

**REPORT OF THE**  
**COMMITTEE ON MINES AND ENERGY**  
**ON THE**  
**2008 ANNUAL ESTIMATES**  
**OF THE**  
**MINISTRY OF ENERGY**

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**INTRODUCTION**

The 2008 budget statement and the economic policy of the Government of Ghana was laid before the House on Thursday 15<sup>th</sup> November 2007 by the Hon. Minister of Finance and Economic Planning, Hon. Kwadwo Baah Wiredu and the estimates of the Ministry of Energy was subsequently referred to the Committee on Mines and Energy for consideration and report in accordance with Article 103 (3) of the 1992 Constitution and Standing Orders No. 188 of the House.

## **1.0 BACKGROUND INFORMATION**

The annual estimates of the Ministry of Energy was drawn in accordance with the medium term expenditure framework covering the period of 2008 to 2010 with the 2008 annual estimates to be drawn from the Consolidated fund.

## **2.0 MISSION STATEMENT**

The mission statement of the Ministry of Energy is to develop and ensure reliable supply of high quality energy services at minimum cost to all sectors of the economy through the formulation, implementation, monitoring and evaluation of policies.

## **3.0 OBJECTIVES**

In order to achieve the above mission, the Ministry of Energy has set the following objectives for the year 2008.

- i. Provide support to modernize and expand energy infrastructure.
- ii. Improve the overall management regulatory environment and operations of the energy sector.
- iii. Source for long-term sources of fuel for thermal plants.

- iv. Minimize environmental impact of energy supply and consumption through increased renewable energy and energy efficiency delivery.
- v. Ensure productive and efficient use of energy (both rural and urban)

**PERFORMANCE OF 2007 ESTIMATES**

ITEM		APPROVED 2007 (Cedis)	EXPENDITURE November 2007 (Cedis)	
		a	b	b/a
1.	P.E.	8,918,141,484	6,061,250,230.00	68%
2.	ADMIN	5,016,690,000	4,538,353,400.00	90%
3.	SERVICE	2,014,090,000	1,982,582,682.00	98%
4. GOG	INVESTMENT	35,785,000,000	15,868,843,320.00	44%
DONOR	INVESTMENT	524,665,000,000	111,242,344,722.00	21%
HIPIC	INVESTMENT	50,000,000,000	73,950,835,231.41	147%
	SHEP 4 ECG	300,000,000,000	28,314,032,755.00	9.4%
<b>SUB-TOTAL</b>		<b>926,398,921,484</b>	<b>268,304,054,840.41</b>	<b>29.2%</b>
MDRI	INVESTMENT	1,598,650,000,000	1,358,000,002,500.00	85.4%
<b>TOTAL</b>		<b>2,525,048,921,484</b>	<b>1,626,304,057,340.41</b>	

## **5.0 OUTLOOK FOR 2008**

Mr. Speaker, for the fiscal year 2008, a total of **GH¢567,975,404** is allocated to the Ministry of Energy and its agencies to meet their targeted objectives in the year 2008.

The breakdown of the provisions for 2008 is as follows:

P.E	GH¢891,824
ADMIN.	GH¢532,831
SERVICES	GH¢201,392
INVESTMENT	GH¢3,587,510
DISCRETIONARY INVESTMENT	GH¢3,582,236
HIPC INVESTMENT	GH¢15,000,000
CAPITAL MARKET	GH¢359,868,298
DONOR INVESTMENT	<u>GH¢184,391,305</u>
<b>TOTAL</b>	<b>GH¢567,975,404</b> =====

## **6.0 OBSERVATIONS**

Mr. Speaker, your Committee observed that a total of **¢2,525,048,921,484** was allocated to the Ministry of Energy and its agencies to meet their set objectives for the fiscal year 2007. The Ministry and its agencies had spent about **¢1,626,304,057,340.41** of their allocation as at November 2007.

The Committee observed that the ministry over spent its allocation under the HIPC vote by about 47%, the Ministry however explained that this expenditure was made as a result of the crisis the nation went through last year.

The Committee further observed that the ECG spent only about ₵28.314 billion out of the ₵300.00 billion allocated to it from the HIPC fund. It was explained that the procurement period of ECG has a long gestation period and this resulted in the inability of the Company to fully utilize the resources to improve upon the distribution system. The Committee was however assured that the remaining money is adequately captured in the 2008 estimates of the Ministry to enable the ECG complete their payment.

Mr. Speaker, your Committee wishes to report that a supplement budget of GH₵303,712,300 was allocated to the Ministry made up of GH₵188,849,800 for the VRA, GH₵60,768,500 for ECG and GH₵54,094,800 being GOG component to the construction of the Bui Hydro Power Project.

Mr. Speaker, the House may recall that the nation went through power crisis in the year under review resulting in the designing of emergency response programme to arrest the situation.

The emergency programme resulted in additional expenditure and a total of ₵1,911,956,843,461.01 was allocated to the Ministry of Energy to meet its financial needs as at November 2007, the Ministry could spend about ₵199,195,684.35 of the amount to on its road map to stabilizing the power supply situation in the country.

## **7.0 ADDITION GENERATION IN 2007**

Mr. Speaker, your Committee is happy to report that as a result of the response by Government and other Stakeholders to the power crisis in the year under review, a total of about 266 MW was added to the existing power generation capacity of the country. The figure is made up of 126 MW from Government's Emergency Power Programme, 80 MW from the Consortium of Mining Companies, 50 MW from the Wood group of UK and 10 MW from the Ghana Armed Forces reactivated Power Generations.

## **8.0 PROCUREMENT AND DEPLOYMENT OF COMPACT FLOURESCENT LAMPS (CFLS)**

To improve upon efficient use of energy and its conservation in the country, the government imported and is currently distributing about six (6) million energy saving Compact Fluorescent Lamps (CFL) to replace incandescent filament through out the country with the objective of saving about 200 MW of electricity during peak periods.

## **9.0 BUI HYDRO ELECTRIC PROJECT**

Mr. Speaker, the House may recall that the House passed the Bui Power Authority Act to enable Government enter into Agreement with Chinese Companies to develop and construct a hydro electric power project at Bui in

the year 2007. The President, H. E. John Agyekum Kufour cut the sod for the commencement of the project at Bui.

#### **10.0 TRANSMISSION**

Mr. Speaker, your Committee is happy to report that the Government has initiated the construction of 161 KV Obuasi-Kumasi transmission line and 330KV Aboadze – Tema transmission line.

The Government has also established an Electricity Transmission Utility (ETU) known as the Ghana Grid Company (GRIDCO) and a Chief Executive appointed to ensure fair and equitable transmission of power from generation plants to distribution and consumption substations and units.

#### **11.0 DISTRIBUTION**

Mr. Speaker, your Committee wishes to report that a sum of US\$30.016 Million and US\$ 65 Million in the main Budget and the Supplementary Budget respectively were allocated to the ECG to improve upon its Network, Commercial and Technical operation in the year under review.

#### **12.0 RURAL ELECTRIFICATION**

The Committee was informed that the Ministry targeted 200 rural communities for electrification in the year 2007.

The Committee is pleased to report that 57% of the Communities were completed, 60 reached about 98% completion whilst work is in about 93 of

these communities are in progress. Furthermore, work on West Akim / Suhum Kraboa Coal Tar District Electrification project for 31 communities has commenced. Also, work on the electrification of 550 communities nationwide under Chinese Exim Bank/GOG funding has also commenced.

### **13.0 PETROLEUM SUBSECTOR**

Mr. Speaker, your Committee was informed that Two Significant Oil discoveries were made by KOSMOS Energy and Tullow in the Tano/Off-shore Cape three points area.

Mr. Speaker, there has also been substantial improvement in data collection by the addition of new 1500 sq. km 3D.

The GNPC and its partners have completed their Data Transmission Project and three International Oil Companies are in the country to sign agreement with the GNPC for more investments in the exploration sector.

### **14.0 WEST AFRICA GAS PIPELINE PROJECT (WAGPP)**

Mr. Speaker, your Committee was informed that the outline 570 km 20-inch main high pressure pipeline has been completed and the shore crossing and terminal line at Takoradi has also been completed.

Meanwhile, the Tema shore crossing is on going whilst Regulating and Metering (R&M) station at Takoradi is about 80% complete.



The Committee was further informed that the compression at Lagos beach has been completed, but piping work is still on going and is almost about 5% complete. The Committee was informed that free flow of natural gas to Ghana is expected by the end of December 2007 and the pipeline will realize its full capacity by the middle of the year 2008.

### **15.0 BOST EXPANSION PROJECT**

Mr. Speaker, your Committee was informed that work on Bulk Oil Storage and Transportation (BOST) depot expansion projects to hold strategic reserve stock of fuel are at various states of completion.

The construction of four 20,000 cubic meters storage tanks and ancillary facilities at Accra Plains Depot is 100% complete. The phase II of Kumasi expansion project is about 26% complete. Phase II of Accra Plains Depot expansion project is 70% complete whilst the construction of 5km 18-inch diameter petroleum pipeline with ancillary facilities connecting TOR to Accra Plains Depot is 99% complete.

Finally, the construction of storage tanks, pipeline, barges and petroleum products landing Terminal for lake transportation is 25% complete.

### **OUT LOOK FOR 2008**

Mr. Speaker, on its out look for fiscal year 2008, the Ministry intends commissioning the 125 MW Osagyefo Power Barge in March 2008. The Ministry also intends commissioning 84 MW, 50 MW and 220 MW Thermal

Plants in the year 2008 whilst the Takoradi Thermal Plant and Kpong Hydro Generating stations will be retrofitted in the same year.

Major construction works on Bui Project will start in January 2008.

Mr. Speaker, the Ministry of Energy under the WAPP looks forward to extending 33 JKV transmission line from Aboadze to Tema whilst 161KV, 330KV line substation will be developed at Aboadze and Volta, 330KV line will be extended from Volta to Mome-Hagou in Togo. A third and a second Bulk supply points will be installed in Accra and Kumasi respectively.

Furthermore, power transmission lines will be extended by VRA/GRICO from Kumasi to New Obuasi and 161/34.5 KV substation would be constructed at Kintampo in the year 2008.

#### **ECG**

The ECG will invest in Network improvement projects and will establish 6 new 33/11 KV primary substations. The ECG will invest to improve its commercial and technical operations by establishing 15 New Customer Service Centres, 4 District Offices and also continue the installation of prepayment meters in Western, Central and Volta Regions.

#### **ENERGY COMMISSION**

Mr. Speaker, the Energy Commission intends to develop and facilitate the passage of wholesale electricity market regulations, national electricity grid code, standard of performance rules and wiring regulations in 2008. The Commission will also facilitate the 1<sup>st</sup> phase of Secondary Gas Network and develop a Natural Gas Utilization Plan for the country.

The Commission also intends establishing a national energy data processing and information centre to facilitate energy planning and information dissemination. The Commission will undertake a national survey to assess the impact of the use of LPG in vehicles.

Mr. Speaker, the Ministry of Energy in collaboration with Ghana Real Estate Developers Association (GREDA) will implement a solar programme to integrate solar fittings into new housing project as part of the Ministry's drive towards the use of renewable of energy.

Also, as part of its energy conservation effort, the Ministry of Energy in collaboration with its sector agencies and the Ministry of Manpower Youth and Employment will establish an Energy Efficiency Enforcement Team to be known as "E-3" squad to check illegal connection, protect energy sector physical assets and ensure adherence to Efficiency Standards.

Mr. Speaker, your Committee noted that the Ministry intends completing outstanding works under SHEP 3 phase-III and SHEP 4 phase-I by the 1<sup>st</sup> quarter of 2008.

The Ministry also informed the Committee of its plans to connect 5 communities in all the districts of the country.

Mr. Speaker, with regards to petroleum, the Committee was informed that the GNPC and its partners would appraise and develop two discovered wells in 2008.

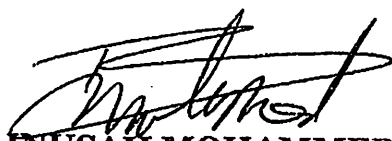
Mr. Speaker, to consolidate the gains made so far by BOST to ensure our future oil security, the Ministry in collaboration with other stakeholder will continue discussions leading to the review of the current BOST Margin from GH¢0.01 (One Pesewa) to GH¢0.02 (Two Pesewas) per litre. This review is necessary to enable BOST raise revenue for the timely payment of the US Exim Bank facility Guaranteed by the Government of Ghana.

#### **16.0 CONCLUSION**

Mr. Speaker, considering the importance of Energy to the Socio-economic development of our country, the Committee wishes to recommend to the House to adopt its report and approve the total sum of GH¢567,975.404 allocated to the Ministry of Energy to enable it undertake its activities for the fiscal year 2008.



**HON. GIFTY E. KUSI (MRS.)  
CHAIR PERSON  
(COMMITTEE ON MINES & ENERGY)**



**INUSAH MOHAMMED  
CERK TO THE COMMITTEE**