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

REPORT OF THE COMMITTEE ON MINES AND ENERGY

ON THE

**ANNUAL BUDGET ESTIMATES OF THE MINISTRY
OF ENERGY FOR THE 2023 FINANCIAL YEAR**

DECEMBER, 2022

IN THE SECOND SESSION OF THE EIGHTH PARLIAMENT OF THE FOURTH
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REPORT OF THE COMMITTEE ON MINES AND ENERGY ON THE ANNUAL
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YEAR

1.0 INTRODUCTION

The Budget Statement and Economic Policy of the Government of Ghana for the 2023 Financial Year was presented to Parliament by the Hon. Minister for Finance, Mr. Ken Ofori-Atta on 24th November, 2022 in accordance with Article 179 of the 1992 Constitution.

Pursuant to Orders 140 (4) and 188 of the Standing Orders of Parliament, the Annual Budget Estimates for the Ministry of Energy were committed to the Committee on Mines and Energy for consideration and report.

2.0 DELIBERATIONS

The Committee met with the Hon. Minister for Energy, Dr. Matthew Opoku Prempeh, Hon. Deputy Minister for Energy, Mr. Andrew Egyapa Mercer, Hon. Deputy for Energy, Mr. William Owuraku Aidoo and Officials of the Ministry to consider the Annual Budget Estimates. Officials of the Ministry of Finance were in attendance to assist in the deliberations.

The Committee is grateful to the Hon. Minister, the Hon. Deputy Ministers and the Officials for attending upon the Committee and clarifying issues raised at the meeting.

3.0 REFERENCE DOCUMENTS

The Committee referred to the following documents during the deliberations:

- i. The 1992 Constitution of the Republic of Ghana;
- ii. The Standing Orders of the Parliament of Ghana, 2000;
- iii. The Civil Service Act, 1993 (PNDCL 327);
- iv. The Energy Sector Levies Act, 2015 (Act 899);
- v. The Nuclear Regulatory Authority Act, 2015 (Act 895);

- vi. The Renewable Energy Act, 2011 (Act 832);
- vii. Petroleum Hub Development Corporation Act, 2020 (Act 1053);
- viii. Energy Commission Act, 1997 (Act 541);
- ix. The Ghana Energy Policy, 2010;
- x. The Revised Gas Master Plan; and
- xi. The Budget Statement and Economic Policy of the Government of Ghana for the 2023 Financial Year.

4.0 VISION, MISSION AND CORE FUNCTIONS OF THE MINISTRY OF ENERGY

4.1 Vision of the Ministry

To be self-sufficient in the provision of sustainable energy and for export.

4.2 Core Functions of the Ministry

Per Section 13 of the Civil Service Act, 1993 (PNDCL 327), the core functions of the Ministry of Energy are as follows:

- i. Translate Government's energy development agenda and policy directions contained the Ghana National Energy Policy into strategies and programmes;
- ii. Ensure a reliable supply of energy services to meet national demand and for export;
- iii. Increase access to modern energy forms, especially in the rural areas;
- iv. Ensure availability and security of future energy supplies; and
- v. Strengthen the capacity of energy sector institutions in the planning and coordination of the sector.

5.0 AGENCIES UNDER THE MINISTRY OF ENERGY

The Agencies under the Ministry of Energy comprises the following:

- i. Energy Commission;
- ii. Electricity Company of Ghana (ECG);

- iii. Volta River Authority (VRA);
- iv. Bui Power Authority (BPA);
- v. Ghana Grid Company Limited (GRIDCo);
- vi. Public Utilities Regulatory Commission (PURC);
- vii. Nuclear Power Ghana (NPG);
- viii. Petroleum Hub Development Corporation (PHDC);
- ix. Petroleum Commission;
- x. Ghana National Petroleum Corporation (GNPC);
- xi. National Petroleum Authority (NPA); and
- xii. Ghana National Gas Company (GNGC).

6.0 SECTOR POLICY OBJECTIVES OF THE MINISTRY FOR THE MEDIUM TERM

The Sector Policy Objectives of the Ministry for the Medium Term are set out as follows:

- i. To achieve cost-competitive electricity generation;
- ii. To develop a grid transmission system that facilitates efficient and cost-competitive power evacuation and transportation;
- iii. To accelerate the achievement of universal access to electricity in the country;
- iv. To strengthen the electricity distribution system to enhance a competitive electricity retail market and improve revenue collection;
- v. To increase the contribution of renewable energy in the overall energy production mix;
- vi. To ensure that Ghana's petroleum resources are managed in a transparent and sustainable manner;
- vii. To create an environment that will sustain the development and productive utilisation of natural gas;

- viii. To ensure an effective and efficient functioning downstream petroleum industry;
- ix. To maximize local content and local participation in the energy sector;
- x. To protect the health, safety and security of people working in the energy value chain;
- xi. To ensure that energy is produced, transported and utilized in an environmentally sustainable manner;
- xii. To mainstream gender and persons with disabilities in the Energy Sector;
- xiii. To promote research into energy production, supply and utilisation to ensure sustainable development and use of energy resources; and
- xiv. Enhance capacity for policy formulation and coordination.

7.0 2022 FINANCIAL PERFORMANCE OF THE MINISTRY OF ENERGY

The sum of Five Hundred and Sixty-One Million, Three Hundred and Forty-Three Thousand Ghana Cedis (GH¢561,343,000) was approved for the Ministry of Energy to implement its programmes for the 2022 Financial Year. The figure was subsequently revised downwards to Four Hundred and Eighty-Six Million, Four Hundred and Sixty-Six Thousand, Eight Hundred and Thirty Ghana Cedis, Ninety-Six Pesewas (GH¢486,466,830.96).

The total expenditure of the Ministry as at September 2022 stood at Two Hundred and Fifty Million, Nine hundred and Ninety-Eight Thousand, Eight Hundred and Twenty-Four Ghana Cedis, Sixty Pesewas (GH¢250,998,824.60). The details of this expenditure are shown in Table 1.

Table 1: Expenditure of the Ministry of Energy as at the end of September 2022

Source of Funds	Approved Budget (GHC) (A)	2022 Revised Budget(GHC) (B)	Actual Expenditure (GHC) (C)	Variance (GHC) (B-C)
GOG	221,509,000	156,232,830.96	24,033,943.46	132,198,887.50
IGF(EC)	36,625,000	36,625,000	33,753,528	2,871,472
DP	255,209,000	255,209,000	154,811,353.14	100,397,646.86
ABFA	48,000,000	38,400,000	38,400,000	0
Total	561,343,000	486,466,830.96	250,998,824.60	235,468,006.36

8.0 2022 OPERATIONAL PERFORMANCE OF THE MINISTRY OF ENERGY

The operational performance of the Ministry of Energy in 2022 are outlined as follows:

8.1 Power Sector Development

8.1.1 Generation and transmission

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

- i. Prepared Draft Project Agreements for relocation of Ameri Plant from Aboaze in the Western Region to Anwomaso in the Ashanti Region;
- ii. Requested Volta River Authority to seek suitable Engineering, Procurement and Construction contract (EPC) to carry out the repowering of the T3 Power Plant.
- iii. Completed operating the 161KV Volta-Achimota-Mallam Transmission Line Upgrade Project;
- iv. Finalized the terms of the commercial agreement for the Western Corridor Upgrade Project; and
- v. Engaged the Government team to review documents to allow for the commencement of the Value for Money (VFM) Audit as part of the preparation to commence the Ghana-Siemen's collaboration for Priority Transmission Line projects.

8.1.2 Power distribution

During the year under review, the Ministry achieved the following under their power distribution programmes:

- i. Connected 157 communities to the national grid;
- ii. Increased the national electricity access rate from 87.03% to 88.54%;
- iii. Submitted a feasibility study report to Ministry of Finance for seal of quality in support of the loan facility and for value for money assessment; and
- iv. Provided engineering and consultancy services and supply of electrical equipment to 44 One District One Factory (1D1F) facilities.

8.1.3 Renewable and Alternative Energy Development

The Ministry achieved the following as part of its programmes under renewable and alternative energy development:

- i. Completed civil works on the construction of three mini-grids at Azizakpe, Aflive and Alorkpem islands in the Ada East District in the Greater Accra Region;
- ii. Completed 80% of the second phase of the Solar PV Project;
- iii. Distributed a total of 3,804 units of solar lanterns to rural and peri-urban areas at subsidized prices; and
- iv. Distributed a total of 92,452 improved locally manufactured cooking stoves.

8.1.4 Nuclear Power Development

The Ministry achieved the following under its Nuclear Power programmes in 2022:

- i. Received approval from Cabinet to commence the acquisition of the site for the development of the first Nuclear Power Plant in Ghana;
- ii. Ghana declared by the President as one of the countries to develop Nuclear Power for electricity generation;
- iii. Carried out community and stakeholder sensitization on Nuclear Power; and
- iv. Developed a draft Energy Transition Framework.

8.2 Petroleum Sub-Sector Development

8.2.1 Upstream activities

The Ministry achieved the following in the petroleum upstream sub-sector in 2022:

- i. A total crude oil production from the three producing fields was 39.1 million barrels which translates to an average daily oil production of 129,046 barrels;
- ii. A total of 80.31 billion standard cubic feet (BCf) of gas which translates to average daily rate of 288.83 million standard cubic feet (MMScf);
- iii. Oil production from the Jubilee Field was 23.1 million barrels averaging 75,816.23 barrels per day, and 26.10 billion cubic feet (93.36 MMScf per day) was exported to Gas Process Plant at Atuabo.
- iv. Oil production from the TEN Field was 6.4 million barrels averaging 21,168.57 barrels per day, and 3.31 billion cubic feet of gas (12.28 MMScf per day) was exported to the Gas Processing Plant at Atuabo;
- v. Oil production from the Sankofa Gye Nyame Field was 9.6 million barrels at an average rate of 32,056.65 barrels per day, and 50.9 billion cubic feet of gas (183.18 MMScf per day) of Non-Associated Gas was exported to the Onshore Receiving Facility (ORF) at Sanzule;
- vi. Acquired 1,268.65km 2D seismic data from the exploration of the Voltaian Basin project;
- vii. Drilled five wells in the three oil producing fields;
- viii. Concluded negotiations with N-Gas to lessen the Take or Pay burden on Government; and
- ix. Continued negotiations with three companies (CNOOC, ENI and KOKA) for potential Petroleum Agreements.

8.2.2 Downstream activities

The following were achieved by the Ministry in the Downstream in 2022:

- i. Signed a contract for the procurement of 40,000 LPG cooking stoves and accessories to increase the use of LPG;
- ii. Launched the National LPG Promotion Programme (NLPGPP) in Obuase and distributed 10,000 cooking stoves and accessories in 3 MMDAs;

- iii. Developed a Draft Operations Manual to guide the operations of NLPGPP;
- iv. Received the report of the Committee on the Price Deregulation Policy;
- v. Improved availability of petroleum products through the In-Tank Transfer (ITT) arrangement; and
- vi. Facilitated and granted approval to Petroleum Hub Development Corporation (PHDC) to enter into an exclusivity agreement with a prospective investor.

8.3 Health, Safety, Security and Environment

Implemented climate change interventions through all Agencies under the National Climate Change-Smart Energy Action Plan.

9.0 OUTLOOK OF THE MINISTRY AND AGENCIES FOR 2023

9.1 Power Sector Development

9.1.1 Generation and transmission

In 2023, the Ministry plans to achieve the following under its power generation and transmission programmes:

- i. Complete relocation of the AMERI Plant to Anwomaso in Kumasi;
- ii. Commence the construction of the Ghana–Siemen Priority Transmission Line Projects;
- iii. Commence GRIDCo’s Western Corridor Transmission Upgrade Project (WCTUP);
- iv. Commence the Accra-Kumasi transmission line project and the implementation of the Government Goes Solar project;
- v. Procure an Engineering, Procurement and Construction (EPC) contractor and obtain approvals to repower the 132 MW Takoradi (T3) thermal power plant; and
- vi. Commence preparatory activities towards GRIDCo’s development of the 161Kv Coastal Corridor and Middle Corridor Transmission Line Reinforcement Project.

9.1.2 Power distribution

The Ministry plans to undertake the following under their power distribution programmes in 2023:

- i. Undertake improvement and expansion of ECG distribution networks in selected Districts across the country;
- ii. Connect additional 400 towns under the SHEP-4, SHEP-5 and Turnkey Projects;
- iii. Continue to provide energy support to the IDIF Government's Flagship programme;
- iv. Provide energy support towards the implementation of Government's Agenda 111 Hospital programme; and
- v. Deploy smart all-in-one solar street lighting in Metropolitan, Municipal and District Assemblies (MMDAs) across the country.

9.1.3 Renewable and Alternative Energy Development

The Ministry intends to undertake the following under renewable and alternative energy development in 2023:

- i. Distribute 5,000 units of solar lanterns to rural and peri-urban communities at subsidized price as part of efforts to promote clean lighting source;
- ii. Manufacture and distribute 164,663 cooking stoves; and
- iii. Continue implementation of the Ghana Scaling-Up Renewable Energy Project (SREP) by providing mini grids and net metering with solar PV.

9.1.4 Nuclear Power

The Ministry shall undertake the following in 2023 under their Nuclear Power programmes:

- i. Commence the process of acquisition of site for the development of the first Nuclear Power Plant; and
- ii. Continue the engagement with the approved vendors for the preferred nuclear technology.

9.2 Petroleum Sub-Sector Development

9.2.1 Upstream activities

The Ministry plans to undertake the following in the Upstream during 2023:

- i. Produce oil and export gas daily at an average of 31.1 million barrels and 35.2 billion cubic feet of gas respectively from Greater Jubilee Field;
- ii. Achieve average a daily oil production and gas export from the TEN Field at 9.7 million barrels and 62.4 billion cubic feet of gas respectively;
- iii. Produce oil and export gas from SGN at a daily average of 10.7 million barrels and 62.4 billion cubic feet of gas respectively;
- iv. Acquire 1832 L-km of 2D Seismic data and 750 sq.km of 3D seismic data;
- v. Drill one exploratory well facilitated by GNPC in the Voltaian Basin;
- vi. Implement the recommendations of the revised Gas Master Plan;
- vii. Construct Train 2 of the Atuabo Gas Processing Plant (GPP) and a Tema-Atiwa-Konongo-Kumasi gas pipeline facilitated by GNGC; and
- viii. Jointly appraise the Akoma-1X and Eban-1X discoveries in the Cape Three Points Block 4 (CTPB4) contract area facilitated by ENI.

9.2.2 Downstream activities

The Ministry plans to undertake the following activities in the petroleum downstream in 2023:

- i. Expand the LPG for Household Use (LPG4H) Module to some 40,000 people in sixty (60) District Assemblies;
- ii. Optimize existing infrastructure and streamline development in the petroleum downstream sector through the redistribution hub project; and
- iii. Commence phase 1 of the Petroleum Hub Development Project.

9.3 Health, Safety, Security and Environment (HSSE)

- i. Continue to implement the National Climate Change-Smart Energy Action Plan; and
- ii. Commence implementation stage of the Health Safety, Security and Environment Manual.

10.0 2023 ANNUAL BUDGET ESTIMATES OF THE MINISTRY

The sum of Nine Hundred and Seventeen Million, Four Hundred and Fifty-Eight Thousand, Seven Hundred Forty-five Ghana Cedis (GH¢917,458,745.00) has been allocated to the Ministry of Energy for its activities in the 2023 Financial Year. The details are shown in Table 2.

Table 2: Details of the 2023 Annual Budget Estimates of Ministry of Energy

NUMBER	EXPENDITURE ITEM	BUDGETARY ALLOCATION (GH¢)
1.	Compensation	114,490,241.75
2.	Goods and Services	359,152,376.90
3.	Capital Expenditure	443,816,125.35
	Total	917,458,745.00

11.0 OBSERVATIONS

The Committee made the following observations during the deliberations:

11.1 Detailed expenditure in respect of ESLA Funds

When the Committee queried Officials of the Ministry of Energy on the utilization of ESLA funds in 2022, the Officials responded that the total of Five Hundred and Sixty-Four Million, Seven Hundred and Eighty-Four Thousand and Thirty-Nine Ghana Cedis, Sixty-One Pesewas (GH¢564,784,039.61) was expended during the year. They explained that Four Hundred and Twenty-Six Million and Seventy-Three Thousand and Seven Ghana Cedis, Ninety-Six Pesewas (426,073,007.96) represents payment of claims under the National Electrification Scheme and construction of indoor primary substation and offloading circuits for connection to the new Military Hospital in Kumasi. The remainder of One Hundred and Thirty-Eight million, Seven Hundred and Eleven Thousand and Thirty-One Ghana Cedis, Sixty-Five Pesewas (GH¢138,711,031.65) constituted payment to consultants, transporters and contractors under the National Electrification Scheme.

11.2 Breakdown in respect of Other Expenditure

Officials of the Ministry of Energy reported that an amount of Four Billion, Four Hundred and Fifty-Two Million, Six Hundred and Ninety-Four Thousand, Seven Hundred and Twenty-Nine Ghana Cedis, Eighty-Six Pesewas (GH¢4,452,694,729.86) has been utilized

as part of the Ministry's expenditure for 2022. They explained that the amount comprised payment for outstanding claims under the National Electrification Scheme (GOG-BOND) of One Billion, One Hundred and Thirty-Five Million, One Hundred and Thirty-One Thousand, Eight Hundred and Thirty-Two Ghana Cedis, Seventy-Eight Pesewas (GH¢1,135,131,832.78) and payment of outstanding claims under National Electrification Scheme (DSRDA/SDR/ESRA) of One Hundred and Twenty Million and Two Thousand, Five Hundred and Ninety-Three Ghana Cedis (GH¢120,002,593.00), and payment to Independent Power Producers (IPPs) and fuel suppliers amounting to Three Billion, One Hundred and Ninety-Seven Million, Five Hundred and Sixty Thousand, Three Hundred and Four Ghana Cedis, and Eight Pesewas (GH¢3,197,560,304.08).

11.3 Idle capacity payments

Officials of the Ministry explained that idle capacity payments fall due when an IPP declares plant availability but the plan is not dispatched. They also stated that the capacity charges were paid in accordance with the "Take or Pay" Power Purchase Agreements between the Electricity Company of Ghana (ECG) and IPPs. They further disclosed that the charge formed part of the invoices submitted by the IPPs to ECG. ECG did not pay the charges directly as payments in the power sector are made through the Cash Waterfall Mechanism where the payments are made by the Ministry of Finance on behalf of ECG.

11.4 Expenditure in respect of 1D1F

The Committee noted the efforts being made by the Ministry of Energy to connect electricity to One District One Factory (1D1F) facilities across the country. In 2022, the Ministry procured consultancy services and supply of electrical equipment for 44 1D1F facilities across the country at the cost of Ten Million, Two Hundred and Ninety-Seven Thousand, Eight Hundred and Eight Ghana Cedis, Seventy-One Pesewas (GH¢10,297,808.71). Officials of the of the Ministry further hinted the Committee that engineering assessments were ongoing for additional 30 1D1F applications to determine the scope of works and the support to be provided.

11.5 Status of the SHEP

Officials of the Ministry of Energy informed the Committee that projects in 157 communities had been completed as at the end of September 2022 with 255 communities to be completed by the end of the year. This has increased the national electricity access from 87.03% in 2021 to 88.54% as at September 2022.

11.6 Gas price reset

Officials of the Ministry of Energy informed the Committee that the Jubilee Field post-foundation volume of 200 billion cubic feet of gas will be exhausted by the end of 2022. In view of this, GNPC commenced talks with the Jubilee Partners to negotiate a post-foundation Gas Sale Agreement to govern gas offtake by the state after 2022. Again, the Partners have submitted a proposal for a combined Gas Sales Agreement for delivery of 200 million standard cubic feet of gas from both Jubilee and TEN Fields.

11.7 Proposal to wean Energy Commission off the National Budget

The Committee noted that all Regulatory Bodies in the Energy and Power Sectors such as the Public Utilities Regulatory Commission and the Petroleum Commission are weaned off the annual budgetary provision but the Energy Commission remains an exception. It was recounted that the Energy Commission was singled out of the Regulatory Bodies to be funded under the National Budget due to the fact that the Commission did not have the financial muscle to be self-sustaining during its formative years. The situation has largely changed as the Commission now depends mostly on its own Internally-Generated Funds. In view of this development and the need to encourage the Commission to generate more IGF to support its operations, the Committee recommends that the Energy Commission be weaned off the annual budgetary provision.

11.8 Nuclear power development

The Committee noted that progress being made in the area of nuclear power generation, a sequel to the President's declaration that Ghana develops nuclear power as part of her energy mix, the preferred site has been selected and approved by Cabinet to commence land acquisition process for the development of the first Nuclear Plant in Ghana. Again, the preferred technology and recommended vendors have been approved by Cabinet for further engagement. The Ministry carried out community and stakeholder sensitization in the course of the year and will continue in the ensuing year.

11.9 Energy Transition Agenda

The Committee noted the steps being taken by the Ministry in furtherance of the country's energy transition agenda. Officials of the Minister informed the Committee that the Ministry of Energy has developed a Draft Energy Transition Framework. According to them, the Framework is designed to provide a path towards achieving net zero emission by 2070, while ensuring the socio-economic growth and utilisation of the country's natural resources.

11.10 National LPG Promotion Programme

The Committee noted the progress being made in the implementation of the LPG Promotion Programme. The Ministry of Energy signed a contract for the procurement of 40,000 LPG cooking stoves and accessories. This was followed by the launching of the of the Programme in Obuasi where 10,000 cooking stoves were distributed to beneficiaries in three District Assemblies. Additional 5,000 cooking stoves and accessories would be distributed by the end of 2022.

11.11 Negotiation of Petroleum Agreements

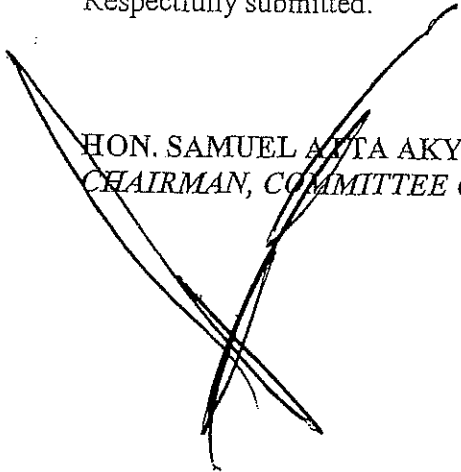
Officials of the Ministry of Energy informed the Committee that the Ghana Negotiation Team (GNT) continued negotiations with three (3) International Oil Companies (IOCs) in 2022 towards potential Petroleum Agreements. The percentage levels of completion of the Petroleum Agreements are CNOOC (95%), ENI (90%) and KOKA (95%). This is aimed at enhancing hydrocarbon and production to increase the country's petroleum reserves.

12.0 CONCLUSION AND RECOMMENDATION

Having critically examined the Annual Budget Estimates of the Ministry of Energy for the 2023 Financial Year, the Committee takes the considered the view that the allocations to the Ministry are justified as it would enable the Ministry to pursue the country's agenda for the energy sector. Accordingly, the Committee urges the Ministry of Energy to pay particular attention to the revamping of the power sector and ensure steady exploration of hydrocarbons.

In this regard, the Committee recommends to the House to adopt this Report and approve the sum of Nine Hundred and Seventeen Million, Four Hundred and Fifty-Eight Thousand, Seven Hundred and Forty-Five Ghana Cedis (GH¢917,458,745.00) for the activities of the Ministry of Energy for the 2023 Financial Year.

Respectfully submitted.


HON. SAMUEL ATTA AKYEA
CHAIRMAN, COMMITTEE ON MINES & ENERGY



MR. ANTHONY AGYEKUM
CLERK TO THE COMMITTEE