
2002 Chairman's Report



DR. JONES OFORI-ATTA
Chairman, VRA Board of Directors

The year 2002 was marked by the consolidation of the change in management style to reinforce efficiency and effectiveness and improve the quality of service. This initiative, dubbed Devolution and Decentralization (D&D) seeks to break the constraints on efficiency, and ensure the survival of the VRA.

The initiative entailed the shifting of functional decision-making processes from the centre to the operational levels. In addition, new departments were created from the existing ones, while some functions were transferred to other departments to streamline and rationalise overlapping functions.

Key achievements during the year under review were the improvement in the quality and delivery of electricity supply, and the massive injection into the Authority's stock of vehicles, computers, machinery and equipment, and other critical logistics in general. Another significant success was the arrangement by the Ghana Government to offset the build-up of the huge electricity sales arrears at the main distribution agency, the Electricity Company of Ghana (ECG), for a swap for oil supplies to fuel the Takoradi Thermal Power Station (TTPS).

The Authority made a net loss of ₵1,269.12 billion compared to 329.69 billion in 2001. The main factors responsible for the loss included significant higher cost of thermal generation arising from high cost of Light Crude Oil (LCO), higher proportion of power imports from La Cote d'Ivoire to meet domestic demand, capacity payments to the Takoradi International Company (TICO), as well as depreciation of the local currency against foreign currencies. The depreciation of the cedi resulted in higher financing charges including costs of foreign debts.

Notwithstanding the financial stance, we are confident that on account of the financial discipline and prudent management practice we have introduced, we are well on the way to recovery.

The determination with which the VRA faced these challenges enabled us to intensify the implementation of the management style of Devolution and Decentralisation, which included the reorganisation of the core and service functions, cost reduction and prudent financial management.

As a result of delays in project implementation activities with respect to the near-term generation and transmission projects such as the Takoradi International Company Steam Turbine, the 300MW VRA/AES plant, the Prestea-Obuasi and Aboadze-Volta Transmission lines, the schedule for the implementation of these lines had to be revised. A study was therefore carried out to determine the Power System Infrastructure requirement to ensure reliable supply for the period 2002 to 2005. In this connection, I am pleased to mention the completion of the study with recommendations on a revised schedule of generation and transmission additions required to ensure system reliability for 2002-2005.

Additionally, the Transmission Expansion Plan contained in the VRA Master Plan Report identified, among other things, the Aboadze-Prestea Transmission System reinforcement project as the best means of evacuating power from the high thermal generation capacity in the South Western part of Ghana. The construction of this line would also provide the transmission system reinforcement required for the establishment of an integrated West African Power Grid. The transmission corridor between Prestea and Aboadze when reinforced would facilitate the establishment and operation of the proposed West Africa Power Pool, particularly with power exchange between Ghana and La Cote d'Ivoire.

The [VRA](#) continued with its efforts to obtain natural gas, through the proposed West Africa Gas Pipeline Project (WAGPP) to fuel the Takoradi Thermal Power Station. The VRA now holds 16% shares in the project.

The objective of the WAGPP is to exploit the vast reserves of natural gas in Nigeria, for use in Togo, Benin and Ghana. The use of natural gas will not only reduce the unit cost of electricity production, but also being a cleaner fuel, it would result in a healthier environment. The Authority's role in this major undertaking is very crucial since the TTPS has been identified as the anchor and perhaps the sole foundation customer to make it possible for this gigantic sub-regional project to be realized. The gas, which is to be delivered through an 800km pipeline, is planned to be developed with private sector financing by a consortium led by Chevron.

The VRA has made timely preparations to address the problem of inadequate generation reserve capacity, and cope with planned and/or unforeseen shut down of any of its operating units, and entered into an arrangement with General Electric, USA, in which a Strategic Reserve Plant (SRP) was rented from General Electric Energy Rentals (GEER). The SRP would reinforce system reliability and more importantly enable the recovery of the Volta Lake, by displacing some of the hydro generation required to meet demand. The SRP is also to increase supply to CEB beyond what is to be supplied under the long term contract.

Also, the quality of power delivery in the north-western part of the country has improved significantly with the completion of the Sawla Sub-station, which now enables the operation of the Techiman-Sawla Line at a voltage of 161kv to serve the increased load demand in the Upper-West region as well as the westernmost parts of the Northern Region.

Notwithstanding the generation and transmission constraints that were experienced for most part of the year, the transmission network performed quite well during the year. To effectively stabilize the system, reactive power improvement activities were undertaken during the year, in particular the procurement and deployment of capacitor banks, installation of new transformers, breakers as well as battery banks. The coastal line protection systems were also reviewed to forestall the frequent inadvertent trips and these enhanced the overall network performance tremendously.

All the Automatic Load Frequency (AFLs) relays were relocated from the ECG distribution network to the VRA bulk Supply Stations to enhance network performance and transmission supply reliability. A single pole Automatic Re-closing Scheme was also placed in service on the Northern line as protection to improve power delivery to the North.

We participated actively in the establishment of the West African Power Pool (WAPP), in which the VRA is now a major player. The WAPP is a regional power pool with the objective to produce efficient and optimal utilization of energy resources in the sub-region, and to improve the reliability and quality of electricity supply services to the citizens & ECOWAS member states.

The VRA participated in the committee of experts drawn from member states established under the auspices of the ECOWAS Secretariat to co-ordinate the activities and programmes that would lead to the establishment of WAPP. The VRA prepared two papers on “Non –Discriminatory Open Access Issues” and “Transmission Pricing Principle” for the WAPP meeting in Accra from April 2-5, 2002. The VRA also prepared project briefs for priority interconnection projects in the sub-region, including the Prestea-Lome transmission line, the Ghana-Burkina Faso Interconnection and the Third Coastline Transmission Line Project.

Furthermore, the VRA strengthened its regional co-operation with the completion of its portion of work of the supply extensions to the Burkina Faso border towns of Léo & Pô. The development of the cross-border grid power extension will facilitate the VRA’s objective of developing the power market in the West-Africa sub-region through co-operation with other power utilities.

With regard to our social responsibility, the VRA remains solidly committed to its obligations. The VRA continued to support various programmes designed to enhance the socio-economic and physical environment of lakeside and downstream communities.

Notable among these include interventions resulting from the Lower Volta Environmental Impact Studies (LVEIS) conducted on behalf of the VRA by the

Volta Basin Research Project of the University of Ghana. In this connection, the VRA contributed ₵82 million as counterpart funding for the Adidome Water Project. The VRA also initiated the Kpong Downstream Project to prevent further destruction of the shore, occasioned by erosion on the banks of the Volta River, downstream of the Kpong dam, near the village of Amedeka, at Akuse.

Our dredging operations during the year, at the Ada Estuary, and the Keta channel, aimed at increasing the sea-water intrusion into the river to reduce the incidence of bilharzia, continued successfully. The VRA also successfully dredged the Volta Lake to create a 40m wide channel between Debre and Buipe at a depth of 243 ft. National Level Datum (NLD) to facilitate navigation.

In fulfilment of our mandate to ensure safety on the Volta Lake, we continued to register and mark load lines on boats and to educate the public on lake safety. To further reinforce safety on lake transportation, the design of a prototype boat to replace the boats being used by the private boat operators on the lake was reviewed and modified.

As a good corporate citizen, we also supported various organizations which undertook national priority programmes in health, education, provision of clean water, relief and social services, research projects, local government and good governance, to the tune of ₵200 million.

The VRA will strive to develop viable generation expansion programmes, to supply adequate and reliable power, and will continue to be a dynamic organisation, always ensuring the satisfaction of our customers, and providing a climate of professional fulfilment for our staff and relentlessly pursuing the interests of our stakeholders.