

**IN THE FIRST SESSION OF THE EIGHTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA**

REPORT OF THE COMMITTEE ON MINES AND ENERGY

ON THE

**ANNUAL BUDGET ESTIMATES FOR THE MINISTRY OF ENERGY
FOR THE YEAR ENDING 31ST DECEMBER, 2022**

DECEMBER, 2021

1.0 INTRODUCTION

Following the presentation of the Budget Statement and Economic Policy of Government by the Minister for Finance, Hon. Ken Ofori-Atta for the year ending 31st December, 2022 on the 17th day of November, 2022, the Budgetary Estimates for the Ministry of Mines and Energy was laid in the House and referred to the Committee on Mines and Energy for consideration and report in accordance with Articles 179 and 180 of the Constitution and pursuant to Orders 140 (4) and 88 of the Standing Orders of the House.

1.1 Deliberations

On the 13th day of December, 2021, the Committee met with two Deputy Ministers of Energy, Hon. William Owuraku Aidoo and Hon. Egyapa Mercer and the technical team from the Ministry of Energy and Ministry of Finance to deliberate on the referral. The Committee is grateful for their inputs.

2.0 REFERENCE DOCUMENTS

The Committee referred to the following documents in its considerations:

1. THE 1992 Constitution;
2. The Standing Orders of Parliament;
3. The Renewable Energy Act, 2011 (Act 832);
4. The Energy Commission Act, 1997 (Act 541);
5. The Petroleum Commission Act, 2011 (Act 821);
6. The Petroleum Hub Development Corporation Act, 2020 (Act 1053);
7. The Public Utilities Regulatory Commission Act, 1997 (Act 538);
8. The Budget Statement and Economic Policy of the Government of the Republic of Ghana for the 2022 Financial Year; and
9. The Ministry of Energy Medium Term Expenditure Framework (MTEF) for 2022-2025.

3.0 AGENCIES UNDER THE MINISTRY

The Ministry of Energy comprises the Following

a. Headquarters

b. Power sub-sector

- Energy Commission;
- Volta River Authority;
- Bui Power Authority;
- Ghana Grid Company;
- Electricity Company of Ghana;
- Northern Electricity Distribution Company;
- Volta Aluminum Company;
- Volta Resettlement Trust Fund; and
- Nuclear Power Ghana.

c. Petroleum sub-sector

- National Petroleum Authority;
- Petroleum Commission;
- Ghana National Petroleum Corporation;
- Ghana National Gas Company;
- Bulk Oil Storage and Transportation Company;
- Tema Oil Refinery;
- Ghana Cylinder Manufacturing Company;
- Ghana Oil Company Limited; and
- Petroleum Hub Development Corporation.

3.1 Vision and Mission of the Ministry

The vision of the Ministry is to develop an energy economy with reliable supply of high quality energy services for the Ghanaian economy and for export.

The Mission of the Ministry is to ensure reliable and competitively-priced energy for the Ghanaian economy and for export, in an environmentally-friendly manner.

3.2 Policy/Strategic Objectives of the Ministry

The Ministry has adopted the following policy objectives to be achieved within the short to medium term:

3.2.1 Power sub-sector

- i. Ensure availability of clean, affordable and accessible energy;
- ii. Ensure efficient transmission and distribution system;
- iii. Ensure efficient utilization of energy;
- iv. Enhance capacity for policy formulation and coordination; and
- v. Improve financial capacity and sustainability of utility companies.

3.2.2 Petroleum Sub-Sector

- i. Promote petroleum exploration;
- ii. Promote development and use of indigenous capabilities for exploitation of petroleum resources;
- iii. Leverage oil and gas industry as a catalyst for national economic development;
- iv. Minimize potential environmental impacts of oil and gas industry;
- v. Reduce greenhouse gas emissions; and
- vi. Make Ghana the petroleum hub for West African sub-region.

4.0 PERFORMANCE FOR 2021

4.1 Power sub-sector

4.1.1 Generation and Transmission

The Ministry achieved the following under its power generation programmes during the year under review:

- i. Completed the 200MW Amandi Power Project and it is dispatching power onto the national grid;
- ii. Completed 99.7% of the construction works for the Stage 1A (144MW open cycle) with the commissioning outstanding and works for the Stage 1B (56MW combined cycle) is 93% complete. Stage 1A and Stage 1B constitute Phase 1 (200MW) of the 400MW of the Early Power Project;
- iii. Carried out an audit of the T3 Repowering Project to determine the value of the Plant in its current state;
- iv. Commenced preparatory works on the relocation of the Ameri Plant to Anwomaso in the Ashanti Region;

- v. Completed preparatory works for the Pwalugu Multipurpose dam. Works are due to start in earnest; and
- vi. Made sturdy progress in the renegotiation and restructuring of the Power Purchase Agreements (PPAs) and Gas Sales Agreements (GSAs).

4.1.2 Transmission

During the year under review, GRIDCo continued with the Transmission System Reinforcement Project to improve operational reliability, security and control among others. For the year under review, the following achievements were made under the project:

- i. Completed the 330kV Kumasi-Kintampo Lot of the Kumasi-Bolgatanga Transmission Line Project and energized;
- ii. Achieved 83% completion of the Volta –Achimota lot of the Volta-Achimota-Mallam Transmission Line Upgrade Project while the Achimota –Mallam segment is 55% complete;
- iii. Completed and commissioned the Pokuasi BSP Project; and
- iv. Achieved 85% completion of the Kasoa BSP Project which comprises the reconstruction of a section of GRIDCo's 161kV Winneba to Mallam Transmission Lines and tie-in-works.

4.1.3 Power distribution

During the year under review:

- i. 162 communities out of the total of 766 communities were connected to the National Grid under the National Electrification Scheme;
- ii. Over Eleven Million (11.0M) LED bulbs (6W, 9W, and 13W) have been received and Five Million (5.0M) is targeted for distribution to key government institutions and the Metropolitan, Municipal and District Assemblies;
- iii. Completed the rehabilitation and replacement of the damaged street lights on the Accra-Tema Motorway;
- iv. Commenced the construction of street lighting infrastructure in the newly-created Regional Capitals;
- v. Achieved 80% completion rate for the installation works for the construction of street lighting infrastructure in Ho; and

- vi. Procured poles to commence the installation of street lights in seven Municipalities and Districts in the Upper East, Northern, Ashanti and Upper West Regions.

4.1.4 Renewable Energy

The Ministry achieved the following as part of its programme to increase renewable energy sources in the energy mix:

- i. Commenced the construction of three (3) mini grids at Azikpe, Aflive and Alorkpem Islands in the Ada District of the Greater Accra Region;
- ii. Distributed 2,657 units of solar lanterns to rural and peri-urban areas at subsidized prices;
- iii. Commissioned and operationalized the Bui Power Authority 50MW Solar Power Plant and the VRA 13MW Kaleo Solar Project;
- iv. Continued ongoing negotiations on the Second Phase of the 912 kilowatt peak (kWp) Jubilee Solar PV project with the Contractor on having successfully completed the First Phase;
- v. Completed preparatory activities for the scaling up of the Renewable Energy Project;
- vi. Received indicative term sheet for a line of Credit from the Government of India towards the implementation of the prioritized projects; and
- vii. Distributed 230,000 units of Improved Charcoal Cook Stoves

4.1.5 Nuclear Energy Development Programme

The Ministry commenced the process of identifying a nuclear vendor as a strategic partner for its Nuclear Energy Development Programme. Twelve (12) prospective vendors have responded to the Request for Information (RIP) by Nuclear Power Ghana and the review process is ongoing.

4.2 Petroleum Sub-Sector

4.2.1 Upstream Activities

The Ministry recorded the following achievements under the petroleum Sector:

- a) Greater Jubilee Field
 - Total Crude Oil from the Greater Jubilee Field as of September, 2021 was 19,940,478 barrels averaging 73,042 barrels per day; and

- A total of 26.55Bcf of gas was exported to the Gas Processing Plant at Atuabo translating into an average of 97.25 MMScf per day.

b) Tweneboa-Enyera-Ntome (TEN) Field

- Total Crude Oil from the TEN Field as of September, 2021 was 9,476,489 barrels averaging 34,712.41 barrels per day; and
- A total of 2.50Bcf of gas was exported to the Gas Processing Plant at Atuabo translating into an average of 9.17 MMScf per day.

c) Sankofa Gye Nyame Field

- Total Crude Oil from the Sankofa Gye Nyame Field from January to September, 2021 was 12,110,451 barrels averaging 44,361 barrels per day; and
- A total of 48.14 Bcf of Non-Associated Gas was exported to the Onshore Receiving Facility (ORF) at Sanzule translating into an average of 176.35 MMScf per day.

d) With respect to works on the Voltarian Basin Project, the Ministry has

- Completed processing and interpretation of the 668.99km; and
- Acquired 2D seismic data.

e) With respect to Gas Commercialization, the Ministry

- Commenced negotiations with N-Gas, the Supplier of gas in the West African Gas Pipeline (WAGP) as part of Government's efforts to renegotiate gas agreements to lessen the Take or Pay burden;
- Continued with ongoing negotiations to restructure the OCTP gas agreement to reduce the headline price of gas supplied from that field; and
- Will commission the Tema LNG project in the fourth quarter. The project is a strategic project which is expected to diversify and boost security of gas supply to the nation.

4.2.2 Downstream Developments

The following activities were undertaken by the Ministry and its Agencies in the downstream during the period under review:

- Established the Petroleum Hub Development Corporation;
- Completed an Interim report on the Strategic Environmental Assessment (SEA) of the Petroleum Hub Master Plan and obtained a temporary Environmental Permit;
- Reviewed the draft Spatial plan; and
- Engaged prospective investors at the Offshore Technology Conference (OTC).

5.0 FINANCIAL PERFORMANCE FOR 2021

A total amount of **GH¢854,053,706.00** was approved for the implementation of the programmes and activities for the Ministry of Energy for the 2021 financial year. As at the end of September, a total amount of **GH¢226,620,055.96** of approved budget was utilised as Expenditure. The details are presented in the table below:

Table 1 Financial Performance for 2021

Expenditure Item	2021 Approved budget (A)	Release (B)	Actual Expenditure (c)	Variance	%
Compensation					
GOG	4,410,616.00	3,433,114.44	3,433,114.44	977,501.56	78%
IGF	18,295,780.00	11,487,421.00	11,487,421.00	6,808,359.00	63%
Goods and Services					
GOG	6,268,048.00	4,696,005.00	4,297,525.24	1,970,522.76	69%
IGF	40,109,979.00	9,075,721.00	9,075,721.00	31,034,258.00	23%
CAPEX					
GOG	87,673,868.00	49,780,693.82	49,780,693.82	37,893,174.18	57%
ABFA	8,000,000.00	8,000,000.00	8,000,000.00		100%
IGF (EC)	9,851,574.00	3,323,550.00	3,323,550.00	6,528,024.00	34%
DP Funds	679,443,841.00	137,222,030.00	137,222,030.46	542,221,810.54	20%
TOTAL	854,053,706.00	227,018,535.26	226,620,055.96	627,433,650.04	27%

6.0 Outlook for 2022

In 2022, the Ministry plans to undertake the following projects:

6.1 Power Generation and transmission programme:

- i. Engage a credible Joint Venture partner to undertake the repowering project with VRA;
- ii. Continue activities on the relocation of the 250MW Ameri Power Plant from Aboadze in the Western Region to Anwomaso in the Ashanti Region;
- iii. Secure funding for the construction of the 50MVAr STACOM in Kumasi to improve the Network Interconnection Transmission System (NITS) in the Ashanti and the Northern Regions of Ghana (Siemens – Ghana collaboration);
- iv. Complete and commission the Volta-Mallam-Achimota Transmission Line Upgrade Project by the end of first quarter 2022; and
- v. Commence the construction of GRIDCo Western corridor transmission upgrade project (WCTUP).

6.2 Power Distribution

Under the Self Help Electrification Programme (SHEP), the Ministry plans to connect over 800 towns under the SHEP-4, SHEP-5 and Turnkey Project. Additionally, the Ministry will implement a strategy which involves the selection of 2,401 communities to be connected to the national grid as a priority. Engineering assessments are currently being undertaken.

6.3 Renewable Energy Development

The Ministry will:

- Scale up Renewable Energy Project through the Supply and installation of solar home systems in 20 island and lakeside communities. It would also commence the construction of 10 mini-grids in 10 island communities;
- Complete and commission the three mini-grids at Azizkpe, Aflive and Alorkpem in the Ada East District of the Greater Accra Region will be completed and commissioned; and
- Facilitate the completion of the second phase of the 912kWp Jubilee Solar PV project.

6.4 Energy Conservation and Cost Recovery Programme

As part of measures at conserving energy, the Ministry will:

- Complete the distribution of the remaining 216,000 Improved Charcoal Cook stoves;
- Distribute 10,000 units of solar lanterns to rural and peri-urban communities at subsidized price as part of efforts to promote clean lighting source; and
- Complete ECG 100MW solar power capacity auction.

6.5 Ghana Nuclear Power Programme

The Ministry and Nuclear Power Ghana Limited will finalize processes to identify a vendor country and submit recommendations to Cabinet. It will also continue activities towards the identification of the preferred site for the first nuclear power plant.

6.6 Petroleum Development (Upstream)

As part of its programme of activities for the upstream sector, the Agencies under the Ministry will:

- Drill two wells and complete four wells in the Greater Jubilee field;
- Drill four wells and complete three wells in the TEN field;
- Commence construction of Train 2 of the Atuabo Gas Processing Plant (GPP);
- Commence construction of Tema-Atiwa-Konongo-Kumasi gas pipeline; and
- Secure approval for the Gas Master Plan.

GNPC will also drill a well in the Voltaian Basin and develop a natural gas distribution franchise in Tema to supply low pressure gas to industries such as ceramics, cement and aluminum.

6.7 Oil Production

The Ministry expects the following production as follows:

- Average daily oil production and gas export from Greater Jubilee is projected to be 80,500 bbl and 97.49 MMScf respectively;

- Average daily oil production and gas export from TEN is projected to be 50,511 bbl and 48.68 MMScf respectively; and
- Average daily oil production and gas export from SGN is projected to be 36,675 bbl and 171 MMScf respectively.

6.8 Petroleum Development (Downstream)

As part of its goal of achieving an increase in the use of LPG to 50% by 2030, the following interventions will be carried out in 2022:

- 122,090 LPG cook stoves would be distributed across 60 districts in the rural and peri-urban areas;
- 50 Senior High Technical and Vocational Schools would benefit from the Cylinder/Tank installations;
- 2,000 Commercial Catering Users will be given commercial gas stoves; and
- 40 commercial vehicles will be retrofitted to Autogas.

The Cylinder Recirculation Model (CRM) will also continue to run alongside the current distribution system. The Cylinder Investment Margin (CIM) will be introduced to fund the supply of cylinders which shall be distributed for free.

6.9 Petroleum Hub Development

The Petroleum Hub Development Corporation will complete the feasibility studies, clearing of site, commencement of civil works including drainage systems, waste treatment, construction of a refinery and storage tanks, jetties and port infrastructure as well as roads and railway network to pave way for trading within the sub-region.

7.0 BUDGETARY ALLOCATION FOR 2022

For the year 2022, a total amount of GH¢**561,343,000.00** has been allocated to the Ministry of Energy for the implementation of its programme of activities. The Breakdown of the allocation is provided in Table 2 as follows:

Table 2 Budgetary Allocation for the Ministry of Energy for 2022

EXPENDITURE ITEM	2022 APPROVED BUDGET
COMPENSATION	5,644,000.00
GOODS AND SERVICES	
HEADQUARTERS	15,261,000.00
PETROLEUM HUB	20,000,000.00
NUCLEAR POWER GHANA	3,000,000.00
CAPEX	
HEADQUARTERS	147,604,000.00
PETROLEUM HUB	30,000,000.00
ABFA	48,000,000.00
IGF	
COMPENSATION	18,914,000.00
GOODS AND SERVICES	9,114,000.00
CAPEX	8,597,000.00
DP	
GOODS AND SERVICES	6,486,000.00
CAPEX	248,723,000.00
TOTAL	561,343,000.00

8.0 OBSERVATIONS

8.1 Additional release from the Ministry of Finance

The Ministry reported to the Committee that for the year 2021, a total amount of GH¢4,625,015,408.64 was applied to its past financial liabilities. The Ministry explained that the amounts were in respect of IPPs and other Energy Sector payments.

The Committee was informed that the Ministry of Finance accounts for the allocation in its books and not the Ministry of Energy.

It is a matter of deep regret that the Ministry of Finance would not create a specific budget line to meet the old financial obligations of the Ministry of Energy in its Annual Budgetary allocations, an advice that the Committee proffered in its Report to this House in March 2021 which the Ministry of Finance has conveniently ignored.

8.2 Petroleum Hub Development Corporation

The Ministry informed the Committee that in compliance with the Petroleum Hub Development Corporation Act, 2020 (Act 1053), the Ministry has commenced the operationalization of the Petroleum Hub. The Corporation has acquired land, undertaken an environmental assessment studies as well as Spatial Structure and Plan. Its Board is in place and a CEO has been appointed.

For 2022, the Corporation would undertake a number of activities including feasibility studies, marketing, due diligence, developing Micro, Small and Medium Enterprises (MSMEs) Programmes and commencement of civil works, among others.

8.3 Access to Electricity

The Committee observed that access to electricity has improved marginally. A total of 18, 903 communities are yet to be connected to the National Grid. The Ministry explained that Government has put in a lot of efforts to expand electricity to all including procuring significant number of meters. Further, for 2022, the Ministry will connect about 2,401 communities to the national grid.

8.4 Cylinder Recirculation Model (CRM)

The Committee observed that the Ministry intends to implement the Cylinder Recirculation Model (CRM). The Model will continue to run alongside the current distribution system. The Committee also noted that the model has a levy as a source of its funding which must be approved by Parliament.

The Committee recommends to the Ministry that in order to successfully implement the Model, there is the need to ensure that the levy is captured under the Fees and Charges Legislative Instrument. This is the only way the Ministry would have the mandate to implement the proposed levy.

8.5 Energy Commission

The Committee observed that the budget for the Energy Commission was made part of the Ministry's Headquarters Budget. This, in the Committee's view, does not assert the Commission's independence by operation of law. The Committee recommends that in the future, the Commission's budget should not be subsumed under the Ministry's budget.

8.6 Enhancing Efficiency at Electricity Corporation of Ghana (ECG)

The Committee observed that ECG implemented the Strategic Business Unit Concept in the Ashanti Region as a pilot to assess the impact of the Unit on ECG's operating and financing efficiency. The concept among many others, was intended to reduce commercial losses, enhance cost effectiveness and improve service delivery.

In the Committee's opinion this should be a "must-do" in the entire country. The Committee therefore recommends that the Ministry scales it up and make it operational in the entire nation.

9.0 CONCLUSION

The Committee, having thoroughly examined the budget estimates of the Ministry of Energy for the year 2022 fiscal year, is of the view that the policies and programmes outlined for the year would go a long way to support of the Sector's goals of providing secure, safe and reliable supply of energy to promote economic growth of the country.

The Committee accordingly recommends to the House to adopt its report and approve the sum of **Five Hundred and Sixty-One Million, Three Hundred and Forty-Three Thousand Ghana Cedis (GH¢561,343,000)** for the Ministry of Energy for the Year ending 31st December, 2022.

Respectfully Submitted.



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HON. SAMUEL ATTA AGYEA
CHAIRMAN, COMMITTEE ON MINES AND ENERGY



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EVELYN BREFO BOATENG (MS)
CLERK, COMMITTEE ON MINES AND ENERGY