Schweizerische Eidgenossenschaft
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Federal Department of Economic Affairs,
Education and Research EAER

State Secretariat for Economic Affairs SECO
Economic Cooperation and Development
Infrastructure Financing

SREP Investment Plan for Ghana

Questions (Q) and Comments (C)

1. Financing plan
   i) (Q/C) How is the requested SREP contribution split in grants and capital/loans? This split must be in compliance with the new rules for grant attribution, which provide that Ghana, as a country under moderate debt distress, is allowed to get 55% of the SREP contribution in grants.
   ii) What other development partners in addition to AfDB are expected to fund the TA component? Is there still a need/financing gap?
   iii) What other development partners in addition to AfDB are expected to fund the investment components I (RE mini-grids and stand alone solar PV systems) and II (net metering)? Is there still a need/financing gap?
   iv) How realistic do the MDBs consider the projected private sector contributions?
2. Grid stability:
   i) (C) It is noted that concerns about grid stability limit the aggregate utility-scale solar PV capacity to 150 MW. Wind power is also limited to less than 1/3 of identified potential. It is recommended that a project to upgrade the T&D network, including load dispatching system(s), is being considered as soon as possible in order to remove the system limitation for RE. Besides the technical limitation, the grid stability issue is also (correctly) perceived as a risk to investors in RE.
   ii) (Q/C) Is there already a network study to better define the needs of T&D system upgrades in view of tapping the RE potential (in particular solar PV and wind)? If not, we recommend to consider this as a priority investment.
3. Net metering
   i) (Q) To what extent are the power distribution grids prepared to receive the 25-30 MW of distributed generating capacity from roof-top solar PV installations in the proposed areas where net metering is foreseen?
   ii) In what geographic areas is net metering primarily planned?
   iii) (C) The present unreliability of the grid in Ghana is definitely an impediment to the deployment of net metered solar PV. Unfortunately storage technologies for solar PV generated electricity is still rather inefficient and expensive, although the gap is identified as the next frontier in RE and is expected to be closed within a decade. Using solar systems with batteries is not entirely aligned with the net metering concept, as it tends to enable customers to disconnect from the grid besides (still) being a cost inefficient measure. It may be justified in the particular situation of Ghana and its present needs of emergency power.
4. Utility scale solar and wind power plants
   i) (C) Regarding the limitation of the FiT to 10 years, it should be noted that this is a regulation in the competency of the Ghanese authorities and thus it is their responsibility to adjust the corresponding regulation to make it attractive to private sector investors. SREP funds may be used to bridge a financial gap for a limited number of demonstration projects but they cannot counterbalance a systematic misfit in the regulation. This said, it is doubtful that private sector investors base their decisions on payback periods exceeding 10 years anyway, so their claim to need longer visibility with regards to FiT may be more rhetorical than real.
   ii) (Q) What are the steps the government of Ghana is planning to remediate to inadequacies in the regulatory framework?

iii) (Q) How will the projects expected to benefit from SREP funding be selected among the candidates?

SECO/WEIN/mnd
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