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## Navigating the Regulatory Landscape of Renewable Energy Investments in Ghana

### Introduction

The increasing demand for electricity in Ghana and the need to reduce greenhouse gas emissions has resulted in significant investments in renewable energy projects. In line with its commitment to sustainable development and the Paris Agreement, the Government of Ghana aims to achieve 10% renewable electricity generation (excluding hydropower) by 2030. This article provides an overview of the regulatory framework for renewable energy projects in Ghana and highlights key considerations for companies interested in investing in this rapidly growing industry.

### Overview of Renewable Energy in Ghana

Ghana's energy mix comprises of thermal, hydro and other renewable sources. While hydropower accounts for the majority of installed capacity (56%), there has been a surge in other renewable energy projects in recent years, including solar, wind, and biomass. The main source of electricity in Ghana is from hydropower plants at Akosombo, Bui, and Kpong. The government has made significant progress in developing renewable energy sources to achieve the target of 10% renewable energy in the energy mix by 2030. Various policies and programs, including the Renewable Energy Act, 2011 (Act 832) as amended by the Renewable Energy (Amendment) Act, 2020 (Act 1045), the National Energy Policy, the Renewable Energy Master Plan, and the National Energy Transition Plan have been implemented to promote renewable energy.

### Regulatory Framework for Renewable Energy Projects in Ghana

The primary legislation governing the renewable energy industry in Ghana is the Renewable Energy Act, which aims to promote the development, management, and utilization of renewable energy sources for efficient and sustainable power and heat production. The law defines renewable energy to include various sources such as wind, solar, hydro, biomass, biofuels, landfill gas, sewage gas, geothermal, ocean energy, and other designated sources. The Energy Commission has various responsibilities which include granting licenses, providing advice on renewable energy, setting technical standards, promoting collaboration among stakeholders, and supporting local content within the industry. Other regulatory bodies such as the Public Utilities Regulatory Commission, the Environmental Protection Agency, the Water Resources Commission, and the Ghana

Standards Authority also work with the Energy Commission to develop, manage, and utilize renewable energy in Ghana.

The law also provides for licensing of commercial activities, renewable energy purchase obligations, and other incentives such as tax breaks, customs duty exemptions, and research and development support for renewable energy projects. Overall, the Renewable Energy Act has been implemented with several objectives in mind. One of them is to increase the proportion of renewable energy in Ghana's energy mix. By doing so, it aims to reduce the country's reliance on fossil fuels. Another objective is to improve energy security, promote sustainable development, and protect the environment. The act also has provisions to attract investment and generate employment opportunities within the renewable energy sector.

## Licensing for Renewable Energy Projects

Anyone engaging in commercial activities in the renewable energy industry in Ghana must obtain a license. These activities include production, transportation, storage, distribution, sale, marketing, importation, exportation, and installation and maintenance. There are different categories of licenses required, which are valid for up to 20 years, except for the electricity import and export license, which can be issued for up to 5 years. The Energy Commission considers the useful life of the plant when determining the duration of the license. To obtain a license, the applicant must be a Ghanaian citizen, a registered company under the Companies Act of Ghana, or a partnership registered under the Incorporated Private Partnerships Act of Ghana. Foreign investors can invest in renewable energy projects in Ghana by incorporating a company with a minimum local equity participation of 15% at the commencement of operations and a target of 51% within 10 years. A company established to manufacture electrical equipment, electrical appliances, or renewable energy equipment must have a minimum equity participation of 40% by a local Ghanaian company.

## Offtake Arrangements for Utility Scale Renewable Energy Projects

The primary offtake arrangement for utility scale renewable energy purchase in Ghana is the power purchase agreement. However, public utilities are prohibited from negotiating these agreements or contracting power from renewable energy sources without going through an open and competitive procurement process. The main offtaker in Ghana is the Electricity Company of Ghana, and other offtakers include the Volta River Authority and the Northern Electricity Distribution Company. Currently, renewable energy operators can enter into power purchase agreements for private use if they obtain a wholesale electricity supply license for embedded generation projects. However, the Energy Commission has barred distribution of electricity generated until guidelines for Distributed Renewable Energy Generation are published.

## Conclusion

Ghana has made significant progress in transitioning to renewable energy, supported by comprehensive policies and regulatory frameworks. Companies interested in investing in Ghana's renewable energy projects must carefully consider various factors, including licensing requirements, technical standards, environmental regulations, financing options, and the complexities of power purchase agreements. By navigating these considerations effectively, companies can make sustainable and profitable investments, contributing significantly to Ghana's energy security and environmental goals. The government's commitment to creating a conducive regulatory environment, combined with the country's abundant natural resources, makes Ghana a promising hub.