Renewable energy financing in Africa

Dr. des. David Jacobs
IFOK GmbH

Power Kick for Africa
Abuja, Nigeria, 30 June 2011
Company Profile – Sustainable energy consulting

- Policy design and research
- Program development and implementation
- Consulting tools and methodologies
  - international best practice (50 countries)
  - rate setting models (Nigeria, Nova Scotia, etc.)
  - Computer simulation modeling (policy outcome)

Clients:
Investment in renewables

Figure 17. New Power Capacity Added Worldwide by Source, 2008–2009

Fossil Fuels 53%
Renewables 47%

Source: REN21 2010
Countries with renewable energy targets

From 45 in 2005 to 85 in 2010
FIT Countries 2010

Source: REN21, Renewables 2010 Global Status Report
Differences in emerging economies and developing countries

- low electricity costs
- little acceptance of electricity price increases

Subsidies for conventional power + No internalization of negative external costs = Artificially low electricity prices = high cost difference with renewables
Financing mechanism

- Financing mechanism in liberalized electricity markets
- Financing trough “burden sharing” between all electricity consumers
Financing mechanism

- Financing mechanism in liberalized electricity markets
- Financing through “burden sharing” between all electricity consumers

Source: Author based on Jacobs & Kiene 2009
Combined financing – retail price and FIT fund

- Increase the retail electricity price by a certain share
- Add additional financing to the national FIT fund

Source: Jacobs & Kiene 2009
FIT Fund (GET FIT)

- Payment for costs above the avoided costs

Legend:
- Premium payment
- Market price payments
- Guarantees
- Financing

Source: DB Research 2010
Financing mechanisms – FITs for mini grids

Source: Own elaboration based on JRC 2008
How to design good feed-in tariffs?

Online policy advice: Make your own FIT law
www.futurepolicy.org

The feed-in tariff handbook:
http://www.earthscan.co.uk/?tabid=92822
Thank you for your attention!!!

Dr. des. David Jacobs I Director Renewable Energy
IFOK GmbH
Reinhardtstraße 58
10117 Berlin

Tel.: +49 30 536077-27
E-Mail: david.jacobs@ifok.de
www.ifok.de