Towards renewable energy development in Nigeria
Awogbemi, Omojola and Asaolu, Julius Ilesanmi
Mechanical Engineering Department, Ekiti State University, Ado Ekiti, Nigeria.

ABSTRACT
Access to energy has been found to affect attainment of sustainable development of a country. Poverty, unemployment, and other developmental problems facing Nigeria have been traced to unavailability of energy for both domestic and industrial purposes. In recent times, government has been active in developing the renewable energy sector to meet the country’s energy need. But this has been hampered by many problems. This paper identifies some of these problems, which include absence of policy, legal and regulatory framework, non-existence of framework for Power Purchase Agreements (PPA), weak institutional framework, high initial capital costs, lack of technical or commercial skills and information, public awareness, subsidies for competing fuels and corruption, and ways of turning the situation around were suggested. The paper however concludes that if the government, private investors, research institutions, various agent of government and the general public can join hands together, these barriers would be overcome and adequate energy provided for the Nigeria citizen.

Introduction
Energy availability has been found to be closely related to sustainable development in a country. This is so because energy is needed for both domestic and industrial purposes. It has been discovered that to meet the energy demand in home and factories, renewable energy must be explored and utilized. Renewable energies are essential contributors to the energy supply portfolios they contribute to world energy supply security, reducing dependency on fossil fuel resources, and provide opportunities for mitigating effects of greenhouse gases (Awogbemi and Asaolu, 2008, Ikuponsi, 2004, Bashir, 2007).

Nigeria is endowed with abundance of renewable and non-renewable energy resources. However, the National energy supply is dependent on fossil fuels and firewood. Fossil fuels made up of 94% of exports from Nigeria in 2006 with only a small fraction of this available for domestic use. Only about 40% of households in Nigeria are connected to the national electricity grid (Awogbemi, 2012, IEA, 2007).

Saying that Nigeria is naturally endowed is saying the obvious. It is also obvious that Nigerians lack access to electricity despite various policies and reforms put in place by successive governments. For example, in 2001, the government started off with reforms, terminating the monopoly status of the Nigeria Electric Power Authority (NEPA) and inviting private sector participation in the electricity sector. The reform enabled the development of the National Electric Power Policy (NEP) which was approved in 2003 (Nnaji et al, 2010). The NEP was approved with the overall theme of optimal utilization of the nation’s energy resources; both conventional and renewable, for sustainable development, and with the active participation of the private sector. The Renewable Energy Master Plan (REMP) was put in place to provide a roadmap for the effective implementation of the renewable energy component of the NEP. The REMP articulates Nigeria’s vision for achieving sustainable development, a road map for renewable energy to help achieve this vision;

The Plan also envisions:
* Gradually moving from a fossil economy to one driven by an increasing share of renewable energy
* Exploiting renewable energy in quantities and at prices that will promote the achievement of equitable and sustainable growth
* An energy transition from crude oil to a less carbon intensive economy increasingly powered by gas and Renewable Energy (Nigeria Country report).

Government, through the Federal Ministry of Power and Steel, enacted the Renewable Electricity Policy Guidelines in December, 2006, to pursue vision of renewable energy in the power sector to achieve an accelerated sustainable development through increased share of renewable electric power to the national electricity supply. The policy guidelines recognized only four forms of renewable energy, namely hydropower, solar, biomass, and wind. Beyond large hydropower, the current total contribution of renewable energy in Nigeria’s electricity industry is about 35MW composed of 30MW small hydropower and 5MW solar PV, an abysmal 0.6% of total nominal electricity generating capacity in Nigeria.

Government therefore set the Nigeria’s Renewable Energy targets as follows (Zumunta M. D, 2013, Bashir, 2007):
- 18% electricity from renewables by 2025
- 20% electricity from renewables by 2030
- 100 MW small hydro capacity by 2015 and 760 MW by 2025
- 300 MW solar PV capacity by 2015 and 400 MW in 2025
- 40 MW wind capacity by 2025
- 5 MW biomass fired capacity by 2015 and 30MW by 2025

These national electricity targets are expected to be met through the following strategies: (FGN, 2006).
- Grid-based extension for proximate areas;
- Independent mini-grids for remote areas with concentrated loads where grid service is not economic or will take many years to come; and
- Standalone renewable electricity systems for remote areas with scattered small loads.
These targets are too low when compared with other Africa countries targets as shown in Table 1

<table>
<thead>
<tr>
<th>Country</th>
<th>Renewable energy target</th>
<th>Target year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cameroon</td>
<td>50% / 80%</td>
<td>2015 / 2020</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>50%</td>
<td>2020</td>
</tr>
<tr>
<td>Ghana</td>
<td>10%</td>
<td>2020</td>
</tr>
<tr>
<td>Madagascar</td>
<td>75%</td>
<td>2020</td>
</tr>
<tr>
<td>Mauritius</td>
<td>65%</td>
<td>2028</td>
</tr>
<tr>
<td>Niger</td>
<td>10%</td>
<td>2020</td>
</tr>
<tr>
<td>Nigeria</td>
<td>7%</td>
<td>2025</td>
</tr>
<tr>
<td>Rwanda</td>
<td>90%</td>
<td>2012</td>
</tr>
</tbody>
</table>

Figure 1. Renewable energy targets in Africa. Source: UNEP 2012

The 7% renewable energy targets by Nigeria by the year 2025 might not be realizable due to some problems and barriers. These barriers often put renewable energy at an economic, regulatory, or institutional disadvantage relative to other forms of energy supply (Beck and Martinot, 2004). They are important to be ignored if Nigeria is to be energy sufficient in the nearest future. This paper highlights these barriers and suggests possible solution.

Barriers to renewable energy development

Renewable energy development in Nigeria has been sporadic in the absence of a comprehensive framework to plan, coordinate and implement a national policy and strategy. The Energy Commission of Nigeria has a few technology-driven pilot projects on solar PVs, wind power demonstration projects located in Sokoto, and a small hydro plant that has been operating in Jos for several years. Vast opportunities for small hydro remain either untouche or not fully developed (Awogbemi and Ojo, 2009). Recently several state governments have embarked on solar projects for rural water supply, residential lighting and lighting of clinics, roads, schools and community centers (Bugaje, 1999). These and several other contemplated initiatives have not been able to fully realize its potentials because of the following barriers:

Policy, Legal and Regulatory Framework

Achieving adequate energy supply where renewables play a role necessitates the creation of appropriate policy framework of legal, fiscal and regulatory instruments that would attract domestic and international investments. Clear rules, legislation, roles and responsibilities of various stakeholders along every stage of the energy flow from supply to end-use are key elements of the overall policy framework needed to promote renewable energy technologies. Such policy, legal and institutional frameworks are at an ascent stage in Nigeria and are being developed under the reform program (Efurumibe, 2013). The inconsistency in the formulation and implementation of policies, legal and regulatory framework does not give room for long term planning by players in the renewable energy sector. Where the necessary policy and legal instruments are in place, lack of implementation has made the policies and legal framework a mere academic document.

Non-existing Framework for Power Purchase Agreements (PPA)

The importance of a detailed power purchase agreements between investors and government cannot be over emphasized. Without the PPA, investors, and lenders are not sure when to recoup their investments. Currently there is no PPA framework for renewable energy generation to the grid. An system of rational expectations between renewable electricity producers and the gridoperators are an imperative for the growth in grid-based renewables. The PPA sets the terms by which power is marketed and/or exchanged. It determines the delivery location, power characteristics, price, quality, schedule, and terms of agreement and penalties for breach of contract. Legally binding long-term PPAs are a must, as they provide comfort to the developers as well as lenders, and would also encourage the expansion of renewable electricity development through investments (Efurumibe, 2013). With this kind of scenario, developers, investors, and lenders are not sure of what to expect from their investments and therefore reluctant to invest their money.

Institutional Framework

In Nigeria, coordination between government Ministries and agencies responsible for rural development and renewable energy development is weak and rather complex (Efurumibe, 2013).

The Energy Commission of Nigeria ECN appears to only exist on the pages of paper. The master plan recently launched has not been put into valuable use. The lack of a clear champion robs the sector of a driving force for its growth and development. The new Electricity Law is expected to facilitate the establishment of a Rural Electrification Agency and a Rural Electrification Fund. These developments will facilitate renewable energy development if fully harnessed (UNEP, 2012). The various institutions involved in the planning and implementation of renewable energy policies and programs should be managed and coordinated by professionals, and not politicians for maximum efficiency.

High initial capital costs

Even though lower fuel and operating costs may make renewable energy cost competitive on a life-cycle basis, higher initial capital costs can mean that renewable energy provides less installed capacity invested than conventional energy sources. Thus renewable energy generally requires higher amounts of financing for the same capacity. Renewable energy technologies also face high taxes and import duties. These duties often exacerbate the high initial cost considerations relative to other technologies and fuels. (Beck and Martinot, 2004).

Apart from the higher capital costs most renewable energy technologies (RET) face the barrier of being perceived as untested technologies. Given these twin barriers to RET, investors face higher risks and uncertainties when making investment decisions. Therefore in acapital constrained economy like Nigeria, where there are many competing demands for available scarce capital resources, the promoters of RET face the problems of high transaction costs and restricted access to capital.

End users of RET, especially the poor, face problems of access to credits. Lack of access to micro financing, high interest rates, poor business development skills by system vendors and unsupportive climate for investments are some of the primary barriers to market growth (Efurumibe, 2013).

Lack of Technical or Commercial skills and information

Markets function best when everyone has low-cost access to good information and the requisite skills. But in specific markets, skilled personnel who can install, operate, and maintain renewable energy technologies may not exist in large numbers. Also project developers lack sufficient technical, financial, and business development skills. Consumers, managers, engineers, architects, lenders, or planners also lack requisite information about renewable energy technology characteristics, economic and financial costs and benefits, geographical resources, operating experience, maintenance requirements, sources of finance, and installation services. (Beck and Martinot, 2004).

Also, capacity building in four areas are most lacking, namely; training of manpower to install, operate and maintain...