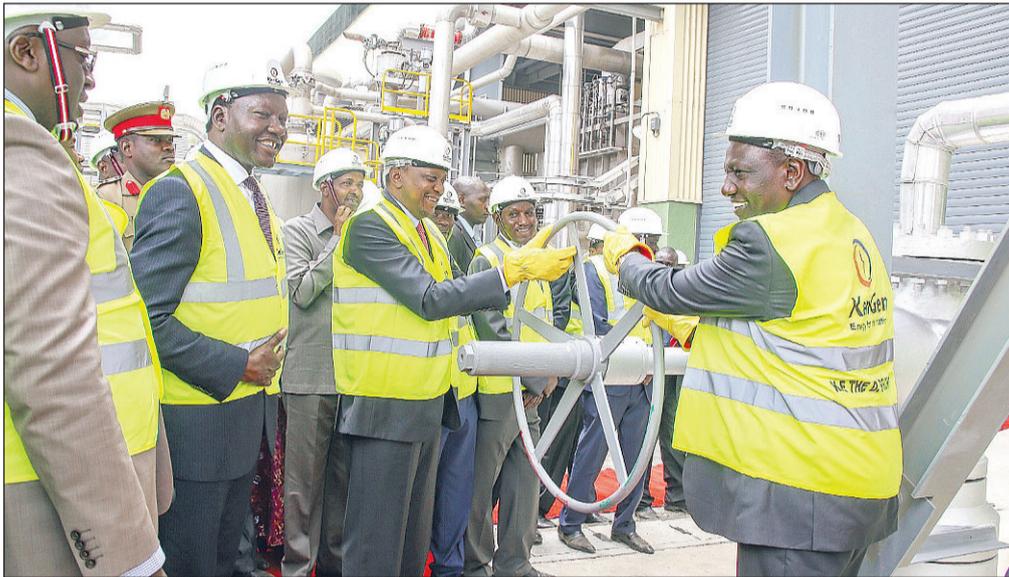


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Kenya Power to enjoy monopoly for longer period

Photo/ PSCU



MORE POWER: Energy and Petroleum CS Davis Chirchir, President Uhuru Kenyatta and Deputy President William Ruto during the official Commissioning of the 140 mega watt Olkaria IV Geothermal Power Plant, in Naivasha on Friday.

BY CONSTANT MUNDA

THE government has ruled out opening up of power distribution to competition in the foreseeable future, citing higher costs, even as the national grid capacity is projected to more than triple in the next three years.

That will leave Kenya Power to continue enjoying a near monopoly in supplying and retailing of electricity from the 1,800MW grid.

Under the government's 5,000-megawatts-plus project running between September 2013 and December 2017, an additional 5,290 MW is forecast at an estimated Sh1.56 trillion (\$17.5 billion). This will be tapped from geothermal wells (1,600MW), coal-fired plants(1,920MW), Liquefied Natural Gas-powered plants(700MW),

wind(650MW) and hydro (420MW).

The additional capacity is being generated through a public private partnership with Kenya Electricity Generating Company -70 per cent state-owned- or fully through private investors under build-operate-sell back model.

But even with continued liberalisation of power generation since 1996 when independent power producers were first involved, electricity distribution and retailing would remain with Kenya Power in which the state owns 50.05 per cent stake.

Energy Cabinet secretary Davis Chirchir said allowing a second distributor will raise electricity costs linked to building of a new supply network.

The supposed increased costs to consumer, he said, would go against the govern-

ment's ambitious plan to cut by half the cost per unit of electricity to \$0.09(Sh8.01) by 2017 from the present average of \$0.18(Sh16.02).

Under the current billing, Kenya Power discounts the first 50 units of electricity for household customers to encourage usage and increase charges per unit thereafter.

"Liberalising will create additional costs to consumers because the new comer will not use the infrastructure built by Kenya Power but put up its own," Chirchir said. "We may end up with a distributor supplying a few corporates that can afford the high costs."

The ministry is in final negotiations for a long term Sh74.76 billion (\$840 million) credit facility for a country-wide power supply infrastructure, known as the 'Last Mile Connectivity' project.

KRA to improve tax compliance in Rift Valley

BY MATHEWS NDANYI

KENYA Revenue Authority has raised concerns over low tax compliance in Rift Valley.

KRA deputy commissioner in-charge of the region Florence Otori said there is still resistance among athletes and some traders on payment of various taxes.

"Like in other regions we

still face some resistance although the sensitisation we have been doing is improving the uptake," said Otori.

She was speaking on Friday after a sensitisation exercise in Eldoret.

Otori added that compliance has partly been affected negatively by difficulties in adoption of latest tax paying platforms. Some of the traders find it hard to access online

services due to lack of knowledge, she said.

Otori said athletes who win races abroad and then invest in Rift Valley are yet to appreciate the need to pay taxes.

"The law says for any profit you make that falls in the taxable bracket, taxes have to be paid," she said.

KRA is targeting to collect Sh1.18 trillion in current financial year.

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EBOLA SEVERITY LIES IN SPEED OF INFECTIONS

IT is difficult to avoid the Ebola virus especially since the cases in the US magnified the issue. Many folks dismiss concerns by comparing the optics of influenza numbers versus the Ebola numbers and dismiss Ebola as just a blip on the global radar. I have recently discovered an outstanding contemporary intellectual thinker called Paul Virilio who said the following about electronic money:

"The effectiveness of electronic money lies in its mass, which increase its velocity of circulation."

Virilio claims that as the "last post-industrial resource, acceleration exceeds accumulation...the escape velocity becomes the equivalent of profit." Virilio believes that acceleration and speed are the defining characteristics of our new world. So my first point about the Ebola virus is that it is not about the absolute number of cases, it is about its 'escape velocity' viruses that exhibit non-linear and exponential characteristics. WHO recently predicted that the number of Ebola cases in three West African nations may jump to between 5,000 and 10,000 a week by December as the deadly viral infection spreads. My point is that we have not entered the parabolic phase yet, when the escape velocity is at its fastest and therefore, the comparison with malaria and influenza might be an irrelevant comparison.

Another point to consider is the invisible case-load of Ebola cases which are not being captured by the surveillance system. WHO previously spoke of "shadow-zones". We have not received any data since late September around the Ebola [different mutation] outbreak in DR Congo. A friend in the DRC informs me Ebola deaths there are over 500.

Furthermore, researchers have identified more than 300 new viral mutations in the latest strain of Ebola. "It is a numbers game, the more cases you have the more likely there are going to be mutations that could change the virus in a significant way," said David Sanders, a professor of biological sciences at Purdue University who studies Ebola. "The more it persists, the more likely we are going to be thrown a curve."

The curve Sanders is speaking about is that Ebola, contrary to Centers for Disease Control 'protocol' is in fact airborne. Or as, an article

posted by CIDRAP [The Center for Infectious Disease Research and Policy at the University of Minnesota] defines it, "aerosolised."

Authorities insist that nurse Pham was wearing protective gear - gloves, mask, apron and shield - when she treated Duncan. So how did she contract the deadly virus? No one seems to really know. CDC officials are blaming an error in hospital procedures, claiming that it's a "breach of protocol", and yet, they still have no idea what that breach was.

If that's the case, how do they know it was a breach to begin with?

The CIDRAP report says: "We believe there is scientific and epidemiologic evidence that Ebola virus has the potential to be transmitted via infectious aerosol particles both near and at a distance from infected patients, which means that healthcare workers should be wearing respirators, not face masks."

The non-linear and exponential rate of mutation of the Ebola Virus gives the tail risk real bite.

Nassim Nicholas Taleb in his book Black Swan addresses the tail risk and describes it as follows: the disproportionate role of high-profile, hard-to-predict, and rare events that are beyond the realm of normal expectations in history, science, finance, and technology.

The non-computability of the probability of the consequential rare events using scientific methods (owing to the very nature of small probabilities).

The psychological biases make people individually and collectively blind to uncertainty and unaware of the massive role of the rare event in historical affairs.

The rare event or tail risk is that the Ebola has already or will mutate into a virus that has the potential to be transmitted via infectious aerosol particles both near and at a distance from infected patients.

The World Bank recently highlighted two scenarios: impacts on the region in the case of "low Ebola", in which the disease is contained by early 2015, cases stay around 20,000 and economic activity gradually increases; and "high Ebola", in which the disease is contained more slowly, cases reach 200,000 and the outbreak worsens significantly into mid-2015.

Shares go up and down and readers are advised that this column represents Mr Satchu's personal opinions.