

Africa-EU Renewable Energy Cooperation Programme

Creating opportunities for renewable energy



Fact File

THE GAMBIA - DEVELOPMENT OF AN ELECTRICITY STRATEGY AND RENEWABLE ENERGY LAW

Background

The energy sector in The Gambia is currently not sustainable. Electricity supply is insufficient to meet demand, leading to unreliability of supply. Many areas of the country have no access to electricity at all. Electricity tariffs are high compared to the rest of the region, and the dependency on oil for almost all generation means that The Gambia is very vulnerable to changes in the oil price. The country needs greater access to reliable and affordable energy, and specifically suitable policy and regulatory frameworks to make best use of its renewable energy resources.

In 2012, at the request of the Ministry of Energy, EUEI PDF, under the Africa-EU Renewable Energy Cooperation Programme (RECP), commissioned AF-Mercados Energy Markets International to support the development of:

- » an electricity strategy including an investment plan and action plan
- » feed-in tariffs and Power Purchase Agreements (PPAs)
- » a renewable energy law.

Objectives

The objective of the study was to support the Government of The Gambia in the development of an electricity strategy and the strengthening of the legal and regulatory framework for renewable energy. The electricity strategy and renewable energy law are intended to attract private sector investment in electricity generation from renewable energy sources. This will help create an enabling environment, inter alia for the replication of the demonstration projects that are being funded under the GEF/ UNIDO project *Promoting Renewable Energy Based Mini Grids for Productive Uses in Rural Areas in The Gambia*.

Activities

The project began with stakeholder meetings and visits to the two largest isolated provincial systems in The Gambia, as well as gathering relevant information from earlier studies.

Development of an electricity strategy

The first stage in the development of the strategy involved investigating scenarios for future power generation and transmission development. These scenarios formed the basis of a

PROJECT OVERVIEW

Country	The Gambia
Project partner	Ministry of Energy
Term	January 2012 – January 2013

proposed investment plan for The Gambia's electricity sector for the next 20 years.

The Gambia does not currently have the commercial framework to deliver the level of investment required. Therefore the action plan sets out the actions The Gambia needs to take to ensure it has an attractive environment for private sector investment. This also sets out priorities for investments funded by other development partners.

Design of feed-in tariffs and Power Purchase Agreement (PPA)

One of the important factors for the Ministry of Energy was that investment in renewable electricity should be delivered at no extra cost to consumers. Therefore, the feed-in tariff was designed based on the avoided cost of conventional generation. To allow flexibility, a competitive and transparent system was designed so that donor funding can be used to both reduce the cost to consumers and allow renewable energy projects to benefit from grant funding.



The validation workshop for the Renewable Energy Law

M'Bolo, an off-grid project developed with support from GEF-UNIDO



Drafting of a renewable energy law

The draft renewable energy bill sets out the legal framework for the development of renewable energy. As well as the enabling provisions for the feed-in tariff, it also includes other areas of importance to the renewable energy sector. These include fiscal incentives, priority access to the network, and ensuring the quality of installations, particularly in the domestic sector, and the possibility of net-metering.

Results

The immediate result of this project has been to stimulate discussion on the realistic potential which renewable energy can provide to the energy system in The Gambia, amongst public and private sector, civil society and development partner stakeholders. The project has also supported an increased understanding of the respective roles, with regard to renewables, of each of the stakeholders within The Gambia and induced a process of debate which could be usefully built upon. As a result the significant potential of renewable energy for The Gambia, and the means of realising this potential, has risen up the agenda within the country.

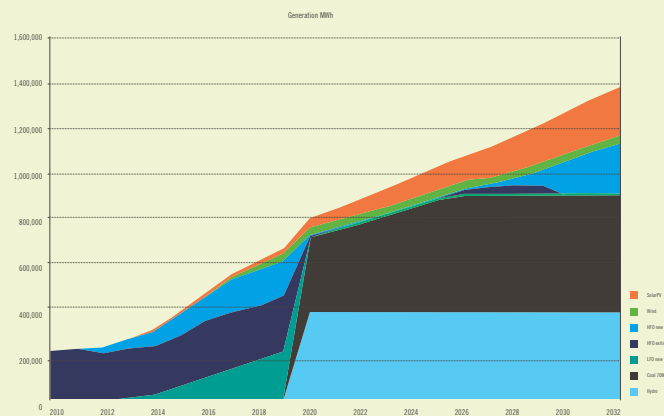
Concretely the project has resulted in the drafting of an electricity strategy, investment plan and action plan, the design of the feed in tariff rules and associated power purchase agreement as well as the draft renewable energy bill. Each of these documents were discussed extensively and validated during workshops and stakeholder meetings.

The way forward

The electricity strategy developed as part of this project, proposes a number of actions to be taken forward by The Gambia, under the following headings:

- » **Develop clear commercial framework** – including ensuring commercial viability of the utility (NAWEC); providing clarity of revenue for generators; measures to increase system reliability, especially with the grid; means to provide credit lines; and information and awareness-raising campaigns.
- » **Sector governance** – including within NAWEC; establish clear, stable sector policies, including cross subsidy and incentive framework and regulatory independence; capacity building within public institutions and more broadly within the country to develop a national industry.
- » **Efficiency** - Loss reduction measures to measure and then minimise technical and non-technical losses in the electricity system; energy efficiency measures to reduce rate of increase in demand.

The next step will be for the Government of The Gambia to adopt the electricity strategy and enact the renewable energy law. Once in place, The Gambia should have a robust legal framework for renewable energy, comparable with the best in the West Africa region, and the commercial framework to ensure strong private sector interest. Continued support from development partners will also be required.



Example scenario: electricity generation (renewable ambitions)

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