

Meet the press 2013

MINISTRY OF ENERGY and PETROLEUM

PRESENTATION BY

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MINISTER FOR ENERGY AND PETROLEUM

Thursday 4TH JULY, 2013.

Introduction

Hon. Minister for Information and Media Relations

Hon. Deputy Ministers

Chief Directors, Directors, Chief Executives and Staff of Energy Sector Agencies

Friends from the Media

Invited Guests

Ladies and Gentlemen

Hon. Minister and Chairman, this press encounter offers me a unique opportunity to share with the people of Ghana the progress we have made so far in the implementation of programmes and projects in the energy sector as envisioned by H.E. President John Dramani Mahama.

Ladies and Gentlemen, let me take this opportunity to emphasize His Excellency's vision for the energy sector.

We promised, under the power sub-sector to:

- Increase power generation capacity to 5,000 megawatts by 2016;
- increase the proportion of renewable energy to 10% in the electricity generation mix by 2020;
- achieve gas-based generation for 80 % of the thermal power plants by 2015;
- develop a non-congested transmission system by 2015;
- improve and modernize distribution infrastructure for efficient service delivery and reduce system losses;
- achieve universal access to electricity by 2016;
- promote and facilitate private sector investments in the power sub-sector
- promote the use of energy efficiency and energy conservation technologies; and
- achieve comprehensive interconnectivity in the West African sub-region

In the petroleum sub-sector, Ladies and Gentlemen, we promised to:

- Sustain Exploration and Production (E&P) activities in the oil and gas sector;
- strengthen and maximize national benefits from the oil and gas resources;
- utilize Ghana's gas endowment effectively;
- explore the use of other sources of gas for thermal plants;
- facilitate the Implementation of Petroleum upstream projects;
- manage our petroleum resources judiciously;
- strengthen our oil and gas downstream institutions; and
- provide security for our oil & gas infrastructure and installations

The Power Sub Sector

Mr. Chairman, since last August we have all had to endure a very excruciating load shedding exercise as a result of the damage caused to the West African Gas pipeline. I am happy to report that the repair work and testing on the pipeline have been completed and we expect the operators to resume the supply of gas in the coming days.

Ladies and Gentlemen, in our set targets, we have a very aggressive agenda to increase generation capacity to 5000MW and have formulated the following strategies to achieve this target:

- Providing short to medium term annual generation road maps with specific planned projects;
- working to ensure VRA effectively delivers its mandate of ensuring generation sufficiency and reliability;
- debottlenecking the enabling environment for the participation of more Independent Power Producers (IPPs) in generation;

- taking steps to address the challenges of fuel availability for thermal plants;
- prioritizing and speedily converting simple cycle thermal plants to combined cycle;
- pursuing various renewable projects particularly solar, mini hydro, biomass and wind to augment generation;
- planning for alternative energy options such as nuclear, coal, etc.;
- leveraging funding for planned projects; and
- ensuring planned projects are completed on time;

Mr Chairman, we are happily on course with our electricity generation roadmap and thus have brought on stream a total 267MW of additional installed capacity by the close of May 2013. These comprise:

132MW from the Takoradi 3 thermal plant, 133MW from one unit of Bui and 2MW solar plant in Navrongo. The significance of the Navrongo solar project is that, it represents a major foray into grid connected solar system and also the second largest in sub-Saharan Africa.

By the close of 2013, Ladies and Gentlemen, we would have added a total of 534MW when the remaining two units of Bui come on stream bringing total installed capacity to 2,845.5MW. In 2014, we will add a total of 342MW with the completion of 220MW Kpone thermal power plant; 110MW Takoradi II Expansion project and another 12MW solar plant. This will bring total generation to 3,187.5MW. A total of 1,060MW is expected from 4 planned projects in 2015 increasing total generation to 4,247.5MW. In 2016, 1,711MW is expected from additional 7 planned projects, bringing aggregate generation capacity to 5,958.5MW.

These planned capacities will be provided by the Volta River Authority (VRA), Bui Power Authority (BPA) and Independent Power Producers (IPPs). Accordingly, the Ministry is reviewing the enabling environment to attract prospective developers to the power sub-sector. These include addressing the issue of credible off-takers, availability of fuel and cost reflective tariffs

Transmission

Ladies and Gentlemen, I am very happy to state that the National Interconnection Transmission System (NITS) of Ghana is now more resilient than before. This is as a result of our commitment at always modernizing the system. I would like to assure you that the Ministry of Energy and Petroleum will continue to support the Ghana Grid Company (GRIDCo) to expand and modernize the existing facilities by:

- Developing a non-congested transmission system;
- ensuring planned completion of on-going substation projects, on schedule;
- implementing the required grid extension and system reliability enhancement projects, in line with the transmission master plan;
- intensifying efforts to achieve comprehensive interconnectivity with Burkina Faso and Mali, under the West Africa Power Pool (WAPP) framework; and
- leveraging funding for planned projects.

Specific projects currently underway to enhance the integrity of our transmission system include:

- The construction of the 161kV Tumu-Han-Wa Transmission Line;
- the construction of a 330kV transmission line from Bolgatanga to Ouagadougou;
- the construction of a 330kV transmission line from Aboadze to link Prestea-Kumasi-Tamale and Bolgatanga;
- the construction of a 330kV transmission line to Togo and Benin;
- the construction of the 161kV Kpando-Kadjebi Transmission line; and
- bulk supply stations in Accra and Kumasi

Distribution

Mr. Chairman, I wish to stress our determination to strengthen and improve the efficiency and reliability of the electricity distribution grid of the ECG and NEDCo. We would do this by:

- Expanding the networks to meet rapid electricity growth demand;
- ensuring reduction of aggregate system losses (technical , commercial & collection); and
- addressing the challenges of supply availability and reliability.

In line with our desire to improve the distribution system, a number of projects have been completed and these include;

- Primary sub-stations, switching and secondary substations constructed and rehabilitated by ECG and NEDCO;
- high capacity sub transmission system;
- SCADA for Accra, Kumasi and Takoradi;
- secondary automation for Central, Eastern, and Western regions;
- replacement of obsolete protection equipment in the NEDCO operational areas;
- High Voltage Distribution System (HVDS) at Madina / Adenta and Suame magazine;
- 35% of ECG customers and 83% of MDAs are currently on prepayment metering;
- 28% of NEDCO customers and 90% of MDAs are currently on prepayment metering;
- use of secondary substation metering and energy audit to address commercial losses;

- Automated Meter Reading (AMR) and billing equipment have been deployed for industrial customers;
- split prepayment meters are being installed to avoid meter tampering and by-passing; and
- CCTVs are being installed for surveillance at ECG district front offices; and swift prosecution of illegal connectors.

Rural electrification projects under “Energy for All” program

The Ministry of Energy and Petroleum continues to vigorously pursue the Government’s flagship programme, the National Electrification Scheme (NES) which focuses on:

- Extending electricity to towns and rural communities through the national electrification scheme;
- intensifying electricity supply to new households in already electrified communities;
- developing and using renewable energy sources for communities remote from the national electricity grid;
- promoting solar lanterns to replace kerosene lanterns in communities without electricity; and
- providing sufficient Energy Meters in support of the ongoing SHEP-4 Projects.

Mr. Chairman, by our rural electrification schedule we are poised to connect over 5,315 communities by the close of Dec. 2016. This will increase the access rate from 72% to over 93%, thereby achieving universal access ahead of the UN stated world target of 2030.

RENEWABLE ENERGY

Ladies and Gentlemen, let me emphasize here the commitment of our Government to the promotion of renewable energy utilization in this country.

The implementation of the Renewable Energy Act is on course:

- Public Utility Regulatory Commission (PURC) has completed work on the Feed-In-Tariffs and will soon gazette and publish Feed-in-Tariffs for Solar, Wind, Biomass, Waste-to- Energy and Hydro that will be allowed into the regulated market.
- Energy Commission (EC) has developed the Licensing Manual and Technical Guidelines for investment in the sector.

Mr. Chairman, a 315kW Solar Park at Noguchi Memorial Institute which is the largest net metering solar facility in Ghana was inaugurated in April 2013.

The Ministry continues to deploy solar systems to households and public institutions in remote off-grid communities nationwide.

This year, a total of 177 solar facilities have so far been deployed to remote schools, clinics and security outposts. This sums up to 2,405 solar systems installed in remote public facilities since 2009.

Solar back-up systems installed in 9 health facilities in the country have been inaugurated.

About 1,742 households have also been supported to acquire solar systems with loans and grants through some rural banks this year.

In our bid to reduce the dependence on kerosene for lighting for off-grid communities, the Government in February this year launched the Kerosene Lantern Replacement Programme which seeks to introduce solar lantern as a preferred lighting option for these communities. So far, 20,000 lanterns have been procured and are currently being distributed. Our target is to distribute 200,000.

Data collection on wind speed at locations along the coasts of Central, Greater Accra and Volta Regions is still on-going to establish the wind energy potential for power generation.

Feasibility studies are currently underway for the development of the Hemang and Pwalugu hydro power sites.

All these initiatives when completed will increase the contribution of renewable energy sources in the total generation mix.

ENERGY EFFICIENCY

Mr. Chairman, in our quest to ensure the efficient use of energy, the Refrigerator Rebate Programme is on course. The rebates on new refrigerators have been extended countrywide and can be obtained from some selected retail outlets

Programme for the installation of Capacitor Banks is ongoing. Additional Capacitor Banks have been imported for installation in twenty –nine (29) public institutions. This is expected to significantly reduce electricity consumption in these institutions.

NUCLEAR POWER

Government continues in its quest for nuclear energy as a source of cheap and reliable energy supply in the foreseeable future. A Nuclear Energy Planning and Implementation Organization (NEPIO) has been established in collaboration with the Ghana Atomic Energy Commission (GAEC) with support from the International Atomic Energy Agency (IAEA).

We are currently in an advance stage of certification towards the development of our first nuclear power plant.

Pricing of Electricity

Ladies and Gentlemen, recent developments in the power sub-sector clearly indicate that all of us have a critical role to play in our bid to provide reliable power supply that will promote job creation and also drive Ghana's socio-economic development.

We believe that any tariff adjustment by the Public Utilities Regulatory Commission (PURC) should be commensurate with the delivery of quality and efficient service.

The Ministry of Energy and Petroleum and its Agencies are mindful of the importance of energy to the Ghanaian economy and the lives of Ghanaians. We will therefore continue with the good policies, programmes and projects of our government headed by H.E. John Dramani Mahama with the aim of providing

reliable and cost effective energy services to achieve our target of *Energy for All*.

The Petroleum Sub Sector

Ladies and Gentlemen, this country is blessed with abundant natural resources. The discovery of oil in commercial quantities therefore calls for the need to ensure that petroleum activities are carried out in a safe, secure and sustainable manner, through the complete adherence to the laid down rules that guide the industry.

Our basins continue to attract very high interests from major oil and gas companies. We are proud to note that since Jubilee, 23 other new discoveries have been made and are at various stages of development.

Mr. Chairman, following remedial work by the Jubilee partners to reverse the decline in production, I am now happy to inform you that production has since increased from about 60,000 bpd to over 100,000 bpd. We are confident that it will reach the peak production level of 120,000 bpd by the end of the year.

From 2010 to the second quarter of 2013, production from the Jubilee field has amounted to over 69.64 million bbl with 12.84 million bbl as the share of the Ghana group. Ghana's total petroleum production is set to further increase with the recent signing of the Plan of Development (PoD) for the Tweneboa, Enyenra and Ntomme (TEN) project and on-going negotiations for the finalization and signing of the PoD of the Sankofa oil and gas field. The development of these two fields is critical to our long term gas security particularly for our thermal plants.

Ladies and gentlemen, the de-risking of the petroleum basins in Ghana has resulted in an upsurge in new investor interest in Ghana. Thus, apart from the 23 new discoveries there are 8 pending petroleum agreements, 2 of which are currently before Cabinet.

As part of our quest to increase reserves, we intend to drill 6 slim holes in the Voltaian basin by the end of 2013. This will be followed by the acquisition of 2D seismic data prior to licensing of blocks to prospective applicants.

Ladies and Gentlemen, there is now general consensus for GNPC to be developed into a strong, independent, competitive National Oil Company (NOC) capable of leading the exploration, development and production of Ghana's hydrocarbons either alone or in partnership with other oil companies.

The Ministry shares this vision and would work assiduously to ensure that the corporation becomes an efficient world class operator as soon as possible This

will support the achievement of the national strategic objective of developing a vibrant oil and gas sector that is well integrated with the rest of the economy.

In our resolve to strengthen and maximize national benefits from our oil and gas resources, we continue to focus on:

- Strengthening the legal framework;
- building institutional capacity; and
- building capacity of Ghanaian Small and Medium scale Enterprises (SMEs)

Mr. Chairman, the Local Content Regulations are currently before Parliament. Following stakeholder consultations, the draft E&P Bill is being finalized for submission to Cabinet.

We continue to build capacity of critical government and educational institutions like EPA, MoEP, PC, AG's office, EOCO, MoF, GNPC, KNUST, Polytechnics, and technical institutions.

For the purpose of strengthening SMEs the Enterprise Development Center (EDC) has been established in Takoradi as promised by His Excellency, President John Dramani Mahama

DOWNSTREAM

Mr. Chairman, the downstream sector should play a critical role in the oil and gas value chain. We are therefore determined to take measures that will strengthen their technical, managerial and financial capabilities.

Our focus on TOR is to restructure it to a world class refinery.

With respect to BOST, we are working to ensure that it performs its core mandate of holding strategic reserve stocks, infrastructure development for storage and transportation of petroleum products.

It is in this regard that the MoEP facilitated the signing of an MoU between BOST and VLTC for the effective transportation of petroleum products on the Volta lake to the Northern sector. .

Ladies and Gentlemen, the importance of early utilization of Ghana's gas endowment in the face of the current gas challenges for our thermal plants cannot be overemphasized. We are therefore working to resolve all the funding challenges to ensure early completion of the western gas infrastructure projects. Currently, laying of the offshore pipeline is completed and awaiting testing and commissioning; onshore pipeline works are 95% complete; some

key components of the gas processing plant have arrived at the project site and the rest expected in August 2013.

Promotion of LPG Use

Ladies and gentlemen, I am happy to inform you that as part of the Ministry's commitment to promote the use of LPG as a cleaner source of cooking fuel, the Ministry has procured 5,000 cylinders with cookstoves for distribution on a pilot basis. The Ministry considers this as a priority project and will soon roll out a mass scale distribution of the cookstoves. This is also expected to create an additional employment avenue for our youth.

To ensure continuous supply of LPG, a second facility for the discharge of the product is now in operation at the Takoradi port.

Conclusion

My friends from the Media, Ladies and Gentlemen, we have made a great effort to ensure that the current challenges we face in the energy sector are adequately addressed. We are going to continue working with dedication and commitment. We appreciate how anxious the people of Ghana are to see a speedy resolution of our current challenges. We understand the importance of adequate, reliable and sustainable power and its impact on our long term economic growth and prosperity. We are hopeful that together we can all work to bring this dream to a reality so that the next time we meet we will have more success stories to share with you.

THANK YOU AND MAY GOD BLESS OUR HOMELAND GHANA.