

ADDRESS BY

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**DEPUTY MINISTER OF ENERGY ON THE OCCASION OF THE
2010 EDITION OF THE OPPORTUNITIES CONFERENCE ON
WEDNESDAY, 24TH FEBRUARY, 2010 AT THE
ACCRA INTERNATIONAL CONFERENCE CENTRE**

**Mr. Chairman,
Chief Executive of GIPC,
Distinguished Guests, Ladies and Gentlemen:**

It is a great honour and privilege for me to be invited to speak at the 2010 Edition of the Opportunities Conference. I am very happy and encouraged by the importance the organizers attach to the Ministry of Energy's attendance at the Conference and the chance to highlight the opportunities in the energy sector for interested investors to take advantage of.

I shall begin my presentation by stating the energy services available to Ghana's economy and follow it up with a discussion of the challenges of the sector and the opportunities for investment in the sector.

Available Energy Services:

Of the major factors which account for man's socio-economic development, energy production and utilization is of central significance. Energy resource options available to Ghana include the hydro and thermal power, renewable, hydrocarbons and biomass. Regarding hydropower resources the two existing hydropower schemes at Akosombo and Kpong have been over-relied on for Ghana's electricity needs over the years. In addition to Bui, three other medium-scale hydropower and about forty potential mini-hydropower sites have been identified. On the whole, more than half of Ghana's hydropower capacity has not been developed.

Solar Systems:

With the exception of a few pilot solar photovoltaic installations for telecommunications, households and street light purposes as well as public health

centres, Ghana has not undertaken any major technological conversion of her enormous solar energy resources.

Hydrocarbons:

There exist also significant quantities of hydrocarbons in Ghana. In 2007, Ghana made discoveries in two blocks namely Deepwater West Cape Three Points and Deepwater Tano. These blocks cover one reservoir known as the “Jubilee Field”. The Jubilee Field is operated as a unitized field by Tullow. The appraisals conducted indicate that the field contains expected recoverable reserves of about 800 million barrels of light crude oil, with an upside potential of about 3 billion barrels. The discovery also contains significant quantities of associated natural gas. This is an opportunity for Ghana to effectively reduce foreign exchange requirements for the importation of oil, as well as increase the country’s export earnings.

In addition to the Jubilee Field, there have been more discoveries since 2008. These are Mahogany Deep, Odum, Sankofa and Tweneboa. Exploration activities are being intensified and it is expected that more discoveries will be made both offshore and on-shore.

The Challenges:

Mr. Chairman, Distinguished Ladies and Gentlemen, the challenges facing the energy sector are:

Power supply shortages arising out of historical under-investment in generation, transmission and distribution.

Inadequate access to electricity.

Poor financial health of utility companies.

Non delivery of gas expected from the West African Gas Pipeline Project (WAGPP).

A near total neglect of renewable energy sources and inadequate regulatory environment.

Limited availability of and access to petroleum products to consumers.

Low level of exploratory activities.

Power Sub-Sector Policy Goal:

Mr. Chairman, for the power sub-sector, the policy goal of the Ghana Government is to increase access to electricity from the current level of 65% to 80% by 2013 and

universal access by 2020. Power generation capacity is also to be expanded from the current 2,000 megawatts to 5,000 megawatts by 2015.

Beyond the capacity additions, the Government is also implementing programmes to:
Develop a non-congested transmission network by 2015;
Strengthening transmission infrastructure for power evacuation;
Improve and modernize distribution infrastructure to reduce system losses from 25% to 18% by 2015;
Strengthen Regulatory Agencies to perform their functions effectively.

Power Sector Reforms:

Under the on-going Power Sector Reforms which were initiated in 1995, Government is pursuing the following actions:

Promote competition in the generation of electricity through the development of a Wholesale Electricity Market (WEM);
Create the environment for retail competition in the electricity market;
Facilitate the entry of Independent Power Producers; and
Ensure improved performance of electricity utility companies.

Renewable Energy:

Mr. Chairman, Ghana is committed to cleaner energy and protection of the ozone layer; hence Government, in meeting its objective of ensuring the security of supply of energy for Ghana, proposes to increase renewable energy services in the national energy supply mix from the current 0.01% to 10% in the medium term. A renewable energy bill to facilitate the process has been prepared for Cabinet approval before it is laid before the Legislature for subsequent passage into law.

Investment Requirements:

To address the challenges of the Power Sub-sector in Ghana, the investment requirements for the next 5 years are estimated at **US\$3.0 billion**. The breakdown is as follows:

Generation Development	-	US\$1.0 billion
Transmission Infrastructure Development	-	US\$500 million which will be

used for:

Re-inforcement and expansion of transmission system.

Building new Bulk Supply Points.

Upgrading existing 69kV network to 161kV

Distribution Infrastructure Development - US\$1.0 billion which will be utilized for the following purposes:

Network expansion and extension

Technical losses reduction projects

Voltage improvement projects

Revenue improvement projects.

Rural Electrification - US\$500 million which is intended to be used as follows:

Grid extension projects

Renewable projects (Solar PV, Wind & Mini-Hydro).

Regional Inter-Connection Plan:

Mr. Chairman, Ghana is a founding and active member of ECOWAS Energy Ministers Forum and the West African Power Pool (WAPP) and therefore we are always committed to regional inter-connection plans set by WAPP and endorsed by ECOWAS.

Presently, Ghana is interconnected to La Cote d'Ivoire, Togo, Benin and Burkina Faso. It is the Government's policy to reinforce and upgrade the existing transmission system in order to ensure reliable exchange of power in the sub-continent through WAPP.

To this end, Ghana has sought assistance from its Development Partners and is constructing a new 330kV Aboadze to Tema Transmission line project. Another 330kV Tema to Lome Transmission line project is also underway. These two transmission line projects are part of the WAPP Coastal backbone that extends from Nigeria to La Cote d'Ivoire.

Mr. Chairman, other 330kV transmission line projects the Ghana Government is seeking funds to undertake include:

Prestea to Kumasi to Tamale to Ougadougou

Accra to Kumasi

Upgrade of System Control Centre facilities at Tema to manage the 330kV Coastal backbone of WAPP.

Invitation:

Distinguished Ladies and Gentlemen, a lot of investment opportunities exist in the power sub-sector in Ghana. The renewable energy development, hydropower development, thermal plant development, clean energy including nuclear energy development present immense opportunities for investment in the power sub-sector in Ghana. We welcome partners into this area, particularly since the requisite legal and regulatory framework as well as the incentive schemes now exist for the promotion of private participation in the sector.

Mr. Chairman, it is also the vision of the Government to channel the oil and gas resources to support petrochemical industrial development. In this connection, Ghana has adopted a policy of non-flaring of gas from the Jubilee Field. Rather, the gas will be transported onshore for power generation and the creation of a vibrant petro-chemical industry. Ghana is preparing itself to meet the challenges and opportunities within the industrial chain for many interested Ghanaians and non-Ghanaians in terms of business development.

Mr. Chairman, it is expected that the development of the oil and gas industry will be a source of accelerated growth, job creation, poverty reduction and general prosperity to the people of Ghana. Many of our people see the oil discovery as the last opportunity for our national prosperity that has eluded our nation all this while. The active involvement of Ghanaians in the oil and gas exploration, development, production and utilization through local content and local participation, has become a major policy issue. In this regard, my Ministry has developed a draft policy framework for local content and local participation in petroleum activities which is currently being reviewed by stakeholders to ensure that Ghanaians obtain maximum benefits from the oil find.

Distinguished Ladies and Gentlemen, the inadequate refining infrastructure constitutes a major constraint to the supply of petroleum products and poses problems of assuring reliability of supply of petroleum products. At the current production capacity, the refinery is able to meet about 60% of national petroleum

products requirements. Furthermore, infrastructure for transportation, storage and distribution of petroleum products is inadequate, with serious implications for access to petroleum products in several parts of the country, particularly the rural communities. Government is committed to bringing petroleum products closer to consumers in order to enhance their choice of energy sources. With oil production coming on stream soon, the prospect of additional oil refineries looks very certain. It does not appear out of place for the Government of Ghana to commit itself to making Ghana a major petroleum hub of West Africa.

Conclusion:

The investment requirements for the energy sector of Ghana for the next 5 years is estimated to be about **US\$10.0 billion**. Certainly, the investment for the energy sector is huge. The Ghana Government alone cannot bear this expenditure. The focus of the National Energy Policy therefore is to create the enabling environment to attract private sector investment into the energy sector. Government, therefore, welcomes Development Partners as well as private investor partners to assist in achieving the targets that we have set for our energy sector.

I thank you for your kind attention. God bless us all.