Low pricing, cause of utilities cash problems

By Stephen K. Effah

The improper pricing of electricity and petroleum products has been identified as the major cause of the financial difficulties facing all the utilities in the energy sector in the country.

Minister for Energy Mr. Oquaye, said it was to address this problem that the government had committed to pursuing continuous cost effective prices for all the country's energy services into the future.

"As a pragmatic government, we have been unable to support increases in the prices of petroleum products and electricity significantly," he said.

Professor Oquaye was speaking at the launch of the "Guide to Electric Power in Ghana," a document developed by the Resource Centre for Energy Economics and Regulation (RCEER), in Accra yesterday.

The document evaluates the future prospects of the industry, discussing at length major issues and challenges facing electric power generation in Ghana. It also assesses the role of consumers and their critical contribution towards the maintenance of the sector.

Professor Oquaye said that the country's power distribution system being operated by the Electricity Company of Ghana and Northern Electricity Development of the Volta River Authority were old and inadequate to meet the present demand for power.

"We need to replace the aged and overloaded equipment," he said. "This reduces the socially high losses and also generates state-owned equipment to allow for efficient operation of the distribution system," he said.

In line with this, he said, the government had so far raised $15 million dollars from the World Bank and $20 million dollars from the Export-Import Bank of the Netherlands, for the implementation of critical projects in the distribution system.

The Ministry is also having discussions with the International Finance Corporation and other development partners to finance the expansion of the Tema Electric Thermal plant to increase its capacity and also reduce the cost of generation from the plant by about 30 percent.

Ernest Aryeetey, Director of the Institute of Statistical, Social and Economic Research, said RCEER focuses on improving the capability of local educational and developmental institutions in emerging markets for promoting public education, and participation, and transparency needs for effective energy sector governance.

It was in view of this that the Guide was developed by the Centre to provide comprehensive facts on the country's electric power sector, Professor Aryeetey explained.

He said the demand for electricity was increasing and therefore the introduction of renewable technologies in the energy industry was implemented in order to meet the demand.

He was hopeful that the publication would aid all stakeholders in the industry to look into other sources of electric power.