

6TH GHANA RENEWABLE ENERGY FAIR

PRESENTATION ON:

**CREATING AN ENABLING ENVIRONMENT FOR RENEWABLE ENERGY DEVELOPMENT
IN POST COVID-19 PANDEMIC GHANA – *THE PUBLIC SECTOR PERSPECTIVE***

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PRESENTATION FORMAT

- 1. Energy Sector Goal**
- 2. Power Sub-Sector Goals**
- 3. Role of Renewable Energy In Ghana's Energy-Mix**
- 4. Key Components of the Existing Renewable Energy Act, 2011 (ACT 832)**
- 5. Observations From Existing Renewable Energy Act, 2011 (Act 832)**
- 6. WAY FORWARD – Enhancing Political & Business Environment-post COVID-19**
- 7. Renegotiation of Power Purchase Agreements (PPAs) & Moratorium on New Ones**
- 8. Conclusion**

ENERGY SECTOR GOAL

The overall goal of the Energy Sector is to make competitively priced energy universally accessible and readily available in an environmentally sustainable manner for the local market and export

POWER SUB-SECTOR GOALS

- Accelerate the achievement of universal access to electricity in the country;
- Ensure integrated planning system to meet Ghana's growing electricity demand reliably and cost-effectively in a sustainable manner;
- Achieve cost-competitive electricity generation;
- Develop transmission and distribution systems that facilitate efficient and cost-competitive power evacuation and transportation;
- Strengthen the electricity distribution system to enhance a competitive electricity retail market;
- Have an efficient electricity pricing system for both local and the export market whilst covering the interest of the poor.

ROLE OF RENEWABLE ENERGY IN GHANA'S ENERGY-MIX

- **Ghana considers Renewable Energy (RE) as one of the options to contribute to the overall energy supply mix and to minimise the adverse effects of energy production on the environment**
- **RE Development is guided by RENEWABLE ENERGY ACT, 2011 (ACT 832) and the RE Masterplan**

EXISTING RENEWABLE ENERGY ACT, 2011 (ACT 832)

Key Components

- Enacted in 2011 to promote the development of renewable energy resources of the country
- The law sought to place obligations on utilities and bulk customers to purchase part of their electricity requirements from renewable energy sources
- It also provided for a regulatory and licensing framework for the development of renewable energy in Ghana

OBSERVATIONS FROM EXISTING RENEWABLE ENERGY ACT, 2011 (ACT 832)

- Prior to the drafting of the law in 2008-2009, the biggest **obstacle** to the development of Renewable Energy, especially solar was the high cost of the technology
- Institution of a Feed-In-Tariff scheme to guarantee a good rate of return for investors
- Rapid technological development has resulted in a steep reduction in the prices of renewable energy products, especially solar
- This has rendered the Feed-in-Tariff (FIT) regime a burden on consumers who have to pay for expensive solar PV power based on FIT whilst it could be secured cheaper through competitive bidding

OBSERVATIONS FROM EXISTING RENEWABLE ENERGY ACT, 2011 (ACT 832)

- First bidding process conducted by the Ministry of Energy in 2015, yielded a price of US Cents 11.47/kWh from solar energy
- In 2016, Bui Power Authority (BPA) Tender for 50MW solar yielded US Cents 8.8/kWh
- This was at a time when conventional power plant developers were asking for US Cents 13-15 /kWh and the gazetted FIT in Ghana was US Cents 15/kWh

WAY FORWARD – Enhancing Political & Business Environment-Post COVID-19

Amendment of the RE Act to:

- Repeal the Feed-In-Tariff (FIT) and provide for all future utility scale solar photovoltaic (PV) to be procured through competitive bidding
- Encourage small-scale self-generation through net-metering
- mandate fossil fuel-based wholesale electricity suppliers, fossil fuel producers, and other companies that contribute to greenhouse gas emissions to invest in non-utility scale RE so as to complement the global effort of climate change mitigation.

RENEGOTIATION OF POWER PURCHASE AGREEMENTS (PPAs) & MORATORIUM ON NEW ONES

- Excess capacity and significant financial challenges in Ghana's energy sector
- Review of PPAs in 2017
- Renegotiation of PPAs – Process ongoing
- Government continues to enforce interventions, such as the current moratorium on the signing of new PPAs, Gas Supply Agreements (GSAs), Put-Call Option Agreements (PCOAs), and any long-term take-or-pay contracts until further notice, **OR**
- **unless** properly **excepted** by Government on a **case-by-case** basis

CONCLUSION

1. **Need for careful forward planning, proper data-driven analysis, transparent, and competitive, processes for a sustainable and sound energy sector development**
2. **GOVERNMENT, COGNISANT OF THE ROLE RENEWABLE ENERGY PLAYS IN THE SOCIO-ECONOMIC DEVELOPEMNT OF THE COUNTRY, WILL CONTINUE TO REVIEW AND ALSO IMPLEMENT POLICIES THAT WILL FACILITATE RENEWABLE ENERGY DEVELOPMENT, POST COVID-19 PANDEMIC**

THANK YOU