



Kisumu set to take over as the regional fuel export hub as President Kenyatta launches construction of the Kisumu Oil Jetty

By Kenpipe news team



H.E President Uhuru Kenyatta on Wednesday this week launched the construction of the Kisumu oil jetty on the shores of Lake Victoria. The jetty set to be completed in October this year will enable Kenya Pipeline export fuel to the wider East African region through Uganda and Tanzania.

The jetty is expected to boost throughput in Kisumu by 1 billion litres a year in phase 1 and up to 3 billion litres per year by 2028. With such volumes, the project has the potential to turn Kisumu into a focal point of oil and gas commerce in the region making it one of the busiest inland ports in Africa.

The jetty will enhance and improve the reliability of fuel supply to the export market of Uganda, Rwanda and Eastern Democratic Republic of Congo which in 2010 stood at 2.4 billion litres but has since risen to 3.5 billion litres in 2016.

The jetty will also facilitate safe transportation of petroleum product through Lake Victoria to the neighbouring countries by removing hundreds of trucks from the road daily. This will reduce the number of accidents, fuel fires, siphonings on our roads hence saving lives and conserving our environment.

'This project will create hundreds of new jobs for the residents of Kisumu while at the same time stimulating the economy around the lake by opening it up for use as a vital maritime transport route between Kenya, Uganda and Tanzania' H.E President Kenyatta said.

The project will increase KPC's competitive edge in the region as the leading oil transporter. By extension, this will also raise Kenya's profile as a strong partner in regional and intra-Africa trade. It will also create integrated marine fuel transportation in the region making it more efficient and commercially viable and reduce transportation costs for the oil marketing companies.

During the event the President also oversaw the official launch of the Sinendet to Kisumu pipeline dubbed line 6. The new 122km 10-inch pipeline is set to increase the flow rate of fuel to Kisumu by 350,000 litres per hour and runs parallel to the existing line 3.

'The two projects will work hand in hand to increase access to fuel in Kisumu and enable KPC leverage on the Kisumu oil Jetty to enhance petroleum product availability in the Western Kenya and the export market of Uganda, Eastern DRC, Rwanda, Burundi, and Northern Tanzania.' Energy and Petroleum Cabinet secretary Charles Keter said.

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The additional product has also enhanced optimization of tank utilization in Kisumu, from 30% to 90% currently. The full tank capacity for the port town is 39 million litres.

The annual demand for petroleum products in western Kenya is 1.1 billion litres whereas the regional demand stands at 3.5 billion litres. The new line has enabled KPC serve not just western Kenya region, but also the neighbouring countries.

'KPC continues to invest in the development of its pipeline network and has already begun undertaking a feasibility study to interrogate the possibility of KPC undertaking other enterprises including; pipelines, LPG transport and storage, truck loading depots, lake vessels, jetties, storage and related businesses in Uganda, Rwanda, Burundi, DRC, South Sudan, Malawi, Ethiopia, Somalia and Tanzania.' KPC Chairman John Ngumi added.

With the operationalization of the new Sinendet Kisumu line, Kenya Pipeline has the capacity to pump over 460,000 litres of fuel per hour into Western Kenya transforming Kisumu into the region's main fuel storage hub.

'With this new line and the jetty set to be completed in October, KPC aims to recover its market share across the East African region. Before the new line 6 was in place we could not keep up with regional demand, but now we can fully utilize the storage capacity in Kisumu to export fuel via the jetty which will have an average vessel turnaround time of 3 days' KPC Managing Director Joe Sang added.



KPC honoured in international petroleum forum

By Jonah Aiyabei

KPC was one of the star participants in a recent global petroleum forum held in Canada recently. The KPC team of top executives joined other business leaders in oil and gas at Calgary, Alberta, Canada for the 49th Global oil and gas show between 13th and 15th June, 2017. This is an industry event where energy professionals from more than 90 countries converge for 3 days to strengthen business relationships, network and do business with more than 1000 exhibitors. This year, there were over 50,000 professionals in attendance from over 90 countries making it one of the largest oil and gas forums in the world.

Among the high profile speakers at the conference was KPC Managing Director Joe Sang who was accompanied by Dr Jonah Aiyabei (Director Morendat Institute of Oil and Gas), Engineer Billy Aseka (General Manager, Infrastructure) and Simon Sang (Ag. Chief Business Development Officer). Sang spoke to the global audience on opportunities and partnerships in Kenya and the region which offer eastern Africa a cost competitive advantage as far oil and gas investments are concerned. Besides the presentation, Sang was also a panellist in a CEOs perspective on oil and gas growth.

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MIOG Director Dr. Jonah Aiyabei (right) KPC's Simon Sang (centre) during the signing of the MOU between MIOG and South Alberta Institute of Technology

continued....

Mr Sang said that Africa has plenty of resources to thrive and they just need to be harnessed properly. "Our people in Africa and more particularly Kenya are strong, innovative and resourceful. However, we are lacking adequate capacity in specialized upstream oil and gas skills. We have an abundance of wind, sun for 365 days a year, geothermal deposits, and even hydro. And we sit on largely unexplored oil and Gas reserves," he observed.

He took the opportunity to reaffirm Kenya's commitment in welcoming investors to oil and gas sector. "Let me be clear on one thing," he said. "The biggest one for us is to utilise the God given oil reserves in Kenya and Eastern Africa region to the benefits of the nationals, noting that the world will need oil and gas for decades to come. Kenya and other East African economies rely on hydrocarbon fuels to meet their energy needs. There is need to develop our renewable energy as we simultaneously develop the oil and gas industry. Africa needs more innovation in energy provision, not less of it," the KPC boss told the audience.

The CEO also pointed out an often-forgotten fact. "Let's remember, that the success in oil and gas business in Africa is highly hinged to human resources capacity development. This should be enhanced in Africa so that the countries not only enjoy oil royalties but also employ the youth." He added that as a community of nations, there is need and sense to support Eastern Africa achieve true energy independence and reduce skills dependency in the industry. "I am happy to inform you that KPC has already established Morendat Institute of oil and gas and that we are here to seek partners so that we can use the oil and gas Institute to develop the needed local content in oil and gas," he announced.

In line with KPC vision of Africa's premier oil and gas Company, KPC targets to play in upstream, midstream and downstream business. The MD informed the show attendees that the business of KPC in 2025 will be diversified. "We are projecting a turnover of USD 1,500 billion and profit before tax of USD 800 million by year 2025. He added that pipeline transport and storage business which now contributes 100% of PBT will contribute 78% in the year 2025 and the other 22% will be from new business lines such as LPG and the training school".

On the sidelines of the Global Petroleum Show, the Minister of Energy for Alberta Madam Margaret McCuaig-Boyd held discussions with Mr Sang touching on potential partnership between the Government of Alberta and KPC.

The Kenyan delegation also visited South Alberta Institute of Technology (SAIT), a leading trainer in oil and gas in Alberta. The benchmark visit was aimed at understanding the areas of synergies and collaborations that SAIT and MIOG may pursue. KPC will continue to engage with Canadian institutions as they develop a state of the art oil and gas school to build a requisite human resource potential for Africa.

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Kibwezi oil spill cleanup nears completion

By Jason Nyantino



Makueni Senator Hon. Mutula Kilonzo (1st from left front row) KPC MD Joe Sang taken through the river clean up process going on in Thange



Makueni Senator Hon. Mutula Kilonzo (left) and KPC MD Joe Sang (2nd right) taken through the Thange river clean up process.

The Thange oil spill clean-up in Kibwezi is now nearing completion with about 90 percent of the work already accomplished. During his visit to the site last week, KPC Managing Director Joe Sang said the clean-up was expected to be complete within this year.

"There is sufficient progress on the clean-up and we are determined as KPC to have this environment fully restored. We are working closely with other agencies of government including NEMA, WRMA and the Makueni county government to have this matter finalized," said Sang.

The MD who toured the area to assess progress made said the company had over the last two years spent over Ksh 22million in support of the community through the provision of clean water, food aid, and bursaries.

"Next week, we are bringing an additional 67 bursary cheques totalling Ksh 1 million as our social investment program for this community continues. In total, over 300 disadvantaged kids from Thange can now access education courtesy of KPC," said Sang.

The company has already received about 4,000 applications for compensation following the oil spill. Over 200 residents have already received compensation from KPC's insurer CIC insurance to the tune of Kshs 12 million. Residents of Thange Valley have made claims in four major categories namely; livestock losses, crop losses, medical expenses and water expenses.

Makueni senator Mutula Kilonzo Jnr, who together with area MP Jessica Mbalu accompanied Mr Sang, said the contractor, EnviroServ, needs to fasten the clean-up process so that the people of Thange can get back their clean environment to till their farms and fend for themselves.

"NEMA should come to Thange more regularly to audit the clean-up process. It's NEMA that we shall rely on in giving this area a clean bill of health," said Kilonzo.

Kilonzo urged CIC Insurance to find an easier way of handling the medical claims in a faster way so that the affected persons can be compensated.

The ageing Nairobi-Mombasa pipeline passes through Thange. The 14-inch Mombasa-Nairobi pipeline was constructed in 1978 and has been in operation for 39 years, way beyond its 25-year useful life.

Being the only pipeline that feeds the country and its neighbours, it has to be kept in operating state through constant repairs and inspection. But the 450km Mombasa – Nairobi pipeline is currently being replaced to meet the region's future petroleum needs. The new line, a Vision 2030 Shs 48 billion project, will include fire-fighting systems in new stations, installing energy efficient equipment and pipeline monitoring technology to ensure easy spotting of damages on the line.

The project is well underway and will be ready for commissioning this year. The new pipeline will improve the safety, reliability and efficient delivery of product to KPC's customers and reduce the losses and damages caused by spillage on the current 14" Mombasa -Nairobi pipeline.

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Pictorial

President Kenyatta launches construction of the Kisumu Oil Jetty

