



AGENCIA DE REGULAÇÃO ECONOMICA

**IRENA Project Navigator Workshop  
Cabo Verde  
10-12 September 2014**

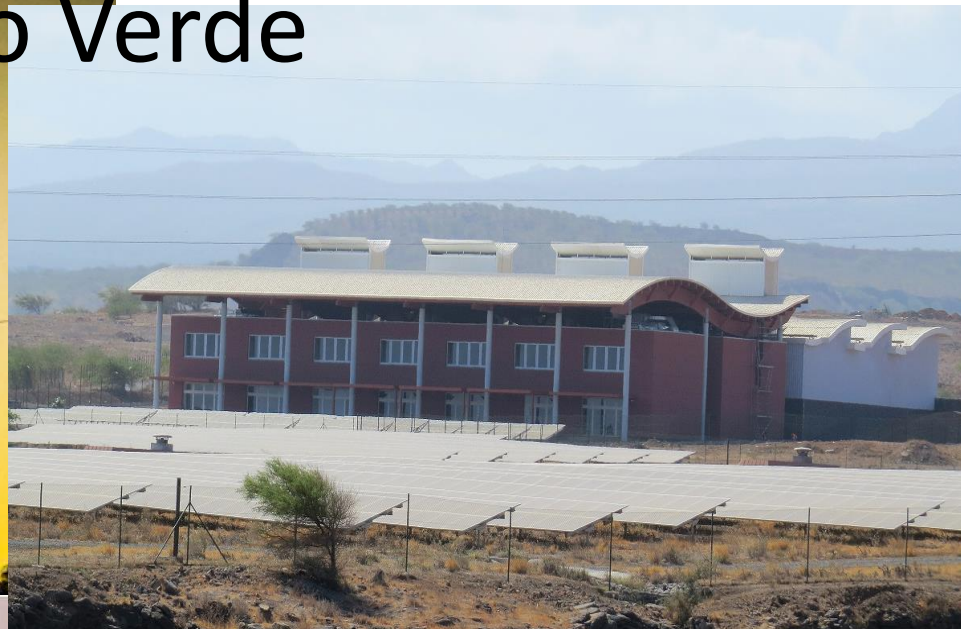
# **The RE Regulatory Environment in Cabo Verde**

**Presentation : Rito Évora, Administrator**

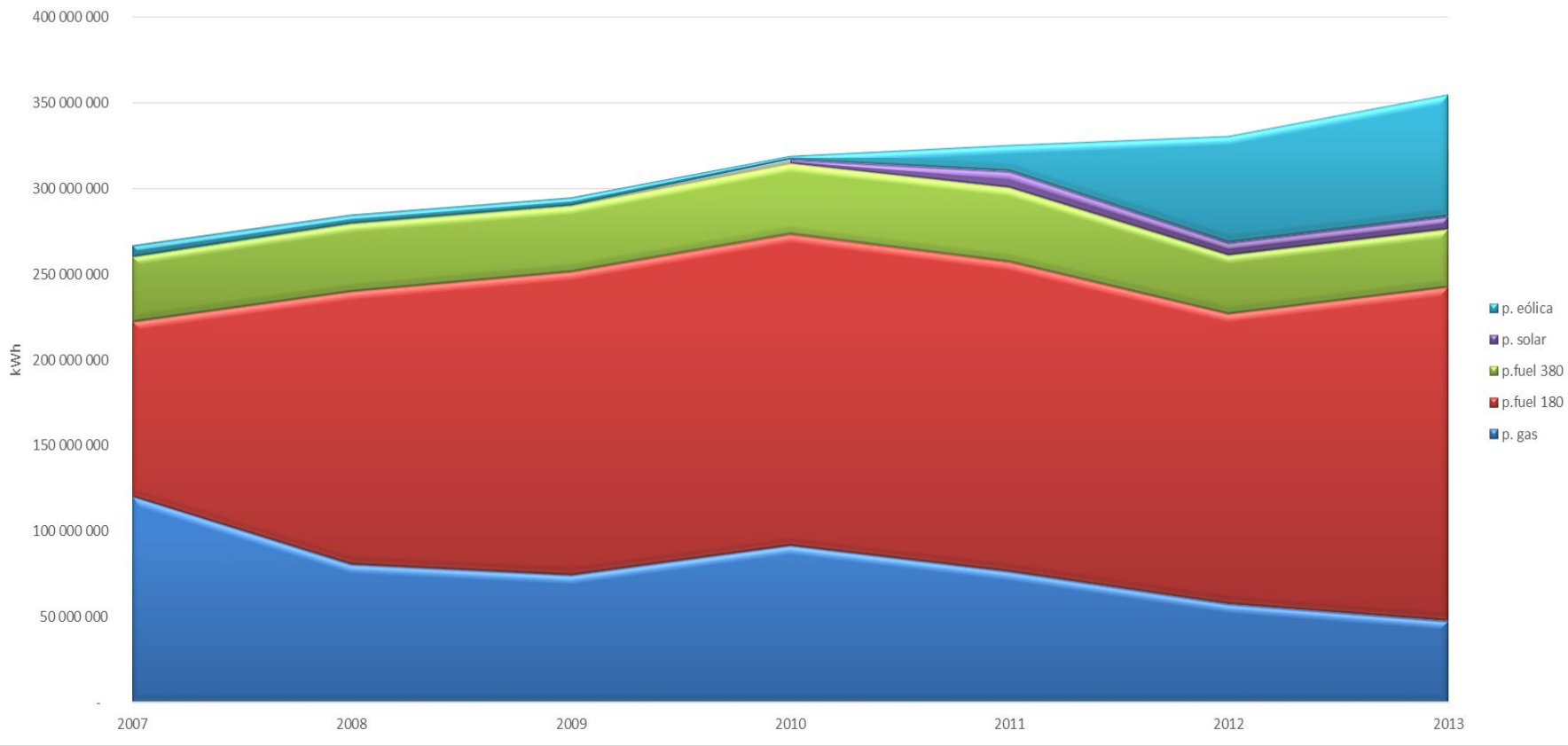
# Content

- Introduction & Recent Developments
- The Cape Verde's Legal and Regulatory Framework for Renewable Energy Promotion
- Risks and Barriers to Overcome

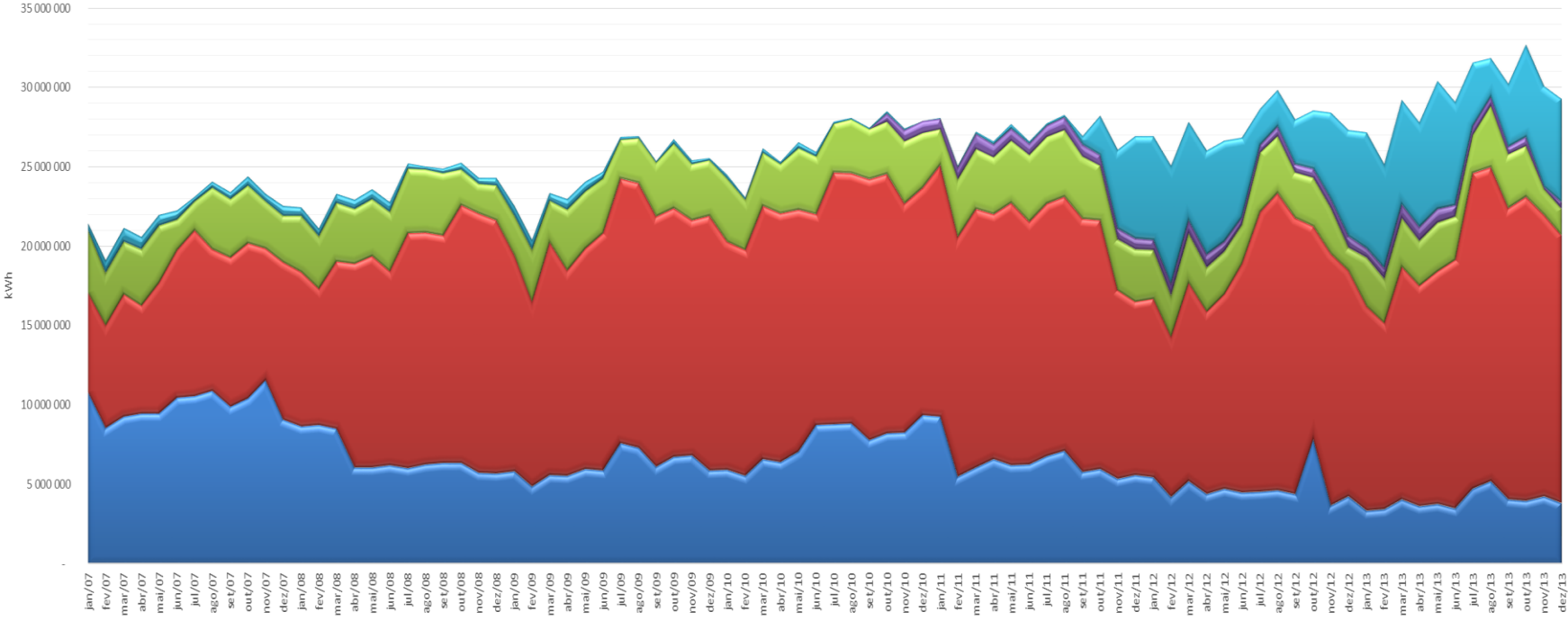
# The Development of RET in Cabo Verde



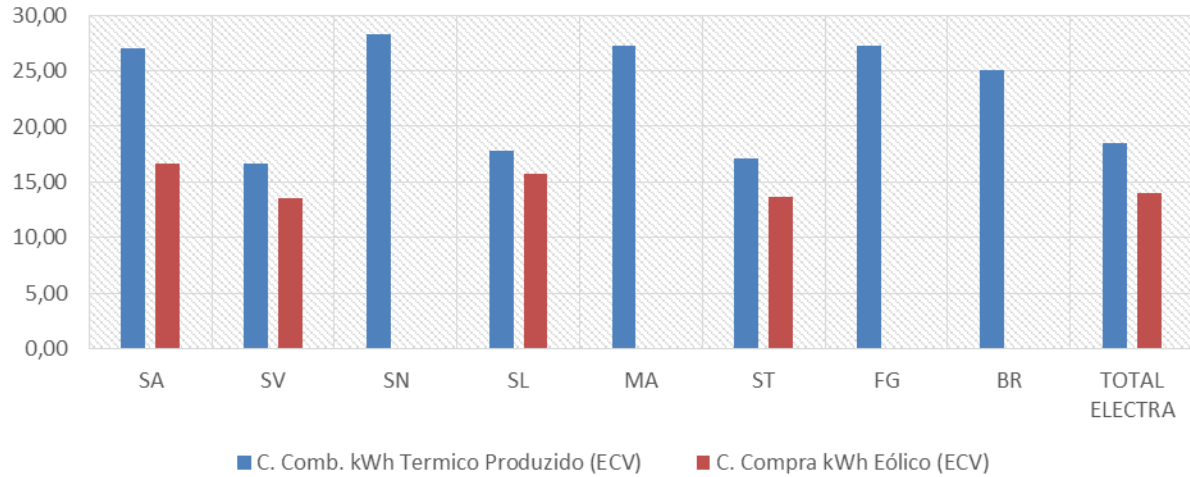
### Mix de Produção Electra



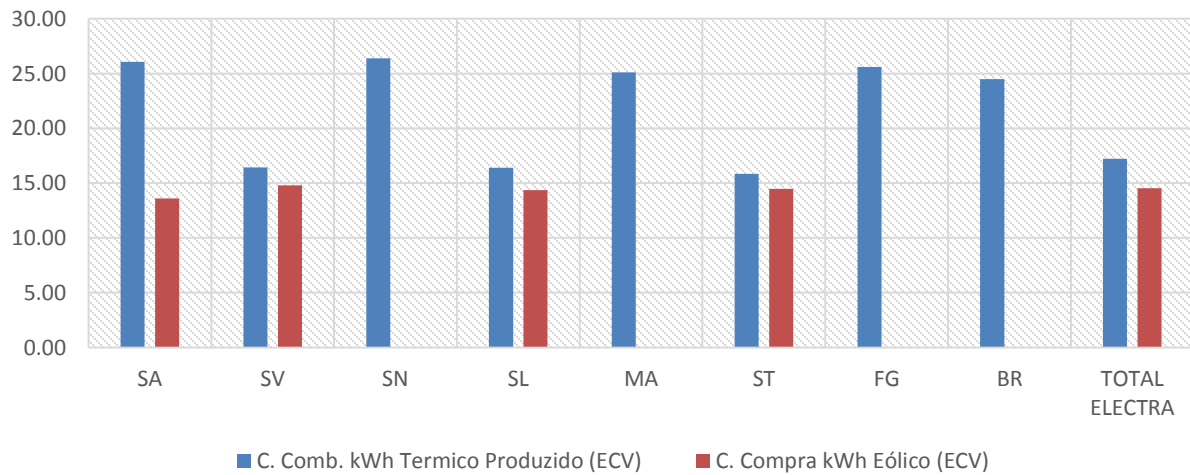
### Mix de Produção Electra



## 2012



## 2013



# 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 (up-dated in Jan. 2014): Incentive Regime for Renewable Energy Promotion;

# Law Decree n°1/2011 : 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 in to 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 n°1/2011 : 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).



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Thank You!