

# Public Interest & Accountability Committee

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## News Details

The future of Ghana's Energy and Petroleum: What the two main political parties have to offer

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### THE NDC

#### OUR COMMITMENT- Power (2017-2021)

Given current economic and population growth projections, we commit ourselves to meeting the growing national demand for power estimated to grow at about 12% per annum and work to make Ghana the power hub of West Africa.

In the next four years, we will:

- Increase our stock of power generation assets;
- Continue to develop more sustainable power sources and encourage energy conservation;
- Increase generation capacity in excess of 5,000 Megawatts by 2021 and achieve universal access to electricity by 2025. Some of the targeted projects are:

- o Construction of the 186 Megawatts Takoradi 4 Project;
- o Expansion of VRA and CENIT thermal plants at Tema by 126 Megawatts; Construction of 450 Megawatts thermal power plant at Domunli;
- o Construction of 700 Megawatts Clean Coal Power Project at Ekumfi Aboano.

We will also ensure the construction of the following:

- 240 Megawatts Amandi Power Project;
- 1,000 Megawatts GE Ghana 1000 Power Project;
- 360 Megawatts thermal power plant at Aboadze by Jacobsen Energy Ltd.

We will further ensure that our planning and building regulations incorporate sustainable energy conservation in buildings at the design and construction stages.

#### OUR COMMITMENT- Oil and Gas (2017-2021)

We will

- Complete the 150km reverse flow pipeline from the Aboadze power enclave to facilitate the transmission of dense gas to power plants in Tema;
- Implement Phase II of the Gas Processing Plant project in preparation for the Greater Jubilee development;
- Encourage more investment in exploration and production of oil and gas;
- Support the private sector to establish petrochemical plants;
- Construct a new and bigger Liquefied Petroleum Gas (LPG) pipeline to the jetty at Tema for more efficient discharge, storage and distribution of LPG;
- Construct a second and bigger Single Point Mooring for petroleum products to ensure greater efficiency in the delivery of petroleum products into the country and to also make Ghana the petroleum hub for the sub-



region;

- Build a Liquefied Natural Gas (LNG) infrastructure to ensure continuous supply of natural gas to power plants;
- Ramp up production at the Tema Oil Refinery (TOR) to its full capacity of 60,000 barrels per stream day (bpsd);
- Construct a new 100,000 barrels per stream day (bpsd) refinery at the site of TOR based on the vision to make Ghana the hub for downstream petroleum production in West Africa;
- Encourage BOST and GOIL to implement a door to door LPG delivery system;
- Complete the 2D land seismic survey in the Volta Basin.

We will pursue initiatives to enhance the following:

- Accountability and transparency in oil and gas resource governance;
- Efficiency in exploration and production of oil and gas resources;
- An enabling environment to attract necessary investment into the industry;
- Opportunities to progressively increase local participation in mainstream operations of the sector;
- Promote environmental, social and human rights to a standard that underpins sustainable development;
- Improve policy formulation and regulatory capacity of key public institutions in the oil and gas sector;
- Increase and strengthen local technical skills in Ghana's emerging oil and gas sector, in line with the Petroleum Local Content and Local Participation Regulations, 2013 (L.I.2204), particularly in critical areas such as drilling, seabed safety, production, operation and maintenance engineering, diving and undersea welding.

## **THE NPP ENERGY**

What the NPP will do:

The NPP's vision for the energy sector is to develop a modern, diversified, efficient, and financially sustainable "Energy Economy" that will ensure that all Ghanaian homes and industries have access to an adequate, reliable, affordable and environmentally-sustainable supply of energy to meet their needs and to support the accelerated growth and development agenda we envisage for the country.

The NPP will achieve these goals through the following measures:

- a. end "DUMSOR" in the short-term, through government liquidity injection, restructuring of debts, and securing of firm commitments for the reliable supply of fuel
- b. reduce taxes on electricity tariffs to provide immediate relief to households and industry
- c. conduct a technical audit on all power sector infrastructure and develop and implement a 10-year Power Sector Master Plan which will be reviewed thereafter, to meet our medium to longterm energy needs
- d. ensure that the procurement of new power projects are executed primarily through PPP and IPP arrangements, which will be carried out in a transparent and competitive manner in order to achieve a least-cost addition of power generation infrastructure.

The current basis for procuring additional generation assets is inefficient and costly, and discourages production

- e. develop and implement an Energy Sector Financial Restructuring and Recovery Plan, incorporating, a liquidity management mechanism for VRA, Electricity Company of Ghana (ECG), Northern Electricity Department (NED) and the BDCs
- f. leverage natural gas as a long term source central to the operation of the power sector. Consequently, the NPP will develop and implement a long-term LNG utilization programme. In addition, the NPP will encourage and provide incentives to the private sector to develop aggressively potential sources of indigenous natural gas in addition to those from the Jubilee, TEN and SANKOFA oil/gas fields
- g. ensure that there is sufficient Reserve Margin – the safety cushion we need to prevent blackouts to ensure the stability of the system
- h. rapidly move to the adoption of a distributed solar energy solution for all government and public buildings
- i. create an environment of clear policies, rules and regulations, and provide adequate price incentives to attract private sector investments. The NPP will prioritise and ensure actions to enhance and improve the capacity of the regulatory bodies, namely the Public Utilities Regulatory Commission (PURC) and Energy Commission (EC) to discharge their responsibilities in a more transparent, timely and efficient manner. The objective will be to ensure that costs in the sector are recovered in a timely manner, the utilities receive a fair return on their investments and consumers pay only for acceptable and efficient operation of the utilities
- j. aggressively pursue energy conservation and the efficient use of energy, including reduction of transmission losses. In 2007, the NPP government led a nationwide free distribution of 6 million compact fluorescent bulbs to consumers to replace incandescent bulbs, which led to a saving of about 200MW. We will implement similar initiatives involving LED bulbs and the introduction of Minimum Energy Performance Standards for electric motors and industrial equipment
- k. ensure that energy is produced and used in an environmentally sound manner

- l. work within the framework of Ghana's obligations under the Clean Development Mechanism (CDM), UN Framework on Climate Change (UNFCCC) and Conference of Parties 2015 (COP21). Under this framework, the NPP will ensure that leastcost environmentally friendly technologies are prioritized in the expansion of the country's thermal generation portfolio. In particular the Renewable Energy law will be reviewed to regulate and incentivise investments in renewable technologies
- m. restructure the power sector by bringing all hydro generation exclusively under VRA and create a separate thermal market, and
- n. explore the possibility of geothermal and tidal wave energy.

## **PETROLEUM**

What The NPP will do:

The NPP commits to a transparent, accountable and efficient management of the country's petroleum resources for the benefit of all Ghanaians.

In pursuant of this, the NPP will:

**Petroleum Upstream and Mid-Stream Sector**

- a. improve transparency in the management of our oil and gas resources. Our commitment to passing the Right to Information Bill will further enhance transparency in the oil and gas sector
- b. create an enabling environment through fiscal and non-fiscal measures to attract domestic and foreign investments in oil and gas exploration
- c. in collaboration with the private sector, accelerate oil exploration in the Voltaian Basin (Northern, Volta, Ashanti, Eastern, and Brong Ahafo), as well as in the Keta and Accra Basins to enhance Ghana's potential for increasing oil and gas production and to build these areas into industrial growth poles
- d. develop, in collaboration with the private sector, Western Region into a regional oil services hub with a first class port facility, as well as positioning it as an efficient centre for back-office support for the oil industry in the West African region, including the relocation of the headquarters of GNPC to the region
- e. empower local firms to play progressively active roles in the oil and gas value chain through capacity development, financing and partnership support
- f. aggressively invest in education and skills enhancement of Ghanaians to manage the oil and gas sector under an "Accelerated Oil Capacity Development Programme"
- g. in collaboration with the private sector, create jobs in high impact areas such as fabrication and installation, manufacturing of equipment and parts and the construction of oil and gas infrastructure, and
- h. restructure the Ghana National Petroleum Corporation to focus on its core mandate, improve on its corporate governance and become a national vehicle for maximizing the value of our oil and gas resources.

**Petroleum Downstream**

- a. support the growth of local competition by redeeming government obligations to the BDCs
- b. address macroeconomic instability to ensure the effective implementation of the petroleum price deregulation policy
- c. expand the Tema Oil Refinery (TOR) and ensure BOST reverts to its core mandate of protecting our strategic petroleum reserves
- d. ensure that crude oil produced in Ghana is refined here to add value to our oil and to build a petrochemical industry as an important growth pillar for the economy
- e. improve on the quality of fuel produced in Ghana or imported by reviewing the standards for sulphur content in the fuels. This will ensure that low sulphur fuel is sold to consumers to reduce the risks of poor quality fuels to the environment, health and durability of motor vehicles, and
- f. facilitate, in collaboration with the private sector, the establishment of an oil refinery in Sekondi-Takoradi.

## **PETROLEUM REVENUE MANAGEMENT**

- i. review and further amend the Petroleum Revenue Management Act 2011 (Act 815) to support investment of revenue from oil in high-impact strategic social and economic infrastructure
- ii. between 2017 and 2020, primarily allocate revenue from oil to infrastructure, health, education and agriculture
- iii. leverage oil revenue to complete the Accra-Kumasi-Paga rail line connections and the rehabilitation of the Western and Eastern Rail Lines, and manage and use the revenue from the Jubilee, as well as from the TEN and SANKOFA fields, in a responsible and transparent manner.

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**Source:** PIAC

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