United Nations
Economic Commission for Africa

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Regulatory Review of the Electricity Market in Ghana:

Towards Crowding-in Private Sector Investment

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Executive Summary

This report provides an analysis of Ghana's electricity sector policies, laws, and regulations in relation to crowding-in private sector participation in developing national electricity infrastructure. The report is part of the United Nations Economic Commission for Africa and RES4Africa Foundation joint program on *Regulatory Review of the Electricity Sector in Africa: Towards Crowding-in Private Sector Investment*.

Ghana's power sector reforms were initiated in the 1990s to open the system to private participation, introduce competition, and enhance the efficiency of electricity service provision. The reforms introduced far-reaching policy and institutional changes to stimulate the transformation of the sector to meet international standards. Before the reform, the prevailing system was a vertically integrated, monopolistic system in which the main power utility, the Volta River Authority, owned and operated all the electricity generation and transmission, and a significant part of the distribution assets. The reforms resulted in unbundled generation, transmission, and distribution services controlled by separate independent utilities. At the center of the reformed electricity market is the National Interconnected Transmission System, owned and operated by the National Grid Company (GRIDCo).

The review of the policy and regulatory framework indicates that Ghana has been quite successful in defining an enabling legislative environment to govern the electricity supply industry. All the regulations governing the value chain originate from a primary enabling law (Energy Commission Act 541) that seeks to promote private sector participation. Provisions to ensure transparency, guarantee fairness, and define the rules of engagement for all industry participants (without discrimination) are adequately in place for each segment of the electricity market.

Private sector participation in Ghana's electricity market has been mostly confined to generation, where several independent power producers are active. The law prohibits more than one operator to be licensed for transmission at any time, and the license is held by the public company GRIDCo, the owner of the transmission system, until 2035, but the distribution sector is open to private participation. The Energy Commission Act also envisages private sector participation in electricity brokerage, sale and exports. Nevertheless, the private sector appears not to have made substantial inroads into the value chain beyond the generation