

VRA

Business Bulletin

VOL. 002

OCTOBER - DECEMBER, 2018

Towards Financial Sustainability



**VOLTA
RIVER
AUTHORITY**

VRA... We Add Value To Lives

MISSION STATEMENT

"We exist to power economies and provide related services; in a safe, reliable and environmentally friendly manner, to add value and raise the living standards of the people of Ghana and West Africa".

VISION STATEMENT

"A Model of Excellence for Power Utilities in Africa"

OUR STRATEGY**EDITORIAL BOARD**

CHAIRMAN - DCE (S)
Ing. Kofi Ellis

Editor - in - Chief - Director GSD
Shirley Seidu (Ms.)

Editor - Manager CCU
Gertrude Koomson (Mrs.)

Assistant Editor
Samuel de Graft - Johnson

Research
Linda Appiah (Mrs.)

Design & Printing
L2 Solutions

“ **Good Business Leaders
create a vision,
articulate the vision,
passionately own the vision,
and relentlessly
drive it to completion.**

-Jack Welch-

RESTORING VRA'S

The Volta River Authority in executing its mandate of generating and supplying electricity for national development, has encountered financial challenges in the recent past. The reasons for these challenges, undoubtedly, have been the non-payment of accounts receivables, inadequate regulatory tariffs, depreciation of the local currency, high operating costs, low asset utilization, and low fuel efficiency of our thermal plants, among others.

The Board and Management as part of efforts to forestall the situation has developed a 3-year (2018-2021) Financial Recovery Plan (FRP) to facilitate a turnaround of the Authority's financial fortunes and ensure viability and financial sustainability.

The FRP, thus, is a foundational strategy for restoring VRA's finances with the primary objective of developing and implementing specific interventions that will enable the Authority:

- ✓ Achieve a sustainable level of profitability that exceeds its aggregate financial performance during the period of 2012 and 2016.
- ✓ Attain a composite financial performance that is comparable to electricity producers in the international industry.

The Financial Recovery Plan (FRP) is centered on four pillars:

- Improving Financial Efficiency.
- Improving Commercial Activities.
- Improving Internal Business Processes.
- Improving Plant Efficiencies.

1 Improving Financial Efficiency

This pillar aims at restricting the use of short-term debt for financing such as fuel purchases for thermal operations. The pillar seeks to promote the use of Natural Gas as the primary the source of fuel. This is primarily because operating on crude oil requires pre-financing both the expected amount of crude oil to be used in the current period, as well as inventory for subsequent periods, at highly volatile prices. Natural Gas on the other hand has a relatively more stable price and requires no inventory, with the associated bills due only after consumption. The use of Natural Gas for thermal operations therefore reduces the working capital and related financing requirements.

The Pillar also stresses on timely collection of receivables to ensure prompt servicing of debts and the avoidance of penalties.

The successful issue of the Government of Ghana's E.S.L.A. PLC bonds and the application of the bond proceeds to reduce VRA's short term debt exposure, and the restructuring of other outstanding debts to reduce annual debt service obligations will significantly improve VRA's finances.

2 Improving Commercial Activities

Improving commercial activities has the objective of advancing the commercial orientation of the Authority to increase its revenue streams and position itself to match up with the emerging competition. Though the VRA Commercial Department has been mandated to advance the commercial outlook of the organization, all other Departments within the Authority are expected to carry out their activities with a commercial mind set to increase revenues and control cost.

FINANCES

Mobilization of revenue, value addition and commercialization of all services within the Authority and subsidiary businesses, is expected to grow the income streams for business sustainability.

3 Improving Internal Business Processes

In order to remain competitive, this Pillar seeks to drive improvements in internal business processes leveraging information technology (IT) and a strict reduction in administrative costs.

Major initiatives to be carried out under this pillar include:

- Maximizing productivity with minimum resources and use of budgetary controls.
- Improving processing time and efficiency through the use of Electronic Document and Records Management System (EDRMS).

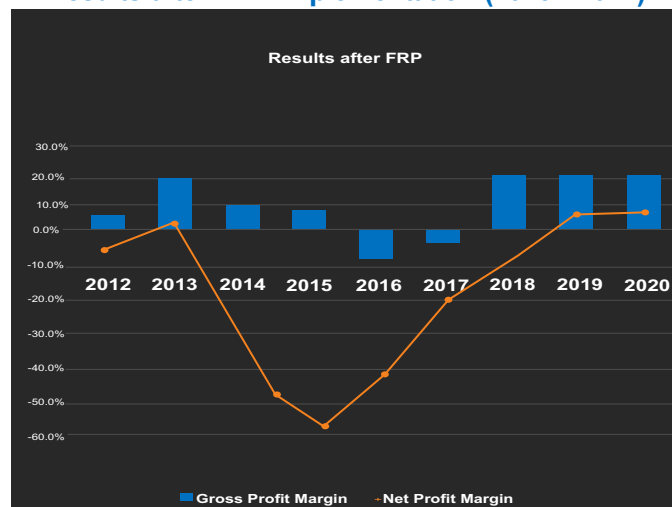
4 Improving Plant Efficiencies

Under this pillar, Management seeks to improve plant efficiencies by maximizing combined cycle operations and reducing unplanned shutdowns to the barest minimum. The pillar therefore aims at providing guidance on how generating stations will improve their respective efficiency levels by adhering to the following guidelines:

- Ensuring high utilization levels on combined cycle operations by prioritizing maintenance and operational budgets for generating departments.
- Continuous monitoring of plant efficiency levels to ensure compliance with industry standards.
- Collaborating with GRIDCo to develop dispatch levels that optimize plant fuel efficiencies.

The strict adherence and enforcement of the outlined interventions and guidelines will significantly facilitate the turnaround of VRA's financial health, improve liquidity and enable it to compete favourably in the energy market. This is the "New VRA", this is "VRA Beyond Aid".

Results after FRP Implementation (2018 - 2022)



Key Performance Indicators (KPIs) in our Financial Recovery Plan

OBJECTIVES	TARGET (2018-2020)
Cap Finance Charges / Total Revenue Ratio	5%
Reduce Administrative Costs	30%
Annual Increase in Sales Revenue [+ Other Income]	5%
Reduce Fuel Cost / kWh	5%

Expected Outcomes after Implementation of our Financial Recovery Plan

- Sustainable Financial Performance
- Adequate Working Capital
- Year-On-Year Profitability
- Maximized Assets Utilization
- Minimized Operational Costs

IN OUR NEXT ISSUE

- Our Business is About People
- VRA Holds Stakeholder Interface
- Energy Awards

NEWS FLASH

VRA, CE WIN AWARDS
*Best Energy Organization 2018 ,
 Best Energy Personality 2018, and
 Best Environmental, Social and
 Governance (ESG) Power Producer
 West Africa.*

Tips to Help You Save Money on Power Consumption

Do not leave appliances such as computers, monitors, printers and photocopiers on standby mode. Also remember not to leave appliances like mobile phones and laptops on charge unnecessarily.

- Switch off the AC when going out of the room for long periods (10 minutes or more). Service all ACs regularly to keep them running efficiently. Keep doors and windows shut when the AC is in operation. Avoid direct sunlight into the room, use curtains or reflective glaze.
- Avoid using heavy or energy consuming appliances such as air conditioners, washers and dryers at the same time during peak demand hours (between 6am - 9am and 6pm - 9pm)
- Ensure your appliances, electrical circuits and cooling systems are properly maintained. Do not overload sockets.
- Change to Compact Fluorescent Lamps (CFLs) and Light-Emitting Diode (LED) bulbs. They are brighter, last longer, and consume less power.

Dodi Princess II Coming Soon



Power Generation Portfolio

The Volta River Authority (VRA) currently has a total installed generation capacity of 2,474.5MW from diverse energy sources namely; hydro, thermal and solar plants. We seek joint ventures and private partnerships to convert our simple cycle power plants to combined cycle, and to add a total of 800MW thermal capacity whilst increasing our renewable footprints in solar and wind from 2.5MW to a total of 300MW.

The VRA Investment Portfolio

VRA's investment portfolio consists of subsidiaries and affiliates, and is in the process of attracting private sector participation in the following:

Akosombo Hotels Limited (AHL)

The 35-room three-star Volta Hotel property located in the VRA Akosombo enclave has 31 standard rooms, 4 suites, a restaurant, conference rooms, swimming pool and tennis courts among other amenities. The hotel also operates the Dodi Princess cruise vessel, water sports, the Dodi Island tour and the Passenger Lounge by the Lake Land is also available for expansion of the VRA Maritime Club.

The Kpong Farms Limited (KFL)

A 252-hectare property located near the lake within the VRA Akuse enclave has approximately 100 hectares of irrigated land suitable for rice cultivation, an abattoir, grazing lands, originally earmarked areas for poultry and piggery and opportunities for aquaculture and crops. The property also has facilities for machinery services and an office building.

The Volta Lake Transport Company (VLTC)

The VLTC owns and operates eleven (11) vessels that transport varied cargo and persons across the lake from the South (Akosombo) to the North (Buipe) and has eight (8) landing sites for ferry services with huge potential for expansion.

The VRA Property Holding Company (PROPCo)

PROPCo seeks strategic partnerships to execute its mandate to own, develop and manage the real estate properties in VRA. VRA owns properties in Accra/Tema, Akosombo, Akuse, and Aboadze and other locations that have been targeted for residential, commercial, industrial and mixed-use development.

The VRA International School Limited (VISL)

VISL currently offers pre-university education on three campuses located in Akosombo (Senior High School), Akuse (Junior High School). There is the need for infrastructural expansion in response to the growth in demand.

The VRA Health Services Limited (VHSL)

VHSL provides outpatient, inpatient and specialist services across our work locations in Akosombo, Aboadze, Accra and Akuse. Akosombo has 64 beds, Accra has 12 and Aboadze has 10, all with potential for expansion.

THE VRA HOLDING COMPANY



The Volta River Authority has, since 1961, provided electrical energy for industrial, commercial and domestic use in Ghana. Starting with a generation capacity of 588MW from the Akosombo hydro dam, VRA now generates close to 2,600MW from its hydro, thermal and solar plants.

The VRA has in addition to power generation, non-power business (investments), and seeks to grow to a Multi-Business Holding Company with subsidiaries and affiliates in its:

- Hydro Business
- Hospitality
- Thermal Business
- Medical Services
- Renewables
- Lake Transportation
- Education
- Property Management

For more information and investment opportunities, please contact:



**VOLTA
RIVER
AUTHORITY**

Electro-Volta House
28th February Road
P. O. Box MB 77
Accra, Ghana

Tel: +233-30-2663008
Email: chiefx@vra.com
corpcomm@vra.com
Website: www.vra.com