

A world map in a light yellow color serves as the background. Overlaid on the map is a stylized graphic of a vertical arrow that splits into three smaller arrows pointing upwards and outwards, also in a light yellow color. The text 'World Future Council' is centered over the map in a dark brown, sans-serif font.

World Future Council

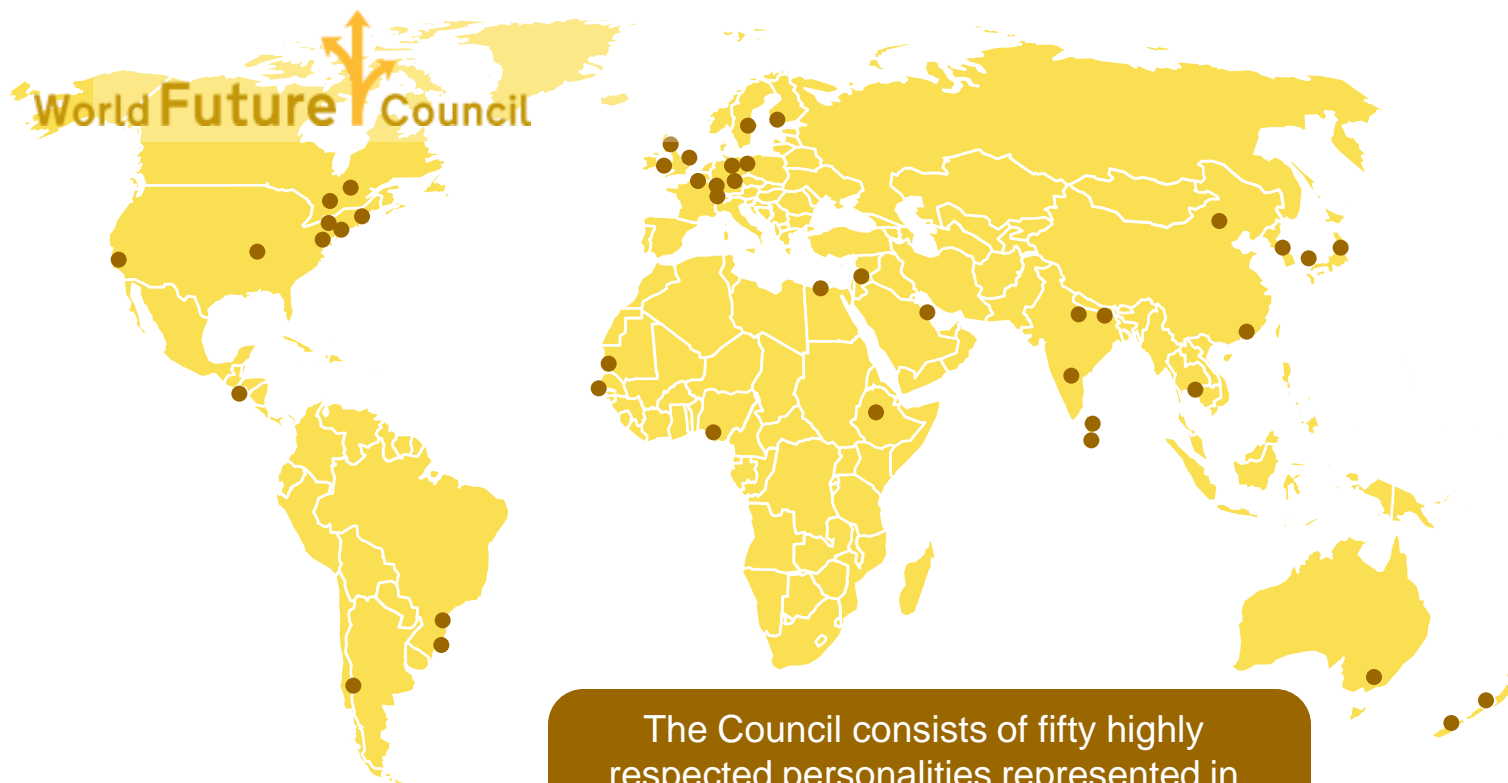
Renewable Energy Feed-in Tariff Policy

Workshop on Promoting Partnership and New Energy Sources in ACP Countries
and Sound Response to Climate Change

Brussels, Belgium

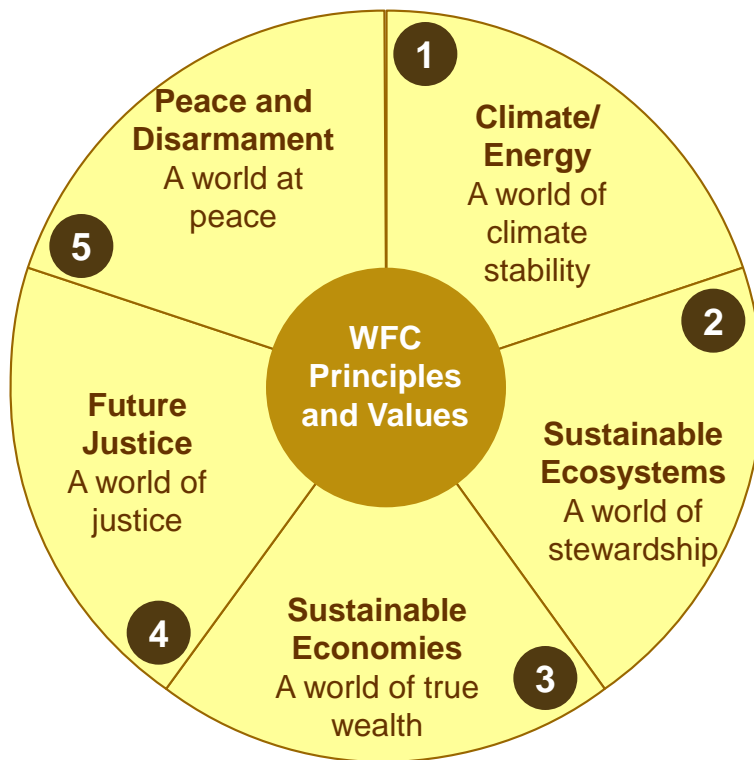
November 14th 2011

The WFC builds its work on the expertise and networks of Councillors worldwide



The Council consists of fifty highly respected personalities represented in governments, civil society, business, science, education, and the arts

The five interacting programmes of the WFC



- All of the named programmes are interrelated and cannot be solved in isolation
- Each programme therefore exchanges and discusses its issues with the other programmes to achieve a holistic view and to deduce conclusions
- WFC Principles:
 1. The duty to ensure sustainable use of natural resources
 2. The principle of equity and the eradication of poverty
 3. The principle of the precautionary approach to human health, natural resources and ecosystems
 4. The principle of public participation and access to information and justice
 5. The principle of governance and human security
 6. The principle of integration and interrelationship, in particular in relation to human rights and social, economic and environmental objectives
 7. The principle of common but differentiated obligations
- Values: The WFC endorses the core values embodied in the Earth Charter

The WFC working process to achieve our objectives



Application @ WFC Climate/Energy programme

Step 1: **The challenge:** Climate Change – The need to switch to renewable energy sources quickly

Step 2: **Identified best policy:** Feed-In Tariff

A Feed-In Tariff (FIT) is a policy which guarantees every energy producer a fixed price for feeding renewable energy (RE) to the grid. This provides investment security and allows as well private people to produce RE e.g. through solar panels on their house roofs. Thus FITs serve to accelerate the production of renewable energy, reduce CO2 emissions and help solve climate change.

Step 3: **Evaluation:**

Best policy criteria

1. Sustainable use of natural resources
2. Equity and eradication of poverty
3. Precautionary approach to human health, natural resources and ecosystems
4. Public participation
5. Governance and human security
6. Integration (human rights and social, economic, and environmental objectives)
7. Common but differentiated obligations

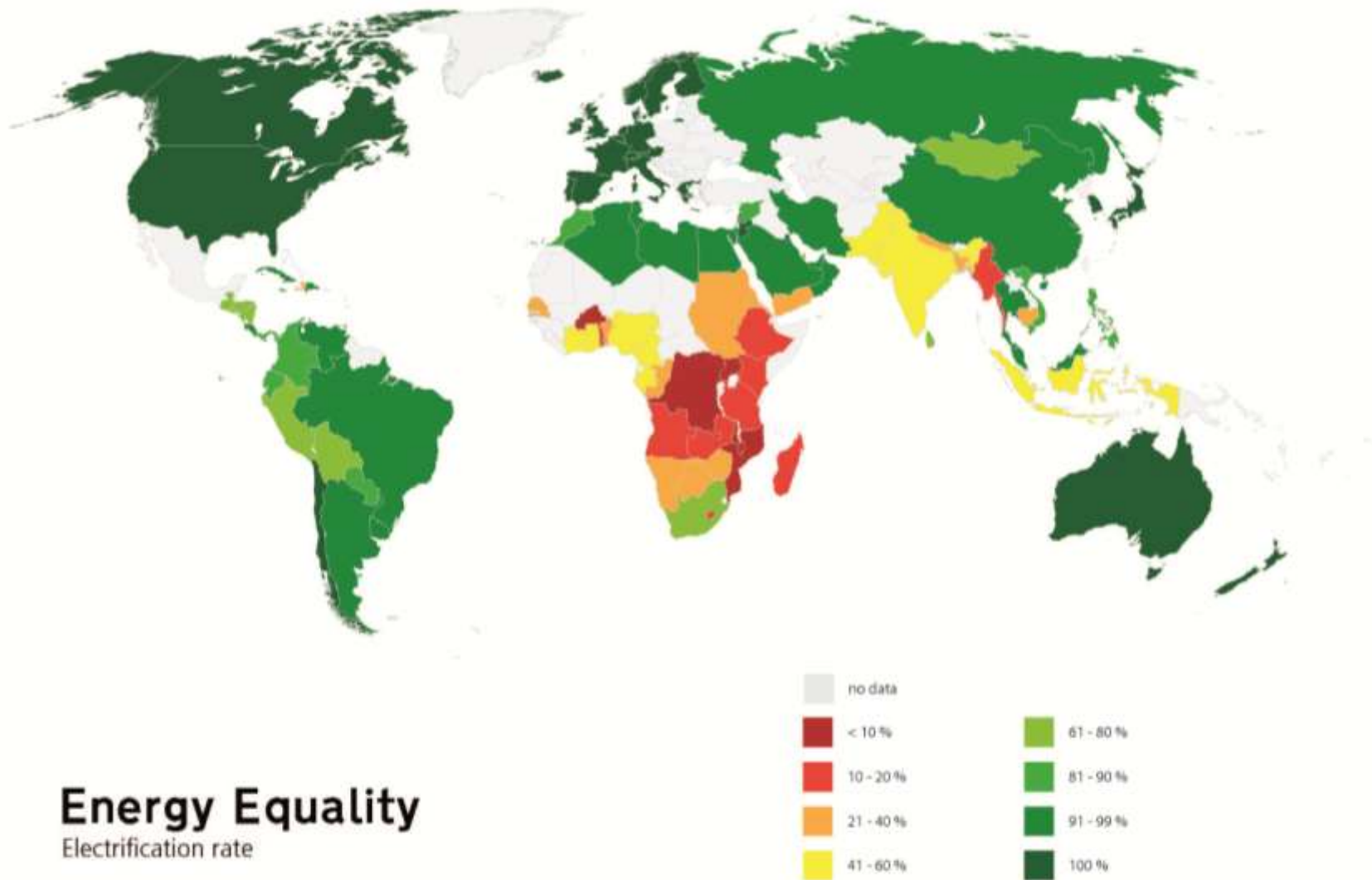


Legend

-  Fulfilled
-  Not fulfilled
-  Half fulfilled

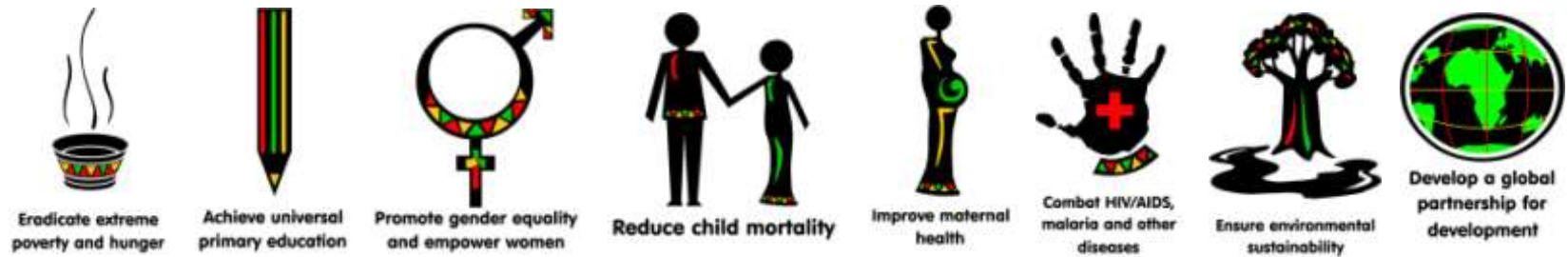
Step 4: **Adaptation:** the FIT Handbook and the toolkit at “Futurepolicy.org”

Africa needs fast-tracks for energy solutions & policies



Source: Human Development Report 2007/2008, UNDP, www.undp.org

A continent facing several challenges, but ...



... it's time to turn challenges into opportunities!

- Achieving the eight Millenniums Development Goals [MDG's] can positively be enhanced by a rapid deployment of **renewable energy**.
- Africa now has the opportunity to **leapfrog** the unsustainable, conventional (combustion of fossil fuels & nuclear) **energy production and consumption of industrialised countries**.
- Often the **energy infrastructure** doesn't need to be changed, as it would be **build up** from scratch.
- The **technology** for sustainable & renewable energy production is ripe and just needs to be adapted to national conditions.

Images: UNDP Regional Service Centre in South Africa

Feed-In Tariff scheme in a nutshell



- **How do FITs work?**

FITs oblige energy companies to buy renewable energy from producers, and sets the price which these companies pay per unit of electricity. By guaranteeing access to the grid and setting a favourable price per unit of power, FITs ensure that renewable energy is a sound long-term investment – for companies, for industry, and for individuals – thereby creating a strong economic incentive for investing in renewables.

- **Who pays?**

The most common method for funding the FIT involves sharing the costs amongst the end-users. The result being that the increase in price per household is very small.

- **What are the benefits of a FIT law?** When designed effectively, FITs are proven to:

- **Reduce CO2 emissions** by replacing fossil fuel-based power production with clean, renewable sources of energy
- **Create jobs** – for example the German renewables industry employs around 250,000 people. Almost 60% of which were employed as a direct result of the German FIT law.
- **Help secure domestic energy supply** – enabling countries to stop relying on imported fossil fuels
- **Guarantee investment security** for renewable energy investors
- **Drive technological innovation**, and
- **Provide fair market conditions** for renewables which without this system, compete with heavily-subsidised conventional energy.

Usual obstacles to progress at the renewable energy sector

–Costs and pricing

distortion from subsidies for fossil fuels; nuclear energy; externalities; high initial capital costs; high taxes on renewable energy equipment

–Legal and regulatory

No legal framework for independent power producers; planning restrictions (long lead times); lack of coordination amongst authorities; spatial planning, grid access (grid capacity, grid extension plans)

–Market performance

lack of access to credit; perceived technology uncertainty and risk; lack of technical or commercial skills and information



Core objectives

Access objective:

- Ensuring connection to the grid
- Extending and reinforcing the grid
- Clarity who'll cover the connection cost
- Transparency need to be ensured

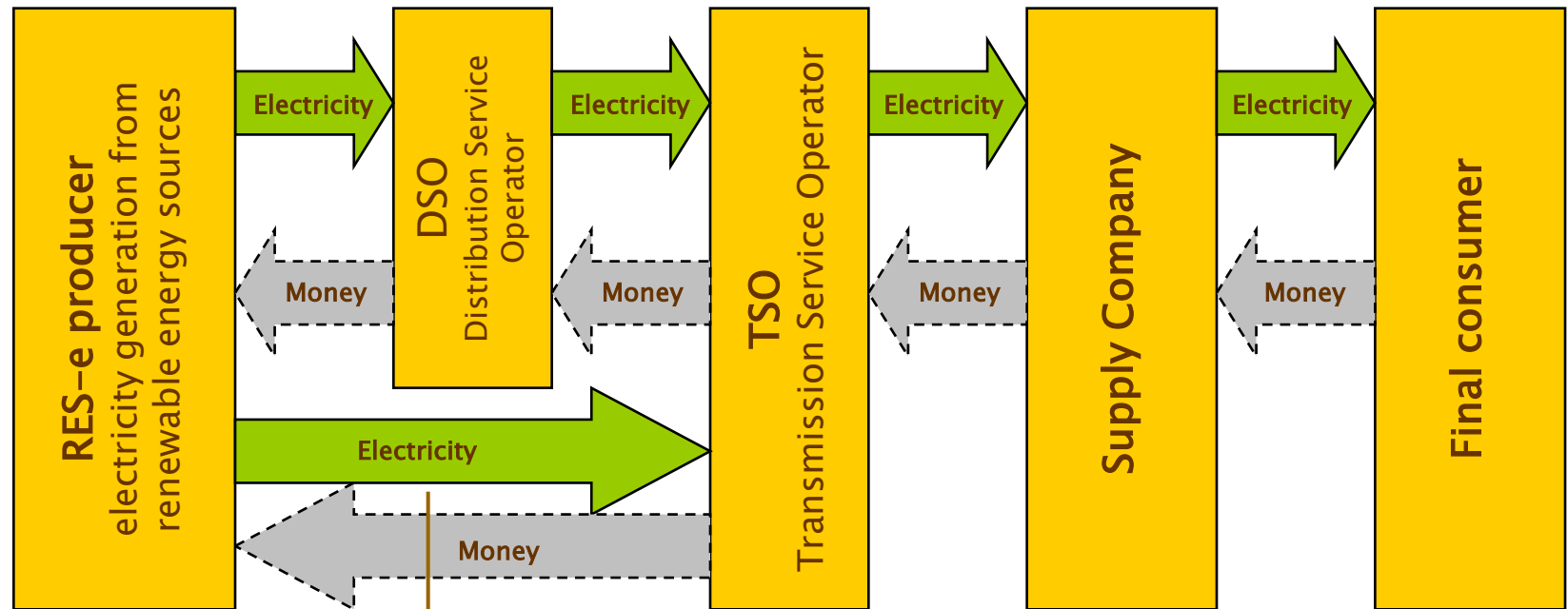
Price objective:

- Choosing technologies and plants to be covered
- Imposing a priority purchase obligation
- Getting a tariff according to the state of the technology

Supplementary objectives:

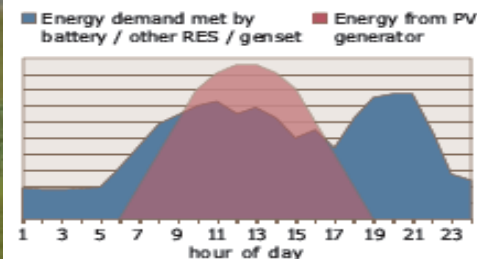
- Combining with targets
- Progress report

Standard financing mechanism – Feed-In Tariff



Only rarely, in the case of large-scale wind power projects, the producer may decide to directly connect to the Transmission Service Operator.

Feed-in tariffs for mini-grids



- Feed-in tariffs for mini-grids have to be adjusted according to the ownership structure of the power market and the general regulatory framework, i.e. a regulated, monopolistic structure versus liberalised markets. Important actors in the field of electricity generation in mini-grids are independent power producers, rural energy service companies and co-operatives.

Image: SMA, Germany – Alliance for Rural Electrification, 2009

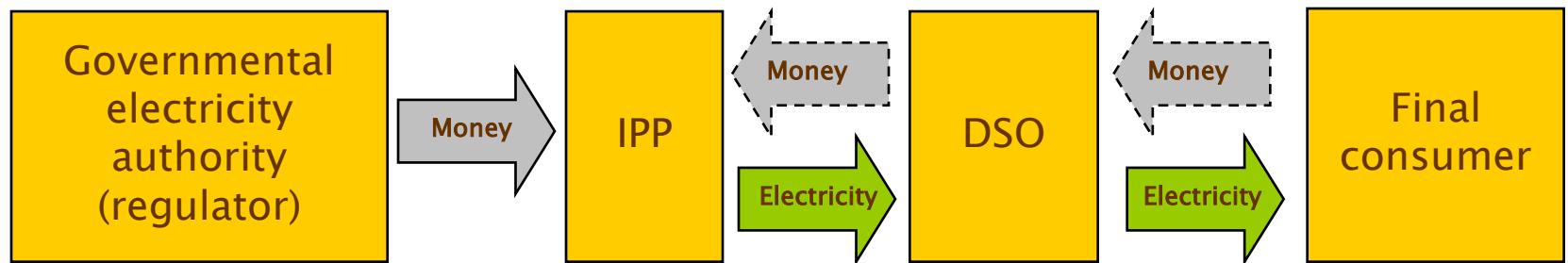
Feed-in tariffs under regulated service concessions



- The RESCO usually charges the final consumer below the generation costs in the mini-grid at a fixed and affordable price. In order to compensate for the incurred losses, the RESCO receives additional money from the local Energy Development Agency which is general financed by the local government.
- The combination of payment from the end-user and the Energy Development Agency shall cover all costs and even guarantee for reasonable returns on investment. If the Energy Development Agency does not dispose of sufficient financial means, money from international donors might be necessary.

Source: WFC elaboration based on Joint Research Centre of the EC (JRC) 2008

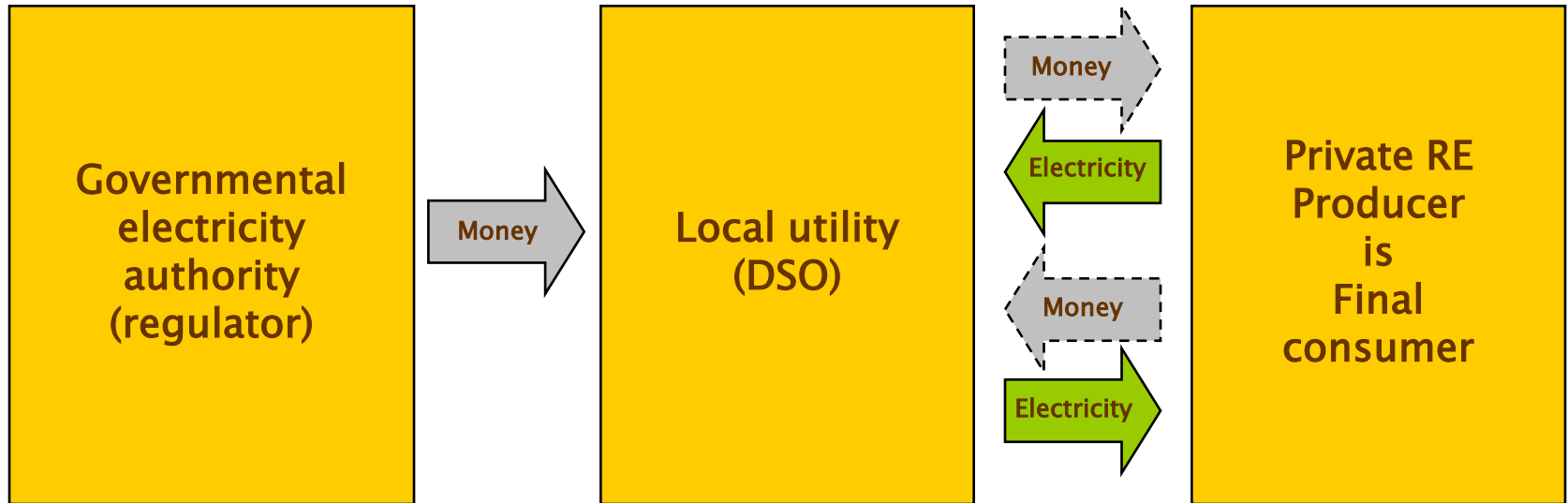
Feed-in tariff for Independent Power Producers in mini-grids



- The combination of the feed-in tariff payment from the governmental electricity authority and the regulated tariff from the DSO should guarantee the profitability of renewable energy projects run by independent power producers

Source: WFC elaboration based on Joint Research Centre of the EC (JRC) 2008

Feed-in tariff for power producers/consumers

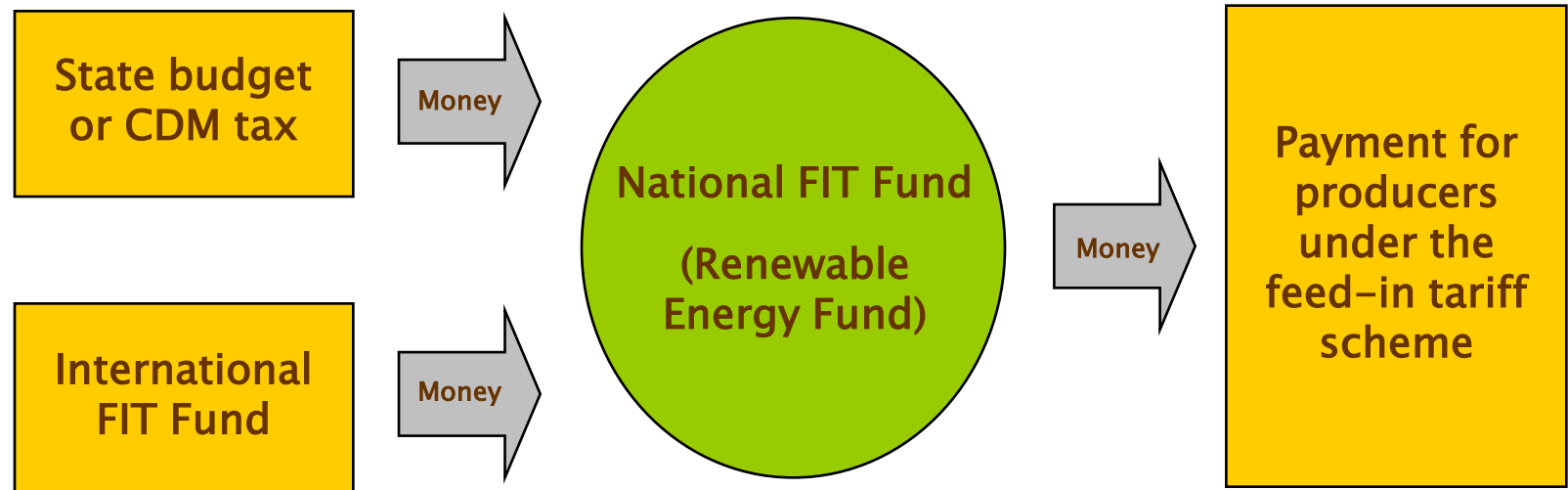


- Similar to Independent Power Producers, the private producer of renewable electricity can sell the power to the grid at a preferential feed-in tariff. At the same time, the private producer receives electricity at a lower price from the grid operator, as all other consumers in the mini-grid. The difference is paid by contributions from the governmental electricity authority (regulator). The final consumer/private RE producer can use the revenue, i.e. the difference between sales prices and purchase price, to pay of the initial investment cost of the installation.

Feed-in tariffs in Africa

- Feed-in tariffs are an effective and flexible instrument to spur the development of grid-connected renewable energy plants.
- Some African countries, Kenya, Uganda and Mauritius have already successfully implemented a feed-in tariff scheme while other countries are currently working on it, including Ghana and Nigeria.
- When implementing feed-in tariffs in African countries, some special design options have to be taken into account, especially with respect to the financing of the support scheme.
- Modifications of the tariff calculation approach are also necessary when combining feed-in tariff with the CDM mechanism of the global climate change regime.
- No entry barrier in terms of scale should be applied as well as no cap be defined beforehand.

Financing feed-in tariffs through special FIT-Fund



- To avoid an increase of electricity cost for households in developing countries the WFC proposes to set-up national feed-in tariff funds that can cover the feed-in tariff rate.
- While some of the assets of such a fund should be mustered by the respective dev. country itself, the majority should be provided by a global feed-in tariff fund.

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About Renewable Energy Energy Efficiency Cities Agriculture and Food News and Publications

Good Policies for Future Generations


The objective of FuturePolicy.org is to present policy solutions and provide users with many helpful tools, such as background information, details on policy elements and benefits, sample texts, case studies, and further links. Choose one of the sections below for more information:

- Renewable energy policies**


Feed-In Tariff (FIT) laws have proved the best approach for accelerating the deployment of renewables in the electricity sector. This section of the site aims to help users around the world by providing a drafting toolkit, country reports and more relevant information.

[Enter here >>](#)
- Energy efficiency policies**


A strategy that emphasises energy efficiency is the most economically and environmentally sensible way out of the energy crisis. This section aims to help users finding policies to make energy use more sustainable and achieve an overall reduction of energy consumption.

[Enter here >>](#)
- Regenerative city policies**


Cities are focal points of consumption. Urban development must perform a transition of cities to become 'regenerative communities'. This section intends to help policy makers, city planners and other users by presenting a toolkit to achieve a 100% renewable energy target.

[Enter here >>](#)
- COMING SOON**


Good agriculture and food policies can help providing food security, conserving biodiversity and mitigating climate change. This section of FuturePolicy.org helps decision makers to find and implement policies in the agriculture and food sector.

Latest reports:
African workshop on renewables on 23rd June 2010 in Accra. [more](#)

WFC showed World Cup matches on solar powered screens in Ghana. [more](#)

Topic for this year's WFC Future Policy Award is Biological Diversity. [more](#)

World Future Council
Good Policies

WFC Councilor Vandana Shiva explains the effect of GMOs on Indian agriculture & how to promote home-grown alternatives [http://bit.ly/sfRrcI](#)
4 hours ago

U.S. Senator Bernie Sanders of Vermont seeks to clarify the law on FITs: [http://bit.ly/3yde8Q](#)
4 hours ago

Check out our new WFC Newsletter with interesting events and councilors' news here: [http://www.worldfuturecouncil.org/newsletter](#)
3 hours ago

WFC Councilor Vandana Shiva on MOEs and Food Security: [http://bit.ly/ACpwrK](#)
yesterday

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Feed-in Tariffs: a policy solution for renewable energy



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Feed-in Tariffs: a policy solution for renewable energy

Feed-in tariff (FIT) laws have proved to be the most effective approach for increasing and accelerating the deployment of renewables in the electricity sector. The switch to renewable energy can solve the current problems of climate change, energy security and energy dependency.

Features of a good FIT law

We outline the essential features of a good FIT law, and give you the opportunity to draft the basic elements of a proposed law.

According to calculations of EREC and Greenpeace renewable energy resources could theoretically supply about 3,000 times our current global energy needs. Renewable energy is the fastest-growing sector in global power production and reached an estimated 280 gigawatts (GW) worldwide in 2007, an increase of 75 % over 2004.

Tackling climate change means rapidly changing the way we generate and use energy. We can only achieve this with an effective policy framework for promoting renewable energy and energy efficiency. FITs are a crucial element of any such framework. The FIT law places a legal obligation on utilities to buy electricity from renewable sources at a premium rate. They provide economic benefits as well – in 2009, Germany's renewable energy industry had a turnover of 33.4 bn euros and employed 300,500 people.

This site aims to help users around the world to introduce or improve FIT laws in their country or region. In its Features of a good FIT law section you can design your own FIT law. Moreover you may find Country- and region-specific information on FIT laws in over 50 jurisdictions worldwide. For additional information and contacts, please visit the FIT Expert Roster and News Group section of this site.

Renewable Energy Policy Fund

To help developing countries financing a FIT without increases in electricity costs for households, the World Future Council proposes to set up a global Renewable Energy Policy Fund. The Fund financed by industrialised countries would provide an easy-to-use, flexible and self-sustainable support mechanism.

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Renewable Energy

- What is a FIT law?
- Country- and region-specific information
- FIT Expert Roster and News Group
- Before you start drafting
- Features of a good FIT law

Prerequisites for RE boost & sustainable development



- Good governance

- Rule of law, Transparency and Corruption
- Safety and Security
- Participation and Human Rights
- Sustainable Economic Opportunity
- Human Development

Ibrahim Index of African Governance

- Thorough educational system

- Education is the key for development & to become independent

- Independent & impartial media channels

- Access to information is the foundation of a conscious society

- Supportive administrative framework

- Lean structure with committed civil servants

- Stable financial institutions

- Trustworthy public and private banks servicing the peoples needs

- **POLITICAL WILL** to implement the necessary **POLICIES**