

BOARD CHAIRMAN'S STATEMENT

Dear Stakeholders,

Ladies and Gentlemen, I am pleased to welcome you to the Volta River Authority's 2021 Stakeholders' Interface.

On behalf of the Board, Management and Staff, I am pleased to present to you the Volta River Authority's (VRA) Operational and Financial performance report for the year ended December 31, 2021. This year marks the second year of business since the outbreak of the COVID-19 pandemic in 2020. In spite of the challenges posed by the pandemic, I am proud to report that our financial and operational performance remained robust and resilient.

The year 2021 saw an improvement in our business as an Authority which resulted in a profit out-turn, building on another profitable year in 2020. This remarkable improvement in our financials contrasts with several years of loss making, in particular during the 2014-2016 period. The success is attributable largely to the Financial Recovery Programme (FRP) and Sustainability Plan (SP) that were instituted by the Authority and the previous Board. The measures implemented under the FRP and SP significantly contributed to a reduction in our cost of operations, improved our revenues and ensured that our generation system remained reliable and efficient.

The Board is appreciative of all the support, efforts and co-operation of the various stakeholders, namely, the Government, Management and Staff, Sister Utilities, Regulators, Customers, and the general public.

Operational Performance

The Authority continued to show its importance in the power sector as indicated by our contribution of over 53% of all generation produced in the country. The Akosombo and Kpong Generating Stations generated a total of 6,530GWh. This is approximately 30GWh (0.5%) higher than the planned generation of 6,500GWh. Comparatively, this year's performance was a significant increase over the 2020 generation of 6,024GWh.

The Authority showed a significant improvement in its thermal generation portfolio in 2021. In the year under review, planned thermal generation was 5,456GWh. Actual supply recorded was however 5,067GWh. The 5,067GWh recorded, was 7% or 389GWh lower than the planned output. It is instructive to note that the T1 Plant in Aboadze achieved its highest availability since 2014. This development largely contributed to the enhanced overall performance of the thermal portfolio.

Financial Health

In 2021, the Authority's Revenue from sale of electricity increased by 3.7%, from the previous year's sale of GH¢3,793 million to GH¢3,932 million. This was mainly due to the combined effect of a 10.5%

(1,110GWh) increase in the volume of energy sold from 10,535GWh in 2020 to 11,645GWh in 2021.

This was against the background of a decrease of 6.68% in the average tariff to ECG, from GH¢0.26978/kWh in 2020 to GH¢0.25175/kWh in 2021. Transmission Services Charge relating to energy (TSC2) increased by 52.85% from an average of GH¢0.011534 in 2020 to GH¢0.01763 in 2021.

The volume of energy sold to the two major distribution companies in the country increased by 20.8%(1,051GWh) from 5,044GWh in 2020 to 6,095GWh in 2021. Sales to our other customers however decreased by 3.75% (169GWh) from 4,501GWh in 2020 to 4,332GWh in 2021. This was largely due to a decrease in sales to Communauté Électrique Du Bénin from 715GWh in 2020 to 574GWh in 2021, representing a decline of 141GWh (19.72%).

Notwithstanding the post-covid challenges, the Authority ended the year with a Net profit GH¢112.76 million. This is the second year of profitability after our financial recovery, and the first for this current Board.

Corporate Social Responsibility

As a responsible corporate citizen, the Authority has the objective to implement programmes that improve the living standards and development of our impacted communities. In this regard, VRA continued to invest in developing the life skills of the inhabitants in impacted communities to enhance their income earning potential and improve their socio-economic development.

The Authority executes its Corporate Social Responsibility policy through implementation of the Community Development Programme (CDP). The CDP focuses on six (6) thematic areas of development and support services including; support for social infrastructural projects, environmental protection, industrial attachments, educational scholarships to indigenes at the Tertiary level as well as healthcare, and cultural activities.

I wish to reiterate that, with the implementation of Government's Free SHS policy, the Authority now provides scholarships to brilliant but needy students at the Tertiary Education level. Currently, there are about 60 beneficiaries who are on this programme with an annual budget of GH¢260,000.

We continue to maintain mutually beneficial partnerships with the communities through their District and Municipal Assemblies, and other development agencies such as the traditional councils, among other key stakeholders.

Industrial Relations

The industrial environment was stable and peaceful as Management and Staff collaborated effectively to create an enabling environment that made the Authority's business thrive. On the part of Management, to ensure VRA maintained a well-motivated Staff with the right customercentric attitudes, Management continued to provide the necessary platform, opportunities and programmes to advance the skills, knowledge and competences of the Staff.

Portfolio Growth

VRA increased its footprints in renewable energy (solar) with the coming on stream of the 13MWp Kaleo Solar Power Plant. Going forward, the Authority will continue to work with relevant stakeholders and comply with all regulatory processes to facilitate the construction of our 60MWp Bongo Solar Power project in the Upper West Region and the 75MW Wind Power Project at Anloga in the Volta Region. The orderly expansion of our renewable energy portfolio is in line with our commitment to diversify our generation portfolio. It is anticipated to increase our renewable footprint to at least 200 MW by the year 2025.

As part of the expansion of our thermal generation portfolio, we are working with the Ministry of Energy to relocate the 250 MW Ameri plant to Kumasi and rehabilitate and operationalize the 132 MW T3 power plant in Aboadze within the 2023 to 2024 time-frame.

Again, we deepened our engagement with SSNIT/CENIT energy towards converting our two simple cycle power plants at Tema into combined cycle plants to make a total generation of 330 MW. Similar discussions are ongoing with potential partners on the conversion of our 220MW KTPS plant, also in Tema, into a 330MW combined cycle. The objective is to make them efficient, reduce operational cost and increase our generation capacity.

60th Anniversary Celebration

On April 26, 2021, VRA celebrated its Diamond Jubilee, 60 years, with significant activities but under strict COVID-19 pandemic restrictions. The year-long celebration was marked with well-planned activities, which sought to celebrate the achievements of the Authority over the

past 60 years. All stakeholders including Staff (past and present), our Shareholder, Chiefs and natives of our impacted communities, customers, school children and the general public were given due recognition during the celebration. Under the theme: **“Celebrating 60 years in the Power business, Our Legacy, Our Future,”** the activities were preceded by the Anniversary launch at the Kempinski Hotel Gold Coast City, Accra on October 28, 2020, where the then Senior Minister, Hon. Yaw Osafo-Mafo delivered the keynote address.

Some of the key activities undertaken during the celebration were the following:

Drone Delivery of Educational Materials and COVID-19 Relief Items In support of Science, Technology, Engineering, and Mathematics (STEM) education, the Authority deployed drone technology to deliver branded educational materials including school bags, exercise books, math sets, pens, pencils, water bottles and other stationery to sixteen thousand (16,000) school children from thirty (30) selected schools in communities within the Authority’s operational areas across six (6) regions. Other items distributed to the school children and their respective schools were VRA branded personal protective equipment (nose masks, Veronica buckets, hand sanitisers) in support of the Nation’s efforts at curbing the spread of the COVID-19 pandemic.

Unveiling of Life-Sized Busts of Four (4) Former Chief Executives of VRA The unveiling of life-sized busts in honour of four (4) past Ghanaian Chief Executives of VRA was another high note event to mark the 60th Anniversary. The past Chief Executives were honoured for their immense contribution towards the growth of the Authority since its inception. The busts of Ing. Dr. Emmanuel Laud Quartey and Mr. Alexander Erasmus

Kwabla Kalitsi were mounted and unveiled at Akosombo, while those of Ing. Dr. Louis Casely-Hayford and Ing. Gilbert Ohene Dokyi were mounted and unveiled at Akuse and Aboadze respectively.

Tree Planting Exercise

In support of Government's Green Ghana Project, the Chief Executive led Management and Staff to plant 600 seedlings of various tree plant species. This also complemented the Authority's afforestation along the Volta Lake and within various operational locations. Through this exercise, the Authority embedded its "BRAISE" and Sustainability agenda as part of the 60th Anniversary. The exercise was under the theme: ***VRA@60: Investing in the Greening Ghana Initiative for Energy and Environmental Sustainability.***

Challenges

The Authority was confronted with three key challenges during the year. The first is the depreciation of the cedi to the US dollar, which significantly increased our cost of sales and thereby negatively influencing our net financial position.

Secondly, the absence of a competitively priced electricity tariff that integrates financial compensation for the auxiliary services the Authority provides to support the stability and reliability of the national power system, remains a concern. We thank the Public Utilities Regulatory Commission (PURC) for its increases and will continue to work with them to ensure a smooth dispatch of electricity.

Thirdly, our ability to get paid by our customers. We are embarking on a renewed consultation period to try to rectify this.

The Way Forward

I would like to assure our esteemed Stakeholders that, VRA will continue to demonstrate unwavering commitment to executing our public sector mandate of generating power for a sustainable economy. We will diversify our portfolio, increase our generation capacity and provide reliable and competitively priced electricity to support national development and increase our exports.

VRA is keen to expand upon its mandate to be responsible for all activities on the lake. To that end, we are embarking on a consultation phase to see what more can be done to increase its commercial viability to the benefit of all Ghanaians.

Conclusion & Appreciation

To conclude, I want to commend highly, the Chief Executive and his Management Team for their excellent leadership, which ensured that VRA successfully navigated through the challenges of the year. My profound gratitude also goes to our dedicated Staff for their commitment to work and for supporting Management to deliver on the mandate of the Authority.

I want to thank all our stakeholders; the Ministers for Energy and Finance, State Interests and Governance Authority (SIGA), our very supportive sector regulators, sister utilities, financial institutions, our esteemed customers, Traditional Rulers and the people of their communities, suppliers, the Media and the general public for their unflinching support during the year.

It is also in order and indeed proper, for me to express my gratitude to Members of the VRA Board for their dedication, diligence and collaboration, without which the Authority could not have achieved so much in the last year.

Finally, I would like to assure our Stakeholders of my conviction that, our “can-do spirit”, which remains the guiding principle in all our endeavours will continue to sustain us and drive our future success.

Thank you for the attention.

MR. KOFI TUTU AGYARE