

Renewable Energy Sources in the Republic of Cabo Verde

Cabo Verde as it is known in Portuguese, or Cape Verde to the English speaking world, is experiencing a significant evolution in its energy sector. Its notable lack of own energy resources results in a high dependency on imported fossil fuels that challenges the country's economic growth and competitiveness. In addition, a national electricity system comprised of separate and inefficient power grids on each of its 10 islands, mainly based on thermal power stations burning heavy fuel or diesel, explains why Cabo Verde has one of the highest electricity tariffs in the world. These are some of the justifications for the government's recent decision to actively promote the use of renewable energy resources in the country, which is clearly reflected in the recently created regulatory framework for renewables.

Renewable-focused Institutions

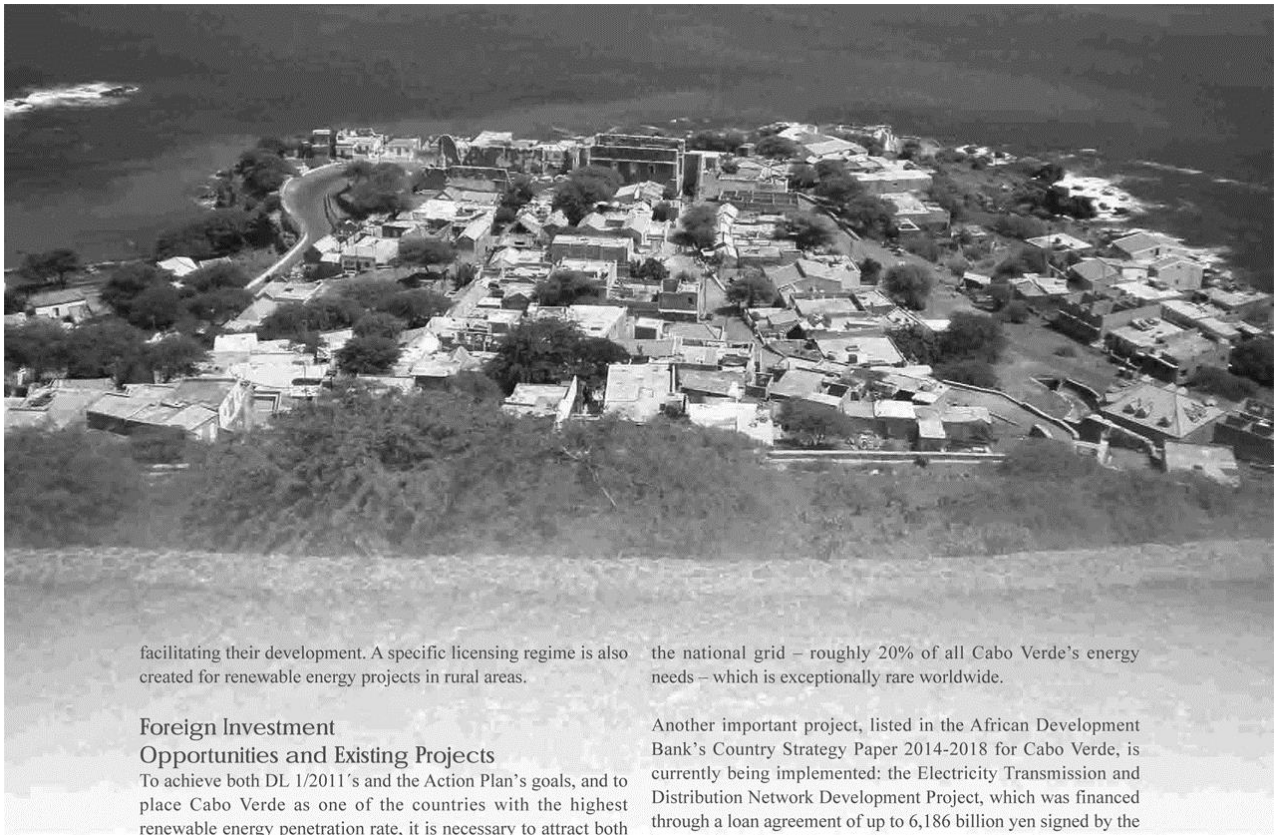
The country's dedication to renewables is visible in the presence of two important institutions. Since 2010, Cabo Verde has hosted the ECOWAS Center for Renewable Energy and Energy Efficiency (ECREEE), and recently (in March 2015), the government officially inaugurated the Center of Renewable Energy and Industrial Maintenance (CERMI). The CERMI serves, among others, the purpose of promoting scientific, technical and cultural education for this sector, conducting research and educational activities in the energy field and promoting the creation of a high level technical center to support companies operating in the renewable sector.

Regulatory Framework

In 2012, the Strategic Sector Plan for Renewable Energy (SSPRE) was enacted by Resolution No. 7/2012, of February 3, 2012 (2012 Resolution). According to the preamble of this statute, it is expected that electricity consumption in Cabo Verde will double by 2020, reaching 592 GWh. To reduce energy imports, the State intends to replace the existing fossil fuels-based energy sources by renewable sources. The 2012 Resolution was based on the Action Plan launched in 2011 which aimed to satisfy 50% of Cabo Verde's energy needs by means of clean energy and set five main strategic goals: (i) create the necessary infrastructure; (ii) secure funding and involve the private sector; (iii) implement the projects; (iv) maximize energy efficiency; and (v) launch a Renewable Energy Cluster. The 2012 Resolution aims to explore the country's renewable energy potential, estimated at 3,000 MW, the sun being the most abundant source, followed by wind energy – which is still the cheapest – and even by energy production based on the use of municipal solid waste (biomass).

With the same goal in mind, in 2011 the Government also approved Decree-Law No. 1/2011, of January 3, 2011 which lays down the framework for promotion, incentive, access, licensing and exploitation for independent production and self-production of electric energy based on renewable sources (DL 1/2011). The government of Cabo Verde is optimistic about the development of renewable energy sources in the country and believes (pursuant to the preamble of Decree-Law No. 18/2014, of March 10, 2014 which amended DL 1/2011) that the challenge to achieve, by 2020, a 50% penetration of renewable energy, may reach 100% with the new regulatory framework. This framework contains, in fact, measures aimed at creating favorable conditions for renewables, including not only a number of incentives, but also a specific licensing regime for renewable energy projects, with a view to





facilitating their development. A specific licensing regime is also created for renewable energy projects in rural areas.

Foreign Investment Opportunities and Existing Projects

To achieve both DL 1/2011's and the Action Plan's goals, and to place Cabo Verde as one of the countries with the highest renewable energy penetration rate, it is necessary to attract both national and foreign investment. German, as well as Chinese companies have already announced their interest in investing in the country's energy development. In the beginning of 2014 the EU Commissioner for Development announced an EU-funded participation, for the 2014-2020 period, in an amount of 55 million euros for, among other purposes, the development of renewable energy projects, which are, in the EU's view, crucial for the national development.

In 2010 the African Development Bank and the European Investment Bank, together with the African Finance Cooperation, Finfund and the lead project developer, InfraCo Africa, closed a financing agreement for the design, construction, and operation of onshore wind farms on four islands in the Cabo Verde archipelago (Santiago, São Vicente, Sal and Boa Vista). As a result, the Cabeolica project was recently implemented, and is already considered one of the largest wind power projects in Africa and the first commercial-scale, privately financed, public private partnership (PPP) wind farm in sub-Saharan Africa, with the capacity to generate up to 25.5 MW. The project won the Africa Energy Award Renewable Energy Project of the Year Award in 2011. In May 2014 it had already achieved a very high penetration rate of wind energy into

the national grid – roughly 20% of all Cabo Verde's energy needs – which is exceptionally rare worldwide.

Another important project, listed in the African Development Bank's Country Strategy Paper 2014-2018 for Cabo Verde, is currently being implemented: the Electricity Transmission and Distribution Network Development Project, which was financed through a loan agreement of up to 6,186 billion yen signed by the Japan International Cooperation Agency and the government of Cabo Verde, and which aims at stabilizing power supply and improving access to electricity on six islands by implementing new installation, improvements, and update works on their transmission and distribution lines.

Conclusion

Taking into consideration the regulatory effort that Cabo Verde's government has been making, as well as the high expectations it has put in the technological and even educational development in the sector, one can be certain that the renewable energy sector will be a first line priority of the country's future development plans. The various successful projects implemented to-date are clear signs of a safe bet, and the current investment climate opens opportunities to private players worldwide to take part in a growing energy sector driven by stable demand, interested off-takers, and with public and private sector alignment. In view of all its efforts in promoting a sustainable renewables sector Cabo Verde was showcased during the "First Conference on Energy for the Development of the Community of Portuguese Speaking Countries," recently held in Lisbon, Portugal, as the example for other CPLP countries to follow on the road to energy efficiency and independence. **AEA**

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