

**IN THE THIRD MEETING OF THE
FOURTH SESSION OF THE SEVENTH
PARLIAMENT OF THE FOURTH
REPUBLIC**

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**REPORT OF THE SELECT
COMMITTEE ON MINES AND ENERGY
ON THE RENEWABLE ENERGY
(AMENDMENT) BILL, 2020**

3RD NOVEMBER, 2020

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REPORT OF THE SELECT COMMITTEE ON MINES AND ENERGY ON THE RENEWABLE ENERGY (AMENDMENT) BILL, 2020

1.0 INTRODUCTION

- 1.1 The Renewable Energy (Amendment) Bill, 2020 was laid in Parliament on Friday, 30th October, 2020 by the Hon. Deputy Minister for Energy, Mr. Joseph Cudjoe on behalf of the Hon. Minister for Energy, Mr. John Peter Amewu pursuant to Article 106 of the 1992 Constitution.
- 1.2 The Rt. Hon. Speaker subsequently referred the Bill to the Committee on Mines and Energy for consideration and report pursuant to Article 106 (4) of the 1992 Constitution and Order 188 of the Standing Orders of Parliament.

2.0 DELIBERATIONS

- 2.1 The Committee met on Tuesday, 3rd November and considered the Bill. The Hon. Deputy Minister for Energy, Mr. Joseph Cudjoe led a technical team comprising Officials from the Ministry of Energy, Bui Power Authority and Energy Commission attended the Meeting to assist the Committee in it's deliberations.
- 2.2 The Committee expresses its appreciation to the Hon. Deputy Minister and his Technical Team for attending the Meeting and making invaluable submissions.

3.0 REFERENCE DOCUMENTS

- 3.1 The Committee made references to the under-listed legislations during it's deliberations:
 - i. The 1992 Constitution of the Republic of Ghana,
 - ii. The Standing Orders of Parliament,
 - iii. The Bui Power Authority Act, 2007 (Act 740), and
 - iv. The Renewable Energy Act, 2011 (Act 834).

4.0 BACKGROUND

- 4.1 In 2011, Ghana enacted the Renewable Energy Act, 2011 (Act 832) to provide an enabling environment to foster the development of the renewable resources of the country. The Act 832 provided for a regulatory licensing regime which imposes an obligation on utilities and bulk customers to purchase part of the electricity requirements from renewable energy sources.

- 4.2 The Act 834 also established a feed-in-tariff scheme to ensure that investors in the renewable energy sector obtain good rate of return in recognition of the high cost of renewable energy technologies and the resultant high unit cost of electricity particularly those from solar photovoltaic (PV) systems.
- 4.3 Following the enactment of Act 832, rapid technological development has resulted in a steep reduction in the prices of technology, to the extent that in some countries, electricity from solar photovoltaic (PV) systems are at grid parity or in some cases cheaper than fossil fuel-based power generation.
- 4.4 Currently, the pace of reduction in the price of renewable energy systems, particularly solar photovoltaic (PV) systems and the resultant cost of electricity from renewable energy systems has rendered the feed-in-tariff (FIT) regime burden on consumers who have to pay for expensive solar photovoltaic (PV) power based on feed-in-tariff (FIT) whilst the solar photovoltaic (PV) could be secured at a cheaper cost through competitive bidding.
- 4.5 It has therefore become imperative that the existing Renewable Energy Act, 2011 (Act 832) is amended to enable consumers of electricity in Ghana to benefit from reduced cost of electricity generation from renewable energy sources through competitive procurement instead of the FIT scheme.

5.0 OBJECT OF THE BILL

- 5.1 The purpose of the Bill, therefore, is to ‘amend the Renewable Energy Act, 2011 (Act 832) to establish a competitive procurement scheme and a net-metering scheme in respect of electricity generated from a renewable energy source and empower the Minister to designate a public entity to perform specific functions in the area of renewable energy and other clean energy alternatives’.

6.0 SUMMARY OF PROVISIONS

- 6.1 Clause 1 of the Bill seeks to amend Section 25 of the Act 832 to establish a competitive procurement scheme, whilst Clause 2 amends Section 26 of the Act 832 to compel an electricity distribution utility to procure electricity from a consumer-generator.
- 6.2 The Bill further seeks to outlaw Sections 27 to 29 of the Act 832 which deal with the feed-in-tariff (FIT) scheme and establish a net-metering scheme for the purpose of encouraging self-generation of electricity from a renewable energy source (Clause 3 and 4)
- 6.3 Clause 5 amends subsection (2) for Section 32 of the Act 832 to exclude “feed-in-tariffs” in view of the establishment of a competitive procurement scheme under the Bill. Clause 6, on the other hand, seek to amend Section 49 of the Act

834 to empower the Commission to issue guidelines for the competitive procurement of power from a renewable energy source and the implementation of the net-metering scheme.

- 6.4 Clause 7 seeks to amend Section 51 of the Act 832 to provide for interpretation of key terminologies. The Minister responsible for energy is empowered by amending Section 53 of the Act 832 to designate any public entity to execute renewable energy projects and any other clean energy alternative activity for the purpose of generating electric power.

7.0 OBSERVATIONS

7.1 Benefits of Enacting the Amendment Act

The Committee was informed that the competitive procurement scheme which the bill seeks to introduce, as part of the licensing regime for the renewable sector will attract a competitive market rate for electricity generated from renewable energy sources and also prevent direct negotiation between wholesale suppliers and distribution utilities which usually leads to the procurement of expensive power in the country.

The Officials indicated that a bidding process conducted by the Ministry of Energy in 2015, for instance, yielded a price of US cent 11.47/kWh from solar energy, occurring at a time when conventional power plant developers were requesting for 13 to 15 US cents/kWh and the gazetted feed-in-tariff in Ghana was 15US cents/kWh. Bui Power Authority in a recent competing tendering process for fifty megawatts (50MW) solar power had also realised a price of US cents 8.8/kWh.

The enactment of the Act will therefore promote renewable energy and reduce the burden of high tariffs on consumers that are emerging as a result of utility scale photovoltaic (PV) plants charging feed-in-tariff (FIT).

7.2 Promotion of self-generation of electric power

The Committee observed that the Bill obliges the distribution utilities to procure electricity from consumer-generators to encourage small-scale self-generation through net-metering. Furthermore, the Bill mandates fossil fuel-based wholesale electricity suppliers, fossil fuel producers, and other companies that contribute to greenhouse gas emissions to invest in non-utility scale renewable energy technologies. This is to ensure that utilities complement efforts of the State at the global level in mitigating climate change.

8.0 CONCLUSION

- 8.1 The Committee has extensively deliberated on policy objective of the bill and is of the view that its enactment into law would enable the utilities in the power generation sector secure power at competitive tariffs, translating into cheaper end-user tariff for consumers and promotion of small businesses.
- 8.2 The Committee accordingly recommends to the House to adopt its report and pass the Renewable Energy (Amendment) Bill, 2020 into law under the Certificate of Urgency and subject to the proposed amendments of the Committee (attached as Appendix I) in accordance with Article 106 of the 1992 Constitution.

Respectfully submitted.



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HON. EMMANUEL AKWASI GYAMFI
CHAIRMAN, SELECT COMMITTEE
ON MINES AND ENERGY



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JOANA A. S. ADJEI (MRS)
CLERK TO THE COMMITTEE

3RD NOVEMBER, 2020

Renewable Energy (Amendment) Bill, 2020

APPENDIX 1

- i. Clause 2, 26 (1), line 3, delete "33" and replace "30A"
- ii. Clause 2, 26 (4), delete "(b) the Commission"