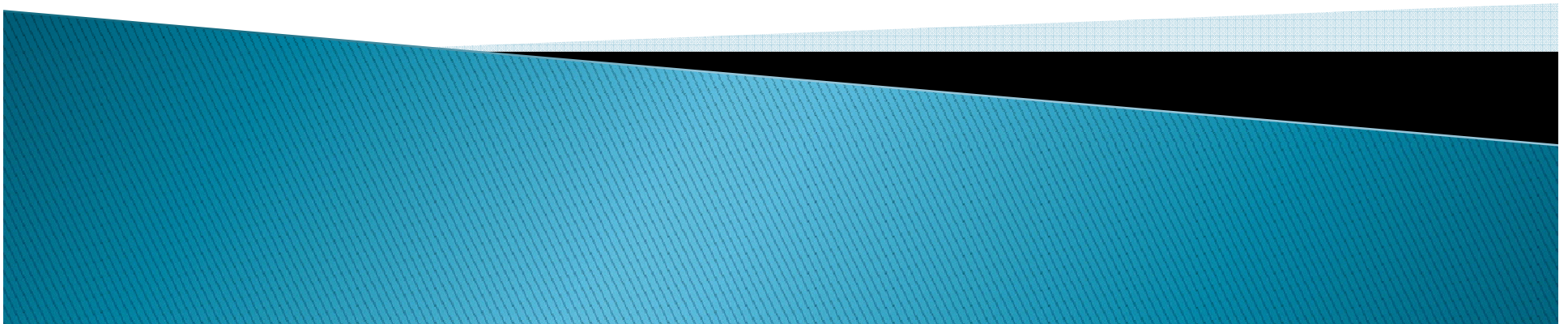


# Promoting renewable energy development: an introductory workshop for energy regulators

Nairobi, Kenya  
March 16–18, 2011

António Rodrigues



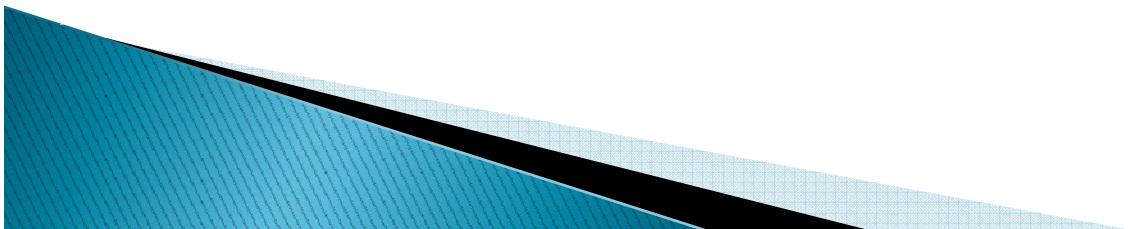
# Regulatory agency and country characteristics

- ▶ Agency for economic regulation (multisector): Oil; Electricity; Water; Urban Public Passenger Transport.
- ▶ Cape Verde characteristics:
  - Island country, spanning an archipelago of 10 islands located in the central Atlantic Ocean, 570 kilometers off the coast of Western Africa and with a combined area of slightly over 4 000 square kilometers;
  - 500 000 inhabitants;
  - Service economy (73% of GDP in 2010).



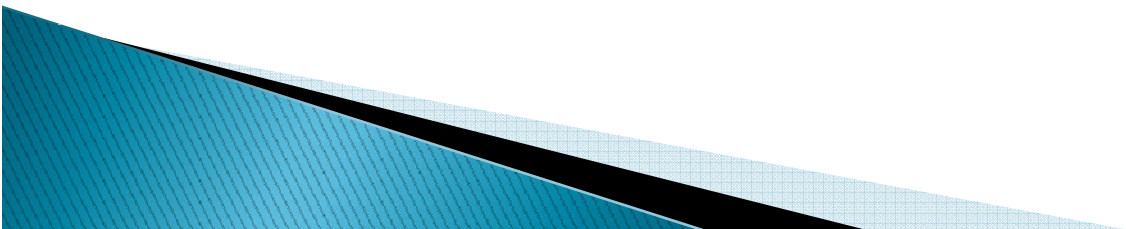
# Current state of RE energy in Cape Verde

- ▶ The wind, the sun and the sea waves predominate throughout the year.
- ▶ The potential use of renewable energy is still low despite the excellent natural conditions.
- ▶ In 2009, 98.4% (290 214 977 kWh) of electricity was produced using diesel and only 1.6% (4 718 943 kWh) of electricity was produced using wind power.



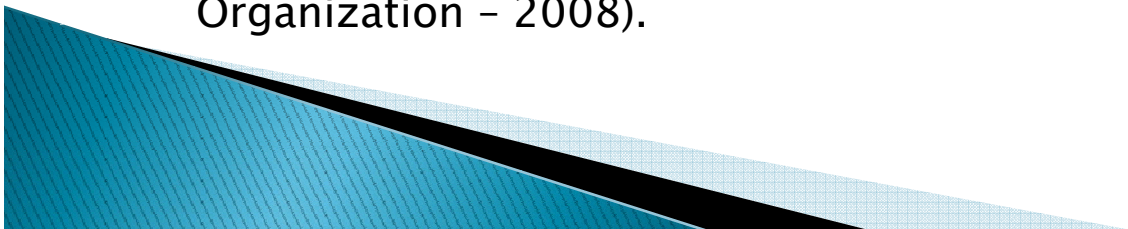
# Stated goals for renewable energy

- ▶ The coverage rate of electricity has reached 95% in the country, and in some islands (São Vicente, Boa Vista, Maio, Brava and Sal) it has reached 100%.
- ▶ Major target for renewable energy:
  - Produce 25% of electricity using renewable energy by the year of 2012.
    - Investments recently made concerning RE: (1) 4 wind farms (28 MW) – Santiago (10 MW), Boa Vista (4 MW), Sal (8 MW), São Vicente (6 MW); (2) 2 photovoltaic parks (7,5 MW) – Santiago (5 MW), Sal (2,5 MW).
  - Produce 50% of electricity using renewable energy by the year of 2020.



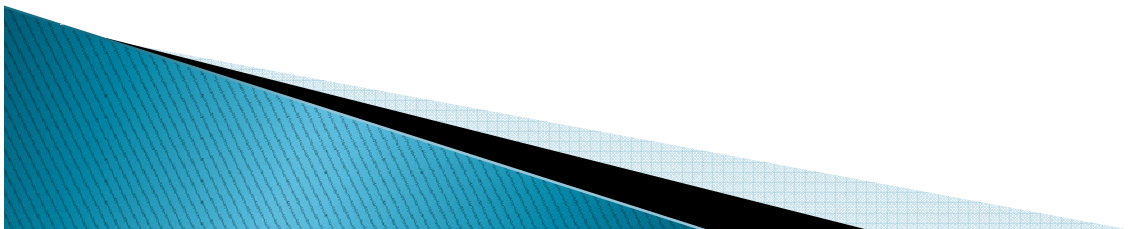
# Reasons for promoting renewable energy

- ▶ Cape Verde as an archipelago incurs higher cost of supply of oil than the continental systems interconnected, so the replacement of conventional sources of energy by the renewable energy sources provide greater added value (lower prices of electricity consumption);
- ▶ Indigenous resources that can reduce the dependence from outside and promote energetic autonomy (Trading balance);
- ▶ Activities conducive to social integration, allowing in some cases the generation of a greater number of local jobs (International Labor Organization – 2008).



# Relevant legislation

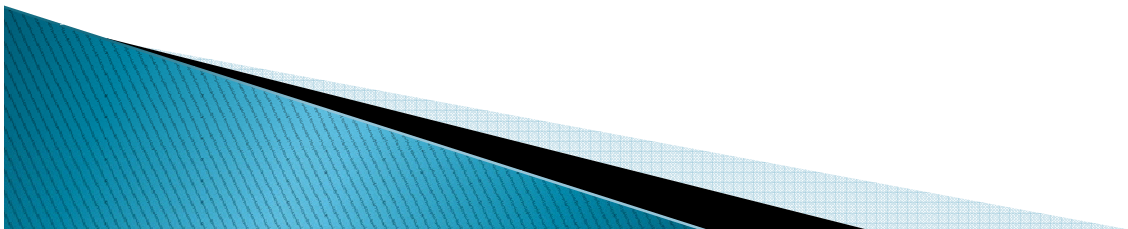
- ▶ Law No. 14/2006:
  - Lays the foundation of the Electricity System.
  
- ▶ Law No. 30/2006:
  - Establishes provisions relating to the exercise of Electrical Energy Production from the combustion of fossil fuels and renewable energy.
  
- ▶ Law No. 1/2011:
  - Establishes provisions relating to promotion, incentive and access, licensing and exploitation inherent in the exercise of independent production and self-power generation of electricity.



# Incentives for RE development

## ► Law No. 1/2011:

- The production of electricity based on renewable energy is considered fundamental for national interests;
- The producers of electricity based on renewable energy benefit from tax and customs incentives, provided they comply with applicable legal obligations, particularly with regard to tax and social security:
  - Fiscal incentives: (1) Exemption from payment of taxes on profits in the first five years of energy production for each project; (2) Over the following 5 years, the taxes on profits benefit from a reduction of 50%;
  - Customs incentives: equipments, inventories and other materials that are incorporated or used in the production of goods or services for the production of electrical energy from renewable sources, are free from customs duties and other customs charges.



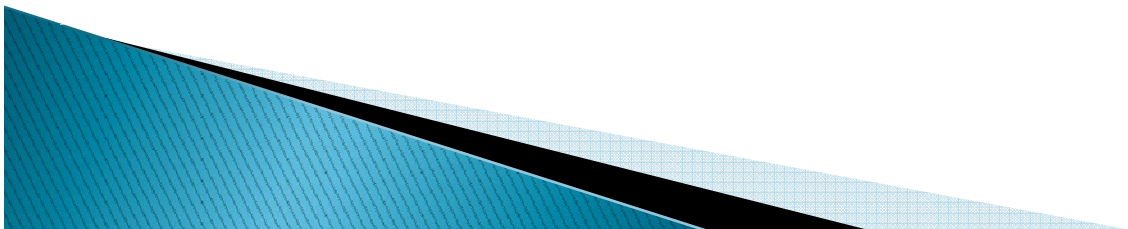
# Challenges in RE sector

## ▶ Country:

- Keep creating rules for promoting private initiative, public–private partnership for investing in renewable energy, and mechanisms to facilitate the access to funding and fiscal incentives.

## ▶ Economic regulation:

- New model and tariff regulation for the electricity sector;
- What methods and variables should we consider to Feed-in tariffs?





Thank you!

