

GEOHERMAL DEVELOPMENT COMPANY LIMITED

CALL FOR EXPRESSIONS OF INTEREST

BOGORIA-SILALI BLOCK PHASE I

DEVELOPMENT OF 800 MW GEOHERMAL POWER PLANTS

1. Introduction

Geothermal Development Company Limited (GDC) is a 100% state-owned corporation, tasked with accelerating development of geothermal resources in Kenya. GDC is supporting development of at least 10,000MW by 2030 in line with Vision 2030 targets.

GDC is undertaking steam field development in the Bogoria-Silali Block which comprises Bogoria, Baringo, Arus, Korosi, Chepchuk, Paka and Silali prospects. Detailed surface studies estimates the Block's potential to be about 3000 MW. The current plan is to develop 2000 MW within this Block in four phases; Phase I- 800 MW by 2017, Phase II-400 MW by 2019, Phase III-400 MW by 2021 and Phase IV-400 MW by 2023.

2. Status and Electricity Demand

The current peak power demand stands at about 1,200 MW and is projected to grow by 10% to at least 17,000 MW over the next 20 years.

3. Project Development Plan

The 800MW Bogoria-Silali Phase I Geothermal Project in configurations of 8x100MW power plants is projected to be completed by 2017. A total of 200 wells will be drilled using 8 rigs starting in January, 2012.

4. Project Status

Detailed surface studies have been completed and acquisition of regulatory licenses is in progress. Infrastructural development will start from July, 2011.

5. Objective of Eoi

GDC intends to short list potential investors to develop 8x100MW power plant units at its Bogoria-Silali Block.

6. Investment Scope

6.1 GDC

Under this project, **GDC** will undertake Resource Development and Management covering the Development of Civil Infrastructure, Exploration and Appraisal Drilling, Feasibility Studies, Production Drilling, Reservoir, Condensate and Brine System Management.

6.2 Investors

The **Investors** role will include financing, design, construction, operation and maintenance of the power plants. In addition, subject to positive feasibility study, GDC will require the selected investors to partner in financing the steam development. Funds obtained from the investors, on terms and conditions to be agreed, will be a loan to GDC which will be repaid from steam sales revenues.

While steam field is under development, the investor will have the opportunity to install wellhead generation units for early power generation. **The Government of Kenya will not provide sovereign guarantees** relating to this investment and therefore the investors should seek other alternatives such as MIGA (World Bank)

7. Bidding Timeline

This Expression of interest will result in short listing of interested investors who will be invited to submit proposals. It is expected that the short listing will be completed by September, 2011 followed by request for detailed proposal. The Selection of preferred investors will be completed by December, 2012. The award to the preferred investors will be subject to the investor successfully negotiating a Power Purchase Agreement (PPA) with Kenya Power and Lighting Company Limited (power off-taker), securing a generation license from the Energy Regulatory Commission, conclude a steam (fuel) supply agreement with GDC, obtain ESIA license for power generation from NEMA and conclude financing within ONE (1) YEAR from December 2012.

A period of 30 months will be provided for power plant construction.

8. Evaluation Criteria

Interested Investor(s)/Consortium must provide information indicating that they are qualified to successfully undertake the envisioned development. Short listing of Investor(s)/Consortium will be based on the following:

- i. Capability to mobilize adequate financing for the power plant. The expected capital structure for the power plants is at least 25% equity and 75% debt. The interested investor(s)/consortia shall establish that they have the capability to raise at least US\$ 400 million for the development of each 100 MW supported by letters from credible financier(s).
- ii. Certified copies of audited annual reports for the last five years, articles and memorandum of association and certificate of incorporation will be required.
- iii. Evidence of experience in geothermal/thermal project implementation with at least one project of a size not less than 30 MW implemented in the last 10 years.
- iv. A list and CV's of the consultants/ contractors they propose to employ for the development including names of their lead project managers within their organizations, contractors and consultants.
- v. A list of names, location, current power plant(s) status and size of geothermal/thermal projects undertaken by themselves or their proposed consultants and contractors in the last 10 years including indicative project costs.
- iv. Declaration of all pending litigation(s) against the investor(s)/consortia which shall in total not represent more than 10%, (ten percent) of the investor(s)/consortia's net worth.

Interested investors may request in writing for further information and clarifications on this matter at the following address

Manager, Supply Chain

Geothermal Development Company Limited,
Taj Tower, 9th Floor, Upper Hill Road, Upper Hill
P.O. Box 100746 – 00101
NAIROBI,
KENYA

E-mail: asaat@gdc.co.ke and copy to pngugi@gdc.co.ke

Any updates on this EOI will be posted on the GDC website: www.gdc.co.ke/tenders

9. Submission of Expressions of Interest

One (1) Original and two (2) Copies, of Expressions of Interest in English and in a sealed envelope, super-scribed "Expressions of Interest, - Bogoria – Silali Block Phase I: Development of 800 MW Geothermal Power Plants" and bearing the address below, must be deposited in the Tender Box on the 1st Floor, GDC Riverside Office, Riverside Drive, Nairobi no later than **14:00hrs on August 8, 2011**. All late submissions will be rejected.

The Managing Director & CEO,

Geothermal Development Company Limited,
Taj Tower, 9th Floor, Upper Hill Road, Upper Hill
P.O. Box 100746 – 00101
NAIROBI,
KENYA

E-mail: md@gdc.co.ke

GDC reserves the right to reject any or all Expressions of Interest without engaging any investor whatsoever.