



GYEM

Review Renewable Energy Act to Achieve its Full Implementation



BACKGROUND

The Renewable Energy Act, 2011 (ACT 832) is an Act passed by parliament and assented to by the President of the Republic of Ghana to provide for the development, management and utilization of renewable source in the country. Though the Act was assented in December 31, 2011, much has not been achieved in delivering the key objectives of the Act due to - the lack of a clear policy direction by the Minister of Energy, the absence of a robust action plan to deliver and implement the Act and the lack of engagement of key actors in government, private sector and civil society to discuss and support the implementation plan.

It is an undeniable fact that renewable energy can play a very important role in promoting and enhancing electricity access in Ghana, especially in rural and off-grid communities. Though electricity access in Ghana stands at 72%, there are still many people, households and communities that lack access to the grid. Promotion and investment in renewable energy can bridge this gap.

Indeed, the President of Ghana, H.E Nana Akufo-Addo in his 2017 State of the Nation Address (SONA) delivered on February 21, 2017, admitted that the Renewable Energy Act needed a review to “provide further incentives to attract the private sector to invest”. In the light of this, there is the need for a robust and participatory advocacy action to engage the issue to its practical conclusion.

Excepts of the Renewable Energy Act

Regulatory Framework

- The Renewable Energy Act, 2011, Act 832 was passed by Parliament in 2011
- The object of the Act is to provide for the management, development and utilization of the RE resources for the production of heat and power in an efficient and environmentally sustainable manner
- The Act seeks to provide a regulatory framework and an enabling environment to attract investors to the Renewable Energy sector

Key Provisions of the Renewable Energy Act

- Feed in Tariff rate which guarantees regular income to investors in RE. The FIT rate is guaranteed for 10yrs and subsequently reviewed every 2 years. The FIT rate for waste to energy is 17.5% to 18.5 %
- Renewable Purchased obligation for priority off take RE by the 3 distribution utilities and bulk customers in the country
- Open access to transmission and distribution systems

Key Provision Cont'd

- Establish a Renewable Energy Authority whose mandate is to oversee the operational and technical activities of the Energy sector.
- Renewable Energy Fund to be established and managed by the Energy Commission (EC). The fund will be used to fund the promotion and development of Renewable Energy

Institutional Framework in Place with Clear Roles and Mandate

- Energy Commission: Technical regulation and Licensing of Renewable Energy electricity generation, transmission and distribution
- Public Utility Regulatory Commission: Provide economic regulations and setting tariffs for electricity including the RE feed-in-tariff
- Environmental Protection Agency: Environmental regulation and permitting
- Ghana Investment Promotion Centre: Assist and facilitate incentive for private sector investments

Source: Ghana Energy Commission

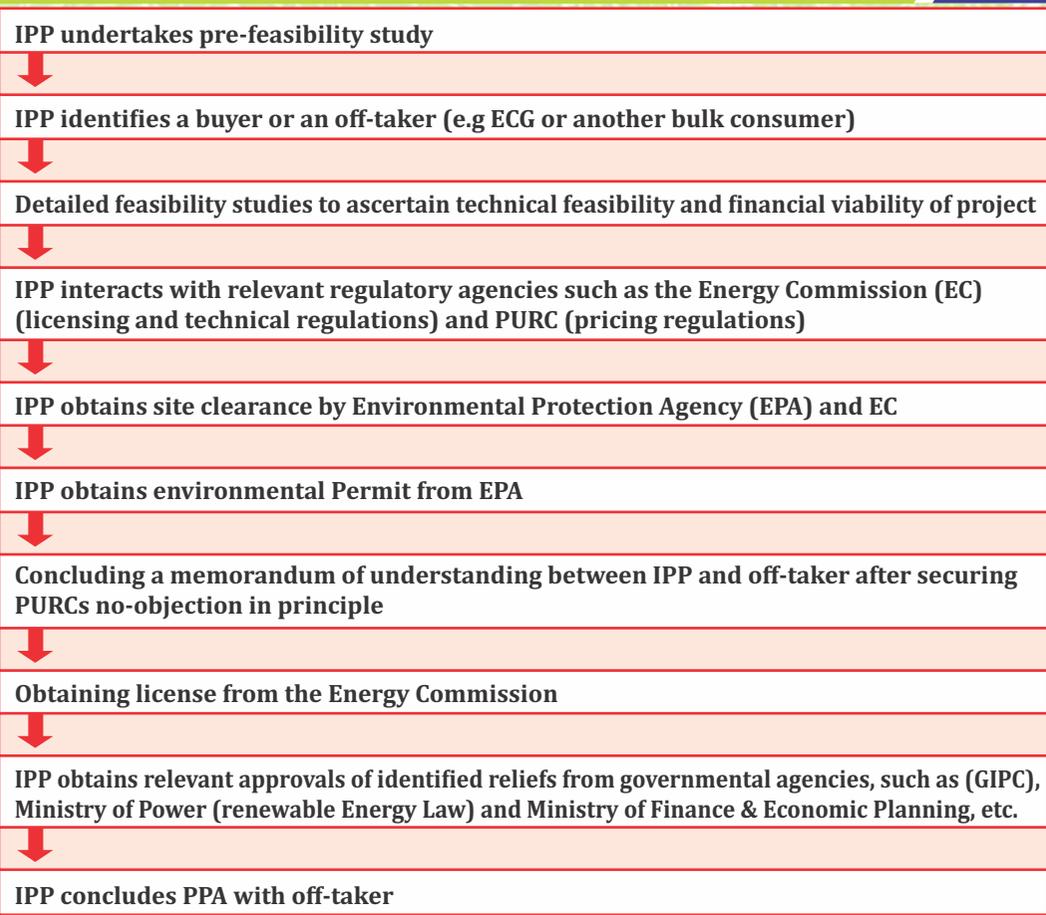
Constraints Impeding the Smooth Implementation of the Act

- Lack of a clear policy direction and effective coordination between government and various actors of the energy industry have forestalled the smooth implementation of the Act.
- Absence of a robust action plan to deliver and implement provisions of the Act.
- Lack of engagement of key actors in government, private sector and civil society to discuss and support the implementation plan.
- Issues of lack of enforcement of key actions raised in the Act is also a hurdle for impeding the smooth implementation of the Act.

Challenges from the Renewable Energy Sector

- Challenges with license acquisition for Renewable Energy projects and cumbersome licensing procedures, a major hurdle discouraging investors from venturing into the industry.
- Lack of research and development into renewable energy technologies from government; there is little information on specific renewable energy technologies and their penetration in the country.
- Lack of sufficient incentives in the renewable energy industry. The high cost of renewable energy technologies and their limited market size means that incentives are important to ensure a full market development.
- Lack of public awareness on renewable energy. Though the solar technology has enjoyed considerable promotion in recent times, the public and consumers generally lack a good understanding of how they practically work and can be mobilized.

Procedures to entry into the Electricity Market as a Renewable



Source: IRENA Ghana Renewables Readiness Assessment 2015”

Solution & Recommendations

- Government should institute an engagement and consultation platform or mechanism where government, private sector and civil society can dialogue and brainstorm to find lasting solutions confronting the renewable energy sub sector.
- The government in consultation with the private sector, civil society and industry players needs to develop a clear policy direction and deliver key action points such as the provision of incentives and exemption from custom levies for the smooth implementation of the Act.
- Industry players and stakeholders need to organize sensitization workshops for the public so they will be abreast with the provisions of the Act.
- Government should set up a Renewable Energy Authority to oversee the sector and ensure that key action points raised in the Act are addressed.

- Create awareness on issues of renewable energy sources. This will help increase knowledge of potential investors on the opportunities available.

Advocacy Work Done by GYEM to Ensure the Review of the Renewable Energy Act

- Workshop which brought together industry players and civil society organizations to build synergies to find solutions to the legislative and regulatory constraints to investment in renewable energy sector.
- The advocacy action contributed to the drafting of a master plan for the renewable energy industry by government, but this is yet to be fully operationalised.
- Series of meetings have been held with government to present findings of a research work conducted by the Ghana Youth Environmental Movement.

Action Points to Duty Bearers

- Government to review the Renewable Energy Act to attract investments.
- Ministry of Energy to come up with a clear policy direction to deliver key actions of the Act.
- Government to commission skilled researchers and professionals to conduct research on how to effectively address the challenges in the industry
- Ongoing national dialogue in the media and public domain on the subject of the removal and/or exemption of levies and duties on renewable energy imports should be sustained.



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