

MINISTRY OF POWER

LOCAL CONTENT AND LOCAL
PARTICIPATION FOR THE ELECTRICITY
SUPPLY INDUSTRY

POLICY VISION

- The Government of Ghana is committed to deploying an effective local content and local participation policy as the platform for achieving the goals of a minimum of 60% local content and 51% local participation in the Electricity Supply Industry (ESI) by 2025.

Outline

- ❑ Local Content World wide
- ❑ Policy Vision
- ❑ Definitions
- ❑ Power Sector Value Chain
- ❑ ESI - Situation Today
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- ❑ Proposes Regulations
- ❑ Electrical Equipment and End Use Appliances

Local Content worldwide

- When a foreign company makes products in a country, local content regulations require the the use of labour, materials, parts etc that have been made in that country rather than imported or use of local labour.
- A minimum level of local content is sometimes a requirement under trade laws when giving foreign companies the right to manufacture in a particular place.

Examples

- US Auto industry- relating to the number or percentage of the components of product, such as an automobile, that are manufactured in a specific country:
- *Local content laws require that 90 percent of the components of the car must be made in the U.S. or import restrictions will apply.*
- Ghana - Local Content in Petroleum - LI 2204

Definitions

- **Local Content** refers to the quantum/percentage of **locally** produced materials, personnel, financing, goods and services rendered to a sector or industry and which can be measured in monetary terms.
- **Local Participation** on the one hand refers to the level of local **Equity Ownership** in a sector or industry
- Local content regulations are used worldwide to protect local industry and keep investment opportunities in the hands of citizens/locals and guarantee employment to indigenes.

Electricity Supply Industry Value Chain

1. Power Generation (Conventional)
2. Power Generation (Renewable)
3. Transmission
4. Distribution
5. Electricity Sale
6. Electricity Brokerage

ESI - The Situation Today

- Notwithstanding the availability of considerable invaluable human capital and expertise, the country continues to look outwards rather than inwards for the provision of goods and services for the operations in the ESI.
- Industry operators continue to rely on externally sourced goods, materials, contractors and consultants which could have been provided by Ghanaian suppliers, contractors and consultants, with negative impacts on the national economy.

ESI -Situation Today (Generation)

Company	Local Participation	Foreign Participation
VRA	100% GOG	
TICO	10% VRA	90%
Sunon Asogli		100%
Cenit	100% SSNIT	
KARPOWERSHIP		100%
AMERI		100%
AKSA		100%
Cenpower	100%	
Trojan	100%	
Genser	100%	

ESI -Situation Today

(Transmission & Distribution)

- **Transmission**
- GRIDCo - 100% GOG
- **Distribution**
- ECG - 100% GOG
- NEDCo - 100% GOG
- ENCLAVE - 100% Indigenous Ghanaian Co

ESI -Situation Today (Manufacturing)

○ Electricity Cables

- ❖ Tropical - 100% Local Participation
- ❖ Reroy - 100% Local Participation
- ❖ Nexan - 70% Foreign/ 30% Local Participation (ECG)

○ Prepayment Meters

- ❖ 5 Companies

Power Statistics

- Current Demand - 1,933 Megawatts
- Current Available Capacity - 1,921 Megawatts
- Projected annual growth of Demand - 10% per annum
- Foreign generating companies account for approximately 40% of the players in the generation. However they generate approx. 51% of our electricity power.

Policy Goal

- Within the context of the challenges and opportunities, Government is committed to:
- supporting local industries involved in production of goods and services required for the ESI;
- attraction of increased local value-added investments in the power sector;
- creation of job opportunities in the ESI; and
- indigenization of knowledge, expertise and technology; and
- creation of a self-sustaining and buoyant economy through increased activities in the ESI.

Strategy

Policy Development

Enactment of appropriate Legislation

Establishment of Implementing Outfit (Local Content
Committee of Energy Commission)

Production of Statutory Reports

Managers of Process

ENERGY COMMISSION – Regulatory Authority and
Implementing Agency

MINISTRY OF POWER – Policy, Monitoring and
Evaluation

Current Level of Process

- Local Content and Local Participation Policy Approved by Cabinet
- Energy Commission Act Amendment to include Local Content and Participation Mandate received Executive Assent and submitted to parliament for approval
- Draft Legislative Instrument to operationalize the Local Content and Local Participation policy prepared and consultations with relevant parliamentary committees has began.

SUMMARY REQUIREMENTS IN PROPOSED REGULATIONS

Sector	Ownership	Engineering & Procurement	Construction Works	Post Construction Supplies	O & M Contracts
Generation (Convention)	15% - Int 51% -10yrs	30% - Int 60% - 10yrs	60% - Int 80%-10yrs	70% - Int 80%-10yrs	30% - Int 50% - 5yrs
Generation Renewables	15% - Int 51% -10yrs	90% - Int 100% - 10yrs	60% - Int 90% -6yrs	70%- Int 80% - 10yrs	50% - Int 80% - 5yrs
Transmission	15% - Int 49% - 10yrs	30% - Int 50% - 10yrs	60% - Int 80%-10yrs	60%- Int 80%- 10yrs	100%

SUMMARY REQUIREMENTS IN PROPOSED REGULATIONS

Sector	Ownwership	Engineering & Procurement	Construction Works	Post Construction Supplies	O & M Contracts
Distribution	30% - Int 51% - 10yrs	70% - Int 80% -10yrs	70% - Int 80% -10yrs	100%	90% - Int 100% - 5yrs
Sales	80% - Int 100% - 5yrs	100%	100%	80% - Int 100% - 5yrs	95% - Int 100% - Int
Brokerage	30% - Int 51%-10yrs	90% - Int 100 -5yrs	100%	80% - Int 100% -5yrs	80% -Int 100% -5yrs

Examples of electrical equipment, electrical appliances, and renewable energy technology under programme

- (a) electrical cables or conductors
- (b) insulators and pins
- (c) wooden poles
- (d) pole support, guy wires, shackles, pins
- (e) distribution transformers;
- (f) electricity meters;
- (g) fuses or circuit breakers;
- (h) lattice towers;
- (i) street light poles; and
- (j) Packaging Materials

Examples of electrical equipment, electrical appliances, and renewable energy technology under programme Cont'd

Solar Cell

Solar photo voltaic panel

Mounting bracket

Inverter

Wind Mill

Solar water heater

THANK YOU