

## **PRESS STATEMENT**

**9th January, 2023**

### **GHANA GAS SENIOR STAFF ASSOCIATION AGAINST THE GENSER DEAL**

The workers of Ghana National Gas Company continue to express their displeasure about the way the Gas Industry is being managed by the Energy Sector Minister. Gas currently contributes to about 75% of our current energy supply mix and it is known to be cheaper and less environmentally offensive as compared to liquid fuel and coal.

The illustrious inspiration by Ex-President H.E. John Evans Atta Mills despite several options from foreign (private) companies to build a gas processing plant allowed for the establishment of a government company in the name of Ghana National Gas Company (Ghana Gas) which was finally commissioned by our Ex-President H.E John Dramani Mahama. His Excellency the President Nana Addo through his great vision saw to indigenisation of Ghana Gas which has saved the country over \$2.8M dollars a day and also provided direct and indirect job opportunities to over thousand two hundred (1,200) Ghanaians. This indigenization agenda has not only provided employment opportunities to Ghanaians but has also provided massive infrastructure development in Health, Education and Sports through the Corporate Social Responsibility projects executed by Ghana Gas. Therefore, there is the need to critically look at this sector and see how best the nation will continue to maximize and protect its benefits in the sector.

The indigenisation agenda commenced in 2017 and had since had a presidential backing. The agenda also had continuous support from the then Minister of Energy, Hon. Boakye Agyarko and his successor Hon. John Peter Amewu. With the support, Ghana Gas had under these former Ministers, workers of Ghana Gas are dismayed at the way the current Minister of Energy, Hon. Dr. Matthew Opoku Prempeh, is handling the issue of concurrent existence of Genser Energy Ghana Limited's (GEG/L/Genser) Gas Conditioning Plant and Ghana Gas' Gas Processing Plant Train 2. This, they believe, reverses the hard earned indigenisation achievement by his predecessors. Ghana Gas is 100% owned by the state whiles Genser is known to have about 90% of its shares being owned by foreigners. It is also known that Genser repatriates over 80% of its revenue to South Africa. Therefore, it baffles the minds of workers of Ghana Gas for any Minister of State to do the bidding of Genser at the expense of a state-owned company. It is worthy to note that Ghana Gas derives its obligation to construct a second Gas Processing Plant from the 2022 President's State of the Nation Address. The President was emphatic that Ghana Gas will be building a second Gas Processing Plant with a higher capacity than the existing Gas Processing Plant.

The background to this issue is that, the expected maximum output of raw gas from the Jubilee fields, as indicated by the Jubilee Partners, is 200MMSCFD by 2025. Ghana Gas' existing Gas Processing Plant can process a maximum of 150MMSCFD (75% of the expected maximum raw gas output from the Jubilee partners). Riding on the President's directive, Ghana Gas is currently working assiduously with its financiers to build a new Gas Processing Plant with a capacity of 200MMSCFD, which will increase the processing capacity from 150MMSCFD to 350MMSCFD with room for future incremental flows. Workers of Ghana Gas were shocked to hear that Genser is planning to build a Gas Processing Plant with its raw gas source being Jubilee fields. Ghana Gas' existing and yet to be built Gas Processing Plants can process the

expected 200MMSCFD maximum output from the Jubilee fields until such a time that the maximum output goes beyond 350MMSCFD. From all indications within the industry, it will take a longer period for the 350MMSCFD output from the Jubilee fields to materialize. Hence, having a private-owned Gas Processing Plant to compete with Ghana Gas for raw gas from the same source is a recipe for disaster. It is worthy to note that the Jubilee fields is the cheapest source of raw gas and hence, the country must benefit immensely. The yet to be built Genser gas processing plant is expected to take a minimum of 50MMSCFD out of the expected 200MMSCFD from the Jubilee fields and this will impact negatively on the existence of state-owned Gas Processing Plants. Giving 50MMSCFD from the Jubilee fields to Genser's plant will make one of the two Gas Processing Plants, GPP (the existing and the yet to be built state-owned GPPs) redundant or make both operationally and commercially inviable; considering the maximum expected output from the Jubilee fields and the capacities of these plants.

Secondly, the state has a 75km pipeline which is currently serving the Prestea enclave with processed gas. Genser is currently the only consumer of the processed gas delivered by this pipeline. If Genser builds its own Gas Processing Plant and competes with state-owned Gas Processing Plants for the cheapest source of raw gas, Genser will take over the Prestea enclave in terms of gas supply just like it has done in the Power generation. This will therefore render the 75km state-owned gas pipeline redundant. As stated earlier, the cheapest gas in the country is the gas from the Jubilee fields. The computation of the Weighted Average Cost of Gas (WACOG) by PURC is done by averaging the cost of gas from all the sources of gas for the power plants in the company. The WACOG then feeds into the cost of electricity in the country. If portion of the cheapest source of gas is taken from the computation of WACOG, the WACOG will increase and hence the increase in the cost of electricity in the country.

As an entity protecting the interest of government, the ministry is expected to see to the building of the second state-owned Gas Processing Plant and also ensure that it has enough supply of raw gas thereby fulfilling the President's ambition of building a second gas processing plant during his tenure. However, the posturing of the Minister does not reflect this Presidential Vision. The Minister has given approval to the 50MMSCFD of raw gas supply to Genser's plant, which workers of Ghana Gas are hoping that His Excellency the President overturns.

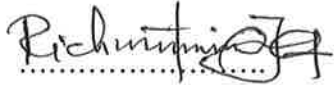
The Senior Staff Association(SSA) of Ghana Gas paid a courtesy call on the sector Minister upon assumption of duty to assure him of their support to make sure that the Energy sector is promoted to greater heights. The last thing the workers of Ghana Gas want to avoid is for the Energy sector to go through the same fate as the financial sector is experiencing. The fervent prayer of the Senior Staff Association of Ghana Gas is for history not to repeat itself in our energy sector that led to the current struggling state of Tema Oil Refinery, which began with the infiltration of private firms in the supply of liquid fuels in the country.

Having analysed the issues and information gathered from the Ministry of Energy, the Senior Staff Association of Ghana Gas is convinced that the sector Minister is bent on pushing this Genser deal despite several calls from sister companies including VRA, GRIDCO and ECG (whose operations have also been taken over in the mining sector in the west by Genser) that this Genser deal will gradually collapse state-owned companies. Again, the workers of Ghana Gas feel totally betrayed by the Energy Minister considering the fact that in 2020, during the covid 19 pandemic and months before the elections, the then Minister through the board and management of Ghana Gas challenged the workers to work more than 200% of their normal working hours through risky moments to ensure continuous availability of power despite the

health risk those moments posed. They thereby consider the sector Minister's current posturing as a stab in the back considering all the efforts being made by Ghana Gas to support the sector.

In conclusion, the Senior Staff Association of Ghana Gas are questioning the Minister of Energy's commitment to the construction of the second state-owned Gas Processing Plant and the entire indigenisation drive of the sector. They are therefore calling on the Presidency to intervene, since the President's dream of having a second Gas Processing Plant is on the line.

*SIGNED:*

A handwritten signature in black ink, appearing to read "Richmond Alamu". The signature is written in a cursive style and is positioned above a dotted line.

RICHMOND ALAMU

**Chairman - Ghana Gas SSA**