

August 3, 2022

Rejoinder: One on One with Hon. Matthew Opoku Prempeh on Peace FM

The Africa Centre for Energy Policy has followed the conversation generated on the back of the Minister of Energy's interview granted to Peace FM on Kokrokoo Morning Show on Wednesday, August 3, 2022. The interview was also broadcasted on Facebook. As part of the interview, the show's host asked specific questions regarding ACEP's cautionary press statement released on Tuesday, August 2, 2022, on the relocation of the Ameri Plant from Takoradi to Kumasi. In the answers of the Minister, he made claims that are not factual but reinforced his conclusion that ACEP is "only against the Ameri plant relocation because it is going to Kumasi."

It is important to state that ACEP has no direct interest in wherever the Ameri plant is located beyond the public interest. From the Minister's interview, he has either not read ACEP's press statement or was deliberately mischievous because he did not address the substantive issues raised in our statement. ACEP, therefore, wants to restate the following facts, hoping that Peace FM would make them available as a response to the vast following and audience of the station:

1. **"ACEP is only against the Ameri plant relocation because it is going to Kumasi"** connoting a tribal hate of ACEP for the people of Kumasi. ACEP is not against the location of a power plant in any part of Ghana. We analyze the decisions of the Energy Ministry based on their strategic or proprietary fit at a particular time. In our statement, we were emphatic that there may be a need for power generation in the middle belt in the medium to long term. However, with the cash-strapped power sector managed by the same Minister, the most optimal decisions must be prioritized. The power sector's financial situation is worsening every year and requires decisions that, at the barest minimum, reduce the burden and not add on. In 2020 and 2021, the government shouldered total under-recoveries from the sector to over GHS 14 billion (GHS 6.8 billion in 2020, and the cedi equivalent of \$1.257 billion in 2021). In addition, the sector's outstanding payments for gas and IPPs are in excess of \$1.2 billion (GHS9.6 billion) for the first half of 2022.
2. **"ACEP sent the statement to the NDC first."** This is completely false. The Minister cannot provide any evidence to back this claim. Our statement was first read at about 10:15 am and broadcasted on Zoom and Facebook in the presence of the media. Any evidence or trace before this time would confirm what the Minister is claiming. It is important to note that our statements are public documents available to the government and the opposition.



3. ***"ACEP is inciting agitations and demonstrations against the relocation of the plant."***
This is another false statement. ACEP is neither aware of any demonstrations organized anywhere on Ameri nor have we instigated one. Therefore, we can say authoritatively that the Minister cannot substantiate this claim.
4. ***"VRA is leading the negotiations and not the Ministry of Energy"***. Again, all the available evidence show that the Ministry, at all times, has been Ghana's negotiating party (see attached annex). The proposal from Mytilineos SA for \$25.48 million was submitted to the Ministry. The Ministry did the negotiations, applied for PPA approval for \$71.6 million (\$35.6 million for the relocation and \$36 million for the operations and maintenance) and sought the legal opinion of the Attorney General's office for the contract. It was subsequent to these that the VRA Senior Staff Association wrote to protest the negotiations done by the Ministry.
5. ***"Bui is a peaking plant that only works for 4-5 hours in the day."*** Bui is a peaking plant because Ghana has made it so, not because it has "peaking turbines". Bui is a 400MW plant, however, the plant cannot generate at that capacity all year round due to limitations with the available volumes of water in a given year. This is why Ghana decided to generate power from Bui at full capacity during the peak hours. The simple point ACEP made in the statement is that, instead of operating 400MW at peak periods, we could reduce the generation to about 150MW for the plant to run 24 hours a day to support generation from the East and Western power enclaves (where we are told there is excess capacity) for a period that gives Ghana a breathing space to address the fiscal challenges in the power sector. Any plant that can start and shut in a matter of minutes can be designated as a peaking plant.

The challenges of the power sector require the full focus of the Minister of Energy than accusing ACEP of hate for the people of Kumasi, pandering to the opposition and instigating agitations. For Ghana to pay over GHS14 billion in 2020 and 2021 with an outstanding debt of about GHS17.6 billion (GHS9.6 billion for gas and IPP debts and about GHS8 billion from ESLA), the fiscal challenges in the sector are getting to overwhelming levels that require the control of debt accumulation, not personalization and accusations. ACEP remains committed to providing credible policy analysis and alternatives without fear or favor, in the national interest.

Ends.

