



THE PROPOSED ACQUISITION OF 863,477 SERIES B PREFERRED STOCK IN WINDGEN POWER USA INC. BY OMI DYAR NETWORK FUND LLC, ACUMEN FUND INC., STITCHING DOB EQUITY AND MICROGRID CATALYTIC CAPITAL PARTNERS

1. The Competition Authority of Kenya has approved the proposed acquisition of 863,477 series B preferred stock in WindGen Power USA Inc. by Omidyar Network Fund LLC, Acumen Fund Inc., Stitching DOB Equity and Microgrid Catalytic Capital Partners unconditionally.
2. **Omidyar Network LLC** (Omidyar) is incorporated in the United States of America and is wholly owned by Omidyar Network LLC (USA). The firm invests in trusts, funds and similar financial entities that catalyze economic and social change. In Kenya, the acquirer has a non-controlling interest in Twiga Foods Limited.
3. **Acumen Fund Inc.** is a global non-profit venture capital firm incorporated in the United States. Acumen is engaged in deploying philanthropic capital towards investment in early-stage companies whose products and services enable the poor to transform their lives. Specifically, it invests in trusts, funds and financial entities.
4. **Stitching DOB Equity (DOB)** is a Foundation incorporated in Netherlands. It invests in market based efforts such as trusts, funds and similar financial entities that catalyze economic and social change. DOB has a non-controlling interest in various companies in Kenya.
5. **Microgrid Catalytic Capital Partners (Microgrid)** is incorporated in USA. It invests in market based efforts such as trusts, funds and similar financial entities. It does not have any operations or assets in Kenya.
6. **WindGen Power USA Inc. (WindGen)**, the target undertaking, is incorporated in the USA. WindGen has operations in Kenya through its wholly owned subsidiary PowerGen Renewable Energy East Africa Limited. **WindGen** and its subsidiary are involved in solar power generation, transmission and distribution.

7. The proposed transaction involves the acquisition of 863,477 Series B Preferred Stock in WindGen Power USA Inc. by Omidyar Network Fund LLC, Acumen Fund Inc., Stitching DOB Equity and Microgrid Catalytic Capital Partners, with controlling rights.
8. The acquirers engage in various activities including investment in trusts, funds and financial entities that reinvest in various sectors. The target, through its subsidiary in Kenya, engages in production and supply of renewable power in Kenya. Therefore the relevant product market for consideration is the market for power generation.
9. The power generated by the target will be sold to Kenya Power for onward distribution throughout the country. Therefore, the relevant geographic market is national.
10. Data from the Energy and Petroleum Regulatory Authority (EPRA) indicates that the demand for electric power has continued to increase year-on-year driven by a combination of factors. As a result, there are increased connections in urban and rural areas. Electric power generation is generated from hydro, geothermal, wind and thermal sources.
11. The country's installed capacity and effective power generation in Kenya is as indicated in the table below.

COMPANY	T Y P E	INSTALLED CAPACITY * (MW)	EFFECTIVE POWER GENERATIO N** (EPG) (GWh ¹)	MARKET SHARE (%) IN EPG (GWH)
Kengen ²	Hydro, thermal, Geothermal, wind	1,596	7989	75.1
Rural Electrification Programme	Thermal, Solar, Wind	19	47	0.44
Iberafrica I & II	Thermal	108.5	186	1.75
Tsavo	Thermal	74	196	1.84
Thika Power	Thermal	87	168	1.58
Biojule Kenya Limited	Biogas		0.4	0.00

Mumias	Thermal	26	4	0.04
OrPower 4 Geothermal I, II & III	Geothermal	121	942	8.86
OrPower 4 Geothermal IV- 4th Plant	Geothermal	29	244	2.29
Rabai Power	Thermal	90	562	5.28
Imenti Tea Factory	Thermal	0.3	0.6	0.00
Gikira Small Hydro	Hydro	0.514	0.9	0.00
Triumph Diesel	Hydro	83	28	0.26
Gulf Power	Hydro	80.32	61	0.57
Regen - Terem	Hydro		18	0.17
Gura	Hydro		17	0.16
Chania	Wind	0.5	0.8	0.00
Strathmore	Solar	0.25	0.02	0.00
Lake Turkana Wind Power (LTWP)	Wind	310	463 ³	-
Others, including Imports	Various		171	1.61
TOTAL		2604.384	10,635.72	100

Source: Kenya Power Annual report 2017/18

12. The target in this transaction is categorized under 'Others'. Post-merger, there will be no change in market concentration and structure since the acquirers are not involved in generation of renewable power in Kenya. Therefore, the transaction is unlikely to have negative effects on competition.
13. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. The public interest concerns considerations include;
- i. extent to which a proposed merger would impact employment opportunities;

- ii. impact on competitiveness of small and medium enterprises (SMEs);
 - iii. impact on particular industries/sectors; and
 - iv. impact on the ability of national industries to compete in international markets.
14. The target business is being acquired on going concern basis. The acquirer has indicated that the transaction is likely to result in increased job opportunities since the target plans to construct additional micro-grids. Based on the foregoing, the proposed transaction is unlikely to raise any negative public interest issues.
15. Further, the proposed transaction will support investment in renewable energy sector, thereby scaling up the country's energy generation while reducing the adverse effects of greenhouse gases on the environment.
16. Based on the foregoing, the Competition Authority of Kenya approved the proposed acquisition of 863,477 series B preferred stock in WindGen Power USA Inc. by Omidyar Network Fund LLC, Acumen Fund Inc., Stitching DOB Equity and Microgrid Catalytic Capital Partners unconditionally.