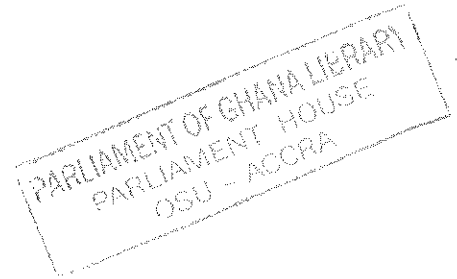
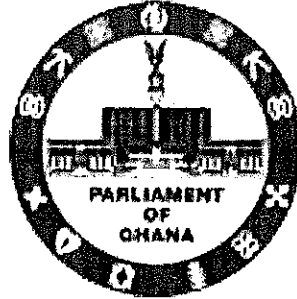


**IN THE SECOND SESSION OF THE EIGHTH PARLIAMENT OF
THE FOURTH REPUBLIC OF GHANA**



**REPORT OF THE FINANCE COMMITTEE ON THE ANNUAL REPORT
ON THE MANAGEMENT OF THE ENERGY SECTOR LEVIES AND
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2021**

1.0. INTRODUCTION

The Annual Report on the Management of the Energy Sector Levies and Accounts for the year ended 31st December, 2021 was presented to the House by the Hon. Minister responsible for the Ministry of Finance Mr. Ken Ofori Atta in accordance with Section 6 of the Energy Sector Levies Act, 2015 (Act 899).

The Rt. Hon. Speaker referred the report to the Finance Committee for consideration and report in accordance with Order 169 of the Standing Orders of the Parliament of Ghana.

The Committee was assisted in its deliberations by a Deputy Minister of Finance, Dr. John Ampontuah Kumah and officials from the Ministry of Finance, Bank of Ghana, Ghana National Petroleum Corporation (GNPC), Ghana National Gas Company (GNGC), Ghana Revenue Authority (GRA), Ghana Infrastructure Investment Fund (GIIF), Controller and Accountant-General's Department (CAGD), National Petroleum Authority (NPA), Ghana Grid Company Limited (GRIDCo), Northern Electricity Distribution Company (NEDCo), Electricity Company Limited (ECG), Energy Commission (EC), ESLA Plc., and Tullow Oil Ghana to consider the referral.

2.0. DOCUMENTS REFERRED TO

The Committee referred to the following documents at its deliberations:

- i. The 1992 Constitution of Ghana;
- ii. The Standing Orders of the Parliament of Ghana;
- iii. The Public Financial Management Act 2016 (Act 921); and

- iv. The Energy Sector Levies Act, 2015 (Act 899) As Amended in 2017 (Act 946).

3.0. BACKGROUND

The Energy Sector Levies Act, 2015 (Act 899) as amended in 2017 (Act 946) was promulgated in 2015 to address the huge debt burden and operational challenges facing State Owned Enterprises (SOE) in the Energy Sector, support power generation and power supply sustainability, subsidize premix and stabilize petroleum prices, support road maintenance as well as fund the activities of the Energy Commission.

In order to achieve its objects, Act 899 imposed a number of levies namely the:

- i. Energy Debt Recovery Levy (EDRL),
- ii. Price Stabilization and Recovery Levy (PSRL),
- iii. Road Fund Levy,
- iv. Energy Fund Levy,
- v. Public Lighting Levy and
- vi. National Electrification Scheme Levy on the prices of petrol, diesel, MGO, fuel oil, kerosene, LPG as well as electricity.

The proceeds from the imposition of the levies are to be used to pay off the huge debt in the Energy Sector, among others.

Section 6 of Act 899 as amended in Act 946 requires the Minister for Finance to submit an Annual Report to Parliament on the management and utilization of the accounts established under the Act. It is pursuant to this requirement that the Minister responsible for the Ministry of Finance has submitted to Parliament the Annual Report on the management of the Energy Sector Levies for 2021.

4.0. PURPOSE OF THE 2021 ANNUAL REPORT

The purpose of the 2021 Annual Report is to inform Parliament on the management and use of the funds realized from the imposition of levies under Act 899.

5.0. OBSERVATIONS

5.1. Prevailing Rates

The Committee observed that for the year 2021, the Act imposed various levies on petroleum products and electricity. The levies, their respective rates and the various products are summarized in Table 1 below:

Table 1: Prevailing rates of levies for the period 2021

	Petrol (ppl)	Diesel (ppl)	MGO (ppl)	Fuel Oil (ppl)	LPG (ppl)	Kerosene (ppl)	Electricity (ppkWh)

Energy Debt Recovery Levy	0.41	0.41	0.03	0.04	0.37		
<i>o/w Foreign Exch. Under-recoveries</i>	0.05	0.05			0.05		
<i>o/w TOR debt recovery Levy</i>	0.08	0.08	0.03	0.04	0.04		
<i>o/w Power Gen. And Infra Support</i>	0.28	0.28			0.28		
Energy Sector Recovery Levy (Delta Fund)	0.20	0.20					
Sanitation and Pollution Levy	0.10	0.10					
Road Fund Levy	0.40	0.40					
Energy Fund Levy	0.01	0.01		0.01		0.01	
Price Stabilisation & Recovery Levy	0.12	0.10			0.10		
Public Lighting							3.00%
National Electrification Scheme Levy							2.00%

Source: ESLA Act (2015) Act 899, as amended, 2017 (Act 946), 2019 (Act 997), 2021 (Act 1064)

5.2. Volumes of Petroleum Products and Gas Lifted In 2021

During the period under review, the Oil Marketing Companies lifted a total of 4,744,285,112 litres of various liquefied petroleum products and 344,267,860KG of LPG. The Details of the petroleum products and volumes lifted are captured in Table 2 below:

Table 2: Volumes of Liftings for 2021 (Dec, 2020 to Nov, 2021)

NO.	Product	Volumes lifted
A	LIQUEFIED PETROLEUM PRODUCTS	
1	Petrol (in Litres)	2,262,562,200
2	Diesel (in Litres)	2,287,001,018
3	Kerosene (in Litres)	5,773,500
4	MGO-L (in Litres)	26,319,305
5	MGO-F (in Litres)	8,014,644

6	RFO (in Litres)	153,102,445
7	Unified/Naphtha (in Litres)	1,512,000
	TOTAL (in Litres)	4,744,285,112
B	LPG (KG)	344,267,860

Source: GRA

5.3. Exemptions

A total of 173,416,500 litres of petroleum products, accounting for 7.6% of total liftings were exempted from the payment of ESLA levies. These relate mainly to Diesel products.

5.4. Levies Collected for the Period

The Committee observed that a total amount of GH¢6,293,873,087.41 was collected for the period as against a programmed amount of GH¢6,248,172,208. The amount collected exceeded the programmed amount by GH¢45,700,879.42 or 0.7%. Details of the levies collected are presented in Table 3 below:

Table 3: Collection of Levies

	Programmed collection	Actual Collection	Actual-program
Energy Debt Recovery Levy (EDRL)	2,158,290,000.00	2,373,888,412.07	215,598,412.07
Energy Sector Recovery Levy	666,256,699.78	566,085,627.84	-100,171,071.94
Sanitation and Pollution Levy	311,664,115.83	264,818,176.23	-46,845,939.60
Price Stabilisation and Recovery Levy	753,557,223.00	629,351,271.08	-124,205,951.92
Road Levy	1,973,033,928.00	2,177,454,632.41	204,420,704.41
Energy Fund Levy	49,346,070.13	47,374,170.81	-1,971,899.32
Public Lighting Levy	201,692,721.64	140,661,614.65	-61,031,106.99
o/w ECG	148,601,529.64	106,380,815.33	-42,220,714.31
o/w NEDCO	19,161,634.20	12,945,059.72	-6,216,574.48
o/w VRA	33,929,557.80	21,335,739.60	-12,593,818.20
National Electrification Scheme Levy	134,331,449.61	94,239,181.60	-40,092,268.01

o/w ECG	98,909,764.48	71,412,361.09	-27,497,403.39
o/w NEDCO	12,774,422.81	8,630,039.82	-4,144,382.99
o/w VRA	22,647,262.32	14,196,780.69	-8,450,481.63
Total ESLA 2021	6,248,172,208	6,293,873,087	45,700,879

Source: GRA, ECG, NEDCO, VRA and MoF

In 2021, Actual collections exceeded programmed collection by GH¢45.70 Million or 0.7%. Due to the introduction of the Energy Sector Recovery Levy (ESRL) and Sanitation and Pollution Levy (SPL), total collections for 2021 were higher by GH¢1,726.84 Million.

5.5. Distribution of EDSL and PSRL into the Established Accounts

The Committee observed that for the period under review, the total amount of **GH¢4,567.03 Million** collected as levies were subsequently distributed into the various accounts established under ESLA. Details of the distribution is captured in Table 4 below:

Table 4: Distribution of levies Collected into the various Accounts

NO.	Name of Account	Programmed collection	Actual Collection	Lodgement
1.	Petroleum Levies	5,912.15	6,058.97	5,873.00
2.	Energy Debt Service Account	690.65	629.98	629.98
	<i>o/w foreign exch. under recoveries</i>	246.66	244.45	244.41
	<i>o/w recovery of TOR debt</i>	443.99	385.53	385.57
3.	Power Gen. & Infra Support sub-Account	1,467.64	1,743.91	1,743.91
	<i>o/w share of EDRL</i>	1,467.64	1,743.91	1,743.91
4.	Energy Sector Recovery Account	666.26	566.09	566.09
5.	Sanitation and Pollution Account	311.66	264.82	264.82
6.	Price Stabilisation and Recovery Account	753.56	29.35	542.14
7.	Total for Accounts established under the ESLA	3,889.77	3,834.14	3,746.93
8.	Road Fund	1,973.03	2,177.45	2,080.79
9.	Energy Fund	49.35	47.37	45
10.	Electricity Levies	336.02	234.90	214.87

11.	PLL Transfers to MoEn	117.81	81.00	79.40
	<i>o/w 50% from ECG</i>	74.30	53.19	35.14
	<i>o/w 50% from NEDCO</i>	9.58	6.47	12.83
	<i>Arrears paid in 2021</i>			12.83
	<i>o/w 100% VRA</i>	33.93	21.34	28.43
	<i>Arrears paid in 2021</i>			9.99
12.	PLL Retention by EDCs	83.88	59.66	59.66
	<i>o/w 50% by ECG</i>	74.30	53.19	53.19
	<i>o/w 50% by NEDCO</i>	9.58	6.47	6.47
13.	100% NESL transfers into NEF	134.33	94.24	78.80
	<i>o/w ECG</i>	96.91	71.41	46.86
	<i>o/w NEDCO</i>	12.77	8.63	13.51
	<i>Arrears paid in 2021</i>			13.51
	<i>o/w VRA</i>	22.65	14.20	18.43
	<i>Arrears paid in 2021</i>			6.16
14.	Sub-Total Other Accounts/Funds	2,358.40	2,459.73	2,340.93
15.	Total Amounts Distributed	6,248.17	6,293.87	6,087.87

Source: GRA, ECG, NEDCo, VRA, and CAGD

5.6. Utilization of ESLA Levies

The Committee observed that for the period under review, a total amount of GH¢4,640.32million, out of the total amount of **GH¢6,087.87million** lodged in the accounts were utilized. Details of the utilization are captured in Table 5 below:

Table 5: Utilization of ESLA Levies

NO.	Description of ESLA Account/ FUND	Amount
1.	Energy Debt Service Account	1,205.34
2.	Power Gen. & Infra Sub A/c	461,091,757.75
3.	Transfers to ESLA Plc	2,379,602,581.94
4.	Energy Sector Recovery Account	180,000,000.00
5.	Sanitation and Pollution Account	156,240,000.00
6.	Price Stabilisation and Recovery	419,842,376.00
	Sub-total A (Established Accounts)	3,596,777,921.03
1.	Transfers to Road Fund	798,870,278.98
	<i>o/w amount utilised</i>	765,650,000.00
2.	Transfers to Energy Fund	29,807,346.00

	<i>o/w amounts utilised</i>	29,807,345.96
3.	Transfers to MoEN for PLL	76,402,223.54
	<i>o/w amounts utilised for Public Lighting Infrass.</i>	50,239,930.18
4.	PLL Retention by EDCs for cost of Public Lighting	59,662,937.52
	<i>o/w amounts utilised for cost for Public Lighting</i>	59,662,937.52
5.	Transfers to MoEN (NEF)	78,800,223.90
	<i>o/w amounts utilised for NEP</i>	83,581,926.78
	Sub-total B (Other Accounts/ Funds)	1,04,543,009.94
	GRAND TOTAL Utilisation (A + B)	4,640,320,930.97

Source: CAGD, ECG, NEDCo, VRA and MoEN

5.7. Transfers to ESLA PLC

The Committee also observed that for the year 2021, an amount of GH¢2,379,602,581.94 was transferred by the Controller and Accountant-General's Department (CAGD) to ESLA Plc. Details of the transfers are captured in Table 6 below:

Table 6: Reconciliation of Transfers to ESLA Plc

Item	Amount (GH¢)
EDRL Received in 2021	2,437,375,300.47
Less cash in transit as at 31st December, 2021	-
Less 2020 cash in transit received in 2021	(52,533,330.51)
Less Case from other sources	(5,265,848.02)
Refund to OMCs	26,460.00
Transfers by CAGD To ESLA PLC	2,379,602,581.94

5.8. Status of Bonds issued by ESLA PLC

The Committee observed that as at 31st December, 2021, ESLA Plc issued additional bonds totaling GH¢1,020.50million in 2021, bringing total bonds issued to GH¢11,420.06million. The Company has so far bought back/cancelled bonds amounting to GH¢1,685.0Million and exchange bonds amounting to GH¢39.0Million, leaving value of bonds outstanding of GH¢8,701.0Million.

5.9. Transfers to ESLA PLC

The Committee also observed that since 2017 to date, a total amount of GH¢7,469,980,707.00 has been transferred to ESLA Plc. The remainder of the funds were applied to outstanding bond obligations.

5.10. Bond Proceeds Utilisation

The Committee observed that following the issuance of the bonds, SOE debts amounting to approximately GH¢10,056.87 Million have been novated to E.S.L.A. PLC as at 31st December 2021. Out of this amount, GH¢1,870.28 Million was settled in cash to creditors, while the remaining GH¢8,186.59 Million was covered by debt swaps. Details of the Utilisation of the bond proceeds is shown in the Table 7 below:

Table 7: Utilisation of the bond proceeds

Category	Novation Inception to Dec, 2018	Creditors Novation 2019	Creditors Novation 2020	Creditors Novation 2021	Total Creditors Novation
Cash Settlement	1,530.43	339.85			1,870.28
Debt-Swap	3,919.67	648.93	1,617.52	2,000.47	8,186.59
Total Settlement	5,450.10	988.78	1,617.52	2,000.47	10,056.87

Source: ESLA Plc

5.11. Payments to the State Owned Enterprises

The Committee again observed that as at 31st December, 2021, a total amount of GH¢10,056.87 Million has been released to the under listed SOEs for payment of the energy sector related debts. The technical team assured the Committee that the Ministry would continue to monitor market activities and subject to favourable conditions, further market issuances will be announced. Breakdown of the payments to the SOEs are captured in Table 8 below:

Table 8: Payments to SOEs

	Name of SOE	Amount
1	Volta River Authority (VRA)	3,731.40
2	Tema Oil Refinery (TOR)	1,553.63
3	Electricity Company of Ghana Limited (ECG)	1,687.38
4	Bulk Oil Storage and Transport (BOST)	2,803.87
5	Ghana Grid Company	210.93
	Total	10,056.87

5.12. Debt Servicing

The Committee furthermore observed that ESLA Plc made the required coupon payment of GH¢1,477.69 Million to its bondholders for January, April, May, June, July, October, November and December, 2021. Funds in excess of its immediate obligations were transferred to the lockbox in accordance with the requirements of

the bond programme and invested in permissible investments. The remainder was kept in the Debt Servicing Reserve Account towards future obligations.

6.0. RECOMMENDATION

The Committee observed that the total value of bonds issued as at the end of 2021 amounted to GH¢11,420,059,179.00. The total levies transferred to ESLA Plc from 2017 to date amounts to GH¢7,469,980,707.00.

The Committee further observed that despite receiving GH¢7,469,980,707.00, ESLA Plc has only bought back and cancelled GH¢2,719,468,964.00, leaving an outstanding balance of GH¢8,701.0million.

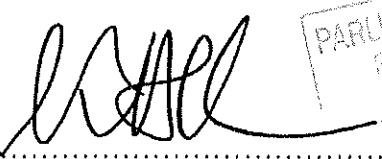
The Committee is displeased with the rate of buy backs by ESLA Plc, reiterates its earlier recommendation in its 2020 report to the House that that ESLA Plc should aim at buying back more in order to timeously retire the bonds.


7.0. CONCLUSION

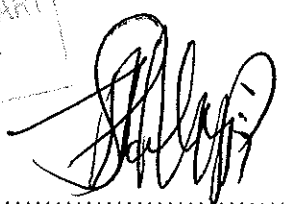
The Committee after a careful examination of the report is of the view that the contents of the report satisfies the requirements of the Energy Sector Levies Act, 2015 (Act 899) as amended (Act 945). The report provided a detailed account of the volumes of petroleum products lifted, proceeds realized into the ESLA Accounts, allocation into the various established and other accounts as well as their utilization. It also provided information the bonds issued by ESLA Plc to refinancing the energy sector debt and their buybacks.

The Committee therefore recommends to the House to adopt its report on the Annual Report on the management of the Energy Sector Levies and Accounts for the year ended 31st December, 2021.

Respectfully submitted.


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HON. KWAKU KWARTENG
CHAIRMAN, FINANCE COMMITTEE


PARLIAMENT OF GHANA LIBRARY
PARLIAMENT HOUSE
ACCRA


.....
JOANA ABENA SAKYI ADJEI (MRS)
CLERK TO THE COMMITTEE

2nd November 2022

