THE RACK REPORT · BY DATACENTRE254

Kenya's data centre week, in one briefing.

ISSUE **001** · MONDAY **14 SEPTEMBER 2026**

Data centres. Power. Cloud. Connectivity. Investment. Policy.

The week's most important developments, written for the people building, financing and regulating Kenya's digital infrastructure. Every fact in this briefing carries its source and date.

01 · THE HEADLINE

Kenya's regulator moves to give data centres their own licence

The Communications Authority of Kenya opened a 30-day public consultation on **8 September 2026** for a standalone Data Centre licence, the first time colocation facilities would be licensed as a category of their own rather than as telecom network facilities. The proposal would pull data centres out of the Network Facilities Provider (NFP-T2) regime created by the Revised Telecommunications Market Structure in March 2026, and it is best read as the regulator correcting its own compromise: the rules that fit fibre builders do not fit companies whose business is floor space, power, cooling and physical security.

The economics are the story. The proposed standalone licence carries a KES 5,000 application fee, a KES 100,000 initial fee, annual operating fees of KES 80,000 or 0.4% of gross turnover (whichever is higher) and 15-year validity. Compare the current NFP-T2 route, where the 15-year licence fee runs to KES 15 million or 0.4% of gross annual turnover. The Authority expects to finalise the framework in FY2026/27 and implement it in FY2027/28, and entities already holding NFP or ASP licences could operate data centres without the separate licence.

Sources: Communications Authority consultation (opened 8 September 2026); DC254 analysis of the proposed framework

02 · BY THE NUMBERS

One day, $600 million in US pledges

$600M

One-day US investment pledges at the AmCham 2026 summit (Sh77.5 billion)

Headlined by Oracle's first African cloud region, to be built in Kenya, and iColo's US$80 million Nairobi data centre project. A cloud region on Kenyan soil is a demand anchor: every Oracle workload it attracts pulls colocation, power and interconnection demand behind it. (The Star, 14 September 2026)

03 · INFRASTRUCTURE

Mombasa's $1.5 billion AI campus takes shape on paper

The loudest infrastructure story of the week remains **Amaco's HERCULES project**, a US$1.5 billion (Sh194.2 billion) AI-focused data centre plan for Mombasa with sites identified at Dongo Kundu and Kilindini. Business Daily's reporting (10 September 2026) added the working details that matter to anyone modelling the project: a cooperation agreement with GE Vernova on power, an estimated 28-month build once financing closes, and a demand case built on roughly 75MW of industrial base-load plus a 75-100MW initial data centre pipeline within the 3,000-acre ARISE special economic zone.

Amaco is not alone on the board. Construction of **Nxtra by Airtel Africa's Tatu City campus**, billed as East Africa's largest data centre, began in September 2025 with US$150 million committed across two phases totalling 44MW, and **iXAfrica's NBOX1** in Nairobi continues to position itself as the region's hyperscale, AI-ready reference site with a 22.5MW design capacity. Watch what Amaco does next: a signed EPC or power contract moves the story from prospectus to project. (Sources: Business Daily, 10 September 2026; ICT Authority, 12 September 2025; iXAfrica operator disclosures)

04 · POWER

When a single campus meets a 2,439MW national peak

Amaco's answer to Kenya's power arithmetic is the most literal we have seen: a **floating power barge fed by LNG**, generating on-site so the campus does not wait for grid reinforcements. The context makes the design choice legible. Kenya's national peak demand sits around 2,439MW, and geothermal from the Rift Valley, the grid's cheapest and greenest block, already flows at scale, but large new loads arriving in one place still strain transmission planning and tariff conversations alike.

The grid-first counterpoint is also moving. The government has been marketing the **Olkaria geothermal corridor** as the natural home for compute, and Microsoft and G42's reported interest in the area (Semafor, 6 May 2026) keeps the idea of data centres following the wellheads rather than the capital alive. The two models on display this week, self-generating barges on the coast versus grid-adjacent campuses in the Rift, are competing answers to the same question: where does East Africa's AI power come from? (Sources: Business Daily, 10 September 2026; Semafor, 6 May 2026)

05 · CONNECTIVITY

A coastal cable, a northern corridor, and a Meta cable due

Three connectivity developments rounded out the week. First, at ITW Africa 2026 a consortium led by **INDOI Ltd. (IOX) and Blue Trade Investments** announced **LuLu**, a planned coastal cable running roughly 500km from Mombasa to Lamu with five landing points (Mombasa, Vipingo SEZ, Kilifi, Malindi and Lamu), 144 fibre pairs and a Q2 2028 readiness target. LuLu is not another international cable; it is Kenya's first dedicated coastal diversity route, pairing the subsea span with a protected terrestrial path. The caveats are real: no supplier signed, no construction started as of the announcement.

Second, **The Star (14 September 2026)** reported on Somcable's expanding Berbera landings, where 2Africa and PEACE both come ashore, and its terrestrial build toward Ethiopia and South Sudan, with talks including Ethio Telecom. A stronger Berbera gives the region a second physical gateway north of the Red Sea chokepoint, competition for specific traffic rather than a replacement for Mombasa. Third, **Daraja**, the Meta-backed cable hosted by Safaricom from Salalah to Mombasa, remains on course for service this year. Kenya currently runs seven live submarine systems, and every one of them converges on the same short stretch of coastline, which is exactly the risk LuLu and Berbera each attack from a different direction. (Sources: African Media Agency at ITW Africa 2026; The Star, 14 September 2026; Business Daily, 14 September 2026)

06 · MONEY

Where the week's capital actually pointed

Beyond the AmCham headline figure, the composition of the pledges tells the sharper story. **Oracle choosing Kenya for its first African cloud region** is worth more to the local ecosystem than its sticker price, because cloud regions are demand machines: they anchor enterprise workloads, which anchor colocation and interconnection demand, which anchor further investment. **iColo's US$80 million** expansion signals continued conviction in carrier-neutral colocation, the segment the CA's licensing consultation will directly govern.

The wider financing backdrop is a continent racing to close a compute gap, with AWS publicly committing US$1.5 billion toward African digital infrastructure and consultants projecting hundreds of billions in data centre build-out by mid-century. For Kenya specifically, the investable units this week were concrete: a licence consultation that lowers entry costs, a cloud region that raises demand, and a colocation expansion that adds supply. (Sources: The Star, 14 September 2026; AWS and iAfrica/McKinsey reporting, September 2026)

07 · POLICY

Your submission window is open until roughly 8 October

Stakeholders have **30 days from 8 September 2026** to comment on the proposed framework through the Communications Authority's open consultations portal, putting the deadline around **8 October 2026**. The licence-fee comparison is the headline, but three quieter details will matter more in practice: the Universal Service Fund levy (0.5% of annual gross revenue) still applies on top of the new fees; the 15-year validity matches the current regime, so this is a cost and clarity reform, not a term reform; and existing NFP and ASP holders can keep operating data centres without taking the new licence at all.

The parallel track to watch is data protection. The Office of the Data Protection Commissioner's guidance expects Kenyan personal data to be processed in Kenya or to keep a serving copy in the country, which makes every licensing and infrastructure decision above a compliance decision too. Operators responding to the CA consultation would do well to read the two regimes together, because investors will. (Sources: Communications Authority of Kenya, September 2026; ODPC guidance)

08 · WHAT WE'RE WATCHING

Four things likely to matter next

WATCH 01

The consultation docket. Who files submissions by ~8 October, and whether the final framework changes the fee schedule or the NFP/ASP carve-out. Watch for a second reading of the fees table in the final rules.

WATCH 02

Daraja and Africa-1 service dates. Both systems are physically close to done (Daraja announced October 2025, Africa-1 landed at Mombasa in 2024), but "landed" is not "in service". A ready-for-service announcement changes Kenya's live cable count for the first time since 2024.

WATCH 03

Berbera follow-through. Whether the Ethio Telecom talks and the terrestrial route toward Ethiopia and South Sudan move from reporting to signed agreements. A second northern gateway only matters if the fibre behind it gets built.

WATCH 04

Amaco's next filing. A signed GE Vernova contract, a financing close or a confirmed site handover at Dongo Kundu would move HERCULES from announced to underway, and make Mombasa a genuine two-horse conversation with Nairobi.

09 · FROM DATACENTRE254

Go deeper on this week's stories

- **Kenya's standalone data centre licence, explained** · fees, timeline, and what changes for operators
- **Amaco HERCULES: inside the $1.5 billion Mombasa AI data centre plan** · power barge, LNG, and the demand case
- **The LuLu coastal cable system: a status check** · what is confirmed, what is not, and why coastal diversity matters
- **The Berbera Northern Route and Kenya's fibre redundancy** · competition for traffic, not a replacement
- **Olkaria: the geothermal corridor powering data centre plans** · grid arithmetic and wellhead economics
- **GPU cloud infrastructure in Kenya: a simple guide** · what exists, what the law expects, how to start

All articles at data-centers-254.vercel.app · every figure cited above carries its source and publication date

10 · THE WEEK IN NUMBERS

Six figures that define the board right now

30 days CA consultation window on the standalone data centre licence, from 8 September 2026	**$600M** One-day US pledges at AmCham 2026, led by Oracle's first African cloud region	**$1.5B** Amaco's HERCULES AI campus plan for Mombasa, with on-site LNG power
7 Live submarine cable systems landing on the Kenyan coast as of September 2026	**144** Fibre pairs on the proposed LuLu coastal cable, up to 60 Tbps per pair	**2,439MW** Kenya's national peak demand, the number every large campus plan must respect

Sources as cited in sections above · figures verified against dated reporting

How this briefing is built

Verification standard

Every figure in The Rack Report carries its source and publication date, and we do not publish numbers we cannot trace to an operator, regulator or dated news report. Where plans are announced but not yet contracted (as with LuLu's supplier or Amaco's financing), we say so in the same breath as the headline figure, because the difference between a plan and a project is where infrastructure stories go to hide.

Corrections and tips

Spotted something wrong or know something we should verify? DC254 corrects errors openly and quickly. Reach the newsroom through the contact page at data-centers-254.vercel.app, or reply to any edition of this briefing by email.

Masthead

Published by DataCentre254, Kenya's open data centre directory and intelligence library. Edited and written by Kevin Jonathan Otieno. The Rack Report accepts one sponsor per issue, always clearly labelled, with audience numbers published live and never inflated.

Get the briefing
before Monday.

The Rack Report lands free in your inbox every Monday morning: data centres, power, cloud, connectivity, investment and policy, in one read.

One sponsor per issue, clearly labelled. Reader trust is the product.

Subscribe at data-centers-254.vercel.app/rack-report

ISSUE 001 · PUBLISHED BY DATACENTRE254 · NAIROBI, KENYA
COMPILED FROM REPORTING CURRENT TO 14 SEPTEMBER 2026 · SOURCES DATED IN TEXT