

13 Oct - 14:00 to 15:30 CEST

**Paving the Way for a Clean
Energy Transition with
Decentralised Renewable
Energy (PWCET) Series**

Regulation & Policies to achieve
clean energy transition with
decentralised renewable energy

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Energy Solution

PWCET Series – 3rd Event

**Regulation & Policies to achieve clean energy transition
with decentralised renewable energy**

Introduction

Under the new joint initiative ‘*Paving the way for Clean Energy Transition with Decentralised Renewable Energy (PW CET) Series*’, the [Alliance for Rural Electrification](#) (ARE) and the [Green People’s Energy](#) (GBE) organised the third event titled ‘Regulation & Policies to achieve clean energy transition with decentralised renewable energy’ on 13th October 2021, attracting **more than 150 attendees**, worldwide.

The webinar brought together experts from **Germany, Ethiopia, Ghana, Namibia** and **Nigeria** to discuss effective regulatory and policy development mechanisms and the shortcomings that are relevant for the wider rollout of DRE solutions to ensure a just and clean energy transition in their respective countries.

Event Summary

The webinar was opened by **Mr. David Lecoque, CEO of ARE**, who introduced the PW CET series to the audience, followed by a quick introduction to ARE.

Mr. Jens Jaeger, Policy & Business Development Director, ARE carried on with the proceedings of the session as the moderator.

Mrs. Bärbel Höhn, Special Representative for Energy in Africa, The Federal Ministry for Economic Cooperation & Development (BMZ) gave a keynote speech where she introduced the GBE initiative and its objectives.

She further gave insights on measures to take note of in order to accelerate the deployment of decentralised renewable energy and ultimately help achieve clean energy transition with renewable energy, touching on some successful practices adopted in Germany:

- A strong need for political will at the country level to define the frameworks to ramp up the implementation of renewable energy;
- Strengthen the local market via the “power for the people” concept;
- Tailored energy regulations to specific communities, for example, developing well-regulated tariffs schemes;
- Scaling up and creation of enabling environments for the private sector;
- Development of reliable and sustainable energy systems to build social acceptance and trust;
- Customised capacity building for local communities to enhance skill and energy intelligence;
- Develop a cross-party network consisting of members of different expertise.

To promote renewable energy implementation across sectors, Mrs. Bärbel Höhn emphasised the need to look into advantages renewables present against their unsustainable alternatives:

- Reduced energy dependency, particularly from imported fossil fuels;
- More flexibility;
- Creation of local jobs, particularly for vulnerable groups;
- Less impact on the environment.

Mr Jens Jaeger took over the floor as the facilitator of the 1:1 interview by giving each interviewee the opportunity to provide insights on the regulation and policies their respective countries have adopted to achieve clean energy transition with decentralised renewable energy (DRE).

A question posed focused on **some key reforms undertaken by each country in to accommodate for renewable energy, particularly decentralised solutions in the national energy mix.**

In response, **Mr. Bahru Oljira Debel, Director, C. Certification and Technical Regulation directorate and Board Member, Ethiopian Energy Authority**, highlighted the Ethiopian Public Private Partnership (PPP) as one of the key policy reforms in the country aimed at attracting the private sector investment

into the renewable energy. This is an approach to lower burden on its high sovereign debt levels, ultimately shifting from public generation investments to independent power producer (IPP) projects.

To facilitate the uptake of renewable energy in the Nigerian electrification scheme, **Mr. Abdu Bello Mohammed, GM (Engineering, Performance & Monitoring) / Chief of Staff at Nigerian Electricity Regulatory Commission Nigerian Electricity Regulatory Commission (NERC)**, highlighted some key reforms in place:

- Renewable Energy Master Plan (REMP) consisting of short-term and long-term fiscal and market incentives for renewable energies in electricity production;
- Two-faceted mini-grid regulation entailing isolated mini-grid for off-grid rural electrification systems and interconnected mini-grids for under-served customers, with a generation capacity of <1MW. To encourage more private sector participation under this regulation, mini-grids with a distributed capacity above 100kW and an installed capacity of less than 1MW are granted with permits. Complementary to the mini-grid regulation is the Independent Electricity Distribution Network (IEDN) which covers mini-grids with an installed generation of >1MW and requires licensing;
- Feed-in tariff regulation building upon the Electric Power Sector Reform Act 2005 to stimulate private investment through incentives for small scale energy systems for solar, wind, biomass and hydro below the threshold of 30MW;
- Distribution franchise guidelines in the Nigerian Electricity Supply Industry (NESI) to enhance the private participation in distribution and provide additional generation.

Delving into the question, **Mr. Pinehas Mutota, GM, Economic Regulation at Electricity Control Board, Namibia** identified the country's large landscape and its dense population as one of the main grounds hindering higher electricity access rates, both on/off-grid. To incentivise renewable energy deployment, the Namibia's Electricity Control Board (ECB) introduced:

- The net-metering scheme to spur renewable energy development across commercial and residential consumers. Under the scheme, generators are allowed to inject surplus power into the local grid and receive electricity feed-in credits;
- A modified bar market segment allowing consumers to procure electrification from any IPP;
- The development of a national energy policy and national one-stop-shop funding mechanism to determine localities eligible for local grid or off-grid connection.

Despite Ghana's efforts to achieve universal electricity access from the period of 1990 till 2020, there are still communities in the country that are under-served as result of their remote location, reported **Mr. Wisdom Ahiataku Togobo (Director, Executive Office), Bui Power Authority, Ghana**. To address this energy access gap, the energy reforms integrated:

- Mini-grids as part of the rural electrification scheme to encourage households to connect to mini-grids and further developed subsidised tariffs to stimulate an increased consumption of electricity;
- Cross-subsidisation of mini-grids into the national grid to embed operation costs;
- Community categorisation, where mini-grids are installed at communities not viable for grid extension and standalone solar home systems and solar lanterns are deployed to scattered and isolated households, respectively.
- Amendment of the Renewable Energy Act, fossil fuel companies pay a levy or emission tax to support renewable energy implementation.

Following the interview session, the panellists also took part in the moderated discussion and attended the queries from the audience.

Under the moderated discussion, Mr. Jaeger asked the panellists to provide insights on *country future plans and partnerships sought to achieve the integration of DREs*.

As part of their future plans to mobilise more private sector participation, the Nigerian energy sector is currently collaborating with GIZ to review their two key regulations - feed-in tariff and embedded generation regulations. The purpose of the review is to ensure that investors in the renewable energy

sector obtain good rate of return given the high cost of renewable energy technologies. Under the same partnership, a development of effective net-metering schemes is in motion. This will allow renewable energy system owners to sell their excess energy and get credits for the electricity added to the grid. To uptick solar PV deployment in Nigeria, the government has made enacted a “Rooftop solar connection” initiative for individual customers, where at least a million customers are targeted within the period of 2023. To further draw in-country and external private sector investment in renewable energy generation, Nigeria’s Rural Electrification Agency (REA) offers a wide range of incentives. For example, the REA subsidises capital expenditure for mini-grids to help reduce the cost of the renewable energy project.

Touching the same question, Mr. Togobo further highlighted the recent amended Renewable Energy Act (2020) as a larger part of the country’s future energy plans. He drew attention to section 26 (3) of the Act, which enacts all fossil fuel-based wholesale suppliers, producers and any other companies contributing to greenhouse emission to invest in non-utility scale renewable energy as a means to offset greenhouse emissions and mitigate the impacts climate change. By amending this section, the country will be able to reach their ambition to upscale its DRE sector and reach the last-mile of access to modern energy by 2030. In light of the country’s pledge to the Paris Agreement, “we aim to install 55 mini-grids by 2030 under international funding support, such as carbon trading, green financing, etc.”, Mr. Togobo stated. To achieve this target, Ghana seeks for partnerships, particularly with companies contributing to CO₂ emissions. In addition, the country is seeking international funding opportunities to curtail the financial load on the private sector. This will help reduce the capital cost of renewable energy projects and enable the private sector to only take up the O&M costs of mini-grids.

On the contrary, Namibia’s renewable energy partnerships are based on three principles of the funding framework: least cost funding to maximise service delivery, the expected period of return on investment and targeted cross-subsidisation. Nevertheless, Mr. Mutota emphasised on environmental investment funds, developmental finance that offer affordable rates, climate change funds and donor funding as some of the partnerships they seek.

A question posed by a participant was for Mr. Togobe: *What does the facility for the development of Solar Home Systems (SHS) consist of?*

The Ghanaian government has put in place incentives that are geared to stimulate economic activities through importation of equipment required to locally manufacture SHS, Mr. Togobe said. To further facilitate the use of SHS, the government intends on setting additional incentives through levies and taxes on CO₂ emission industries. In addition, the country is advocating for high CO₂ emitting countries such as China, Germany, USA etc, to assist in the deployment of SHS.

In the end, **Mrs. Dorothea Otremba, Senior Advisor, GIZ** thanked the panellists for their contributions and the audience for their active participation. She also called for the audience to get in touch with ARE and GBE to learn more about how they can be assisted with their journey in the DRE sector. Lastly, she also announced that the 4th and 5th PWCET events are eventually going to takeplace at OFF-GRID Expo + Conference and ARE Energy Access Investment Forum respectively.

Annex: Webinar Programme

PWCET Series – Third Event	
Date/Time	13 October 2021 – 14:00 CEST
Title	Regulation & Policies to achieve clean energy transition with decentralised renewable energy
Description	<p>Fuelled by decentralised renewable energy (DRE) solutions, the energy sector is evolving rapidly and undergoing a disruptive transformation. This ongoing energy transition is a central building block to a secure, environmentally friendly, and economically successful provision of universal access to modern energy services. It is crucial that their integration is timely to achieve other interlinked Sustainable Development Goals (SDGs) such as healthcare, livelihoods, water and education, and the overall human prosperity. To fast-track this record, IRENA estimates that 60% of the additional power generation needed to reach the last mile of universal access must come from off-grid solutions, which can eventually be absorbed into the main grid or may continue to operate autonomously.</p> <p>The transition towards a decentralised energy landscape with a high penetration of renewables challenges the existing structure. Despite the associated positive impacts on the global socio-economic development, a wide range of roadblocks including policy and regulatory, still impede a deeper and systematic energy sector transformation in line with the long-term objectives of the Paris Agreement.</p> <p>To harness synergies and attract private investment, policy makers need to establish effective tailored regulatory frameworks and appropriate policies to mobilise the full potential of DREs for electricity access. In the specific case of mini-grids, enabling regulatory measures are needed related to licensing, tariff regulation and main grid connection, and access to financial instruments such as subsidies, grants and tax breaks¹. Streamlined regulatory requirements can reduce development costs, which will strike a balance between reliability and affordability for the actors participating in the market². Adoption of standards is also critical for distributing high-quality products that do not breach the trust of end-users in off-grid renewable solutions. Targeted key recommendations have been outlined for developing conducive DRE policies and regulations in the recent Guide developed by multiple players active in the DRE sector³.</p> <p>A recent Policy Brief emphasises that, countries with a large energy access deficit will need to introduce alongside with on-grid capacity, mini-grid and off-grid renewables into their national electrification plans to enable a decentralised energy sector with clear energy access development targets. These energy access development targets should recognise and address existing shortcomings in the regulatory and policy frameworks for renewables and delve into satisfying the current and future needs of the targeted population, especially women, youth, and the poor. Furthermore, establish pathways for increasing consumption and demand over time. Similarly, countries on a higher energy access scale will need to address outstanding shortcomings in the policy and regulatory frameworks by developing comprehensive support frameworks for integration of renewables in their energy mix and creating a levelled playing field by eliminating key barriers to energy access and clean+ energy transition.</p> <p>The objective of this webinar to bring together experts from Germany and selected regions from Africa to discuss effective regulatory and policy development mechanisms and shortcomings that are relevant for the wider roll out of</p>

	decentralised renewable energy (DRE) solutions to ensure a just and clean energy transition.
	Programme
90 Minutes	Welcome remarks Mr. David Lecoque, CEO, ARE
	Keynote speech Mrs. Bärbel Höhn, BMZ Special Representative for Energy in Africa
	1:1 Interview and interaction Facilitator: Mr. Jens Jaeger, Director of Policy & Business Development, ARE Interviewees: Mr. Bahru Oljira Debel, Director, C.Certification and Technical Regulation directorate and Board Member, Ethiopian Energy Authority, Ethiopia Mr. Abdu Bello Mohammed, GM (Engineering, Performance & Monitoring) / Chief of Staff at Nigerian Electricity Regulatory Commission Nigerian Electricity Regulatory Commission (NERC), Nigeria Mr. Pinehas Mutota, GM, Economic Regulation at Electricity Control Board, Namibia Mr. Wisdom Ahiataku Togobo (Director, Executive Office), Bui Power Authority, Ghana
	Panel discussion and Audience Q&A
	Closing remarks Mrs. Dorothea Otremba, Senior Advisor, GIZ

Partners:

About GBE

Dr. Gerd Müller, the Federal Minister for Economic Cooperation and Development, announced a new initiative, named Green People's Energy for Africa (GBE) in June 2017. This initiative aims to enable, expand and secure the supply of sustainable energy in rural Africa. It is part of the Marshall Plan with Africa and relies on the broad participation of small and medium-sized enterprises, municipalities, cooperatives, public associations and citizens.

Contact: Dorothea Otremba (dorothea.otremba@giz.de), Senior Advisor, GIZ

About ARE

Established in 2006, the Alliance for Rural Electrification (ARE) is the global business association representing the whole decentralised renewable energy sector for rural electrification in developing and emerging countries.

With more than 185 Members, ARE aims to promote a sustainable decentralised renewable energy industry for the 21st century, activating markets for affordable energy services, and creating local jobs and inclusive green economies. ARE enables improved energy access through advocacy and business development support for its Membership comprising the whole value chain of off-grid technologies.

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