

Lift ban on Renewable Energy PPAs – IES to Government

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The Institute of Energy Security (IES) has said the Ghana “Renewable Energy Master Plan” can be fully operationalized if the ban on renewable energy PPAs are lifted to drive the green revolution.

It would be recalled that government suspended the issuance of new licenses for Wholesale Electricity supply and Permits for Utility Scale Grid connected solar photovoltaic (PV) and wind power plants in 2017. The Energy Commission (EC) provided two main reasons for the decision at the time.

The first is that, the EC had issued about 124 Provisional Wholesale Electricity Supply Licenses for Utility Scale Grid-connected Renewable Energy (RE) projects since the coming into force of the Renewable Energy Act, 2011 (Act 832), out of which only three (3) have been developed, representing approximately a low 2.5 percent

development rate.

However, the notice from Energy Commission failed to provide further details on the over 97 percent licensed projects that have not been developed, operationalized or which phase of development any of these projects were.

The second reason for the suspension of issuance of new PPAs had to do with the Electricity Company of Ghana (ECG) having signed numerous PPAs, in excess of 2,000MW. According to various reports by the Ministry of Finance and Economic Planning, Ghana pays over US\$500 million a year for unused electricity.

Government lamented the tariffs agreed under the PPAs (mostly thermal) were not competitive and had contributed significantly to the build-up of debt in the energy sector, and over-supply of power.

Based on these two reasons, ECG was directed by the Ministry of Energy (MoE) to suspend the signing of new PPAs for renewable and conventional/thermal power plants since the beginning of 2017.

But IES Professional Member, Emmanuel Kpogo observed that the wholesale ban of PPAs that is well into its fifth year is not doing the country any good.

“It is important to note that, prolonging the ban without review of the licenses and projects could deter investors and stifle growth in the energy space,” he said.

He noted that a more transparent and competitive process must be used to issue new licenses, for development and operationalization of renewable energy projects.

He added: “A proactive and impactful approach to the issues would be to review all licenses issued to determine redundant licenses that cannot be operationalized under the current circumstances.”