



WHAT POWER AFRICA MEANS FOR GHANA

Ghana Energy Sector Overview

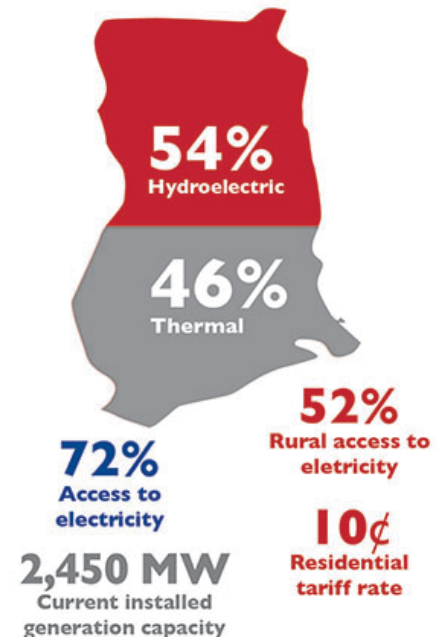
One of Ghana's paramount constraints to economic growth is the unreliable and inadequate supply of electric power. The country has 2,450 mega-watts (MW) of installed generation capacity, including 546 MW of generation from independent power producers (IPPs). But actual availability hardly exceeds 2000 MW. This serves a population of 25 million that is growing at 2.1% per year. An existing thermal power plant is being re-fitted as a 'combined-cycle' facility that will run on natural gas and oil, generating an additional 110 MW. Another IPP, CenPower/Kpone, reached financial close in November 2014, and ultimately will produce 348 MW. These increases in capacity aid the Government of Ghana (GOG) to partly achieve its target of 5,000 MW of installed generation by 2016, including 10% from renewable sources.

Reforms across the power sector will be necessary for Ghana to scale-up private-sector investment. Thus, Power Africa and other partners focus on the following priorities: (1) building a transparent framework for the development and management of Ghana's substantial natural gas resources; (2) initiating a least-cost, transparent approach to generation expansion including competitive bidding; (3) effective allocation and pricing of legacy hydropower; (4) integrated resource and resiliency planning among the generation, transmission, and distribution sectors; (5); improved energy efficiency and demand-side management; and (6) expansion of renewable energy sources.

Power Africa Support

The U.S. Government is working closely with the GOG on several key power and energy initiatives including the Partnership for Growth and the Millennium Challenge Corporation (MCC). In August 2014, the MCC, a critical Power Africa partner, and the GOG signed a \$498.2 million second compact that focuses strictly on power. The compact's keystone project aims to improve the creditworthiness of the Electricity Company of Ghana (ECG) and of the Northern Electricity Distribution Company (NEDCO), the nation's off-takers and distributors of electric power, by supporting the transformation of their management and operation to private sector principles. USAID supported GOG's implementation of a near-term Gas Action Plan to stimulate the production and processing of domestic natural gas. Emphasis is now shifting to support activities outlined in a longer-term Gas Master Plan that considers in addition to accelerating indigenous gas development, the importation of liquified natural gas (LNG) as a supplementary fuel for Ghana's thermal generation plants. In the generation sector, Power Africa technical assistance (TA) to Ghana helped bring the CenPower/Kpone IPP transaction to financial close. Currently, TA are supporting GOG in negotiations for reasonable tariffs in power purchase agreements for several IPPs with a total of 2,280MW.

Current Generation Input Mix



US Energy Information Administration; International Energy Statistics; 2010; World Bank, Databank; 2010; World Bank, Africa Renewable Energy Access Program; Ghana Energy Commission, Energy Statistics, 2012.

Highlighted Transactions

Name	Megawatts	Type of Transaction	Value (USD Million)	Timeline	Power Africa Support	GOE Actions
CenPower Kpone	348 MW	CCGT (Gas/Liquids)	\$900 million	<ul style="list-style-type: none"> Reached financial close, Q4 2014 Arrange fuel supply, Dec 2013 Construction, mid 2015 	<ul style="list-style-type: none"> Review of loan documents Assistance with lender requests PPA negotiation Due diligence on Cenpower's financial models, and reports/recommendations for the Electricity Company of Ghana/Ministry of Finance and Economic Planning 	<ul style="list-style-type: none"> Approve final draft report and recommendations Finalize financial close

Leveraging Partnerships to Increase Access to Power in Sub-Saharan Africa

Power Africa, an initiative led by the U.S. Government, aims to increase the number of people in of sub-Saharan Africa who have access to power. Launched by President Obama in 2013, Power Africa works with African governments and private sector partners to remove barriers that impede sustainable energy development in sub-Saharan Africa and unlock the substantial wind, solar, hydropower, natural gas, biomass, and geothermal resources on the continent.

Power Africa's goals are to increase electricity access by adding more than 30,000 megawatts of cleaner, more efficient electricity generation capacity and 60 million new home and business connections across sub-Saharan Africa.

Power Africa also includes the Beyond the Grid sub-initiative, which works to expand rural electrification and access to small scale and off-grid technology.

A New Operating Model: Mobilizing Partnerships & Investments in Energy

A unique private sector led model, Power Africa draws on the combined expertise and abilities of 12 U.S. Government agencies, the World Bank Group, the African Development Bank, the Government of Sweden, African governments, and private sector partners. Power Africa's "Toolbox" approach offers a range of resources and tools to advance key projects on the electricity grid, or beyond it. By leveraging U.S. expertise in energy technology and regulatory reform, combined with U.S. Government and private sector financial resources, Power Africa helps drive quick-impact interventions and policy reforms to push for sustainable energy development.

To date, Power Africa has leveraged more than \$20 billion in commitments from the private sector for new on- and off-grid projects in sub-Saharan Africa. The U.S. Government is committed to providing more than \$7 billion in financial support, loan guarantees, and technical support. As a result, every dollar the U.S. Government has committed to Power Africa leverages almost three dollars in private sector investment commitments. Additionally, the African Development Bank, the World Bank Group and the Swedish Government have collectively committed an additional \$9 billion in support of Power Africa.

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