The RE Regulatory Environment in Cabo Verde
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The Development of RET in Cabo Verde
Legal and Regulatory Framework

- Law Decree nº14/2006: Organizational framework, role of stakeholders and tariff regulatory principles;
- Law Decree nº30/2006: Licensing procedures for IPPs and Auto-Producers;
- “Despacho” nº 14/2011: The Electricity Sector Tariff Methodology;
Law Decree nº1/2011 : Incentives for Renewable Energy Development

- Especial procedures for licensing renewable energy projects:
  - a) General Regime (IPP and Auto-Producer)
    » Need to be licensed
  - b) Regime for micro-producer (up to 100 kW)
    » Registration at DGE;
  - c) Simplified Regime for rural electrification projects in remote areas.

- Other provisions concerning:
  - Energy and territorial planning,
  - Fiscal incentives (reformulated by the new investment code),
  - Remuneration
Energy and Territorial Planning

Renewable Energy Master Plan

- Maximum Renewable Capacity to be installed every year per Island by source
- Network’s reinforcements needs

(ZDER) Renewable Energy Development Zones
Remuneration

- Fixed price for 15 years per kWh injected into the grid;
- After 15 years, 20-35% reduction;
- Maximum feed-in tariff approved by the ARE (adjusted by the reduction offered by the winner of the bidding process);
- Price adjustments apply only to future projects going forward.
Feed-in Tariff Design Methodology (to be approved)

ACG (Avoided Cost of Generation)

L/D nº1/2011: to cover at least 50% of the avoided cost of thermal generation..., considering the long run marginal cost;

STC (Specific-Technology Cost)
Distributed Generation

- Net-metering options will enhance the small Photovoltaic (PV) market,
- But effect on final tariffs must be monitored by means of impact assessment to help the regulator balance the different variables, particularly the costs and benefits for the system.
Tariff Structure Reform and Modernization

- The need for a gradual sophistication of the pricing structure:
  - **Attribute unbundling**—shifting to rate structures that break apart energy, capacity, ancillary services, and other components;
  - **Temporal granularity**—shifting to pricing structures that differentiate the time-based value of electricity generation and consumption (e.g., peak vs. off-peak, hourly pricing)
  - **Locational granularity**—shifting from pricing that treats all customers equally regardless of their location on the distribution system to pricing that provides geographically differentiated incentives for DERs
Other barriers to overcome

• Adopt regulation to establish dispatching Priority;
• Introduce rules for paying connection costs;
• The definition of net metering technical rules;
• Improve the financial stability of the energy buyer;
• Institutional strengthening of relevant agencies and offices and;
• Reinforcement of sectorial coordination between the different stakeholders (Government, Regulator, and Grid Operator).
Thank You!