UNIVERSITY OF EASTERN FINLAND

Renewable Energy Law and Policy in Ghana: A Legal Analysis of the Support Schemes under the Regulatory Framework and Some Lessons from the EU Experience

RERIS 2018, 23-26.1.2018

Nana Asare Obeng-Darko

UEF Law School

Objective & key findings

- ***Objective: to examine whether the support schemes provided under the Ghanaian renewable energy law creates the necessary environment for attaining policy, legal and regulatory goals.***
- ✓Adequate renewable energy (RE) policy goals.
- ✓Legal and regulatory environments supports policy directions.
- ✓Regulatory environment must provide stability for long-term return on investment.
- ✓Clear and concrete establishment of support schemes to boost investment.

RE in Ghana

Policy

Strategic National Energy Plan 2006-2020

National Energy Plan 2010

Law

Renewable Energy Act, 2011

Regulation

Agencies:

Ministry of Energy

EC

PURC

Legislative instruments

RE policy and legal objectives

Strategic National Energy Plan (SNEP) 2006-2020

10% integration rate of RE in electricity by 2020

30% rural electrification via RE by 2020

National Energy Plan (NEP) 2010

- Increase of RE sources in national energy supply mix
- Climate change mitigation

RE Act, 2011

Development, management and utilisation of RES for power in environmental sustainable manner

Regulatory support schemes

- **The Ghanaian feed-in-tariff (FIT) scheme**
  - Renewable energy purchase obligation (REPO): obligation to purchase a certain percentage of electricity from RES (RES-E).
  - FIT rates: approved chargeable levels for RES-E (10 years).
  - Connection to transmission and distribution systems.
- **RE Fund**
  - Investment support for RES-E projects

Risk of regulatory issues

- Regulatory changes
- Changes in public financial support
- ‘Specific percentage’ under section 26(2) of the RE Act
  - PURC
- Guaranteed payment uncertainty
  - Debt burden by TSOs/DSOs
  - Inability to offtake RE investments
- Bureaucracy

Lessons for the EU regulatory experience

- Non adjustment of stable policies
  - Clarity

- Long-tern return on investment certainty leads to confidence
  - Commitment

- The Spanish case – retroactive applicability of changes

- Design of support mechanisms

Conclusion

- Regulatory changes increase the risk of uncertainty concern for investors. To mitigate, authorities in Ghana will have to ensure stability in the regulatory regime of the RE industry by long-term commitment.

- Regulatory reforms are inevitable in the Ghanaian context but its applicability is crucial to sustained investment in the RE market.
  - stabilising the regulatory measures that governs energy market does not amount to regulatory paralysis.
  - Transitional period, legitimate expectation.

- Uncertainty is the antagonist in the regulatory game.

UNIVERSITY OF EASTERN FINLAND

Thank you!

nana.asare.obeng-darko@uef.fi

UEF Law School

uef.fi