

## **MERGER OF VOLTA RIVER AUTHORITY HYDRO WITH BUI POWER AUTHORITY AND THE SEPARATION OF THERMAL POWER AUTHORITY**

The Staff Groups of the Volta River Authority (VRA) have observed with great disappointment the proposed draft bill for merger of VRA with Bui Power Authority, the Electricity Company of Ghana (ECG) with the Northern Electricity Distribution Company (NEDCo), and the establishment of an independent Thermal Power Authority from VRA's thermal plants, and wish to state that these decisions are not in the best interest of Ghanaians and would have dire consequences on the VRA and the people of Ghana.

It would be recalled that after a publication by the VRA staff groups in May 2024 on the Cash Waterfall Mechanism and calls on the government to sell VRA Thermal Plants to private operators, the VRA Board Chairman invited leadership to a meeting at which point leadership enquired about plans by the government to privatize the Thermal Assets of the Authority. The VRA Board Chairman denied knowledge of any such notion and emphatically that any such thing would never happen under his watch as Board Chairman, since he knows the importance of the Authority's contributions to the grid and National security.

Even though information about the proposed bills came to the attention of the Staff Groups through the media, our Management vehemently denied any knowledge of any such proposed bills. As well-meaning citizens and staff of the Volta River Authority, we tried on a few occasions to engage (via phone calls) the Management of VRA to ascertain the existence of the bill but to no avail. We then officially wrote to seek an audience with Management and that also did not yield any fruit.

At a Joint Consultative Committee (JCC) meeting held on August 29, 2024, the Staff Groups Leadership demanded to know from Management whether they were aware of the proposed mergers and what their thoughts were on the issue. Leadership of Staff Groups were informed by Management Team present at the meeting that there had not been any official communication about the mergers or creation of a Thermal Power Authority and that they also got to know from the media.

Further probing by the Staff Group leaders at the meeting led to management admitting that they were part of a Technical Committee that worked on a report for the Ministry of Energy, proposing VRA as a Holding Company.

On September 3, 2024, we heard in the media that there was an attempt to surprisingly lay the bills for the mergers before parliament.

We wish to say here without any fear of contradiction that, the staff of VRA/NEDCo are key stakeholders in this issue and these very important and strategic decisions would significantly impact our lives yet have never been engaged to be part of the process. This action, in our view, is another diabolical scheme to hive-off the Thermal Department from VRA to make it extremely easy for a façade of privatization, so that faceless people/politicians would take over these very important Ghanaian assets.

We the Staff of VRA, understand the operations of VRA and its assets so it would be out of place to sit unconcern and watch the Government of Ghana disintegrate the Authority to the detriment of the Ghanaian populace. We do not think that these decisions are in the best interest of the people of Ghana, the staff of VRA, and the VRA as an entity, due to the following:

1. VRA was established by the Volta River Development Act, 1961 (Act 46) as amended, and given the mandate to generate electrical power through hydro and other sources. Section 10, envisaged the need for VRA to develop other sources of power generation. **\*VRA was not established to operate only Hydro Plants and any attempt to restrict its operation to Hydro generation is a potential for VRA's imminent collapse. \***
2. VRA is efficient in operating both Hydro and Thermal Generation Plants and has also commissioned a number of solar stations to augment the thermal and hydro generation mix.
3. VRA has operated Hydro Plants for 63 years and operated very efficiently to the admiration of countries within the subregion.
4. VRA is the first to have built and operated a Thermal Plant in Ghana and has efficiently operated Thermal Power Plants for over 25 years.
5. The idea to merge VRA Hydro with Bui is just a smokescreen and geared towards surreptitiously swaying Ghanaians of their true interest of selling these assets to themselves and cronies.
6. VRA has made huge investments in these assets and instead of building it up, it is being broken apart to make it easy to be thrown into the hands of few selfish persons to the detriment of the masses.
7. Both VRA and Bui Power have independently and efficiently managed these assets and the records are there to show.
8. The cost of power generated from Bui is high and if added to that generated from Akosombo and Kpong, will lead to a high cost of power to the consumer.
9. Since VRA and Bui are all hydro-generation plants and depend on the Volta River for water, there will be dire consequences for the entity and the people of Ghana if there is a drought which has been predicted in the coming year. The effects of climate change and indiscriminate destruction of the country's water bodies should be a matter of grave concern for the sustainability of our hydro plants rather than merging them.
10. The allocation of hydro-generated power is determined by the Energy Market Oversight Panel (EMOP), and so the entity will not have the choice of customers. This will mean that the power generated would be sold to mainly ECG and industries like Volta Aluminum Company, who both owe VRA several millions of dollars and are not prompt with their payments as well.
11. VRA is paid only 30% of power sales to ECG under the cash waterfall mechanism month-on-month
12. This non-payment under the cash waterfall mechanism poses liquidity challenges.
13. Revenue from the thermal plant (unregulated customers) is used to augment VRA's cash flow.
14. The survival of VRA is dependent on its Thermal businesses.
15. The VRA Thermal Plants are a check on the IPPs in terms of levelized electricity pricing.
16. The Ghana government currently owes IPPs over US\$ 2 billion due to high-capacity charges.
17. We cannot fathom why the government is in a hurry to hive off VRA Thermal assets and sell them to supposed private investors when these IPPs continuously threaten the government with shutdown for non-payment or delayed payments.
18. The creation of a Thermal Authority will call for a CE, deputies, etc, as was done for GRIDCo even if maintained as a state-owned entity. Will the government not be increasing expenditure in this period of national debt restructuring and high cost of electricity?

19. This idea of private participation or wholesale of the thermal plants will lead to the use of our national natural gas to generate power and sell at throat-cutting prices to the people of Ghana and the export market.
20. Any form of financial engineering that seeks to bring in private partners could lead to private people taking over VRA thermal assets and the export market.
21. The Volta River Authority was built for the people and not the highest bidder.
22. There is an existing Memorandum of Understanding between VRA and NEDCo that guarantees VRA's continuous support in terms of power supply and the expansion of other infrastructure. The MOU has expired requiring a renewal, but management has been rendered powerless and has no interest in the renewal to guarantee continuous support to NEDCo for no apparent reason.
23. The support VRA gives to NEDCo is to ensure that our brothers and sisters in the NEDCo catchment areas of the country enjoy electricity consistently without any hindrance.
24. The separation of NEDCo from VRA can affect the supply of power and cash inflows for VRA since ECG is not consistent with its payment obligations to VRA.
25. **We see this attempt as "A GRAND SCHEME TO SELL VRA ASSETS TO CRONIES"**

The Staff of VRA with the support of Ghanaians *shall* fearlessly resist and use all legitimate means at our disposal to ensure that the people of Ghana are not robbed of affordable electric power and energy security under the **guise of mergers and privatization.**

**Long Live VRA**  
**Long Live Ghana**  
**God Bless Us All**



**NATIONAL CHAIRMAN, SSA**

*(For and on behalf of VRA Staff Groups)*