



## Kenya Property Developers Association

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### REPORT ON THE KPDA CEO BREAKFAST FORUM HELD ON TUESDAY, 25<sup>TH</sup> AUGUST 2015

#### *INFRASTRUCTURE IN PROPERTY DEVELOPMENT; ACHIEVING VISION 2030*

On Tuesday, 25<sup>th</sup> August 2015 KPDA held a CEO Breakfast Forum at the Nairobi Serena Hotel, the fourth of its kind to be held in 2015. The forum was attended by almost ninety (90) individuals in positions of senior management who are key sector players, including private and public developers, real estate managers, manufacturers as well as representatives from regulatory authorities.



*The event was also attended by the Principal Secretary for the Ministry of Land, Housing and Urban Development, Arch. M. El Maawy*

The event was opened by Eng. Mwamzali Shiribwa, Senior Principal Superintending Engineer of the Ministry of Energy and Petroleum. Eng. Shiribwa was representing the Principal Secretary who was unavailable to come and open the event. In his speech, the PS expressed his happiness at KPDA's efforts to broach the subject of energy and appreciated that the forum brought together public and private project developers together with the aim of collaboration. 'Ultimately, this will provide investors with the knowledge they need to make decisions and deploy capital resources in the country,' he said.



Eng. Shiribwa delivering the key note address

## THE PANEL



**Dr. Ben Chumo, Managing Director of the Kenya Power and Lighting Company Ltd**



**Elizabeth Chege, Chairperson of the Kenya Green Building Society**



**Ruth Maina, Project Manager - Urban Energy Unit of the UN Habitat**

## What All Developers Should Know About Energy Efficiency and Conservation in Buildings

The Energy Act, 2006 106.(1) states that the owner of a building designated under section 105, shall conserve energy, audit and analyse energy consumption in his building in accordance with the standards, criteria and procedures as prescribed by regulations.

Any person who fails to comply with this provision commits an offence and shall, on conviction, be liable to a fine not exceeding one million shillings, or to a maximum term of imprisonment of one year, or both.

Of particular importance to the developer are the following regulations;

1. **The Energy (Solar Water Heating) Regulations 2012 Published On 4<sup>th</sup> April 2012 As Per The Legal Notice No. 43 Of The Laws Of Kenya** state that, '*An electric power distributor or supplier (KPLC) shall not provide electricity supply to premises where a solar heating system has not been installed in accordance with the Regulations.*'
2. **The Energy (Energy Management) Regulations, 2012 Published On 4<sup>th</sup> September 2015 As Per Legal Notice No. 102 Of The Kenya Gazette;**
3. **All Designated Energy Consuming Facilities Shall Carry Out Energy Audits At Least Once Every Three Years By An Energy Auditor Licensed By ERC;**
4. **The Energy (Solar Photovoltaic Systems) Regulations, 2012 On The 4<sup>th</sup> September 2012 As Per Legal Notice No. 103 Of The Kenya Gazette;**
5. **Energy Consumption By Buildings, Accounts For About 40% Of Energy Consumption Globally.** Improving energy efficiency in buildings therefore offers great opportunities to reduce emissions and mitigate climate change challenges. Energy - efficient buildings can also deliver multiple benefits on national, sectoral and personal levels, such as improved energy security, employment and social health benefits;
6. **The Business Case For Energy Efficiency In Buildings Is Strong And The International Investor And Tenant Base Is Demanding Highly Efficient Buildings.** Pilot projects are happening in other segments of the market, such as the (UN-HABITAT building in Gigiri), but the potential in residential segments is largely untapped;
7. **There Is Effectively A Two-Tier Market For Energy-Efficient Buildings.** New building construction for international developers that targets international tenants and investors (a relatively small market) requires energy efficiency and is typically specified with reference to green building rating systems such as Leadership in Energy and Environment Design (LEED);
8. On the other hand, the market targeting local private tenants and owners/investors is driven by the mentality of lowering the cost of construction with no interest in energy efficiency. As a result, energy efficiency has not been a high priority for building owners, developers and other players in the local market.

### Will Kenya Continue to Lag in Comparison to Other Countries on this Front?

The following barriers hinder energy efficiency in buildings;

- Lack of awareness and leadership;
- Lack of knowledge and skills;
- Lack of support for long-term policy;
- Lack of multi-stakeholder engagement;

Decisions made during the concept definition, design and construction phases have a major influence on the impact of a building during its use. They however tend to be made without considering lifetime impacts or costs since these are often not seen as the responsibility of the property developer.

Greater cooperation or integration would establish energy efficient design principles, constructability principles, incentives and benefits at the outset, clarify the roles and responsibilities of multiple stakeholders while achieving the overall project objectives.

Integrated intervention at an early stage can also improve building performance cost-effectively. Interventions that occur later in the building delivery process generally result in higher costs due to the effects on other elements of the process, and may not result in optimum building performance.

## WAY FORWARD

### What is the Role of KPDA in Providing for Energy-Efficient Buildings?

1. Create an understanding of both the challenges and opportunities within the property development sector;
2. Actively participate in delivering a roadmap for market transformation to improve energy efficiency buildings in Kenya;
3. Unlock financially viable energy efficiency investments that today are not being realized because of mostly “non-technical” barriers; e.g., lack of awareness and capacity, financial constraints, lack of policy and regulatory signals, and key stakeholders’ conflicts of interest, which block many market players from acting;
4. Encourage KPDA members to participate in the Energy Management Awards organized by the Kenya Association of Manufacturers under the Sustainable Building Team of the Year/ Green Buildings category;
5. Encourage KPDA members to ensure that only efficient technologies are specified in developments and thus prevent dumping of obsolete technologies imported into the country.

### The Good News for Developers

KPLC Managing Director, Dr. Ben Chumo assured consumers that power bills will ease in coming months as the power distributor reverts to regular sources of energy. He said that the move will reverse the rise in electricity bills witnessed recently. While acknowledging the increase in the July 2015 power bills, Dr. Chumo said this was due to the purchase of the more expensive thermal power to plug a gap he says, was created with the closure of some geothermal plants for maintenance.

‘I think that lack of proper communication regarding the matter may have made some people feel that power bills will continue going up. However, let me assure you that power costs will continue to come down as regular sources are used again,’ said Dr. Chumo. He also encouraged partnership between developers and KPLC to ensure that power connection is done in time. He said if KPLC are called upon to participate in ground-breaking development ceremonies that would ease the procedures of power connection.

*We would like to express our sincerest thanks to all who attended this forum; the speakers, panelists, the guests as well as our lovely MC, Anne Muchiri. Together we had a very successful forum!*

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For more information on this report, please contact the CEO, Kenya Property Developers Association on [admin@kpda.or.ke](mailto:admin@kpda.or.ke)

#### ABOUT KPDA

#### KPDA MISSION STATEMENT:

"To promote private sector involvement in property development through advocacy, education, research and ethical standards."

#### ABOUT US

The Kenya Property Developers Association is the representative body of the residential, commercial and industrial property development sector in Kenya. It is an emerging Business Member Organization which works in proactive partnership with policy-makers, financiers and citizens to ensure that the property development industry grows rapidly but in an organized, efficient, economical and ethical manner. Our current membership stands at 82.

For more information, please visit [www.kpda.or.ke](http://www.kpda.or.ke)