

**REPORT OF THE COMMITTEE ON  
MINES AND ENERGY  
ON THE VOLTA RIVER DEVELOPMENT (AMENDMENT) BILL**

**1.0 Introduction**

The Volta River Development (Amendment) Bill was laid before the House by the Minister of Energy, Hon Mike Oquaye on 21<sup>st</sup> June 2005 and was subsequently referred to the Committee for consideration and report in accordance with Article 103(3) of the 1992 Republican Constitution, and Standing Order No 188 of the House.

**2.0 Background Information**

The main object of the amendment to the Volta River Development Amendment Act 1961 (Act 46) is to accelerate the power sector reforms, which started about a decade ago.

The reforms were motivated by the realization that there were significant obstacles hindering the efficient and effective operations and development of the Energy Sector.

Among these obstacles was the inability of the power sector to attract massive capital investment to improve upon the reliability of power supply. The sector could not also raise its own capital due to unrealistic tariffs resulting from government subsidy and interventions.

The reforms therefore seek, among others things, to create conditions that would attract significant private sector investments in the energy supply chain.

The reforms seek further to remove monopoly and decentralize the structure for planning and operation of the power sector as well as improve transparency in the regulation of power utility.

The modest achievements of these reforms are the creation of the regulatory systems for the operation of the sector through the setting up of the Energy Commission and the Public Utility Regulatory Commission under Act 541 and Act 538 respectively both of 1992.

Following a review of these reforms, Government has decided that the Volta River Authority should confined itself to electricity generation while an independent Utility is established to undertake transmission so as to ensure fairness in the event of competition. However, until the anticipated Utility is established and become operational, the VRA will, as a transitional arrangement, continue to perform the transmission functions it currently performs.

By the spirit of the reforms, the VRA will also cease to distribute electricity to consumers, except those identified as bulk customers and those communities identified as VRA Communities and any special arrangement agreed upon between Government and the Authority.

In this vein, the VRA will transfer its operations under the Northern Electricity Department to the Electricity Company of Ghana (ECG)

### **3.0 Reference Documents**

In considering the Bill, the Committee made reference to the following documents.

- 1) The 1992 Republican Constitution of Ghana
- 2) The Standing Orders of the House
- 3) The Volta river Development Act 1961 (Act 46)
- 4) The Energy Commission Act 1997 (Act 541)

### **4.0 Deliberations**

In the course of its deliberations, the Committee held three (3) meetings and had discussions with the Sector Minister, Hon. Mike Oquaye, the Deputy Minister, Hon. K.T Hammond, legal and technical officers of the ministry, the Chief Executive of the VRA, Mr. Joshua Kofi Ofedie as well as legal and technical officers of the VRA.

The Committee also received Memoranda from Public Utility Regulatory Commission, the Electricity Company of Ghana, the Osudoku Traditional Area and the chief of Natriku, Nene Tetteh Amoako IV.

Furthermore, the following members of Parliament, representing their constituencies, had discussions with the Committee:

Hon. Kenneth Dzrisah –South Tongu, Hon. Charles S. Hodogbey –North Tongu and Hon. David T. Assumeng –Shai Osudoku.

## **5.0 Observation**

The committee observed that the establishment of a utility company to undertake transmission is necessary if Government is to achieve its objective of attracting private sector investment in the power sector as a level playing field would be created between and among power generating companies.

Furthermore, the Committee observed that restricting VRA to supplying directly to distributors and bulk customers would create an equal playing field for distribution companies in dealing with consumers. This situation would serve as incentive to attract private investors into the distribution chain of the power industry.

The Committee was informed that in line with the spirit of the reforms, Volta River Authority would eventually hand over the Northern Electricity Department (NED) to ECG.

The Committee however wishes to caution that in undertaking the exercise, care must be taken to ensure that transfer of human resources are not done to the detriment of existing employees of VRA/NED.

The Committee, after careful scrutiny, wishes to propose the following amendment to the bill at the consideration stage.

## **6.0 Proposed Amendments**

**Clause 2, 4(2), line2 after misbehaviour delete the rest of the sentence.**

The Committee is of the view that inclusion of the deleted sentence is superfluous.

**Clause 4, delete the whole of “clause 4”.**

**Clause 6**, paragraph(c), sub-paragraph (iii) after “Akosombo” insert “,Natriku-Akuse”.

The Committee was convinced with documentary evidence that though the Dam is called kpong, it is actually located at Akuse.

**Clause 9**, sub-clause (1) line 1 delete “Despite” and insert “Notwithstanding”,


The amendment is to make the draft language conform to existing ones.

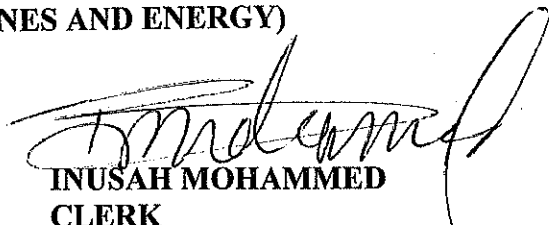
**Clause 9**, sub-clause (3), line 3 after “shall” delete “despite” and insert “notwithstanding”.

## **7.0 Conclusion**

In conclusion the Committee wishes to state that in view of the fact that Government alone can no longer bear responsibility for the generation, transmission and distribution of electricity in the country couple with the need to make the industry attractive to the private sector, the Committee therefore wishes to recommend to the House to adopt its report and approve the Volta River Development (Amendment) Bill subject to the proposed amendments.

Respectfully submitted.

  
**HON. GIFTY EUGENIA KUSI**  
**CHAIRPERSON**  
**(COMMITTEE ON MINES AND ENERGY)**

  
**INUSAH MOHAMMED**  
**CLERK**  
**(COMMITTEE ON MINES AND ENERGY)**