



**RE: ENQUIRY INTO MATTERS PERTAINING TO THE GAS SALES AGREEMENT BETWEEN**

**GHANA NATIONAL PETROLEUM CORPORATION (GNPC) AND GENSER ENERGY GHANA**

**LIMITED (GEGE)**

**BY**

**ACEP (Africa Centre for Energy Policy)**

**AND**

**IMANI Center for Policy & Education**

## Background

In September 2022, ACEP and Imani initiated an investigation into a sole-sourced contract between Genser and GNPC, encompassing a combined gas and pipeline infrastructure agreement. Our analysis revealed that Genser stood to receive \$1.5 billion in gas discounts over a sixteen-year period while utilizing effectively subsidised infrastructure to expand its enclave power projects across the country. These subsidies allowed it to poach bulk consumers from state entities such as VRA and ECG. In the course of seeking clarity on the rationale behind Ghana's commitment of \$1.5 billion in officially unacknowledged subsidies delivered through GNPC, the select committee on mines and energy announced its intent to investigate our claims.

After nearly a year, on August 16, 2023, the committee's chairperson released a report claiming it to be the work of the committee. ACEP and Imani have conducted a comprehensive review of the report presented by Mr. Atta Akyea, Member of Parliament for Abuakwa and Chairman of the Select Committee on Mines and Energy. This review indicates that the report has been crafted with an intent to retrospectively legitimise the deal while downplaying overwhelming evidence that the deal is not in the national interest. The chairperson's conduct raises serious questions in respect of objectivity, integrity and commitment to parliamentary values of accountability and propriety.

ACEP and Imani participated in the committee's proceedings as a gesture of respect for the parliamentary institution. Despite concerns regarding potential bias stemming from media interviews by the committee's chairperson and some of its members, we chose to put those reservations aside and engaged in good faith. Therefore, despite the committee's failure to provide its witness with the necessary preparatory guidance, it did not matter; we made an appearance.

After four hours of interrogation, ACEP and Imani impressed on the committee to deeply subject the Genser agreement to analysis within the broader and harrowing context of an energy sector bleeding billions of Dollars annually of public money on account of poor judgements and commercial decisions. The issue, therefore, was not whether GNPC had the legal remit to sign the Genser contract but how the contract terms affect the sustainability of the energy sector and fair pricing of gas which feed into electricity prices for the consumer.

The committee's report reveals a concerning pattern wherein the chairperson sought selective evidence to validate the transaction. Given that such evidence was often lacking, he was also not averse to conjuring some. In view of the serious deficiencies of the report, and the importance of the subject matter, we intend to thoroughly analyse the committee's so-called "findings" using the public interest yardstick. It is essential that we do this, bearing in mind the direct contribution of energy sector mismanagement to Ghana's current fiscal and economic plight. A state of affairs that is directly leading to the country's gains in poverty reduction over the last three decades being reversed at an alarming rate.

## Why ACEP and Imani's agreed to testify before the Committee

During our testimony before the committee, our intention was to present a comprehensive array of information regarding the ramifications of the Genser contract. Our hope was that this broad-ranging information would capture the committee's attention, prompting them to delve into the agreement's impact on the fiscal sustainability of the entire energy sector.

To this end, we proceeded to employ a powerpoint presentation that spotlighted several key facets of the deal and how they could impact the energy sector. These included the challenges within the gas market, including the burdensome nature of take-or-pay commitments that the State continues to grapple with, as well as GNPC's struggles to meet its gas supplier payments – now with over \$600 million outstanding. These are critical issues: **the same GNPC that is unable to pay its suppliers for gas is happily handing out hundreds of millions of dollars' worth of discounts on the gas it sells.**

Additionally, we aimed to elucidate the regulatory framework that generates the Weighted Average Cost of Gas (WACOG) and underscore the importance of halting wasteful practices before they crystallize into financial liabilities for the country.

Specifically, we showed that,

1. **The agreement was the most important document relevant for the interpretation of the relationship between Genser and GNPC.** This was after the insistence of the Chairman that ACEP and Imani should have gone to GNPC for further information and/or explanations on the price offered to Genser. Regardless of GNPC's motives for the commercial decisions they took, the binding terms of the agreement are what matters.
2. **The gas market does not have cheap gas sitting anywhere to be sold at a discount.** At the time of signing the contract, the WACOG was \$6.08. The commodity cost (the price of raw gas without accounting for processing, transmission or service charges) in the WACOG was \$4.89/MMBtu. It was strange for GNPC to offer a discount on the commodity despite this reality. Even more intriguingly, GNPC has often argued that the WACOG has been set too low and, per its calculations, the commodity cost should be pegged at ~\$6.5.
3. **The committee was informed that the \$6.08 WACOG was achieved by sacrificing government royalties and GNPC's Carried and Participating interest in OCTP, one of the country's oilfields from which gas is produced.** Therefore, additional subsidies on gas to Genser compounds existing shortfalls for Ghana and the citizen whose taxes are sacrificed to pay for waste instead of development.
4. **The Genser deal has wider implications for the gas market and the state agencies in the sector.** VRA and ECG have complained at every opportunity about how the gas discount to Genser was negatively impacting their business by skewing the playing field in Genser's favour, allowing it to unfairly poach their customers.
5. **GNPC could not show how they will get money to pay for the under-recoveries resulting from the agreement.** At the time of the committee's investigations, PURC had rejected the proposal to accommodate the pricing effects of the Genser agreement in the WACOG computation.

6. **Genser is a power producing company and does not qualify for Discounted Industrial Development Tariff (DIDT).** The committee claimed during the hearings that Genser was granted DIDT status by the Ministry of Energy. We contended that Power companies would not qualify based on the qualification criteria prescribed in the Ghana Gas Master Plan. Ghana's current industrial policy and the Gas Master Plan favour manufacturing and/or secondary and tertiary value addition. Genser supplies all its power to mines. Other power producers like Trojan do not enjoy DIDT, though they supply power for secondary and Tertiary value addition within the Ghanaian economy.
7. **When a DIDT discount is granted, the government must show how the discount will be paid for.** It was explained to the committee that the full cost of gas must always be recovered. Therefore, when government grants DIDT to an operator, it must show how the discount will eventually be paid for.
8. **An opportunity to officially present the issues to Parliament.** We provided a summary of our issues in the form of a two-page Memo for the committee to understand our position before appearing before it; to prevent misrepresentation and any inaccuracies due to interpretation or transcription in the committee's report. In hindsight, the decision to present our thoughts in writing, in addition to the PowerPoint presentation, was clearly sensible.

#### **Testimonies as captured in the report.**

It's noteworthy that the committee offered concise "super summaries" of the testimonies provided by the invited entities. Despite the fact that each party spent no less than an hour addressing the committee, certain summaries spanned merely three lines. This would suggest two plausible scenarios to the average mind: either the committee failed to pose pertinent questions, or it selectively highlighted testimonies that could be construed with little effort as justifying the transaction. ACEP and Imani lean towards the latter.

#### **The Case of GNPC**

During GNPC's appearance before the committee, it stated that it priced the Genser gas according to the Ministry's granted DIDT as indicated in figure one below. However, the committee seemed to assert that GNPC undertook a netback on the \$6.08/MMBtu regulated tariff, based on their recollection of GNPC's testimony. The committee's initial focus should have been on comprehending the concept of netback. This understanding could have illuminated the plain fact that netbacking cannot be applied to a WACOG price that did not incorporate Genser's infrastructure costs, especially when none of the cost elements were impacted by the Genser deal.

If GNPC indeed provided conflicting testimonies regarding their discount calculation, it becomes even more perplexing that the committee overlooked this inconsistency. What is particularly baffling is that the committee opted to utilize the DIDT for determining the benefits accruing to GNPC within the transaction. This raises significant questions about the thoroughness and impartiality of the committee's evaluation process.



# KEY COMMERCIAL TERMS

## Pricing

- The pricing reflects the structure of the transaction
  - Whilst GNPC is selling gas to Genser, GNPC is also buying capacity in the Genser pipelines

Component	Unit of Measure	Price (US\$/MMBtu)
Gas Commodity Charge (GCC)	US\$/MMBtu	2.660
Seller Aggregator's Fee	US\$/MMBtu	0.130
Contract Price	US\$/MMBtu	2.790

Pricing Analysis - DIDI				
Description	2020	2021	2022	2023
DIDI	4.20	4.20	4.20	4.20
Other Charges & Levies	(1.17)	(1.17)	(1.27)	(1.27)
SAF	(0.13)	(0.13)	(0.13)	(0.13)
Capacity Charge	(0.25)	(0.25)	(0.25)	(0.25)
DIDI Commodity	2.65	2.65	2.55	2.55
Genser Commodity Component	2.66	2.67	2.74	2.79
Genser Contract Price	2.79	2.80	2.87	2.92



Figure 1: GNPC DIDI calculation presented to the committee

Continuing with the theme of data manipulation, the committee seemingly concocted figures such as a US\$0.80 netback fee for GEG's branch pipelines, a pipeline capacity charge of US\$1.865 spanning 16 years, and a GNGC PURC tariff of US\$0.624 for GEG's 20-inch pipelines. It's evident that these numbers were orchestrated to retroactively justify the transaction, leaving little doubt about the intention behind their fabrication. They simply do not accord with the analysis presented by GNPC.

As evidence of our claims, we have attached the complete Weighted Average Cost of Gas (WACOG) model below for the period when the gas price was negotiated. This detail will allow stakeholders to examine the inputs, assumptions, and calculations that underpin the true components of the WACOG, not what is claimed by the committee's chairperson at the risk of gambling with his credibility.

Gas Source	Jubilee	TEN	Sankofa	N-Gas	Average	Comments
a Assured volume(MMBTU)	60,000	15,000	170,000	60,000		Total volume of 305,000MMBtu based on assumed thermal generation capacity of 1840MW. N-Gas flow is assumed to be 60,000MMBtu.
b Weight	20%	5%	56%	20%		Weights by volume
c Commodity Cost	-	0.5369	6.1408	7.2400		
d Weighted Average Commodity Cost		0.0264	3.4227	1.4243	<b>4.87</b>	
e Processing Charge	0.3360	0.3360	-	-		Reduced by US\$0.78/MMBtu. Liquids proceeds to supplement processing costs
f Gathering/Elps	-	-	-	-		No gathering charge assumed. Was US\$1.04/MMBtu for Jubilee and US\$1.12/MMBtu for TEN
g Transmission Charge (GNGC)	0.7280	0.7280	0.7280	-		65% of the transmission charge determined by PURC in 2018. This is because of increased volume (from ~120,000MMBtu to ~305,000MMBtu)
h Transmission Charge - WAGP (Tdi-Tema)	2.1000	-	-	-		Current WAGP transportation as determined by the Committee of Ministers, until end 2019.
i WAGP Transmission (Lagos-Tema)						Current WAGP transportation as determined by the Committee of Ministers, until end 2019.
j Gas Management Fees	0.0843	0.0843	0.0432			This is based on contract with West Coast.
k Financing Costs	-	-	-	-		GNPC has financing costs; It should seek to recover it from PHF
l Regulatory Levy	0.0500	0.0500	0.0500			PURC levy is rationalised in line with WAGPA levy. WAGPA Levy is 0.06/MMBtu. This is because of increased volume (from ~120,000MMBtu to ~305,000MMBtu)
m Aggregator's Margin	0.0500	0.0500	0.0500			Margin for aggregator, lower in line with expected increased volume
Total Service Charge	<b>3.3483</b>	<b>1.2483</b>	<b>0.8712</b>	-		
n Weighted Aggregate Service Charge	<b>0.6587</b>	<b>0.0614</b>	<b>0.4856</b>	<b>0.0000</b>	<b>1.21</b>	
o Weighted Average Delivered Cost of Gas/MMBtu					<b>6.08</b>	

Figure 2: WACOG model for 2020 approved by PURC

These figures were undeniably absent from the WACOG calculations. What is even more perplexing is the assertion that the PURC sanctioned a tariff for Genser's branch pipelines. It raises a fundamental question: Why should GNPC foot the bill for infrastructure that exclusively serves Genser's clientele? The committee's failure to acknowledge this evident misallocation of public resources and their subsequent endorsement of it is both puzzling and questionable.

### The Testimony of GNGC

The committee report does not include essential testimony and pricing details provided by GNGC. GNGC's testimony included significant information about Genser's pre-GNPC gas payment, which was at the full WACOG rate of \$6.08/MMBtu. Subsequently, this rate notably decreased to \$2.79/MMBtu after GNPC assumed responsibility for gas supply to Genser. GNGC also testified to their earlier agreements with Genser to assume ownership of the primary and branch pipelines after a 96-month payment period to Genser, contrary to the optionality available to GNPC to buy only the primary pipeline after paying the implied amount of \$1.5 billion in discounts.

In addition to GNGC's testimony, the committee had access to the GNGC-Genser contract, which could have facilitated a more comprehensive evaluation of the cost-benefit analyses of both agreements. Given the legal expertise within the committee, including on the part of the chairperson, it is noteworthy that these significant details were not included in their considerations.

## **PURC testimony**

The appearance of PURC before the committee is noteworthy; however, the report intriguingly omits any indication of the committee's interest in verifying the accuracy of GNPC's account regarding the approved regulatory price. It would have been prudent for the committee to corroborate this with PURC's testimony, which explicitly stated that the regulator was not involved in the process that would eventually require significant recalibration of the regulated price. This point is significant as it refutes GNPC's netback claims, underscoring the importance of scrutinizing the assertions made from multiple perspectives to ensure a comprehensive understanding of the situation.

## **Tullow's testimony**

It is not clear what the committee wanted from Tullow in respect of the pipeline cost and the validity of the price agreed between GNPC and Genser, noting that Tullow was not a party to the agreement and cannot speculate about how it was negotiated. Clearly, the opportunity could have been better utilised by the committee to confirm some of the specifics that we provided, for example, our claim that the foundation gas is running out at the end of December 2022 and that new prices were being negotiated for gas previously supplied by Tullow for free to Ghana from the TEN and Jubilee fields. Tullow, at the time, was negotiating to be paid a gas price of about \$3.6MMBtu. They could not have assured the committee that lean gas would be as cheap as \$2.79/ MMBtu. Recently, Government has agreed to a price of \$2.9/MMBtu for raw gas from the oilfields in question. To calibrate for this reality, the WACOG is now \$7.5/MMBtu (at the prevailing Bank of Ghana USD/GHS Interbank rate; see Appendix 1), further deepening the shortfall created by the GNPC and Genser contract. Duty to country would have required a deeper interrogation into how the country will pay for the discounts provided to Genser, not the whitewash that is the committee chairperson's report.

## **Testimony of VRA**

In this instance, the testimony of VRA, underscoring the Genser contract's anticompetitive nature, was condensed into a mere three lines. However, the Authority elaborated before the committee on the contract's impact on their cash flow and how it attrits from the substantial investments made within the mining enclaves over the years. This narrative was echoed by ACEP and Imani during our interactions with the committee, emphasizing the convergence of concerns. We highlighted the losses incurred by ECG due to Genser's access to unfairly cheaper gas, enabling them to undercut state institutions within the mining sector.

None of that was important for the committee to investigate. In fact, the chairperson of the committee told ACEP and Imani that if "Genser has been smart to negotiate for cheaper gas, VRA should do same", with scant regard for the implications on the State as the ultimate bearer of the under recoveries.

## **The Ministry's testimony**

When the Minister of Energy appeared before the committee, the report indicates that the entire Ministry was not aware of the gas price negotiated between Gender and GNPC. This incredible testimony depicts the casualness with which the ministry approached the committee's work. it is important to note that the Ministry played a central role in facilitating

the GNGC-Genser deal. By a letter dated the 13<sup>th</sup> of March, 2020, the Ministry of energy communicated the country’s Economic Management Team’s (EMT’s) decision to GNPC and GNGC confirming GNPC as the aggregator and seller of gas to power sector companies. In the same letter, the Ministry designated GNGC as follows:

1. *GNGC shall remain the owner and operator of the NGTS [National Gas Transmission System], Gas Processing Plant (GPP), and the gas gathering lines feeding into the GPP;*
2. *GNGC will develop and operate any additional pipeline infrastructure that is required to expand or enhance the NGTS;*
3. *The prices of gas supplied to regulated customers shall be approved from time to time as necessary by the regulator, and for gas supplied to non-regulated customers by the Ministry of Energy.*

These are clear policy directives from the ministry that claimed it had no knowledge of the entire transaction. Note the clear contradiction with the claim in the committee’s report that in the deregulated energy market, no governmental authority has a say in pricing matters, even if the commodity for sale is owned by a state-owned entity. Note also that, in spite of these self-explanatory directives, GNPC could negotiate to buy pipelines when the Ministry had designated GNGC as the sole entity to own and operate transmission infrastructure. Subsequently, the office of the president wrote to the Ministry to confer on GNGC the status as the new aggregator of gas.

As further proof that the Minister was deliberately being evasive, we produce a letter signed by him instructing GNPC to renegotiate the Genser agreement in march 2021 for the planned extension of Genser’s pipeline to the city of Kumasi.

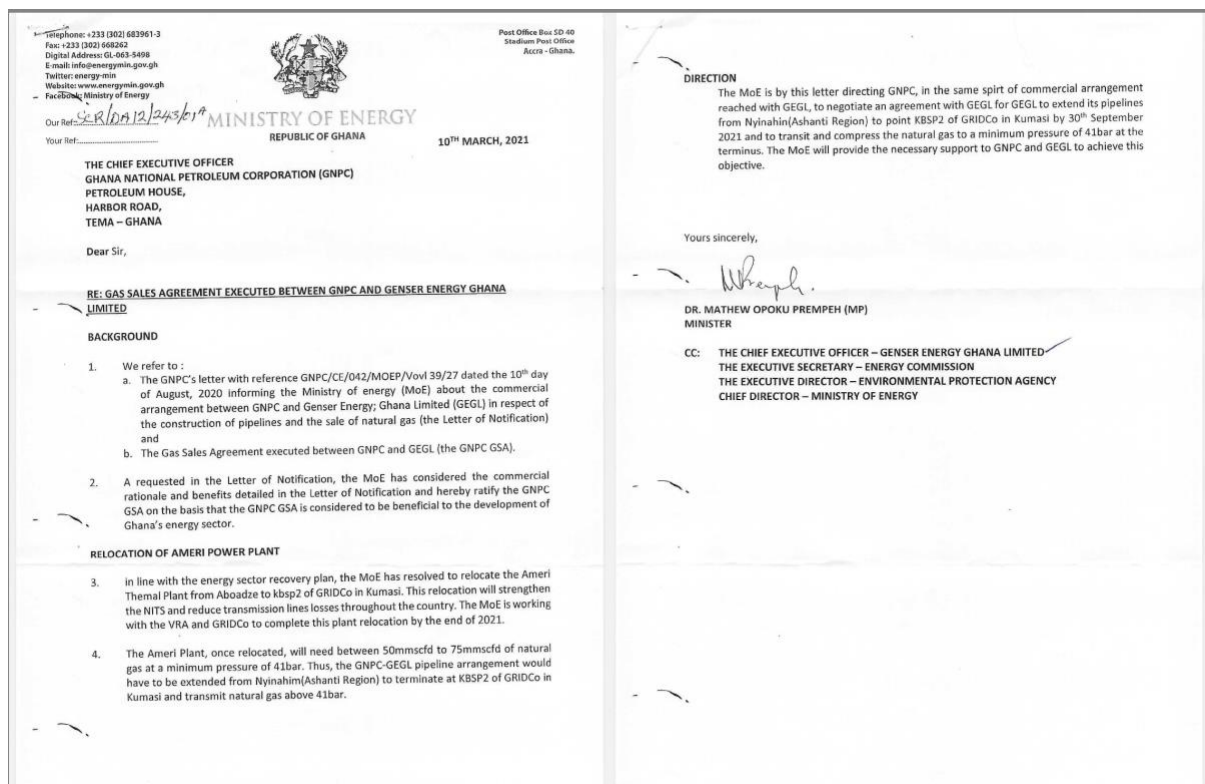


Figure 3: Letter of the minister indicating his approval of the Genser deal



Again, in that same letter, the minister ratified the Gas Sale Agreement (GSA). Certainly, the Minister could not have genuinely told the Committee that his Ministry did not know about the Genser Gas Sale Agreement. The worst part of all this is that the committee had all the correspondences that prove that the Minister's testimony could not have been true. Alternatively, the committee fabricated the testimony attributed to the Minister.

### **Genser's Testimony**

Genser's testimony provides a sneak peek into the reason the committee concocted a new narrative for GNPC. The use of netback in the testimony of GNPC was essentially to correct misalignments with the testimony of Genser. The company generates its own netback cost, without approval by the PURC, the regulator. Genser's testimony that its contract was based on the PURC-approved tariff, contrary to the facts, and not on DIDT as claimed by GNPC should have prompted the committee to do more.

The fact that two parties to the agreement, Genser and GNPC, could have such a sharply divergent understanding of how the price was arrived at was clear testimony that the agreement was not negotiated purely on its economic value to the state. In fact, the committee itself admitted that it has spotted these discrepancies before ACEP and Imani representatives during the hearing, which makes it all the more curious why such an alarming fact did not make the report.

### **ACEP and Imani testimony**

The committee's report reproduces some bare details from the agreement regarding a total discount of \$4.6/MMBtu from GNPC to Genser once another Genser pipeline, the PPO2 to Kumasi, is completed. But it completely ignores any other information provided to the committee by ACEP and Imani.

What is striking though, is that the committee disputes the \$1.5 billion dollars tag on the agreement with the following statements.

*"ACEP and MANI based their computation of the potential loss of US\$ 1.5 billion exclusively on the contractual sum of US\$2.79 while disregarding a significant component of the gas price, which is the capacity charge of US\$3.29/mmBTU that GNPC pays back to GEGE."*

*What they did was to simply calculate the difference between the PURC's WACoG at the time of execution of the GSA (US\$6.08/mmBTU) and the contract price upon full implementation of the contract of (US\$1.72/mmBTU). This results in a shortfall or loss of US\$4.36/mmBTU. They then multiplied the total loss of US\$4.36/mmBTU by the contractual volume of 329,000,000mmBTU. Mathematically, these computations may be expressed as follows:*

*US\$4.36 x 329,000,000 = US\$1,434,440,000."*

While maintaining utmost respect for the committee, we wish to clarify that the computation of the gas price, linked to US CPI and benchmarked against a dynamic WACOG, is not simple arithmetic as depicted in the committee's analysis. During our testimony, ACEP and Imani expounded on the process behind arriving at the \$1.5 billion figure. This involved intricate

modelling of all variables in the agreement and the projected movements of the WACOG to provide a more accurate projection of price dynamics in a sixteen-year timeframe.

The committee had the opportunity to seek further clarification if the initial explanation was not entirely comprehensible. Furthermore, the slides we presented to the committee explicitly demonstrated the application of escalation. Additionally, our assessment also considered the potential loss stemming from GNPC's projection of the gas price if the Genser deal were integrated into the WACOG. The magnitude of this loss is approximately \$3.6 billion.

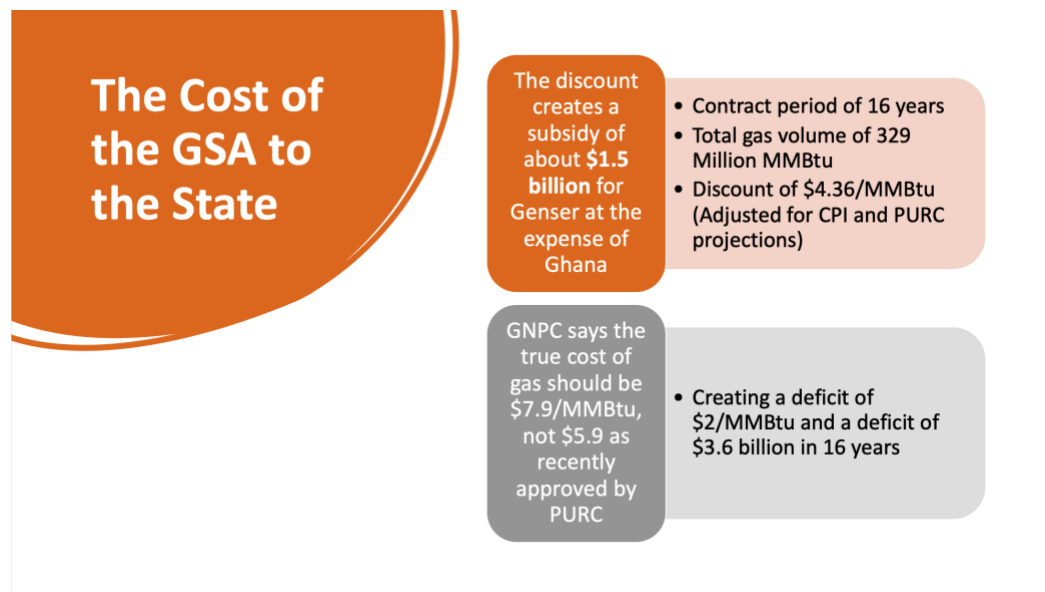


Figure 4: A slide presented to the committee

Beyond the headline issues about the contract sum, the committee makes zero effort to understand that the initial \$6.08/MMBtu is an all-in cost of the commodity from offshore to Prestea Regulatory and Metering Station (PRMS). Therefore, that price cannot be discounted for a consumer beyond the PRMS. ACEP and Imani spent four excruciating hours trying to drive home that point. At every turn, the committee allowed Mr K.T. Hammond, currently the Trade Minister, to disrupt proceedings and steer the conversation away from critical examination.

At any rate, at the time of committee's hearings, the PURC had increased the WACOG a number of times already. The pure commodity cost, even discounting processing, was \$6 in the WACOG (see appendix one) and thus closer to GNPC's preferred commodity cost calculation. The processing, transmission and service charges are additional in reaching the WACOG. If, for some reason, and that reason is far from self-evident, GNPC felt the need to discount transmission charges in view of Genser's pipeline investments to deliver gas to the plant gate of its customers, there is no method in energy economics that would lead to net backing even farther to discount the commodity cost as well.

### **Some basic expectations we had of the committee from our testimony.**

Despite the discomfort stemming from the biased remarks made by the chairperson and committee members ahead of the hearings, we maintained a sense of optimism that certain fundamental expectations would be upheld. These expectations included:

1. **Establish what the discount is paying for.** We were not oblivious to the fact that Genser was making investments that would have to be paid for eventually by someone. Both Genser and GNPC told the committee that the approximately 100km Nyinahin - Kumasi pipeline would cost the company \$170 million. This is far more than the cost of the primary pipeline network of about 230km, valued at an amount ranging between \$125 and \$145 million. Cumulatively, the unvetted investment will not cost more than \$315 million. What rate of return was used to arrive at the cost for GNPC, and could GNPC have audited the investment claims of Genser? What evidence was presented to show that GNPC recovered these costs by accommodating them in transmission charges for the delivery of gas through Genser's network to third-party customers? Has GNPC actually made any such deliveries? At any rate, if Genser has made investments to enable it to deliver gas to its customers, why should GNPC, rather than Genser's customers, be the one to bear the financial consequences?
2. **Why would GNPC commit to \$1.5 billion in subsidies when the pipelines are not for its exclusive use?** To press home the preceding point, Genser constructed most of the pipelines for its current and future needs. The committee could have examined the commercial model of GNPC underlying its planned use of these pipelines and how the use of the infrastructure amortises the investment rather than simply hanging everything on GNPC. Per the contract, GNPC more than amortises the investment and provides free infrastructure for Genser's use. The simple effect of the existing agreement is that Genser gets to transport its gas for free to its customers with a network paid for by GNPC and the Ghanaian taxpayer.
3. **Examine whether GNPC is making realistic capacity reservation.** The corporation defends its arrangement with Genser on the basis that it has secured a capacity reservation of 130 mmscf/d in the primary pipeline alongside 65 mmscf/d in the branch pipelines. A discerning analyst would invariably draw one conclusion: this justification appears concocted and lacks substantial backing from both the supply and demand dimensions of the Ghanaian gas market. It was reasonable to anticipate a more rigorous examination of these figures by the committee, especially given that this aspect was highlighted during the testimony of ACEP and IMANI. At any rate, there was no logical reason to tie vague, future projections of expected capacity needs to the pricing of exact quantities of commodity already being delivered.

The total domestic gas production stands at approximately 320 mmscf per day. Assuming GNPC allocates 195 mmscf/d for transmission to the west-Ashanti corridor and about 60 mmscf/d to Genser, a residual capacity of 55 mmscf per day remains. Moreover, GNPC is obligated by a take-or-pay commitment to transmit a minimum of 60 mmscf per day from the west to the east through the West Africa Gas Pipeline (WAGP). Consequently, the western power enclave faces a dearth of gas supply. Therefore, it should have been evident to the committee that the projected capacity reservation would be unattainable during the tenure of the Genser contract. Furthermore, as is very well known to committee members, the Ameri Power plant,

which was anticipated to consume around 30 mmscf per day through the pipeline, has encountered procurement challenges, further compounded by corruption allegations, and has thus failed to be relocated as initially planned.

4. **Ownership of transmission pipelines.** Government policy is for GNGC to own and operate all transmission pipelines. This agreement creates another transmission company in Genser with an option for GNPC to buy part of the Genser Pipeline network. Was it the expectation of the Committee that GNPC, on top of its current operational headaches, also intends to become a transmission company in the near future, for which reason no questions were asked?
5. **Why is GNPC required to purchase the primary pipeline after paying \$1.5 billion?** Having more than amortised the investment of Genser through the massive discounts complained of, GNPC also intends to buy Genser's primary pipeline at a minimum price of \$33 million, plus an opaque "return on equity" margin to be determined at the point of sale. It is shocking that the committee did not even bother to probe this clear vacation of fiduciary responsibility by GNPC's negotiators.

### **Summary of the unpardonable failings of the committee**

The job of a parliamentary committee cannot be mere endorsement of the right of agencies to make decisions around functions enshrined in the laws that set up those agencies. The job of Parliament and its committees is to assess the impact and rationales of such decision-making and to analyse them in respect of context, timing, and value for money. Sadly, the chairperson of the Committee on Mines and Energy evaded these priorities and seemed to have steered the body towards an aggressive push to whitewash the Genser deal. In that quest, the committee failed in its duty to contribute to alleviating the challenges of the energy sector created by nefarious acts of public corporations and agencies, such as the Genser deal.

Over the last three years, the committee has played ostrich with some of the grand schemes to fleece the people of Ghana through energy sector deals. The Atta Akyea Committee approved \$1.1 billion for the heinous Aker deal that was eventually sold for a dollar. The committee has also seen no reason to intervene and push for the return of the \$300 million-dollar cash flow linked to the recent Occidental asset sale, which has been hidden in the Cayman Islands by GNPC and political babysitters. Also, GNPC is spending over \$70 million to decommission the Saltpond oilfields that various proposals sought to do for under \$25 million. The recent attempt to lease the assets of Tema Oil refinery to shady operators is another example of misgovernance cheerily supervised by the committee under its current chairperson.

It is not surprising that some members of the committee periodically break ranks to speak on their own on these matters. The committee is failing to stand up for the people.

Many terrible decisions go through Parliament, which have culminated in the economic disaster Ghana finds itself today, but it is almost as if the Atta Akyea Committee is competing to become the worse energy committee in Ghana's history. To that extent, critical evidence before the committee did not matter. Therefore:

1. Despite clear exchanges between the GNPC and the Minister involving ratification for the deal, the sector Ministry, led by the Minister, could deny before the committee

that he never ratified the agreement. Even when evidence clearly indicated the Minister's involvement in extending a Genser pipeline from Nyinahin to Kumasi, the committee overlooked these facts, thereby allowing falsehoods to persist.

2. The Minister informed the committee that the free foundation gas would be depleted by December 2023. This stance contradicted Tullow, the operator, which stated that the depletion would occur in 2022. Despite this discrepancy, the committee overlooked the clash of factual viewpoints.
3. Tullow's testimony about a potential gas volume cap of 150mmscf from 2026 onwards seemed to hold little relevance for assessing GNPC's ability to supply the contracted volume of 60mmscf/d on top of the 195mmscf capacity reservation on the Genser pipeline.
4. Curiously, the committee managed to calculate potential transmission losses amounting to about \$480 million that could be saved by relocating Ameri to Kumasi. However, they failed to grasp that investing approximately \$70 million in transmission infrastructure could avert these losses and render unnecessary the payment of \$1.5 billion in implied subsidies to Genser.
5. While the committee could speculate about various economic benefits such as employment, condensate exports, and investment attraction, they didn't recognize that the insufficient gas supply would hinder the realization of these aspirations, even if these points had any of the dubious validity ascribed to them.

Extending the benefit of the doubt to the Atta Akyea committee has proven to be a bitter lesson in our collective efforts to advocate for vital improvements in the energy and extractive sector of Ghana. We have concluded that the committee's primary goal was to suppress criticism of the Genser sweetheart gas deal, enabling the unimpeded execution of the atrocious Genser agreement. Consequently, Genser has constructed the pipeline to Kumasi, even though GNPC lacks the capacity to utilize any gas molecules currently. As a result, there is a frantic push to incorporate infrastructure costs into the gas price for every consumer. This approach will undoubtedly lead to elevated electricity costs, further burdening the public, who are already grappling with substantial increases in electricity charges. Even as more odious debts are piled on the back of this longsuffering Republic, this is how the committee chose to honour the people of Ghana and do justice to their interests.

**Attention:**

The Speaker of Parliament

Hon. Majority Leader

Hon. Minority Leader

Minister for Energy

GNPC

GNGC

GEGL

PURC

VRA

Tullow Ghana Ltd

The Press

Members of the Mines and Energy Committee

## Appendix 1

### FIRST SCHEDULE

Gas Tariff Category	Effective 1 <sup>st</sup> June, 2023
WAGCC - (GHS/MMBtu)	65.1125

### SECOND SCHEDULE

Gas Tariff Category	Effective 1 <sup>st</sup> June, 2023
WAGGC - (GHS/MMBtu)	0.2953
WAGPC - (GHS/MMBtu)	0.7493
WAGTSC 1* - (GHS/MMBtu)	8.9490
WAGTSC 2 - (GHS/MMBtu)	6.7888

### THIRD SCHEDULE

Gas Tariff Category	Effective 1 <sup>st</sup> June, 2023
WAGSC - (GHS/MMBtu)	0.9412

### FOURTH SCHEDULE

Gas Tariff Category	Effective 1 <sup>st</sup> June, 2023
WACOG - (GHS/MMBtu)	82.8362

\*Includes Regulatory Levy



**Mr. Ebo B. Quagraine**  
Chairman  
Public Utilities Regulatory Commission

## Appendix 2

### Members of the Parliamentary Select Committee on Mines and Energy

