and 5 per cent for the local community. The rest, 75 per cent, is for the national Government. Was the crude oil sold for the company drilling oil, the national Government or the community?

Finally, what happened to the crude oil in Turkana County? How will Turkana County trust the Government with the remaining crude oil since the national Government intends to drill more than 100 boreholes? How do we drill oil and sell it at a loss?

**The Deputy Speaker** (Sen. Kathuri): Cabinet Secretary, you can answer the supplementary questions from Sen. Lomenen.

**The Cabinet Secretary for Energy and Petroleum** (Hon. Chirchir): Thank you, Mr. Deputy Speaker, Sir. The objective of the early oil pilot scheme was to provide important technical data on our field development plan, test the marketability of the crude oil and establish logistical infrastructure, including reinforcing and strengthening the bridges that cargo lorries were to use.

All these was to enable the national Government and county government gain the necessary experience. You will appreciate that we were preparing the country to go to the market.

One of the things that Hon. Members will appreciate is that the initial phase of the project can be expensive. It is because the objective was to ensure that there was seamless facilities are ready to market the oil. This was to an extent where the product could have been overstored.

The storage had to be paid for in terms of holding the product in the KPRL, Turkana County oil fields and building the tank farms. Looking at the cost of any business when you go into business, you do not expect to make profit in the first two or three years because those are the years of investment.

Mr. Deputy Speaker, Sir, I do not expect that this will be the obtaining position when we bring a comprehensive development report. The report will inform this House and the country on the profitability of the project in full financial closure and develop the

oil fields. It will cost us Kshs3.4 billion to develop the whole infrastructural set up before production. It will also include the quantity and revenue that we will get after selling the product.

Mr. Deputy Speaker, Sir, we will be advising this House and the country that it is a profitable business to go to. This was an experiment to prepare the country for oil. It was an early oil pilot scheme to prepare the infrastructure, ourselves and the capacity of our people in terms of county preparedness. The bridges also needed to be reinforced because not even one lorry could pass through.

More importantly, from the economics of transporting crude oil, it would not make sense to transport crude oil by road. Through the Field Development Plan (FDP), we will need to confirm the economic commerciality of building a pipeline and a refinery. That report will come to this House.

We have also checked the real detailed cost in a report done by an independent auditor. I have a report of 38 pages, which I did not table in this House. The report gives us all the details of the cost accrued to give us the negative number for the two cargos that were exported. It totaled to 414,777 barrels.

As the Cabinet Secretary for Energy and Petroleum, we will submit the full FDP report to confirm the economic commerciality and technical viability of building infrastructure and taking our product to market. As we are seeing in the early oil project scheme report, the situation is that we were meant to achieve the objectives I have highlighted.

**The Deputy Speaker** (Sen. Kathuri): We are done with Sen. Lomenen. Let us proceed to other supplementary questions, one each.

Sen. (Dr.) Murango, proceed.

**Sen. (Dr.) Murango:** Asante sana, Bw. Naibu Spika. Sio kila siku tunakuwa na Waziri wa Kawi katika Bunge la Seneti. Pia ninaelewa kwamba ninafaa kuuliza swali lingine kutokana na swali asili ambalo Sen. Lomenen aliuliza.

Hata hivyo, umuhimu wa sabuni ni povu. Kama Seneta wa Kaunti ya Kirinyaga, kuna masuala ambayo ninafaa kusema. Hata kama sio maswali, mambo hayo yatamwezesha Waziri wa Kawi kwenda na taarifa.

Bw. Naibu Spika, ninaomba uniruhusu niseme jambo moja. Nitakuwa sifai kama sitamwambia Waziri kuwa, kuna watu kutoka Kaunti ya Kirinyaga, sehemu ya Gathigiriri, ambao wamekaa miezi mitatu bila stima.

Sitakuwa na maana katika Bunge hili, iwapo sitasema Rwama Factory na Muthigiini hawana stima kwa miezi miwili. Sitakuwa na maana kama sitasema watu wa Kagio na Rwang'onduru wanapata huduma za stima kutoka Kenya Power (KP).

**The Deputy Speaker** (Sen. Kathuri): Sen. (Dr.) Murango, akili ya Waziri imeelekea Kaunti ya Turkana. Kwanza tungepata maswali yanayohusu Kaunti ya Turkana na mafuta halafu baadaye, nitakuruhusu uulize swali la stima na mambo mengine.

Hivi sasa, nitasikiza swali kutoka kwa Sen. Chute.

**Sen. (Dr.) Murango:** Bw. Naibu Spika, nikimalizia nilikuwa niko na swali kuhusu Kaunti ya Turkana.

**The Deputy Speaker** (Sen. Kathuri): Ni sawa, malizia maswali yako na masuala ya Kaunti ya Turkana.

**Sen. (Dr.) Murango:** Bw. Naibu Spika, kutokana na swali la Sen. Lomenen, Kaunti ya Turkana inajulikana kwa rasilimali ya mafuta. Wakati wa kuchimba mafuta, miradi ya Corporate Social Responsibility (CSR) ilitakiwa kufanywa.

Kwa vile mafuta yalichimbwa huko Turkana hayakuwa na faida, ni jambo gani ambalo litafanyiwa wakaazi wa Kaunti ya Turkana ili waridhike kwamba wamefaidika kwa kujitolea kwao na kupeana nafasi ya mafuta kuchimbwa?

Asante, Bw. Naibu Spika. Ninangoja nafasi nyingine ya kuuliza maswali ambayo hayahusiki na maswali ya Sen. Lomenen.

**The Deputy Speaker** (Sen. Kathuri): Sen. (Dr.) Murango, your question is like a comment. I do not know whether the Cabinet Secretary has a specific answer.

Let me allow Sen. Chute to ask his question and then we can combine the two.

**Sen. Chute:** Thank you, Mr. Deputy Speaker, Sir. Thank you, Cabinet Secretary (CS) for coming before us today. I was in your office last week. I raised the issue of Marsabit and you helped me. For that, I thank you.

I want to get a direct answer from you. I know you found that Ministry in chaos. If you look at the first debt, 240,150 barrels were exported on the 26<sup>th</sup> August, 2019. That is about 100 days of production.

It took your Ministry four years, from 2019 to 2023 to do 240,150 barrels and you want to have a production of 2000 per day. Are you telling us it will take you another 100 years to produce of 2000 barrels?

On the same note, you found that your predecessor spent four years to extract 240,150 barrels. What changes will you make to ensure that you to run this petroleum product efficiently and make it viable in three years as you have said?

**The Deputy Speaker** (Sen. Kathuri): Cabinet Secretary, you can respond to that specific question.

**The Cabinet Secretary for Energy and Petroleum** (Hon. Chirchir): Thank you, Mr. Deputy Speaker, Sir.

Let me start with the question by the Senator for Kirinyaga County; Sen. (Dr.) Murango. This concerns the Corporate Social Responsibility (CSR) investments that we will undertake to ensure that the people of Turkana or Kenyans who live in the communities where we are prospecting and leveraging the economic development for this country are supported through CSR programmes.

As I mentioned, today Total Energies and Africa Oil have exited and allowed Tullow Oil to take over the 100 per cent ownership of the blocks in Turkana. This is because with the challenge of climate change, the significant concern is on environmental, social, and governance. This addresses issues of investments in people and being conscious of the challenges of climate change.

We have seen the rampage in the kind of drought that we experienced, not just in Kenya, but also in down South where power rationing is up to eight hours. For example, in Zambia, in Malawi, and so on. So, we have to pay attention to issues of climate change.

So many governments or companies are screening the investment based on corporate policies that encourage companies to act responsibly.

Many mutual funds or investment brokerage firms and advisors offer investment products that employ environmental social governance. This ensures that we are not only



addressing the environment, but also addressing how we socialize with the community, where we work.

I worked closely with Sen. Lomenen in 2013, 2014, and 2015 when I was the CS in the same Ministry. I am sure that he agrees that there is need for significant corporate investments in the community, in the county, and more importantly, the country by those who leverage on our resources.

We did several programmes. We intend to continue pursuing that to ensure that we are socially conscious so that we do significant investments.

We should seek to see a percentage of the revenue is dedicated to a foundation. Section 58 of the law expects county government to legislate and able manage the social investment programmes to ensure that it benefits everybody within the community. We will pay attention and continue to work on that.

I thank Sen. Chute, the Senator for Marsabit County, for visiting my office. As I said, yes, it took so long to get the 240,000 barrels to the market.

We could not transport the crude oil using a bridge because it was not there. The axle load could not take the weight. It could have easily collapsed. The product has come out. We will have to come to this House and ask for a budget to build a bridge.

The objective of the early oil project scheme was to test whether the facilities in the country could support the export of this product.

We will come to this House with a field development plan. We will comprehensively talk about preparedness to go to the market either through a refinery or a pipeline so that the daily production gets to the market the same day.

There will be no tankage because it is one thing to build a pipeline and expect it to work for us every day.

So, the product should work for us every day. The tankage would be held in Mombasa. As soon as it is enough to go on a cargo of 80, 85 or 120,000 metric tonnes, it will leave for the market immediately.

So, when we come back to this House with a field development plan, we will show you a roadmap that will say that we will reach an investment decision within one year and develop the infrastructure to market in three years.

All the logistics will be approved by this House. When we start production, the product will be going to the market every day, subject to filling a ship or cargo in Mombasa that can leave every so often.

Hon. Members, I do not expect that we will sit as a Ministry and take to the market 240,000 barrels in four years. That should be a product that goes to the market every four days.

I do not know whether I need to go to the question from Sen. (Dr.) Murango regarding power. However, we are paying attention to that.

I have been to the National Assembly and we are working. I have got a schedule of all public institutions in every county, constituency and the status of the provision of power.

I have asked hon. Members, in a short while, to audit those reports that I have in my Ministry to confirm the status of power provisioning so that the records held in the Ministry and by hon. Members are in sync.

That will help us to do an accurate based budget that will cover all public institutions that have not been covered. Thereafter, we will do maximization to cover all the villages where our people stay.

May I just mention that between 2013 and today, we moved this country from 23 per cent access to electricity to 80 per cent.

The Last Mile Connectivity Project is connecting to the homes. However, in terms of access, there is almost power touching almost every ward and village. We just need to do the Last Mile Connectivity and make sure that we connect those homes.

It is good to note that when connection is done, connection fees are billed into the monthly tariffs. So, there is no entry cost to get power in our homes. We connect for free and the connection fee is billed into the monthly bill. So, we should accelerate that and work together to confirm that we have adequate budgets for those areas which are not covered today.

I confirmed to the National Assembly that if we work together to audit where we are today, we should be able to close and finish connecting this country in two or three years within this term of Parliament.

**The Deputy Speaker** (Sen. Kathuri): Cabinet Secretary), I would advise that whatever you have discussed with the other House, you also discuss with the Chairperson of the Standing Committee on Energy who is not present today. This is because, if you open that line on electricity, we might stay up until the day after tomorrow. So, I give guidance that you sit with the Chairperson of the Committee on Energy and if practically possible you can have a *Kamkunji* so that we can address power issues on a separate day.

The Chairperson of the Committee on Energy is not here but the vice-chairperson is here. So, Vice-chairperson, kindly handle that issue so that we can move forward. I do not want to mix the Question on Turkana and the Question on power. That is a very sensitive area. I want to give Sen. Kisang one minute to comment, then you discuss with the CS on power issues.

**Sen. Kisang:** Thank you, Mr. Deputy Speaker, Sir. We have agreed with the CS that we have a meeting with him this Friday as a Committee, then we will schedule one of the Wednesdays in this House so that he gives us the actual status of the last-mile connectivity across the country.

This is because there was even an advert that was put out last week by the Ministry for last-mile connectivity and most of the counties which were going to benefit from that connectivity are those that are already above 50 per cent. Many are below 40 per cent like Elgeiyo Marakwet County but they are part of that last-mile connectivity. So, there is a case that we are putting across so that we ask our colleagues in the National Assembly also to put more resources to ensure we give affirmative action to our counties and our constituencies that are very low in terms of connectivity.

I have a comment and a question on Turkana. On the comment, I think there was an oversight by the Ministry. Four years down the line, the Ministry and also Tullow Company should have had an engagement with Turkana County, telling them that this is just early oil, they are doing a pilot survey so that they know the challenges that they will get as they do the oil. So, I would request the CS going forward to engage closely with the County Government of Turkana and also the people of Lokichar so that they know. This is because when you move the next crude oil, I do not think that they will even have something to benefit from. This is because I believe the investor would want to first---

**The Deputy Speaker** (Sen. Kathuri): Sen. Kisang that is enough.

**Sen. Kisang:** Now, I want to ask my question. The CS informed the House that they are exporting the crude oil and we have a refinery in Mombasa that can refine and process the crude that will help the country to generate employment for our youth. Why do we not revive the refinery in Mombasa, process the crude oil, sell the white oil in the country and generate more employment for the youth?

I thank you, Mr. Deputy Speaker, Sir.

**The Deputy Speaker** (Sen. Kathuri): Sen. (Dr.) Khalwale, you may proceed.

**Sen. (Dr.) Khalwale:** Mr. Deputy Speaker, Sir, allow me to congratulate the Minister for being appointed the CS. Many people in Kenya have confidence that you are going to succeed because of your history. When Tullow Company announced that they had struck oil in Turkana, the news was received by the country with hope, excitement and expectation that Kenya was now going to become of the world's oil-producing countries.

Minister, can you just clear the air in very few words with a paltry production that you have announced in the last four years, is it all lost or Kenya still has a chance of being an oil producer?

**The Deputy Speaker** (Sen. Kathuri): Hon. CS, answer those two questions.

**The Cabinet Secretary for Energy and Petroleum** (Hon. Chirchir): Thank you, Mr. Deputy Speaker, Sir. The question from Sen. Kisang on whether we need to do a refinery or what is the way forward, these are details I alluded to in my earlier Statement. The economics of oil production in the report field development plan is a very comprehensive plan. I have got about a 400-page document in my office currently being looked at by the technical team to confirm the best option going forward.

Let me give by way of example. If we were to produce at a certain rate and reach a plateau in two-three years and you have built a pipeline that can take so much product to the market and yet the production has gone down; it is a phenomenon which the companies prospecting would like to use to earn their profit by recovering their cost of production quickly and leave us almost sharing very little on the profit from the oil.

So, we are looking at the economics of a pipeline or a refinery in Turkana, Isiolo, and Mombasa. We are also looking at the economics of tracking which does not look viable. Therefore, that comprehensive report translated into a commercial piece of business document will be brought to this House and we will possibly retreat to interrogate that report. This is because the early prospects to get the product to the market from drilling commercial wells, building the tankage in Turkana, the pipeline or a refinery are in the cost of the US\$3.5 billion. That will be taken to cost oil. So, it will be recovered from our oil to cost.

Can you now see a situation where after recovering, we export the product for three years and then the product diminishes on what I call reaching the tippers and starts coming down? What do we do with the big investment of the US\$3.5 billion? So, we will be bringing that comprehensive report to confirm the viability of every investment option including refineries, pipelines and all details that go into taking the product to the market.

As I said, oil production is controlled by the Organization of the Petroleum Exporting Countries (OPEC). It has got international pricing. Even what we sold on the early oil project scheme was flax pricing. The only thing that was computed for was freight and premium.

So, I will bring that report in due course. It has a timeline under the production-sharing contract which says that the report goes to Energy and Petroleum Authority (EPRA), our regulator for three months and then submit to my office. It should not take more than one month in my office. When it comes to the Parliament, it should not take more than one month for us to confirm whether it is economically viable to get the product to the market. Thus, going to the final investment decision within a year and building the infrastructure within three years to take the product to market.

By way of answering Sen. Kisang's Question, I have touched on Sen. (Dr.) Khalwale's question. Thank you, also, for challenging me to succeed and I will work very hard to succeed. However, to the question of excitement, yes, there was excitement. There was hope. There is still hope. If you look at our neighbour who made discoveries three or four years earlier than Kenya, they have never gotten to market today. They have just done the final investment decision so that they can look for resources to build the pipeline which is going through to Dar-es-Salaam about 1800 kilometres. Those are huge investments.

So, the fact that we made this discovery much later and we are where we are, I will urge this House and Kenyans at large to quickly go out of our way to support this project development and be conscious of the climate change issue.

When I came to this House this morning, I did some extensive reading on environmental, social and governance challenges that are facing the world today due to climate change.

Investors, even on Foreign Direct Investments (FDIs), are not putting their money where their policies on climate do not agree with the developers of some of these environmentally challenged projects such as development of coal and fossil fuel.

Therefore, we need to bring this to closure because you are also aware that Kenya has signed to be 100 per cent green, particularly on power generation, by 2030. So, unless we embrace, support and run with this project to reach to the final investment decision and have the first oil within the next three years, more of the West and European part of the world may not be putting their money into this investment because of their policies on responsibilities on climate change.

Therefore, I confirm that we have a timeline. We will work together to ensure that we quickly maintain the excitement and hope of using this natural resource to develop our country like the West has done for the last several years.

Thank you, Mr. Deputy Speaker, Sir.

**The Deputy Speaker** (Sen. Kathuri): Hon. Senators, there is a lot of interest on this matter. I will now give guidance that every Senator can take at least one-and-a-half minutes or a maximum of two minutes to ask a direct question, so that we can make progress.

Proceed, Sen. Dullo.

**Sen. Dullo:** Thank you, Mr. Deputy Speaker, Sir. I thank the Cabinet Secretary (CS) for appearing before the House. I must say that this is a very good avenue for us to interact with relevant Ministries, though some of the Members did not embrace the process.

Mr. Deputy Speaker, Sir, if you can allow me, I want to ask a question on electricity in my county. I have tried to trace the CS several times but I have been unable to get him. If you may allow, it will just take a minute.

**The Deputy Speaker** (Sen. Kathuri): Sen. Dullo, I gave some good guidance that we need to have some conversation, so that we can get Questions related to the initial Question. However, the CS has already got your message.

*(Laughter)*

**Sen. Dullo:** *Sawa.* I will look for him.

**The Deputy Speaker** (Sen. Kathuri): You can kindly have a minute. I do not want us to ---

**Sen. Dullo:** No, it is okay. He is also a friend. I will look for him.

Thank you.

**The Deputy Speaker** (Sen. Kathuri): Yes, sure. You know the CS is a very available person.

Next is Sen. Mbugua.

**Sen. Mbugua:** Thank you, Mr. Deputy Speaker, Sir. I thank *Waziri* for coming. Mine is a very short one. During our recent visit to Juba, we visited a mini-refinery, which is being put up. The whole thing is being managed by Kenyans. We were made to understand that it has a capacity of doing 10,000 barrels a day.

Can we consider the possibility of instead of taking our wealth all that distance, to liaise with our neighbours because the distance from Turkana to Juba is very short and maybe we can save on those costs?

*Waziri*, if Sudan is able to do this mini-refinery, why is it so difficult for Kenya to do the same, so that maybe we can benefit like them?

Thank you.

**The Deputy Speaker** (Sen. Kathuri): I think many Members have the same question. Therefore, let the CS answer that one. Maybe he might sort my problem of time, by answering the question on refinery.

**The Cabinet Secretary for Energy and Petroleum** (Hon. Chirchir): Thank you, Mr. Deputy Speaker, Sir. I thank Sen. Dullo. I will certainly make time to see the Senator to address the issues of Isiolo and Kenya at large, regarding this electricity, where there is so much interest.

Sen. Mbugua, we are looking at all the economics surrounding the Juba small refinery. When we bring the field development plan for our Turkana Oil Basin, we will show the economics of small and big refineries and the economics of the pipeline in relation to the total reservoir of oil that is already discovered in Kenya and to an extent that oil are platts priced.

If the platts pricing of oil, in terms of costs for locally refining with that kind of refinery makes economic sense, then, we should be able to recommend that to this House.

Therefore, the economics of all that will be in the field development report. However, more importantly is that when South Sudan refines its products through these small oil refineries, then, it should be enough for our region and cheap because of the platts pricing of oil.

Nobody discounts oil. Why would you discount your product if the world price is given? Then, the freight and premium to bring the product from Juba to Kenya would be cheaper.

One aspect in the petroleum space in Kenya today is that petroleum products is traded by Oil Marketing Companies (OMCs). It is off Government balance sheet. We do not trade in petroleum products with Government money. The OMCs bring the product, even if it is under the Government to Government into Kenya and they compete on freight and premium.

Therefore, if the freight from Juba, South Sudan and the premium being charged by an OMC who wins the tender will be the most competitive, then, we will bring products from Juba or maybe Uganda, if they succeed to build the oil refinery.

Yes, they will have a competitive advantage because of distance but do not forget that transport by sea is so cheap. Therefore, when the OMCs go out to bid, there will be some OMCs who will be considering the products from Uganda, South Sudan and Saudi Arabia using water transportation.

Whoever gets the best premium and freight, we will pick that product and be able to use that to run the economy in a competitive way because we need the cost to come down in order to support our economy.

Thank you.

**The Deputy Speaker** (Sen. Kathuri): Proceed, Sen. Mandago.

**Sen. Mandago:** Thank you very much, Mr. Deputy Speaker, Sir. I thank the CS for Energy and Petroleum for availing himself for this Session. I have two Questions to the CS, if you may allow.

I am looking at the volumes that were extracted on 26<sup>th</sup> August, of 240,150 and 174,627 barrels. Do we have evidence to confirm the measurement of that volume documented? Can we confirm that the oil that was extracted and sold is that volume?

Secondly, there is the table that shows the revenues of oil. I do not know whether the CS can avail evidence that the revenue that was generated from this oil is USD27, 292,479 just to assure this House and Turkana County that their oil was not sold for more but less was declared.

Mr. Deputy Speaker, Sir, finally, since I can see that you are still consulting, allow me to ask the CS a question. Why is it that the connectivity in this country is not equitable? As much as connectivity has risen for the last 10 years, from around 20 per cent to probably around 60 per cent, why is it that there are counties that are at 95 per cent and others are at below 40 per cent?

What are you doing to make sure that there is equitable connectivity in this country because electricity is a critical ingredient for spurring economic growth in all counties---

**The Deputy Speaker** (Sen. Kathuri): Yes, honorable CS. Did you get the question from Sen. Mandago?

Proceed, Sen. Okenyuri.

**Sen. Okenyuri:** Mr. Deputy Speaker, Sir, first, I take this opportunity to congratulate the Cabinet Secretary because I have not had the opportunity since their assumption to office.

Moving to my question, I would like to know how functional the reporting guidelines in the framework that they have in the oil industry is in terms of disclosure of whatever revenue is acquired.

Mr. Deputy Speaker, Sir, what I am getting from Sen. Lomenen could be an issue of maybe lack of disclosure that is leading to a conflict. Therefore, I would like to

understand how functional the guidelines that the Ministry came up with in terms of reporting on the magnitude of oil earnings are, so that we manage the expectations, if at all there are any.

I thank you.

**The Deputy Speaker** (Sen. Kathuri): Proceed, Cabinet Secretary.

**The Cabinet Secretary for Energy and Petroleum** (Hon. Chirchir): Thank you once again, Mr. Deputy Speaker, Sir.

Sen. Mandago wants to know how accurate the measurements are. We dealt with the issue of accuracy before the Senator came to the House. We have an outturn report by an independent company that was hired to confirm the measurements of the products as they were off taken, loaded and transported to Mombasa.

We also have a report of the product as it was exported out of the KPRL and loaded into the ship. Additionally, since these are public resources and it is not a space you want to be careless with, we have also gotten an independent audit report by a South African Company called Rosa Correia Associates (RCA).

It is a fairly comprehensive report which looks at various aspects of our production, metering, loading and exports. They have given us a comprehensive report to confirm the accuracy of the product taken out of Turkana and Mombasa and sold to those two offtakers who bought the product.

Like I said, the pricing has been published. Maybe what I will need to do to satisfy the concern of the House, through Sen. Mandago, is to provide the audit report which captures the platts pricing at the time we sold the product and there are many numbers. It has got all those numbers and it can be checked against the platts prices of the international market at the time.

What we were basically competing on was the freight and premium for the companies that transport the product to the market. Of course, first from Turkana to Mombasa and from Mombasa to the market.

We have that information which can be verified. We have got an independent audit report and a separate outturn report of the independent company that supported us in terms of ensuring that the processes and procedures of loading and measurements were properly done.

Regarding the equitable connectivity of electricity, we appreciate that we need to work closely to attain equitable electricity connectivity. For example, if you are in Nairobi City as a Senator, Nairobi City would be to a good extent covered if you are looking at public institutions because of the development status. If you are in Sen. Chute's County of Marsabit, we will appreciate that it could be much down. However, like I said earlier before the Senator came into the House, we will work together. In due course, I will give to all Members comprehensive schedules of all the public institutions in every county for them to help us audit the status of electricity provisions in those institutions, so that we can tally what we have on the ground and check against the records we have at the Ministry.

We will use the disparities of where there is no connectivity to do a budget that covers those areas within the next two to three years. During this term of Parliament, we should comprehensively cover this country.

So, in terms of equitability, it is an historical issue. There is no reason why today we do not take every county close to parity as it is challenging based on how we live. If

we live migratory lives, then we will need to provide electricity today and so on and so forth. However, we will work together in terms of working with those schedules.

The Rural Electricity and Renewable Energy Corporation (REREC) does maximization. When we provide a transformer, we want to utilize it 100 per cent. If a transformer can cover 100 people, there is no reason it should only connect a primary school and two customers. We should ensure that that expensive asset connects all the communities around that area and then map their access to ensure that we take our country close to 100 per cent.

Sen. Okenyuri, *asante*. On reporting on the public resources, I indicated that we have an audit report. When you get an opportunity to visit some of our investments in power and petroleum, the measurement aspects or the systems which have been built to measure the product are so elaborate.

We do our part as public trustees to make sure that none of our product is taken out without proper documentation and measurements. More importantly, we should subject ourselves to this House for the work you do in terms of confirming that we are doing the right thing.

Again, as we bring the field development report, these are the production facilities that will be built into the investment to ensure that we can measure the whole product and confirm profitability. Suppose more of our product is taken out at the right or wrong price, it could turn out that the commerciality of our oil fields may not be determined. Therefore, we can kill a project which is otherwise profitable.

Mr. Deputy Speaker, I want to confirm that we will continue to be subject to this House in terms of being accountable and ensuring that we build systems that measure our resources, be it in petroleum or power, to ensure that we earn the correct value for our product subject to the responsibility that has been bestowed upon us.

I thank you.

**The Deputy Speaker** (Sen. Kathuri): Let us get the last two questions from Sen. Abass. Just ask one question and the other one will be asked by Sen. Gataya Mo Fire.

**Sen. Abass:** Thank you, *Waziri*, for coming. I think much has been said about Turkana.

From Turkana all the way to Marsabit and Wajir, we believe that we have a lot of oil than the hydrocarbons like gas. I was told that a huge deposit was discovered in Wajir. What is the plan of your Ministry or the Government to explore more wells of hydrocarbons like gas?

*Waziri*, Wajir County has been experiencing power problems for the past 10 years. As I speak, Wajir residents have been in darkness for the past one week.

Many leaders including us came to your office several times and we are always being promised. We cannot still be living in darkness. What is the plan of the Ministry and how soon can you solve that problem in Wajir?

Just the other day, I was in your office but you were not there. I went to the Principal Secretary (PS) and we were promised a generator of 1.5 megawatts. However, up to now, it has not arrived.

*Waziri*, with due respect, we are having problems and we have been promised many times. We want you to sort out that problem.

**The Deputy Speaker** (Sen. Kathuri): Sen. Gataya Mo Fire, proceed.



**Sen. Gataya Mo Fire:** Thank you, Mr. Deputy Speaker, Sir. I am happy the Cabinet Secretary found time to come and engage the Senate.

**The Deputy Speaker** (Sen. Kathuri): Do not go into the power in Tharaka Nithi County, that matter will be sorted out. Just go directly to the question.

**Sen. Gataya Mo Fire:** Mr. Deputy Speaker, Sir, I have very pertinent issues in Tharaka Nithi County and that is why I am in this House.

It is important for the Cabinet Secretary to know that we have constant power blackouts in Tharaka Nithi County. We have only one line which is about 333,000 volts and it is serving the whole county. The line is approximated at 500 kilometers originating from Marima. Every time there is little rainfall, Tharaka Nithi County goes into darkness. We have experienced many blackouts and many businesses lose activities. It is important for the Cabinet Secretary to tell this House why we have this kind of a problem.

It is also important for the Cabinet Secretary to know that we have very low power connectivity percentage in Tharaka Nithi County. As we talk, we have three areas that have suffered for the last three months without power because of the faulty transformers.

**The Deputy Speaker** (Sen. Kathuri): Sen. Gataya Mo Fire, you have a very elaborate statement---

**Sen. Gataya Mo Fire:** Mr. Deputy Speaker, Sir, give me two seconds only. We have a faulty transformer in Muramba Wa Mbogo, that is Tharaka North, which has been without power for almost six months. There is another faulty transformer in Mukungu, King'ondeu in Chuka as well as a place called Kwa Njiku in Tharaka North. What is your Ministry doing to make sure that we do not have this kind of experiences?

**The Deputy Speaker** (Sen. Kathuri): Hon. Senators, as you know, the Cabinet Secretary and his team were not prepared for some questions. You have even called the names of certain places, and I do not think he can even remember the names.

Sen. Gataya Mo. Fire, why do you not do a statement to which he will respond comprehensively? Of course, you have got some airtime for the people of Tharaka Nithi County.

**Sen. Gataya Mo Fire:** Mr. Deputy Speaker, Sir, it is important that the Cabinet Secretary gets to know that these are the kind of problems that we are experiencing on the ground. We can have this conversation off the cuff. I can give you the names so that your people can make a follow up because our people are really suffering.

**The Deputy Speaker** (Sen. Kathuri): Thank you.

Sen. Wafula, you may have the Floor.

**Sen. Wafula:** Asante, Bw. Naibu Spika kwa nafasi hii. Waziri ametaja kwamba kupatia Wakenya umeme ni jambo ambalo anashughulikia.

Kuna vijana mliowaandika kufanya kazi ya kuunganisha nyaya za umeme ili Wakenya wapate umeme. Mko na malighafi ya kutosha kuhakikisha Wakenya wanapata umeme? Iwapo hawatoshi, ni mbinu zipi ama vigezo vipi ambavyo mnatumia kuhakikisha kwamba Wizara yako inawapa Wakenya wote nafasi ya kupata ajira kutokana na rasilmali tulionayo katika Wizara yako?

**The Deputy Speaker** (Sen. Kathuri): All these issues are now on power. Therefore, I want to consolidate all the questions.

Sen. Tabitha Mutinda, you may have the Floor.

**Sen. Tabitha Mutinda:** Thank you, Mr. Deputy Speaker, Sir. Allow me to compliment the Cabinet Secretary because he is one of the well performing Cabinet Secretaries. All these wishes that you hear on the Floor are because he ---

**The Deputy Speaker** (Sen. Kathuri): Senators, avoid giving---

**Sen. Tabitha Mutinda:** He is a smart Cabinet Secretary and he always has everything on his fingertips.

Mr. Deputy Speaker, we have an issue of transformers. We have quite a number of clients who have paid for the transformers and there is quite a big delay of delivery of these transformers. Information on the ground is that there is a delay in the procurement process. We would like you to clarify on this issue as far as the transformers are concerned.

**The Deputy Speaker** (Sen. Kathuri): Sen. Lomenen, I thought you finished your two supplementary questions. Do you have another one or you want to make your final comment? The Cabinet Secretary can then respond to all those issues raised thereafter.

**Sen. Lomenen:** Mr. Deputy Speaker Sir, allow me to comment before the Cabinet Secretary summarises all the questions. I wish to inform the Cabinet Secretary that, surely, I am really surprised with the information that I have received. The Ministry expects to work in collaboration with the Turkana County community. One thing that I have realised is that Total Energies has left the exploration and drilling. Only Tullow Oil has remained.

I wish to inform the Cabinet Secretary that he should be very careful when dealing with Tullow Oil. Tullow Oil has mistreated the Turkana Community for so long. They made false promises of CSR, which they have not implemented.

As a community, we have gone ahead to provide an independent auditor that will monitor whatever crude oil that comes from the Lokichar basin. This is so that we compare the notes from the Ministry and from the community. I know the information this year---

*(Sen. Lomenen's microphone went off)*

**The Deputy Speaker** (Sen. Kathuri): Kindly, give him one minute.

Sen. Lomenen, please, clear your issues.

**Sen. Lomenen:** Okay, Mr. Deputy Speaker. If we are not careful to tell the community the information that you are telling me, it will be very difficult to continue with exploration and drilling in that county. It is because up to now, even with those wells that have oil, the people are suffering from lack of water, hunger, thirst and lack of school fees. They are the most desperate and yet the people of this nation assume that there is oil in Turkana County.

During disbursement of funds, they say Turkana County has oil yet you have heard what is happening. We do not have anything and people are suffering. It is a curse and not a blessing. Tullow Oil has caused more harm to that community.

Mr. Deputy Speaker, Sir, one well was converted to a waste pit. They put the waste from crude oil in Twiga South-1 well. The Cabinet Secretary knows this. The people are suffering the consequences of those hazardous products. I am really provoked. If the community is told about this, they will say that we, as the leaders, have sold the oil and squandered these funds. They will not---

*(Sen. Lomenen's microphone went off)*

**The Deputy Speaker** (Sen. Kathuri): Sen. Lomenen, I will give guidance after the Cabinet Secretary responds to the issues raised.

Let us get the last one from Sen. Korir. You have 30 seconds kindly.

**Sen. Korir:** Thank you, Mr. Deputy Speaker, Sir. I wish to welcome the Cabinet Secretary and also comment on a number of issues that my colleagues have touched.

I know Sen. Lomenen has many challenges that are being raised by his electorate. However, a new Government is in place and a Cabinet Secretary has been appointed to that Ministry.

I believe there will be a lot of changes and streamlining of a number of issues affecting the residents of that area, so that they can be happy and the country can move forward.

Thank you, Mr. Deputy Speaker, Sir.

**The Deputy Speaker** (Sen. Kathuri): Thank you.

Cabinet Secretary, proceed. I limit you to two minutes.

**The Cabinet Secretary for Energy and Petroleum** (Hon. Chirchir): Thank you, Mr. Deputy Speaker, Sir. I will take them very quickly.

Sen. Abass from Wajir, on exploration, when we do a production sharing contract with a company which is prospecting in a block, there are very clear deliverables, including drilling one or two exploration wells, to establish the secondary resource after doing the service studies. These are magnetic or different scientific ways of establishing presence of a resource. Thereafter, you will go to appraisal wells and commercial wells; you just do not drill. This is because to drill one well can cost up to USD5 million.

In the production sharing contract, it is a requirement under the work deliverables that they end up drilling a well. Sometimes, a prospecting company which gets a production sharing contract would like to exit before they drill a well. However, we hold them to the responsibilities of the contract.

Therefore, we will continue to ensure that they fulfil the production sharing contract. This is because it is an agreement on the process of studying for these resources.

Like for Tullow Oil Company, when they reach field development phase, they will go into commercial production. Therefore, they need to drill commercial wells. This is where the significant investments, which I talked to adding up to USD3.5 billion go into.

Regarding Wajir, I am quite sorry about what has happened there. I personally promise that I would sort out the issue before Idd. This is because I am on top of it. I get a report on what is happening in Wajir every morning and evening. It cannot be that a county like Wajir town does not have power. I do know that the two power generators, which have been serving the town are down. Engineers are on the ground and they are not working.

We started procurement of two new generators, where the tenders closed yesterday. I talked to two Members of Parliament (MPs) from that region yesterday. The tenders closed yesterday and we will expedite. We should have bought these generators much earlier. However, there are procurement regulations that unless you have an approved budget, you do not tender.

The funding is there and the tender closed yesterday. Therefore, it will be evaluated and we will make sure we deliver those two generators of one megawatt each to sort out that challenge. The same problem is obtained in Marsabit and we are addressing that.

Sen. Gataya Mo Fire, for Tharaka, I indicated that we are comprehensively looking at how to quickly bring equitable power delivery to the people.

I will need to do more work for Tharaka Northern Chuka Area. More importantly, we have a fairly segmented energy sector. One which generates, one which transmits and one which off takes and distributes power to the people. That is the Kenya Power Company.

So, with this fairly good vertical integration, we know the responsibility of transmission is with or rather with the Kenya Transmission Company (KETRACO). The responsibility of generation is with Kenya Electricity Generating Company (KENGEN) and a number of the Independent Power Producers (IPPs) and the responsibility of distribution is with KPLC

We also have a social responsibility with Rural Electrification and Renewable Energy Corporation (REREC) to provide power and accelerate access to power to all our villages, public institutions through 100 per cent Government funded project.

We are looking at restructuring the balance sheet of KPLC to concentrate on offtake and establish that they support the Last Mile Connectivity. This is because they work very closely with REREC under some very clear arrangements.

Lately, we realized that some transmission assets worth about Kshs20 billion, which ordinarily should be in the books of KETRACO, are in KPLC. So, KPLC are struggling to maintain assets, which they should not be maintaining because their portfolio is not in transmission but to offtake the power generated and distribute.

So, they deal with 11 Kilovolts (KV) lines, 33 KV lines and the lines that get to our houses. We are correcting that and getting KPLC to be fairly more solid in terms of its balance sheet, so that they can do all the things, including providing those transformers that Sen. Gataya Mo Fire talked about.

With some little time, we should be able to---

In fact, there is a tender which is just closing in a short while to provide transformers. I know it has been a challenge. We should be able to get transformers in a short while to address that challenge.

Sen. Wakoli, yes, we have enough employees in the sector. It is more of an investment. Like I said, if we streamline KPLC, which is a listed company, and address certain governance issues, KPLC is 50.1 per cent owned by Government and 49.9 per cent owned by Kenyans and other investors through the Nairobi Securities Exchange (NSE).

We need to address governance issues because investors who have put their money in KPLC, need return on their investments. Therefore, we want to see a company that is commercially trading and having return on the shareholders, but more importantly, serving the purpose for which it was established.

I believe that is why we are still owning and sticking to 50.1 per cent, to be able to push our interest in supporting growth of power in our country and ensuring the cost of power is correct.

Mr. Deputy Speaker, Sir, if you go to the investment front, unless we are competitive, we cannot attract any firm to invest because investment is about return. Where there is competition, global firms will only invest where they get cost advantage, distant advantage and so on and so forth.

Sen. Wakoli, we are working on restructuring of KPLC mid-term and balance sheet to ensure that they are able to address the challenges that are obtaining. We need our country to be competitive and not continue migrating investments into Ethiopia and other countries around us because of the cost of power and the inconvenience of getting power where you need to build your industry.

Sen. Lomenen, I empathize with this challenge. Investment time is difficult, expensive and there is no return. Tullow and the Government will be investing up to Kshs3.4 billion to get to the first drop of oil. Whereas doing that investment, the returns are at the tail end of the third year when we go to market.

Like I said, there is more concern today on environmental, social and governance issues. Social becomes very important. This is because unless the communities who live where we work are happy and their issues are addressed, we will not have any headway.

We know the challenges we face together in that area, including at one time Tullow packing and leaving the site. We will pay attention, so that we take care of our people, but also take care of the investor so that it is a win-win. I promise that we will work very closely together.

If we can get a third auditor to be paid by the county to confirm the measurements of our resource, that will go a long way in assuring our people that nobody is playing games. Therefore, there is going to be a win-win situation in that area.

Thank you, Sen. Korir, for your comments regarding the fact that we are going to pay attention as a Government in office. We are going to be responsible.

It is important that we continue to come to this House to support the accountability responsibility that is bestowed in this House. When called upon, I confirm that we will be available and prepare adequately, so that we furnish the House with the correct information. This is your role and the link with the people of Kenya in terms of all of us working together to develop our country.

Thank you, Mr. Deputy Speaker, Sir.

**The Deputy Speaker** (Sen. Kathuri): Hon. Senators, that is the end of the Question session. I want to thank the Cabinet Secretary for availing himself to this House. You have comprehensively satisfied the Senators.

On the original question by Sen. Lomenen, from where I sit as the Chair of this session, I would recommend the Cabinet Secretary to convene a meeting with the Turkana leadership because these are representatives of the people, so that everybody can understand the situation with the oil business. Maybe they will be your ambassadors who will go down there to explain to the community on how the situation is.

As you have heard, there is the perception by the community that once there is oil, which is exported somewhere for market, then there is some revenue. It is important that you work together with this team in order to make their lives easier.

Sen. Lomenen and the Turkana leadership know how to do it better. I am just advising as the Chair of the Session and not as an Elder of the Njuri Ncheke.

Thank you, Cabinet Secretary, for your time. You have seen it is a friendly Session and when called upon again to appear before the Senate, always avail yourself, so

that we can work together with the current Government. You can then expound the position of the Government and its policies. Until next time.

Hon. Senators, from where I sit, today we are faced with some challenges because all the Speakers' panellists are not available. I am advised that we can get a temporary Speaker from among yourselves. I suggest we elect a Speaker.

*(Sen. (Dr.) Khalwale spoke off record)*

Sen. (Dr.) Khalwale, why are you surprised? I have the powers to do the election of a Speaker for the remaining part of this Session. I want guidance from the bench. Clerk?

*(The Deputy Speaker consulted with the Clerks-at-the-Table)*

Let us go to the next Order.

## MOTIONS

### ADOPTION OF REPORT ON RELOCATION OF NATIONAL GOVERNMENT ADMINISTRATIVE SERVICES FROM CHUKA TOWN TO KATHWANA COUNTY HEADQUARTERS

THAT, the Senate adopts the Report of the Standing Committee on Devolution and Intergovernmental Relations on a Statement sought on the relocation of national Government administrative services from Chuka town to Kathwana County Headquarters, Tharaka Nithi County laid on the Table of the Senate, on Wednesday 19<sup>th</sup> April, 2023.

*(Sen. Tobiko on 3.5.2023)*

*(Resumption of debate interrupted  
on 3.5.2023 – Afternoon Sitting)*

**The Deputy Speaker** (Sen. Kathuri): Hon. Senators, I am made to understand that the owner of this Motion wants to do some amendments and is not in the Chamber right now.

*(The Deputy Speaker (Hon. Kathuri) consulted  
with the Clerk-at-the-Table)*

*[The Deputy Speaker (Hon. Kathuri) left the Chair]*

*[The Temporary Speaker (Sen. Abdul Haji) in the Chair]*

**The Temporary Speaker** (Sen. Abdul Haji): Hon. Senators, this is a continuation of a Motion, which is the Adoption of the Report of the Standing Committee on

Devolution and Intergovernmental Relations on a Statement sought on the relocation of national Government Administrative services from Chuka Town to Kathwana county headquarters, Tharaka-Nithi County. Sen. Methu was contributing to this Motion and he had 12 minutes remaining.

Since he is not here, we shall proceed with Sen. Abass.

**Sen. Abass:** Mr. Temporary Speaker, Sir, I wish to support the Motion for adoption of the Report. As you are aware, the Standing Committee on Devolution and Intergovernmental relations visited Tharaka-Nithi County to analyze the situation as reported and found many things had been lacking. Most parts of the county are arid and semi-arid areas with very poor infrastructure.

The headquarters in Kathwana are having a lot of challenges and problems. Kathwana lacks amenities for functional county headquarters among them good roads, electricity, hospitals, water supply, Huduma centers and so on. The Committee has recommended that for Kathwana to give service to the people of Tharaka-Nithi County, this service must be delivered and facilities improved. The roads are in bad shape especially.

Therefore, the Committee has recommended a Multi-Agency Technical Committee for promotion of the development of devolution. The Ministry of Interior and Coordination of National Government, Governor's office, Ethics and Anti-Corruption Commission (EACC) and the State Department of Public Works has to look into this situation, so that we can improve the situation in the county and the headquarters can be re-located.

The previous headquarters which were in Chuka Town have now been relocated to Kathwana, which is about five kilometers away. However, the Public Administration does not have proper offices and housing. Therefore, two of the county offices have not been created because of construction problems.

The County Assembly also has a challenge. However, now that the Report has given its recommendations on having a Multi-Agency Committee, we need to improve on services because the people are not getting proper ones. They move from far-flung areas to get services in Chuka town.

We recommend that the county headquarters are relocated to Kathwana as earlier planned and agreed by the public in Tharaka-Nithi. The Report recommends that we need to have a multi-agency committee and these recommendations must be implemented.

With those remarks, I beg to support.

**The Temporary Speaker** (Sen. Abdul Haji): There being no other interest in the debate, I call upon the Mover to reply.

*(The Clerk-At-The-Table consulted the Chair)*

**Sen. Abass:** Mr. Temporary Speaker, Sir, I beg to reply that the Senate adopts the report of the Standing Committee on Devolution and Intergovernmental Relations on a Statement sought on the relocation of national Government administrative services from Chuka town to Kathwana county headquarters, Tharaka-Nithi County, laid on the Table of the Senate on Wednesday 19<sup>th</sup> April, 2023.

As I earlier said, we need to move fast on this issue and the Report must be implemented; the Committee recommended formed, so that they can move fast and the people of Tharaka-Nithi County can get services.

With those few remarks, I beg to reply.

**The Temporary Speaker** (Sen. Abdul Haji): Pursuant to Standing Order No.84 (1), this matter is determined as not affecting counties.

Therefore, I put the Question.

*(Question put and agreed to)*

Next Order.

COMPENSATION TO KENYAN VICTIMS OF THE 1998  
BOMBING OF USA EMBASSY IN NAIROBI

THAT, AWARE THAT, disaster is defined as an overwhelming event and circumstance that tests the adaptation of responses of a community or individuals beyond their capability and leads momentarily to massive disruption of function for a community or individual that often exceeds their capacity to cope using existing resources;

FURTHER AWARE THAT, such was the case with the 1998 US Embassy Bomb disaster in Nairobi in which many of the Kenyan casualties resulted from the collapse of adjacent buildings located within a two to three block radius, and with reverberations being felt in most parts of Nairobi that resulted in 213 Kenyans and 12 Americans killed and over 5000 citizens of both countries being seriously injured;

NOTING THAT, US Allies, including Kenya, have endured the great burden of death, and long-term and in many instances permanent, physical and psychological injury;

FURTHER NOTING THAT, the United States Government has since compensated some of the victims and families of US citizens, leaving the families of Kenyan citizens and certain other victims uncompensated;

NOW, THEREFORE, the Senate resolves that the Ministry of Foreign Affairs:

- (i) Advances friendship and co-operation between the United States and Kenya by supporting the eligibility of Kenyan and American victims and their personal representatives, surviving spouses and next of kin in the Victim Compensation Fund pursuant to the Justice for United States Victims of State Sponsored Terrorism Act; and
- (ii) Partners with the Ministry of Health to explore subsidized medical treatment for the surviving victims of the bomb blast.



*(Sen. Kavindu Muthama on 16.3.2023)*

*(Resumption of debate interrupted on 2.5.2023)*

**The Temporary Speaker** (Sen. Abdul Haji): Sen. Kavindu Muthama seems not to be here. Looking at the state of the Order Paper, it seems we are really running behind and most of these Motions keep appearing. We have decided that at this time we are going to drop this Motion and move to the Next Order.

**Sen. Korir:** On a point of Order, Mr. Temporary Speaker, Sir.

**The Temporary Speaker** (Sen. Abdul Haji): What is your Point of Order Senator?

**Sen. Korir:** Mr. Temporary Speaker, Sir, with all due respect on your ruling, this matter that was brought by Sen. Kavindu Muthama on the compensation of victims of the 1996 bombing is very weighty. I had gone to the extent of asking the Temporary Speaker, by then Sen. Veronica Maina, to give directive to the House that a Committee be formed to look into the issue.

I want to believe there are a few steps that have been taken. I do not know, but maybe the legal team could advise. I request that you allow this to be deferred to another time instead of dropping it because it touches the lives of many Kenyans.

I thank you.

*(The Clerk-at-the-Table consulted the Chair)*

**The Temporary Speaker** (Sen. Abdul Haji): Senator, I understand your appeal. However, according to the Standing Orders and the directions by the Senate Business Committee (SBC), Motions that keep appearing every other time on the Order Paper should be dropped. However, the Senator will have the discretion to take it up with the Speaker.

On the issue of the *Ad Hoc* Committee that you have suggested, the Liaison Committee will look into it. At this point in time, we will have to drop this Motion and the concerned Senator will take it up with the Speaker.

*(Motion dropped)*

Let us go the next Order.

INSTITUTION OF MEASURES TO CURB INCESSANT  
HIGH ELECTRICITY COSTS IN KENYA

THAT, AWARE THAT energy is an essential factor of production and its total consumption is a major determinant of performance of the economy with its cost and reliability spurring or stifling economic growth;

FURTHER AWARE THAT there has been a significant growth in the demand for electricity in Kenya driven by economic growth and increased efforts towards rural electrification while the supply has been constrained due to, among other factors, the overreliance on hydro-electric

power generating plants that have been negatively impacted by perennial drought experienced in the country;

NOTING THAT the imbalance in the demand and supply of power coupled with payments by the Kenya Power and Lighting Company (KPLC) for produced power not consumed and fluctuation in the foreign exchange rates contribute to the high cost of electricity;

APPRECIATING THAT Kenya has made strides in diversifying its power sources with geothermal plants, offering tremendous potential for zero-carbon source of power, already producing nearly one (1) Gigawatt (GW) of power;

CONCERNED THAT private power generating companies popularly referred to as Independent Power Producers (IPPs) only supply 28% of power to KPLC but account for 47% of power purchase costs calling for the need to enhance energy management in Kenya;

NOW THEREFORE the Senate resolves that the:

a) Standing Committee on Energy to undertake an inquiry into: -

- i. Contracts signed by IPPs, detailing the cost, capacity and duration of the contractual agreements and their implications on affordability of electricity in the country;
- ii. Discrepancy in the cost of electricity sold to Kenya Power by KenGen, imports from Ethiopia and IPPs; and
- iii. The diversion of the electricity generated by Lake Turkana Wind Power to the national grid, bypassing the inadequately supplied northern frontier counties of Marsabit and Samburu.

b) Ministry of Energy to come up with a policy framework aimed at-

- i. Lowering the cost of electricity as a way of addressing the high cost of living; and
- ii. Enhancing clean energy by switching to renewable sources of energy such as geothermal power, wind energy, among others as a way of reducing the carbon footprint.

**The Temporary Speaker** (Sen. Abdul Haji): Sen. Chute does not seem to be here. We will have to drop the Motion.

*(Motion dropped)*

Let us go to the next Order.

#### BAN ON THE CULTIVATION OF EUCALYPTUS TREES ON RIPARIAN LANDS

THAT, AWARE THAT the Constitution of Kenya acknowledges the Nation's respect for the environment and obligates the State to eliminate processes and activities that are likely to endanger it;

FURTHER AWARE THAT there has been extensive cultivation of eucalyptus trees in Kenya owing to their rapid growth, high biomass yield, and adaptability to a wide range of climatic regimes and soil types;

CONCERNED THAT eucalyptus trees require high amounts of water through their growth, have deep root systems that extract water from the soil at a rapid rate and their cultivation on riparian land depletes the water in the riparian ecosystem, often resulting in the drying up of streams, aggravating the effects of climate change, particularly the infrequent and insufficient rainfall currently being experienced in the country;

NOW THEREFORE the Senate urges the Ministry of Environment, Climate Change and Forestry in coordination with the National Environment Management Authority to:

(i.) develop and implement a policy framework to guide the cultivation of eucalyptus trees with the aim of mitigating their adverse effect on the environment; and

(ii.) undertake a systematic nation-wide removal program for eucalyptus tree cultivations on riparian lands.

**The Temporary Speaker** (Sen. Abdul Haji): Sen. (Dr.) Murango is not present. Therefore, we will have to drop the Motion.

*(Motion dropped)*

*(The Clerk-at-the-Table consulted with the  
Temporary Speaker (Sen. Abdul Haji))*

### ADJOURNMENT

**The Temporary Speaker** (Sen. Abdul Haji): Hon. Senators, that brings us to the end. There being no other business on the Order Paper, the Senate stands adjourned until today, Wednesday, at 2.30 p.m.

The Senate rose at 11.42 a.m.