

MINISTRY OF ENERGY

RESPONSE TO THE PRESS STATEMENT BY PROF. JOHN EVANS ATTA MILLS ON THE CURRENT ENERGY CRISIS

Honourable Colleague Ministers
Chief Directors and Heads of Agencies
Members of the Media
Distinguished Ladies and Gentlemen

May I take this opportunity to say good morning and also to express our appreciation to members of the media and indeed the general public for honouring this invitation at such short notice to give us audience to react to the statement made by Prof. J.E.A. Mills, the Flag Bearer of the National democratic Congress (NDC).

Ladies and gentlemen of the media, all well-meaning Ghanaians by now should know that the Government, through the Ministry of Energy and its agencies, has on a number of occasions communicated to the general public, the issues surrounding the energy situation as well as the attendant policy initiatives and measures being pursued to bring it under control. This has been done responsibly with all sincerity and with the best of intentions, purposefully designed to serve the best interest of this dear nation of ours. In the process, we have shared all available information with the public in line with the dictates of good governance, a principle we cherish so highly. Perhaps it is this openness that our opponents do not like and are now exploiting it to therefore levelling all types of unfounded criticisms against us in a lame attempt to dissuade Ghanaians from cooperating with the government to solve the problem.

In our view, Ladies and Gentlemen of the media, the Press Statement that was issued yesterday by the flag bearer of the (NDC) is one that smacks of mischief, designed to dissuade Ghanaians from concentrating on the issues of substance and cooperating with government to bring an end to the current situation. Indeed, the contents of the statement are characteristic of the tradition of a party that is rooted in falsehood, deception and diversionary tactics which the NDC is ironically accusing us of. It is therefore not strange that the pot should be calling the kettle black in this instance.

Mr. Chairman, Ghanaians have known these traits of 'falsehood, deception and diversionary tactics' of the PNDC/NDC for nearly two decades and that is why the good citizens of this peace-loving country have chosen to vote for a truly democratic party, the New Patriotic Party; a party that is committed to truth, fair play and

transparency. On this note, we in the Government still continue to remain confident that all well-meaning, honest and peace-loving Ghanaians do appreciate the efforts we are making to address the energy issues that are before us today, and we are certain that they would still prefer us to the NDC come 2008 as all our policies will deliver the right results at the right time.

Ladies and gentlemen, since the government got wind of the crisis late last year, we have remained steadfast in the search for a solution that would bring the problem to an end in the short-term while also ensuring that a well-designed programme will secure our energy needs in the medium to long term to further sustain the economic gains made during the NPP administration. The government therefore wishes to assure all Ghanaians that it has no intention whatsoever to place the Akosombo Lake at risk and that there has been a very clear plan of action to deal with the current situation while also ensuring that the long-term sustainability of the sector is not jeopardized.

Mr. Chairman, for the avoidance of doubt, I intend to restate the measures that we have pursued under this plan of action since the problem was brought to our attention. However, I wish to precede that by taking a few moments to respond to the numerous and conflicting statements made by Prof. Atta Mills which in our view suggest a confused state of mind that has nothing new or concrete to offer. This clear in the offer that they are making; i.e. we should allow them to put their experience in the management of the sector at the disposal of the country. If they had anything of substance to offer why don't they just come out and say so. Ghanaians, please don't be fooled. You have the experience of a failed administration before. Why go back for it?

Level of Akosombo.

Mr. Chairman, the current level of the lake is at 237.32 ft and it is very important for all Ghanaians to know that this is not the first time that the Lake has gone below the 240 ft. It is on record that the water level has gone below this level nine times, of which five times went below the level during the PNDCINDC regime. In 1983 it went down to 239.6 dropping further to its lowest level ever in history to 235.8 ft by June 1984. This happened again in 1985, 1998 and 1999. Did the PNDCINDC undermine the stability of the Dam and the Volta Lake? So if the Professor calls for President Kufour to be held personally responsible for drawing down the Volta Lake, what does he say should be done to former President Rawlings and Prof. Mills himself? They continued to run this country into a debt ridden nation till Ghanaians decided they would not have anymore of that in the 2000 elections. Let the NDC flag bearer answer that question.

Ladies and gentlemen, the government of President Kufuor on the other hand, has brought this nation out of debt and thank God now as we speak, the energy sector in particular, is benefiting substantially from his good sense of judgement, his honesty and hard work as well as the tremendous amount of goodwill enjoyed globally that has in part resulted in the availability of multi debt relief funds.

Mr. Chairman, I wish to remind all Ghanaians that it is not possible to launch right into heavy investment areas like energy when a country is buried in debt as a result of the reckless mismanagement of the economy over two decades. Common sense dictates that one has to clear up the 'mess' first before you can substantially increase the investments that are required in this sector. Perhaps Prof. Mills should give a full account to Ghanaians of how we went into so much debt and could not even pay for some of the things he claimed they initiated. Mr. Kufuor is responsible for the good economic performance of this nation today and not for the over-drafting of the lake. The decision as advised by the technicians to reduce generation from the lake and consequently to prolong the operation of the power station and the water resource is intended to safeguard that vital national asset. This has been explained by the utilities in their press conference.

Falsehood, Deception and Diversion

It is instructive to note that reading through the 15 pages, the law professor does not seem to have spelt out one case of falsehood, deception and diversion. The truth is that unlike the NDC which feeds on falsehood, deception and diversion, the Kufour administration thrives on transparency and truthfulness. We can assure the people of Ghana that all the facts have been brought into the public domain and we have the experts in Ghana who are currently discussing energy issues.

Supplies of power from Nigeria and La Cote d'Ivoire

It is true that the President said in his address, that Ghana will be benefiting from supplies from Nigeria and la Cote d'Ivoire to the tune of 200 MW within a fortnight. There was no falsehood, deception and diversion about that whatsoever. In other words, the President did not knowingly and wilfully give out information to Ghanaians that is not accurate.

The fact of the matter is that the President has indeed discussed the matter with his colleagues from the two countries and these understandings were reached. The 200 MW consisted of a supply of 120 Mw from la Cote d'Ivoire and 80 MW savings to be made from Nigerian supplies to Togo/Benin.

While Nigeria succeeded in delivering 80MW to Togo/Benin with difficulty, they could not give anything over and above that to

Ghana. The Ivory Coast also was unable to keep their end of the arrangement as they faced serious difficulties and as we speak now, they have resorted to load shedding between April and June. Indeed, the Ivorian Minister had to personally come to Ghana to apologize and explain the circumstances. Work is still ongoing in Nigeria on fixing the technical problems they have. Our Engineers and their Nigerian counterparts are currently in the process of finding a lasting solution to the problem. How can this be a falsehood?

Hydro/Thermal mix

While it is true that the PNDC/NDC Government took steps to introduce thermal generation into the energy mix, it is also on record, that generation planning studies were completed in 1986 which recommended the introduction of thermal complementation in our energy mix. It was however not until 1998, five years after the NDC came to power and 16 years after Rawlings too had come to power that the first unit was put to service. Ladies and Gentlemen may want to note that President Kufour has been in power for only 6 years. CMS and initial problems at Aboadze and operational efficiency required funding support. It was the NPP administration which provided the financial resources to improve efficiency.

West African Gas Pipeline Project

It is disturbing that the Prof accuses the NPP Government of falsehood and does not check his own facts. Whether it is borne out of design or malice, no one knows. Realizing the strategic and economic significance of the gas pipeline, the NPP Government immediately assumed work when it came to power and Prez Kufour signed the W AGP Treaty. This was after the NDC had dilly dallied on the project from 1995. To make sure that the project moved on smoothly, the Government tried to understand why GNPC under the stewardship of the 'financial wizard' had become technically so bankrupt should continue to handle the project. Neither the GNPC nor Government had paid for shares in the project. Since the VRA was ultimately going to be the beneficiary of the project it was thought prudent that VRA should manage it. Government has up to date paid its US\$ 90 million for its shares in the project. Obviously the Professor did not check his facts, the open access character has been maintained and every single relevant document on the W AGP was put before Parliament and voted on by both sides.

It is further astonishing that he complains about the linkage between the price of gas and the price of crude oil in the Gas Sales Agreement. Again he is either grossly and deliberately misleading the public as he does throughout his statement. In any event the pricing formula for gas in the WAGP Was part of the treaty document approved by Parliament of which his Party is part of.

Ladies and Gentlemen, there is a consortium of experts who are doing the construction of the pipeline and not the Government of Ghana. The Government is advised on the progress of the works. So the Prof can play politics with when the gas will flow through the pipeline. We will depend on what the consortium tells us.

Osagyefo barge

It is true that the Osagyefo barge was constructed by the NDC. The story about it is not as simplistic as the law professor turned energy expert would want us to believe. According to the Professor the project received a loan from the US Exim Bank and guaranteed by his Government. As the then Vice President, one would have thought that he would have known more than that. Does he for example know that that loan was eventually withdrawn by the US Exim Bank. What happened was that the GNPC had contracted a loan of US\$294 million which was guaranteed by the Government of Ghana. After the GNPC had disbursed US\$ 4 million of the loan, the then Minister of Finance, fed up with the financial mismanagement of GNPC by the financial wizard at the time, withdrew the guarantee insisting that if the GNPC and the financial wizard thought Tano and the barge projects were viable, then the GNPC should raise the required guarantees from the private sector. As soon as the US Exim bank realized that the guarantee had been withdrawn, they withdrew the facility. Is it not it reach for him to turn round to pontificate to high heaven that his Government initiated the project.

That is not the end of the story, Ladies and Gentlemen, The Japanese Government then gave a grant for the construction of the barge. What the NDC and the Professor think about was that the barge needed fuel, what that same Government thought was not viable thereby releasing the guarantee for the project for the facility. Though the pond was built at Effasu, realizing that there was no gas to produce electricity, the barge was left to rot in Italy after its construction and to incur huge demurrage charges. It was the NPP Government which in October 2002 brought the barge to Ghana.

Efforts to generate power from the barge

As the Prof himself admits, as far back as 2002, and not 2001, they indicated that they could develop the field however it came to nothing. The efforts of several other companies also came to nothing. Presumably because of concerns that the Professor's own Government had had about the viability of the Tano Fields.

Ladies and Gentlemen may also like to know that this new company, Tullow Oil, which in June 2006 signed an agreement with Government to exploit the field is actually drilling an appraisal well in June this year. There is no record that the Professor's party in N DC in Parliament voted against the ratification of the Tullow

Agreement.

Relocation of Barge

Contrary to the Prof's assertion, the decision to relocate the barge was borne out of national interest. Since Tullow Oil had indicated that it will take 30 months to explore and appraise the field, it was thought to relocate the barge to Tema to take advantage of the West African Gas Pipeline system. The original figure of US\$ 50 million was only an estimate and the final figure was far below that. Due to the lengthy negotiations to get the best price for the relocation we missed the weather window. A number of firms have expressed interest to operate the barge where it is now under a lease arrangement, If this is successful, we would expect power from it from wherever the company can best operate it. The objective is to get power and that is what we are pursuing.

Bui Dam

The Professor says that his Government embarked on the technical assessment of the feasibility of the Bui Dam project. It might interest you to note that these assessments were also made by the colonial Government in 1921. There is a distinction between feasibility studies, technical assessment and actual construction which the NPP is undertaking as of June. This weekend, the Ministry of Energy is sending a team to China to finalize the contract for the construction of the Project. The Professor would be invited to the sod-cutting ceremony to be witness to what NPP delivers.

Retrofitting of Akosombo Power Station

It is not true that the retrofitting of the turbines was done by the NDC Government. It is on record that one turbine out of the 6 was done by PNDC/NDC. This increased the installed capacity of Akosombo by only 18 MW. It is rather the NPP Government which retrofitted the 5 turbines and increased the capacity by 90 MW.

Energy Conservation and Efficiency

The Professor claims we have reversed everything. Contrary to his beliefs we have enhanced it. In 2006, two Legislative Instruments 1815 and 1816 were passed by Parliament to enforce energy conservation programmes and an aggressive campaign by the Energy Foundation has been ongoing since last year. More resources have been made available to it for this year.

RESPRO

Again the Professor is being either mischievous or is completely misinformed. There is not a single shred of evidence that during the period of his Government, RESPRO deployed thousands of

solar systems in the country. The truth is that during his reign, only 390 systems were deployed in the country. However between 2001 and now, the NPP Government has deployed 2,200 systems throughout the country for economic and social activities. It must be made very clear though that we have not the slightest intention of accusing him of falsehood deception and diversion.

Wind Power Development and Waste to Energy Ventures

A number of public-private partnership arrangements have been made, with Power Purchase Agreements signed to turn these concepts into reality.

VRA and Sahara

The arrangement between VRA and Sahara for the procurement of crude oil is a

purely commercial transaction between VRA and Sahara. Sahara was selected through a competitive bidding process by the VRA. If by his statement that the real beneficiaries of this commercial transaction are both in Nigeria and Ghana, he seeks to destroy or impugn the good and brotherly relationship between these two countries without any shred of evidence. His allegations are dangerous and should be treated with circumspection. The Professor needs to rethink his strategy because this will not work. He needs to get the facts right and stop misleading Ghanaians. I am certain that the VRA and anybody associated with this will be quite happy to give an account for their involvement as the Professor has indicated.

Strategic Reserve Plant

A well-intentioned project that was not well executed had to be stopped to cut Ghana's losses. A full report is available on that matter.

VALCO

Ladies and Gentlemen, isn't it surprising that after castigating the Government for keeping VALCO on the national grid, the Prof still complains that VALCO is making efforts at generating power to meet its own requirements. On the Valco tariffs, it is a historical fact, in spite of several negotiations throughout the PNDC/NDC era the highest tariff paid by Valco is 1.8 cents/kWh. Under the NPP, Valco is now paying 3.0 cents/kWh. Which government caused VALCO to pay a higher tariff. In the future the Prof should be mindful of the socio-economic implications if he wants to serve Ghanaians as their leader.

Personal profit in crisis

While the government is working hard to solve the problem, the NDC is thinking of personal gain. Ghanaians should judge for themselves where the NDC's priorities are. As a Professor of law, he should bring out any wrong doing on the part of government

officials if he has any facts and stop peddling falsehood.

As we speak, Ghana is still battling with bills from companies that NDC contracted to deliver emergency power in the late 1990s that never delivered the power. Was there personal gain in this by NDC?

CONCLUSION

Mr. Chairman, it is important for Ghanaians to know that the government is tackling this problem from a well-thought out approach that is designed to address the short term as well as the medium to long-term needs. Some of these have been elaborated by the utilities during their press conference and more information on details would be put out for public consumption.

As I speak however, I wish to announce to all Ghanaians that the first set of emergency generators are running at Tema as stated in our plans.

I wish to conclude that reading through the 15 pages, the law professor does not seem to have spelt out one case of falsehood, deception and diversion. The government is focused and solve the problem in the best interest of the nation.