Bamburi Cement adopts solar power to reduce energy bill 10pc

Elizabeth Kivuva
ekivuva@ke.nationmedia.com

Bamburi Cement plans to source a portion of its power supply from solar plants in a bid to cut costs and reduce the impact of electricity outages in the main grid.

The company said it has signed a power purchase agreement with MOMNAI Energy Limited to set up two solar plants adjacent to its Mombasa and Machakos factories.

Bamburi Cement factory Athi River. --FILE

The independent power producer will set up the plants with Bamburi buying directly from it.

The company targets to generate 14.5 megawatts at Bamburi's Mombasa plant and five megawatts at the Nairobi factory.

This will account for 40 percent of Bamburi's total power supply.

The partial shift to solar is expected to cut the Nairobi Securities Exchange-listed firm's electricity bill by 10 percent or over Sh600 million per annum.

It spent Sh6.04 billion in 2020 in electricity and alternative energy sources such as rice husks and other waste materials like tyres and oil in its operations.

The cement maker pays Sh600 million per annum in electricity bills and the solar plant set up begins end of this year

Bamburi will be the next major manufacturer to shift to solar after East Africa Breweries Plc (EABL) last year announced a Sh22 billion investment plan in the renewable energy.

"We are elated to be making this step towards switching to more affordable and clean energy that will not only lead to a significant reduction in power costs but also bring us closer to our goal of achieving Net Zero carbon emissions," said Miriam Ngolo, Bamburi's strategy and business development director.

The move comes at a time when more consumers are are ditching the national electricity distributor Kenya Power following an outcry over high bills and erratic supply.

The government recently gazetted a 15 percent cut on electricity tariffs in a bid to address the high power bills. Large commercial users got Sh2.5 cut per unit during peak hours and Sh1.25 during off-peak.

Construction of Bamburi's solar power plant will begin at the end of this year after requisite regulatory approvals and the project is expected to be completed within a year.

Airtel backs CA's push for mobile tariffs reduction

Joseph Wangui
Richard Munguti

Airtel Networks Kenya wants the Communications and Multimedia Appeals Tribunal to uphold the decision to cut mobile termination rates (MTR), becoming the latest to oppose Safaricom's move to block the reduction.

MTRs are the charges levied by a mobile service provider on other telecommunications service providers for terminating calls on its network.

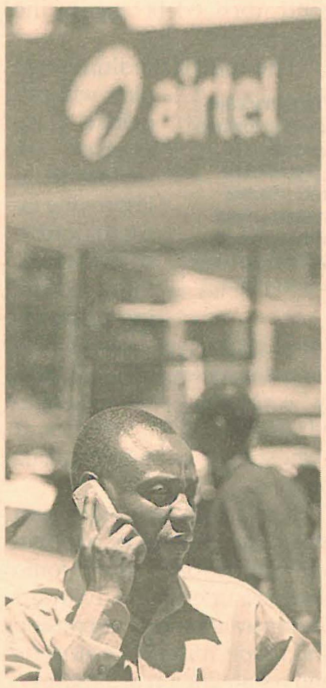
The Communications Authority of Kenya (CA) announced it will cut the MTR per minute to Sh0.12 from Sh0.99 at the start of this year but the decision was temporarily suspended after Safaricom filed an objection at the tribunal.

Airtel pays Safaricom an average of Sh3.6 per year

Airtel has joined the regulator in arguing for the implementation of the proposed MTR cut, saying that Safaricom is only interested in making money from its rivals given its large market share in voice services.

The second-largest telco says it pays Safaricom interconnection charges at an average of Sh300 million per month or Sh3.6 billion per annum.

"The ideal situation (as per the International Telecommunication Union -ITU) is that a network operator ought not to make a profit from an interconnection. Such charges should only go towards cost of infrastructural maintenance," Airtel's Head of Legal Lilian Mugo said.



A man makes a phone call outside an Airtel shop in Nairobi. --FILE

She termed Safaricom's reaction as a move to continue enjoying "unfair competition practices."

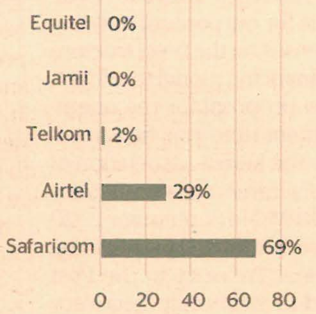
STOP-GAP MEASURE

The leading telco argued in its appeal that the regulator's decision ignored the true cost of doing business. The company added that CA should have used a cost study to inform its decision and not the benchmarking method it relied on.

The regulator in its response said the benchmarking method is a stop-gap measure, adding that a cost study will be conducted at a later date and will be the basis of a further review of the tariffs.

Voice market share (%)

THE BILL PROPOSED THAT TELCOS SHOULD COMPENSATE THEIR CALLERS SH10 FOR EVERY DROPPED CALL



SOURCE: CA

Airtel said that by applying the interconnection charges, Safaricom receives more than 60 percent of the MTR pay-outs. Smaller players like Airtel, on the other hand, remain net payers of interconnect charges.

"In some of segmented tariff offers that we give to our customers, where 82 percent of the traffic is off-net, for every Sh20 received from the Airtel's customer, Safaricom receives Sh16.24 as termination cost," Ms Mugo said.

The case will be mentioned on February 16, 2022 for the tribunal to confirm whether Safariom has filed its response and for further directions concerning hearing of the appeal.

The fight over the contested MTR cut has divided players in the telecommunications sector based on who stands to lose or benefit from the decision.

Safaricom controls 62 percent of the voice market share and its rivals less slightly over a quarter of the stake.

Teachers' views on budget

NAIROBI Teachers Service Commission chief executive Nancy Macharia when she appeared before National Assembly Committee on Education at Parliament Buildings yesterday to give the commission's view on the Budget Policy Statement 2022, which is part of the budget-making process. --JEFF ANGOTE

Crown Paints to raise prices on increased shipping costs

John Mutua
jmutua@ke.nationmedia.com

Paints manufacturer Crown Paints will increase the price of its products by up to eight percent from April in the wake of a rise in the cost of shipping raw materials.

Chief executive Rakesh Rao said the cost of importing raw materials more than doubled to Sh567,800 ($5,000) per tonne from Sh227,140 ($2,000) before the outbreak of the Covid-19 pandemic.

"We are increasing the cost of our products due to the sharp rise in shipping and production costs although you cannot pass the entire increase in costs to consumers. In Kenya this was supposed to be a rise of eight percent from January but we will do it in April," Mr Rao told the *Business Daily*.

"In Kenya this was supposed to be a rise of eight percent from January but we will do it in April,"

RAKESH RAO | CROWN PAINTS CHIEF EXECUTIVE

Prices for popular brands like Crown Permacote Ultraguard Extreme will rise by Sh1,550 to Sh20,925 for the 20-litres container while the cost of a similar pack for the Crown Ruff & Tuff brand will rise by up to Sh370 to Sh4,990.

Mr Rao added that the paints maker will also increase the price of its products in the Ugandan, Tanzania and Rwandese markets but at a lower rate of not more than seven percent.

Movement of goods from the source markets countries has since 2020 been disrupted by travel restrictions and bans on social gatherings imposed to curb spread of coronavirus, scaling down activities at ports and airports.

The weakening of the shilling against the dollar since last year has also led to the spike in the cost of importing goods for Crown Paints that sources over 95 percent of raw materials from abroad.

The new prices looks set to protect margins for the paints maker which is recovering from the sales drop caused by the Covid-19 economic fallout.