



ENERGY COMMISSION

**ANNUAL REPORT AND AUDITED FINANCIAL
STATEMENTS FOR 2018**

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F O R E W O R D

The Energy Commission has maintained its high reputation and credibility as the technical regulatory agency of Ghana's energy sector. It has enjoyed the confidence of stakeholders in the energy industry and worked to ensure that the challenges facing investors in the industry received prompt attention.

The Energy Commission played a significant role in government effort to end the frequent interruption of electricity supply in the country. The strategies adopted to solve the power shortages led to overproduction and a power glut that had to be managed due to its cost implications to government, producers and other stakeholders. The burden that take-or-pay contracts placed on the national economy had become unsustainable and government had to act.

The Ministry of Energy conducted a general review of all contracts and terminated or renegotiated many of them. With the aim of rationalising the processes for generation contracts, Government gave a directive for the suspension of the issuance of Provisional Wholesale Electricity Supply Licenses and Permits for Utility Sale Grid-connected Solar PV and Wind Power Plants. All subsequent procurement for power were to be in line with the Integrated Power Sector Master Plan (IPSMP) developed by the Energy Commission.

The Energy Commission marked 20 years of its existence with a series of activities, including engagements with selected stakeholders to reinforce the import of its mandates. The media was invited to experience the process of inspection and enforcement of adherence to energy efficiency regulations in some selected shops within Accra. Some Certified Electrical Wiring Professionals (CEWPs) were also deployed to educate members of the public on the use of the Electrical Wiring Mobile Application (App). The renewable energy resources of Ghana were highlighted in the Energy Commission's flagship Renewable Energy Fair which was the high point of the year. The Fair tremendously enhanced the image of the Commission.

The Energy Commission endeavoured to carry out its mandates, in spite of many challenges. Funding remained a major challenge followed by staff retention weakness. The Board is grateful to government for introducing the Cash Waterfall Mechanism that has improved revenue flow to the EC and made it possible for the Commission to improve its competitiveness in the job market for human resources.

The Commission is grateful to all stakeholders for their collaboration during the year.

SIGNED
PROF. GEORGE PANYIN HAGAN
BOARD CHAIRMAN

THE COMMISSION

Introduction

The Energy Commission Act, 1997 (Act 541) mandates the Commission to regulate, manage and coordinate the efficient development and utilisation of energy resources in Ghana. It also provides for the granting of licenses for the transmission, wholesale supply, distribution and sale of electricity and natural gas. The Commission is also mandated to prepare, review and periodically update indicative national plans to ensure that all reasonable demands for energy are met in a safe and economic manner. With the coming into force of the Renewable Energy Act, 2011 (Act 823), the Energy Commission received the extended responsibility of harnessing the available renewable energy resources in the country and promoting the deployment of renewable energy technologies to enhance energy supply in Ghana. Act 541 was also amended by the passage of the Energy Commission (Amendment) Act, 2016 (Act 933) to provide for promotion of local content and local participation in the Electricity Supply Industry (ESI) and for related matters. In December 2017, the operationalising legislative instrument for Act 933, the Energy Commission (Local Content and Local Participation) (Electricity Supply Industry) Regulations, 2017 (L.I. 2354) entered into force. The objective of the regulations among other things is to achieve a minimum of 51% equity participation and 60% local content in Wholesale Supply and Distribution in the ESI in Ghana and also to develop capacity in the industry for the manufacture of electrical equipment, electrical appliances and renewable energy equipment.

Governing Board

The Governing Board of the Energy Commission consists of seven members appointed by the President of Ghana acting in consultation with the Council of State of the Republic. In making the appointments, the President takes into consideration the knowledge, expertise and experience of the persons so appointed and in particular, their knowledge in matters relevant to the functions of the Commission.

The Executive Secretary is responsible for the day-to-day administration of the Energy Commission and is required to ensure the implementation of the decisions of the Board.

PROFILES OF MEMBERS OF THE BOARD OF THE ENERGY COMMISSION IN 2018



**Professor George Panyin Hagan
Chairman**



**Kpembewura Babine Ndefoso (IV)
Member**



**Dr. Isaac Frimpong Mensa-Bonsu
Member**



**Moses Aristophanes Kwame
Gyasi, Member**



**Hon. Nana Akua Owusu Afriyieh
Member**



**Alhaji Jabaru Abukari
Member**



**Dr. Alfred Kwabena Ofosu Ahenkorah
Member/Executive Secretary**

Object and Functions

The Commission is required by law to regulate and manage the utilisation of energy resources in the country, and provide the legal, regulatory and supervisory framework for all energy service providers in the country. Specifically, the Commission is to grant licenses for the wholesale supply, transmission, distribution and sale of electricity and natural gas, and for the promotion of renewable energy technologies and services.

The critical statutory mandates of the Energy Commission include the following:

- (a) To recommend national policies for the development and utilisation of indigenous energy resources;
- (b) To advise the Minister on national policies for the efficient, economical, and safe supply of electricity, natural gas, and petroleum products having due regard to the national economy;
- (c) To prepare, review and update periodically indicative national plans to ensure that all reasonable demands for energy are met;
- (d) To secure a comprehensive data base for national decision making on the extent of development and utilisation of energy resources available to the nation;
- (e) To receive and assess applications, and grant licenses under Act 541 to public utilities for the wholesale supply, transmission, distribution and sale of electricity and natural gas;
- (f) To establish and enforce, in consultation with the Public Utilities Regulatory Commission, standards of performance for public utilities engaged in the, wholesale supply, transmission, distribution and sale of electricity and natural gas;
- (g) To promote and ensure uniform rules of practice for the wholesale supply, transmission, distribution and sale of electricity and natural gas;
- (h) To pursue and ensure strict compliance with Act 541 and regulations made under it; and
- (i) To perform any other function assigned to it under the Act or any other enactment.

Under the Renewable Energy Act, 2011 (Act 832) the Energy Commission is to:

- (a) advise the Minister on renewable energy matters;
- (b) create a platform for collaboration between the government and the private sector and civil society for the promotion of energy sources;
- (c) recommend and advise relevant stakeholders on the educational curriculum on the efficient use of renewable energy sources and to evolve programmes for its mainstreaming in educational institutions;
- (d) recommend for exemptions from customs, levies and other duties, equipment and machinery necessary for the development, production and utilisation of renewable energy resources;
- (e) in consultation with the Public Utilities Regulatory Commission recommend financial incentives necessary for the development, production and utilisation of renewable energy sources;

- (a) promote the local manufacture of components to facilitate the rapid growth of renewable energy resource;
- (b) Promote plans for training and supporting local experts in the field of renewable energy;
- (c) promote the benefits of renewable energy to facilitate its utilisation;
- (d) in consultation with relevant stakeholders set targets for the development and utilisation of renewable energy resources; and
- (e) implement the provisions of the Act.

Section 2 of the Energy Commission (Amendment) Act, 2016 (Act 933) mandates the Commission to promote local content and local participation in the supply, transmission, distribution and sale of electricity and the provision of allied services to support national development.

STRUCTURE

The Energy Commission is structured under seven (7) Directorates as follows:

Technical Regulation Directorate

The Technical Regulation Directorate is responsible for matters relating to the supply, transmission and distribution of electricity and natural gas. This includes licensing of service providers; development of regulations, codes of practice, guidelines and procedures for electricity and natural gas supply and distribution. The Directorate is also responsible for the regulation and licensing of all midstream and downstream operations of natural gas such as gas processing, Liquefied Natural Gas (LNG) re-gasification, natural gas imports, gas pipeline transportation and gas distribution and consumption.

Renewable Energy, Energy Efficiency Promotion and Climate Change Directorate

The Renewable Energy, Energy Efficiency and Climate Change Directorate comprises the following:

- (a) Renewable Energy Division
- (b) Energy Efficiency and Climate Change Division

The Renewable Energy Division is responsible for the promotion of economic and sustainable development and utilisation of Renewable Energy resources of the country.

The Energy Efficiency and Climate Change Division of the Energy Commission has responsibility for matters relating to the promotion of efficient use of energy resources and promoting programmes for the promotion of Climate Change Mitigation and Adaptation in Ghana as part of the regulatory and promotional functions of the Energy Commission as mandated by the Energy Commission Act, 1997 (Act 541).

Strategic Planning and Policy Directorate

The Strategic Planning and Policy Directorate (SPPD) is responsible for the:

- (a) preparation, review and periodic update of indicative national energy plans and



- recommendation of policies to ensure that all demands for energy are met in an efficient and sustainable manner;
- (b) recommendation of national policies for the development and utilisation of indigenous energy resources;
 - © preparation of Annual and Medium-term Energy Outlooks and Annual National Energy Statistics for Ghana; and
 - (d) management of the National Energy Data Processing and Information Centre (NEDPIC) at the Commission.

Social, Environmental Impact & Technology Assessment Directorate

The Social, Environmental Impact and Technology Assessment (SEITA) Directorate is responsible for the following:

- (a) conducting environmental impact assessments of all national energy plans, programmes and projects;
- (b) preparing and monitoring guidelines to ensure that environmental and social issues are incorporated into the development and implementation of energy projects;
- © conducting and reporting on the assessment of energy technologies and making recommendations regarding their use in Ghana; and
- (d) preparing environmental and technology policy review papers for the Commission.

Finance, Human Resource and Administration Directorate

The Directorate is made up of the following:

- (a) Finance Unit;
- (b) Human Resource and Administration Unit; and
- (c) Public Affairs Unit

The Directorate is responsible for ensuring that the Commission maintains the needed financial and human resource capacity required to effectively and efficiently plan to execute the mandate of the Commission

The specific tasks of this Directorate include the following:

- (a) develop and implement systems and procedures for the efficient and effective delivery of general administrative services of the Commission;
- (b) develop a human resource plan to provide the requisite skill levels to meet the Energy Commission's mission and objectives;
- (c) develop and implement staff performance appraisal and incentive systems;
- (d) develop financial policies and procedures for planning and controlling the financial transactions of the Commission consistent with prevailing financial and accounting policies;
- (e) coordinate and prepare annual budgets of the Commission;

- (f) consolidate and incorporate the Commission's need for equipment and materials into an overall plan and ensure prompt release of funds to meet all approved purchases;
- (g) oversee the preparation of the Commission's financial encumbrances, impact account vouchers, capital expenditure ledgers, balancing of vote service ledgers and local purchase orders (LPOs); and
- (h) Ensure that the Energy Commission is constantly in touch with the public by maintaining healthy relations with the Ghanaian Media and other energy sector stakeholders.

Other Units and Technical Committee

The Commission has other special units, which are:

- (a) Legal Unit;
- (b) Internal Audit Unit;
- (c) Procurement Unit;
- (d) Electricity Market Oversight Panel (EMOP) Secretariat; and
- (e) Technical Committee

a) Legal Unit

The Legal Unit is required to:

- i. make appropriate legal recommendations relating to the efficiency and effectiveness of established regulatory frameworks and strategies;
- ii. serve as the Board Secretariat and in that regard, advise Members of the Board on all legal matters;
- iii. represent the Commission on all legal matters;
- iv. maintain an accurate Register of licenses; and
- v. follow up on inspection reports and where necessary, take appropriate legal action against defaulting service providers.

b) Internal Audit Unit

The Internal Audit Unit reviews corporate governance activities, assesses risks and controls of all technical operations, administration and financial activities necessary to achieve the functions and objectives of the Commission. It also provides assurance and services designed to add value and improve the operations of the Commission.

c) Procurement Unit

The objective of the unit is to procure all goods, works and services in accordance with the Public Procurement Act 2003, (Act 663), (Amendment) Act 2016, (Act 914) and other international procurement procedures.

The Unit is required to coordinate all the Commission's procurement activities into yearly Procurement Plans for budget estimates and to ensure that all procurement is conducted in accordance with the law.

d) Electricity Market Oversight Panel (EMOP) Secretariat

The EMOP Secretariat is the administrative office of the Electricity Market Oversight Panel and implements the decisions taken by the Panel.

The EMOP Secretariat coordinates the following functions of the Panel:

- (a) Monitoring of the general performance of the market administration functions of the Electricity Transmission Utility (GRIDCo);
- (b) ensure the smooth operation of the Wholesale Electricity Market;
- © review the operations of the Wholesale Electricity Market and studies related to the development of the market,
- (d) review procedures, manuals and electricity market rules for the operation of the Wholesale Electricity Market,
- (e) monitor pre-dispatch schedules,
- (f) resolve disputes referred to it by market participants in respect of transactions in the Wholesale Electricity Market,
- (g) ensure the effective and consistent application by the Electricity Transmission Utility of the rules and standards of the Wholesale Electricity Market,
- (h) ensure the long-term optimization of hydro-electricity supply sources in the country,
- (I) make appropriate recommendations to the Energy Commission in respect of the Panel's functions, and
- (j) perform any other function conferred on it by the Commission.

Technical Committee

The Technical Committee is an establishment under section 29 of the Energy Commission Act, 1997 (Act 541).

The Technical Committee as established, is mandated in accordance with Section 28 of the Act, to oversee the development, implementation and monitoring of technical and

operational rules of practice for electricity and natural gas public utilities licenced by the Energy Commission.

The Technical Committee is composed of members determined by the Commission's Board and has sub-committees with responsibilities for electricity and natural gas.

Organogram of the Energy Commission

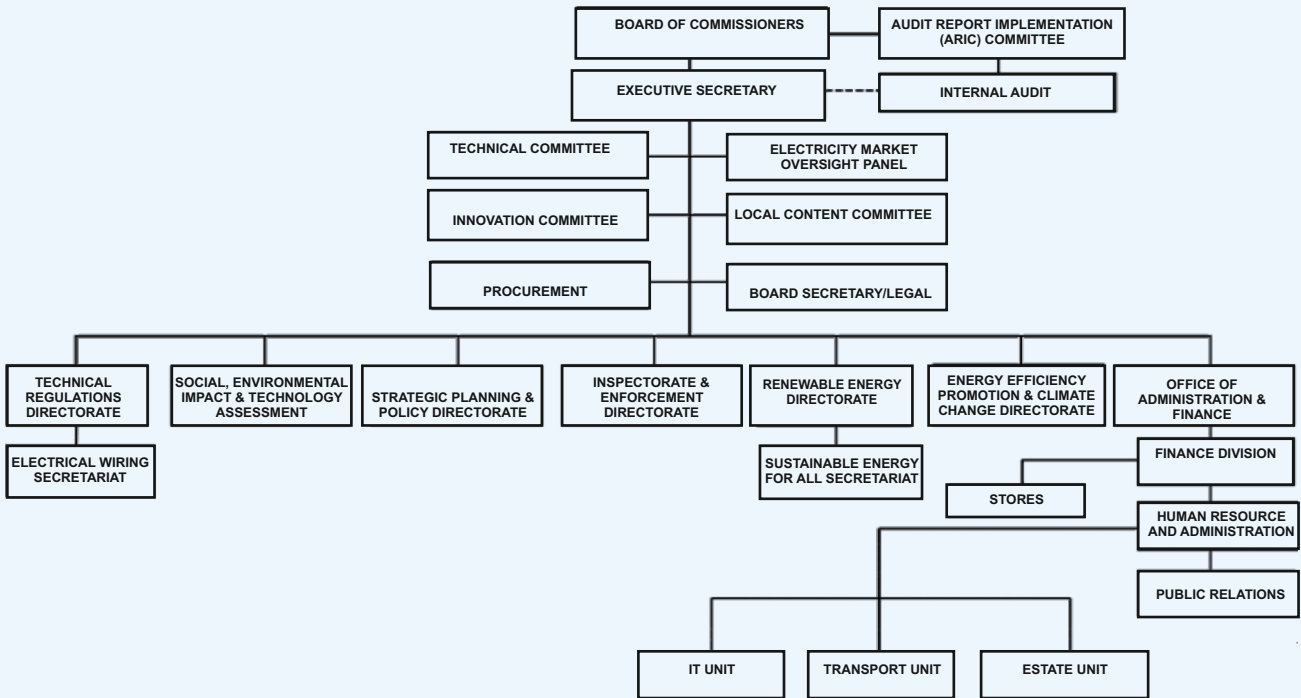


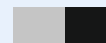
Figure 1: Organogram of the Energy Commission

Our Mission

The Mission of the Energy Commission is to regulate and manage the development and utilisation of energy resources in Ghana to ensure the provision of affordable energy supplies in a reliable, efficient and secure manner in order to promote the social and economic well-being of the people of Ghana, and to enhance environmental quality and public safety.

Our Vision

The Energy Commission's vision is to become a leading energy planning and regulatory institution reputed for excellence, innovation and transparency in Africa and beyond.



1.0 TECHNICAL REGULATION

1.1 REVISION OF ELECTRICITY SUPPLY AND DISTRIBUTION (TECHNICAL AND OPERATIONAL) RULES, L.I. 1816 AND ELECTRICITY SUPPLY AND DISTRIBUTION (STANDARDS OF PERFORMANCE) L.I. 1935

In exercise of the power conferred on the Board of the Energy Commission by section 27 of the Energy Commission Act, 1997 (Act 541), the Commission caused to be enacted the Electricity Supply and Distribution (Standards of Performance) Regulations, 2008, (L.I. 1935). In consultation with the Public Utilities Regulatory Commission, and in accordance with section 28 of the Energy Commission Act, 1997 (Act 541), the Electricity Supply and Distribution (Technical and Operational) Rules, 2005 (L.I. 1816) was also enacted.

L.I. 1935 provides for performance benchmarks for electricity supply and distribution in conformity with the provisions of L.I. 1816 in terms of application for new service, reliability of electricity supply, system voltage, the meter and miscellaneous provisions.

Revision of the L.Is is to enable the parliament of Ghana to amend portions of these rules and regulations to meet current reforms in the electricity distribution sector in Ghana.

The L.I. 1816 and L.I. 1935 were revised to incorporate current trends in the Electricity Distribution Industry.

1.2 UPDATE OF NATIONAL ELECTRICITY GRID CODE TO INCLUDE RENEWABLE ENERGY SUB-CODES

The National Electricity Grid Code (Grid Code) was developed, published and issued by the Energy Commission based on the provisions of sections 24, 27 and 28 of the Energy Commission Act, 1997 (Act 541) in 2010.

The purpose of the Grid Code is to ensure that the National Interconnected Transmission System (NITS) provides fair, transparent, non-discriminatory, safe, reliable, secure and cost efficient delivery of electrical energy. The Grid Code establishes the requirements, procedures, practices and standards that govern the development, operation, maintenance and the use of high voltage transmission systems in Ghana.

The Grid Code describes the responsibilities and obligations associated with all the functions involved in the supply, transmission and delivery of bulk electric power and energy over the NITS, including the functions of the Electricity Transmission Utility (ETU), a NITS Asset Owner, a Wholesale Supplier, a Distribution Company and a Bulk Customer.

With the increasing development of the wholesale electricity market in Ghana, coupled with the fast pace of development of renewable energy sources into Ghana's energy mix, it has become necessary to review and update the National Electricity Grid Code to bring it in line with these developing trends.

1.3 UPDATE OF NATIONAL ELECTRICITY DISTRIBUTION CODE TO INCLUDE RENEWABLE ENERGY SUB-CODE

In accordance with the provisions of sections 26, 27, 28 and 56(1)(a)(v) of the Energy Commission Act, 1997 (Act 541), the Energy Commission developed and issued the National Electricity Distribution Code in 2012. The Distribution Code sets out the conditions that a Distribution Utility must meet in carrying out its obligations to distribute electricity.

Its purpose is to ensure that the distribution network provides fair, transparent, non-discriminatory, safe, reliable, secure and cost efficient delivery of electrical energy in Ghana. It prescribes the responsibilities and obligations associated with all the functions involved in the supply and delivery of electric power and energy over a distribution network. This includes the functions of the Distribution Utility, a Distribution Network Asset Owner, a Wholesale Supplier, a Retailer and a Bulk Customer.

With an increasing demand from customers of the distribution utilities and embedded generation (Conventional and Renewable) entities on the distribution utilities, the 2012 National Electricity Distribution Code was reviewed to incorporate the requirements of the Renewable Energy Sub-sector Code.

1.4 DEVELOPMENT OF ELECTRICITY METERING AND VENDING CODE

Electricity or energy meters measure and display power consumption in residential, industrial, and commercial dwellings, as well as sub-stations in the electric grid. The design of these meters is evolving rapidly, and different solutions and architectures are required to ensure consumer bills are accurate.

The energy meter therefore plays key roles in the distribution network where it acts to ensure that energy supplied is properly measured and billed. Energy meters and their installation should be carried out in accordance with relevant regulations. All material, accessories, and equipment used in a metering installation should conform to prescribed minimum standards.

In 2018, the Energy Commission began the development of a Metering and Vending Code to define the standards, capabilities and performance required for all meters to be used within distribution networks and retail of electricity in Ghana. The Metering and Vending Code will thus define the minimum acceptable standards for installation, maintenance and use of energy meters by Distribution Licensees. The Code is also aimed at providing a basis for interoperability of electricity meters.

1.5 DEVELOPMENT OF REGULATIONS FOR ELECTRICAL WIRING CABLES AND ACCESSORIES

The Electrical Wiring Regulations, 2011 (L.I. 2008) was passed into law by the Parliament of Ghana in 2012. The Commission however subsequently received complaints from the general public regarding electrical materials on sale in the country that do not conform to the standards approved by the Ghana Standards Authority (GSA).

The development of these regulations is therefore to ensure that only safe electrical cables and accessories that meet GSA standards are offered for sale in the country.

1.6 LICENSING ELECTRICITY AND NATURAL GAS INDUSTRIES

In accordance with the mandate of the Commission, applications for permits and licences for activities in the electricity and natural gas sectors are submitted to the Commission for approval. These are reviewed and assessed to ensure conformity with existing regulations, codes and terms of existing licences.

In the year under review, the Energy Commission processed and issued the following permits and licences:

2.0 RENEWABLE ENERGY, ENERGY EFFICIENCY AND CLIMATE CHANGE (EECC)

2.1 RENEWABLE ENERGY

2.1.1 National Solar Rooftop Programme

The Energy Commission began the implementation of a Capital Subsidy Scheme in 2016 to facilitate the installation of 200,000 rooftop solar PV systems in residential and commercial facilities under the National Rooftop Solar Photovoltaic (PV) Programme. The primary objective of the programme was to provide 200MW peak load relief on the national grid through solar PV technology in the medium term.

Under the Programme, a capital subsidy is given to beneficiaries in the form of **free** solar panels up to a maximum capacity of 500Watts peak, after the prospective beneficiary has satisfied the following conditions:

1. Changed all lamps in the facility to LED lamps; and
2. Purchased and installed the requisite Balance of System (BoS) components such as inverter, batteries, charge controller, change-over switch, etc. from an accredited solar equipment vendor, whose products meet the minimum Technical Standards set by the Ghana Standards Authority (GSA).

- ▲ In 2018, the Programme was temporarily suspended and restructured to target rural off-grid areas in order to increase access to electricity in line with government's aim of achieving universal access to electricity by 2020. Consequently, 200 solar PV systems were installed in rural off-grid households in the Eastern region of Ghana.



Fig 2: A solar PV installation at Agyeman, a village in Kwahu East District of the Eastern Region

2.1.2 Annual Renewable Energy Fair

The Renewable Energy Fair was instituted in 2015 with the aim of creating a platform for collaboration between government, the private sector and civil society for the promotion of the benefits of renewable energy. The Fair seeks to identify opportunities and facilitate investment in the utilisation of Ghana's renewable energy resources in line with the Renewable Energy Act 2011 (Act 832).

The Act, and the responsibility it gave to the Energy Commission, was one of the pivotal motivations that led the Commission to institute the Annual Ghana Renewable Energy Fair in 2015. Since then the Fair has become the premier Renewable Energy event in Ghana, and the vision is to make it the premier event in the sub-region.

The key features of the Fair have been policy and technology briefing/discussions within the technical sessions and display of renewable energy and energy efficiency technologies that have the potential to transform the energy landscape in Ghana and the sub-region.

The 4th Ghana Renewable Energy Fair was successfully held from 9th– 11th October, 2018 and was opened to the general public. The theme for the Fair was “Renewable Energy: Exploiting Energy Resources at the District Level” and it was officially opened by H.E. Dr. Mahamudu Bawumia, the Vice President of Ghana.

Discussions at the technical sessions were aimed at exploring renewable energy options available within districts for their rapid utilisation and were focused mainly on:

1. the proposed regulations for the woodfuel value chain;
2. a debate on the best lead (public or private) for mini-grid electrification as a major solution for achieving universal electricity access;
3. highlighting job opportunities in the renewable energy sub-sector; and
4. exploring energy efficiency solutions in buildings.

Key highlights of the technical sessions included a discussion on proposed regulations aimed at making the woodfuel industry truly sustainable, as well as a debate on the role of the private sector in providing rural communities with electricity through the deployment of RE based mini grids. These topical issues have a huge impact on development in rural communities and play a major role in the success of any national development initiative.



▲ Fig 3: Scenes from the 4th Ghana Renewable Energy Fair

2.1.3 Development of Regulations for Woodfuel, Mini-Grid and Improved Cookstoves

The Energy Commission in 2018, developed draft Regulations for Woodfuel, Mini-Grids and Improved Cookstoves.

1. Woodfuel Regulations

Woodfuel in the form of firewood and charcoal continue to contribute significantly to Ghana's primary energy supply and consumption. Woodfuel serves as the primary cooking fuel for over 70% (Ghana Living Standard Survey Round 6) of Ghanaian households and is the main fuel source for various agro-processing and cottage industries both in the rural and urban areas. It would continue to be the primary cooking and heating fuel for majority of rural and peri-urban populations if clean fuels such as liquefied petroleum gas (LPG) is not made affordable, easily accessible and readily available.

Despite the important role that woodfuel plays in meeting institutional and household energy needs in Ghana, it is produced and supplied in an unsustainable manner by the informal sector. This therefore makes it very difficult to gather data to undertake any relevant planning for policy making.

In an effort to streamline activities in the woodfuel value chain and also formalise the woodfuel sector, the Energy Commission in 2018 developed a draft Woodfuel Regulations. The draft Regulations will be subjected to stakeholder consultations and the document finalised for submission to Parliament.

1. **Mini-Grid Regulations**

Ghana has set a target of achieving universal access to electricity by 2020 with the current electricity access rate at 85% (source: MOE). Because of the remoteness and small sizes of the un-electrified communities remaining in the country, grid electricity extension is gradually giving way to off-grid technological solutions. This has led to the mainstreaming of mini-grid solutions into the National Electrification Scheme in order to provide 24 hours energy services to deprived communities.

The Commission therefore developed a draft Mini-grid Regulations in 2018 to ensure the successful implementation of the mini-grid scheme. The draft Legislative Instrument (LI) Regulation has been submitted to the Ministry of Energy for its approval and further submission to Parliament for approval.

2. **Improved Cookstoves Regulation**

Promotion of improved biomass cookstoves is one of Ghana's Sustainable Energy for All (SEforALL) objectives. UNDP Ghana has since 2014 supported the Energy Commission in the development of a standard and labelling scheme for biomass cookstoves. Key outputs from this support have been the development of Minimum Performance Standards for Biomass Cookstoves, which was published by the Ghana Standards Authority (GSA) in June 2017 and the development of an energy efficiency label for cookstoves.

In 2018, the Commission worked with the Ghana Standards Authority and relevant institutions to review and identify similarities and differences between the Ghana Standard for Biomass Cookstoves published in 2017 (GS 1112:2017 Improved Biomass Cookstove – Performance Requirement) and the ISO Standards for clean cookstoves.

Ghana's national standard for biomass cookstoves was withdrawn following the review and the following ISO standards adopted:

ISO 19867-1:2018 Clean cookstoves and clean cooking solutions -- Harmonized laboratory test protocols -- Part 1: Standard test sequence for emissions and performance, safety and durability

ISO/TR 19867-3:2018 Clean cookstoves and clean cooking solutions -- Harmonized laboratory test protocols -- Part 3: Voluntary performance targets for cookstoves based on laboratory testing

ISO/TR 21276:2018 Clean cookstoves and clean cooking solutions – Vocabulary.

2.1.4 Sustainable Woodlot for Schools Programme

With the Energy Commission's aim of ensuring sustainable supply of woodfuel for consumption in schools, the Commission initiated the Woodlot for Schools Programme where Senior High Schools (SHS) in the country are given the opportunity to establish woodlots with the aim of harvesting them for use in the schools. This noble initiative was taken in view of the fact that almost all Senior High Schools depended heavily on firewood sourced from the natural forest for cooking and heating. The introduction of Free Senior High Schools by government and the provision of free meals to day students have increased the use of firewood used for cooking in these schools.

The Commission in collaboration with Forestry Commission selected 15 Senior High Schools in the Ashanti Region to participate in the Programme in 2018. Each secondary school was expected to cultivate an average of 4 Hectares (Ha) of its available school land under the Programme. In total, about 55,000 cassia tree species were planted covering a land area of about 56 Ha. The list of participating schools is presented in Table xxx. .

Table 1: List of participating schools in the Sustainable Woodlot Programme

SCHOOL	DISTRICT	LAND AREA
1. Prempeh College	Kumasi Metropolitan	6
2. Kumasi Girls' S.H.S	Kumasi Metropolitan	4
3. Tawheed S.H.S. Kumasi	Kumasi Metropolitan	1
4. Dwamena Akenten S.H.S.	O nso District	4
5. E duase Sec/Comm. School	Sekyere East District	4
6. Dadease Agric College S.H.S.	Sekyere East District	3
7. Juaben S.H.S.	Ejisu-Juabeng Municipal District	4
8. Yaa Asantewaa Girls' S.H. S	Atwima District	6
9. Osei Tutu S.H.S.	Atwima District	3
10. Toase S.H.S.	Atwima District	4
11. Dompase S.H.S.	Adanse North District	3
12. Bodwesango S.H.S.	Adanse East District	3
13. New Edubiase S.H.S.	Adanse South District	3
14. Jachie Pramso S.H.S.	Bosomtwe/Atwima/Kwaman District	2
15. Nyinahin S.H.S.	Atwima Mponua District	3



Fig. 4: Pictures of cassia tree species planted at Osei-Tutu Senior High School

2.1.5 Development of Curriculum and Certification Scheme for RE Installers

The solar sub-sector is growing at a fast rate following the introduction of a number of interventions (the National Rooftop Solar Programme and Net-Metering Scheme, etc.)

Over 120 companies have been issued with Installation and Maintenance Licences to install and maintain solar systems by the Commission. However, installations of solar PV systems by some installers do not conform to best practices. The Commission also observed that there were a number of private and public institutions running solar PV training and renewable energy educational programmes for installers and individuals without a specified educational curriculum and proper accreditation.

To streamline the educational and training programmes, the Commission as part of its mandate under Section 4 (c) of the Renewable energy Act 2011, Act 832 which is to develop educational curriculum on the efficient use of renewable energy resources, applied for grant funding from the Skills Development Fund (SDF). This funding was used to facilitate the development of a solar PV/renewable energy educational curriculum and a certification scheme in collaboration with the Technical and Vocational Education Division (TVED) of the Ghana Education Service. In addition, training institutions would be accredited to run educational and training programmes on solar PV and renewable energy in general.

The proposal from the Commission received pre-approval from SDF for counterpart funding for this project.

2.1.6 Implementation of Sustainable Energy for All (SEforALL) Initiative

Ghana developed and launched its Sustainable Energy for All (SEforALL) Country Action Plan in May 2012 with the Energy Commission playing the coordinating role. The Plan has the following priority areas:

1. Promote productive uses of electricity;
2. Improve access to cleaner cooking solutions by promoting the use of improved cookstoves, LPG and biogas for cooking.

Following an initial review of high impact opportunities, the extension of electricity access to remote communities for productive uses, through the application of off-grid renewable energy solutions was added to the high priority actions.

In 2018, three (3) SEforALL Newsletters were prepared and disseminated to update stakeholders on the progress of implementation of Ghana's SEforALL Action Agenda. The database of improved cookstoves produced and distributed in Ghana was updated to November 2018.

2.1.7 Licensing of Service Providers in the Renewable Energy Industry

The following licences were granted by the Board of the Commission in 2018:

- 42 Installation & Maintenance Licences;
- 26 Importation Licences;
- 31 Provisional Wholesale Electricity Supply Licences;
- 3 Operational Wholesale Electricity Supply Licences;
- 7 Charcoal Production for Export Licences; and
- 5 Briquette Production for Export Licences;

Table 2. Licences & Permits issued for Renewable Energy Electricity as of December, 2018

Category	# of Wholesale Electricity Supply Licences Issued				Total Proposed Capacity (MW)
	Provisional Licences	Siting Permits	Construction Permits	Operational Licences	
Solar	83	30	7	3 (40.4MW)	4,509.869
Wind	16	6	1	-	1,460.00
Small Hydro	13	1	1	-	206.41
Biomass	2	-	-	-	68.00
Waste -to- Energy	15	2	1	1 (0.1MW)	766.31
Wave	1	1	1	-	20.00
Total	130	40	11	2	7,030.589

The list of the companies that have been granted construction permits as at December, 2018 is presented below in Table 3.

Table 3: Construction Permits granted as at December 2018

No.	Name of Company	Plant Type	Capacity (MW)	Licence Number	Location of Plant
1.	BXC Company Ghana Ltd	Solar PV	20	EC/GWSL/0813-021	Gomoa Onyadze, Central Region
2.	Savanna Solar Ltd	Solar PV	400	EC/GWSL/0413-008	Kusawgu, near Tamale in the Northern Region.
3.	TFI Power Ltd	Solar PV	30	EC/GWSL/0813-017	Mahe-Obom, Greater Accra Region
4.	TC's Energy	Wave	20	EC/GWSL/0813-023	Ada Foah, Greater Accra Region
5.	Upwind Ayitepa Ltd	Wind	150	EC/GWSL/0214-037	Ayitepa, Greater Accra Region
6.	Sa fiSana (Ghana) Ltd	Waste-to-Energy	0.1	EC/GWSL/1214-063	Ashaiman, Greater Accra Region
7.	Meinergy Technology Co. Ltd.	Solar	20		Gomoa Onyadze, Central Region.
8.	Bui Power Authority	Solar	10	(EC/GWSL/0218-113)	Bui, Brong Ahafo Region.
9.	Bui Power Authority	Small Hydro	0.03	(EC/GWSL/0418-126)	Tsatsadu River at Alavanyo - Abehenease in the Hohoe Municipal District of the Volta Region.
10.	CrossBoundary Energy Ghana Limited	Solar	1.0	EC/GWSL/0718-132)	Coca-Cola Bottling Company Greater Accra Region.
11.	CrossBoundary Energy Ghana Limited	Solar	0.4	EC/GWSL/0718-133)	Kasapreko Company Limited, Greater Accra Region.

2.2 ENERGY EFFICIENCY AND CONSERVATION AWARENESS CREATION CAMPAIGN

Energy efficiency awareness creation campaigns are effective tools employed by the Commission to propagate positive behavioural changes and ensure that consumers conserve and use energy efficiently.



The Commission has been using documentaries, jingles, training workshops, radio interviews, posters and flyers for energy efficiency and awareness creation campaigns. In 2018, the Commission started public education and sensitization among the security agencies and by the end of 2018 had educated and sensitized military officers in all the barracks in Tamale, Sunyani, Kumasi, Ho, Takoradi, Accra and Tema. To support and facilitate the public education and awareness creation, energy efficiency brochures, leaflets and jingles were also distributed and aired nationwide. Through this project, the Commission was able to secure over 50 slots of radio interviews, distribute over 2,000 pieces of leaflets/brochures, air 180 slots of TV adverts and over 300 hundred slots of radio jingles on energy efficiency and conservation.

The Commission undertook energy efficiency and conservation campaign at the British International School, East Legon Hills, Accra.



Figure 5: Energy efficiency campaign, Takoradi Naval Base

2.3 UPDATE OF ENERGY EFFICIENT APPLIANCE DATABASE AND SMART MOBILE DEVICE APPLICATION (APP)

As part of the strategy to ensure that appliance energy efficiency standards and regulations are complied with, in 2017, the Commission established a web-based database with related application (APP) for refrigerating appliances and air conditioners. The APP enables consumers to verify whether appliances on sale meet the minimum energy efficiency standards set by the Commission before purchase. The APP is available for download on Google Play Store.

In 2018, the Commission updated the APP to include data on air conditioners.

Energy efficiency and conservation tips for refrigerating and air conditioning appliances were also included in the APP and over 8,722 people downloaded the APP.

2.4 UPDATE OF ENERGY SECTOR GREENHOUSE GAS EMISSIONS AND GRID EMISSION FACTOR

Ghana as a party to the United Nations Convention on Climate Change (UNFCCC), periodically undertakes Greenhouse Gas (GHG) inventory and reports to the UNFCCC, its national GHG emissions. The GHG inventory covers the following four sectors: Energy; Agriculture, Forestry and Other Land Uses (AFOLU); Industrial Processes and Product Use (IPPU); and Waste.

The energy sector is one of the main sources of GHG emissions and therefore, a key sector in Ghana's GHG inventories. The Energy Commission is the lead agency in the energy sector GHG inventories and collaborates with the Climate Change Secretariat of EPA to undertake the following activities:

a) energy data collection;

- b) data analysis;
- c) estimation of the energy sector GHG emissions;
- d) inventory quality control; and
- e) report writing.

The GHG emission estimates for Ghana had been completed for the period 1990-2016 and need to be updated annually for the next reporting period.

The Grid Emission factor of Ghana also needs to be calculated each year to determine how much emissions are produced per unit of electricity supplied to the national grid and the potential emission savings that could be achieved when green power generation options are introduced.

In addition, projects and actions in the energy sector that can contribute to the mitigation of GHG emissions need to be identified and tracked to determine their contributions to Ghana's emission reduction targets.

In 2018, the Commission in collaboration with EPA, updated the energy sector data and GHG inventory from 2012 to 2016, prepared the energy sector GHG inventory/mitigation actions report as part of Ghana's 4th National Communication and 2nd Biennial Update Report to the UNFCCC in accordance with the requirements of the two-year reporting cycle.

The total GHG emissions from the energy sector was estimated to be 15.02 MtCO₂e in 2016. The contribution of the various sub sectors to the total energy sector emissions are as shown in the chart below.

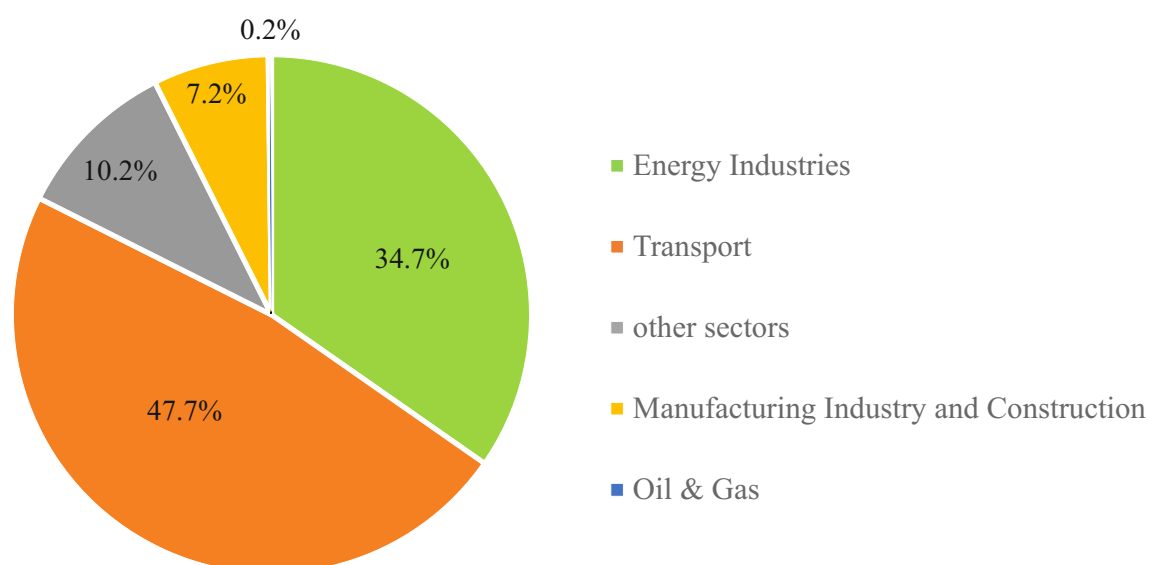


Figure 6: Energy Sector GHG Emissions by Category in 2016

3.0 STRATEGIC PLANNING AND POLICY

3.1 National Energy Data Processing and Information Centre

In fulfilment of the requirements of section 2(d) of the Energy Commission Act, 1997, (Act 541), which is to secure a comprehensive database for national decision making, the Commission operates the National Energy Data Processing and information Centre (NEDPIC). The Commission's energy database was updated with 2017 energy data during the year. It included power plants and their corresponding capacities, LPG point of sale/ distribution coordinates, solar PV Installations, etc. Also, energy access rate at the regional and national levels were computed and incorporated into the map of Ghana.

3.2 Update of the Strategic National Energy Plan (2020-2030)

The Energy Commission is mandated by Act 541 to prepare, review and update periodically, indicative national energy plans to ensure that all reasonable demands for energy are met in a sustainable manner. The Commission is updating the Strategic National Energy Plan (SNEP, 2006 to 2020), which was published in 2006. The update has become necessary as a result of major changes that have occurred in the country's energy-economy landscape, such as the discovery of commercial quantities of crude oil in 2007 and the rebasing of the country's economy in 2013. The goal of SNEP is to contribute to the development of a sound energy market, that would provide sufficient, viable and efficient energy services for Ghana's economic development. This will be done through the formulation of a comprehensive plan that will identify the optimal path for the development, utilisation and efficient management of energy resources available to the country.

The following were achieved during the year under review:

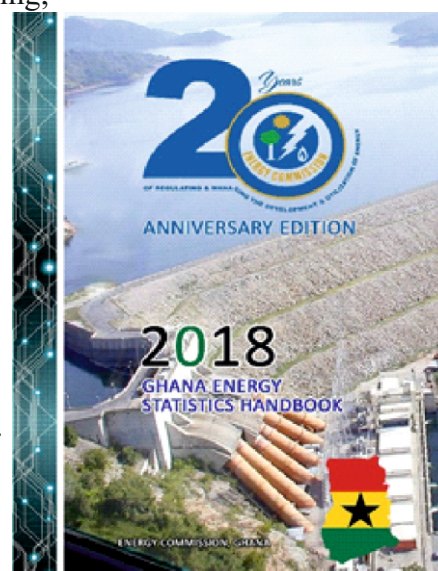
1. A draft demand report reflecting changes in the planning period from 2018 – 2030 to align with the Sustainable Development Goals (SDGs) has been completed and undergoing review by stakeholders. The report also incorporated government's flagship programmes such as planting for food and jobs and one-district-one-factory. An evaluation of their impact on energy demand in the short, medium to long term was also undertaken. The report further analysed the effect of introducing electric vehicles in the transport sector on electricity and petroleum products demand.
2. The final draft of the Ghana Integrated Power Sector Master Plan (IPSMP), a subset of the Strategic National Energy Plan (SNEP), was also completed and published on the Energy Commission's website. The IPSMP is intended to guide the development of Ghana's future power sector and was developed through the support of the Integrated Resource and Resilience Planning (IRRP) project. This is an initiative of the Government of Ghana and the United States Government. The three-year IRRP project (May 2016 to September 2019) is being funded by USAID and implemented by ICF (a U.S.-based consulting firm) with the Energy Commission as the host and the focal agency. The IPSMP study assesses current and future challenges and opportunities in Ghana's power sector, and develops a resilient generation capacity expansion plan that adequately meets the electricity demand forecast at the least cost.

3.3 Update of National Energy Statistics

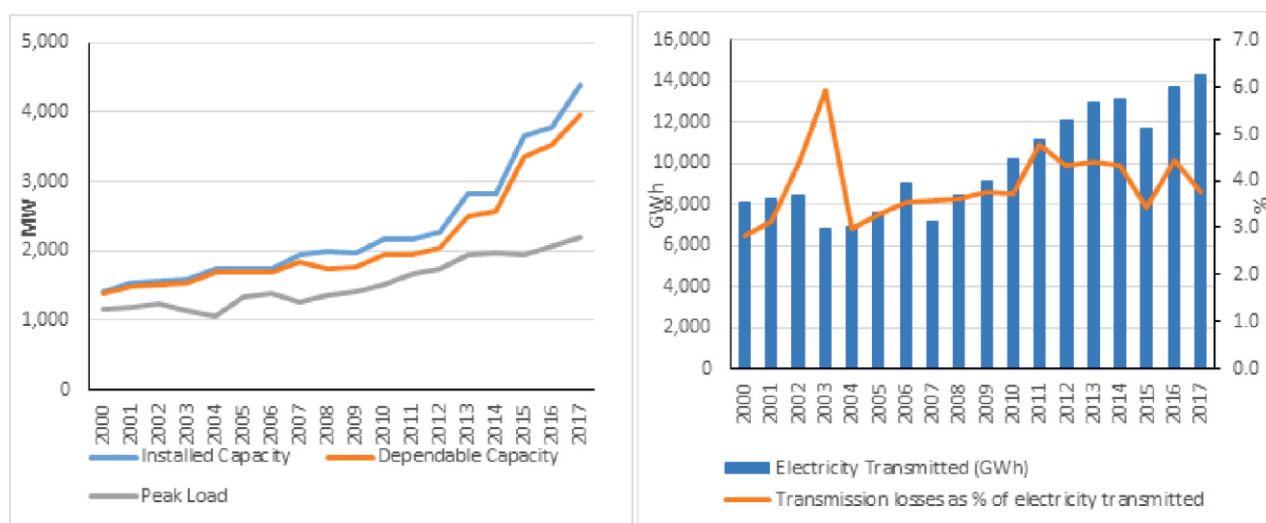
The National Energy Statistics contains information on the following;

- Energy Balance for 2016 and 2017;
- Energy Indicators;
- Primary Energy Supply;
- Final Energy Use;
- Electricity Supply and Use;
- Petroleum Supply and Use;
- Biomass Supply and Use; and
- Prices of all forms of Energy used in the Economy.

This was updated and published on the Commission's website.



In addition, the third edition of the Ghana Energy Statistics Handbook (20th Anniversary edition) was prepared and hardcopies distributed to stakeholders and the general



public

Fig 8: Installed Capacity, Dependable Capacity and Peak Load *Fig 9: Electricity Transmitted and Transmission losses* during the anniversary celebration. The Ghana Energy Statistics publication is a handy pocket-sized document which summarises key energy data for Ghana. It contains timely and clearly presented data on energy resources, energy production and consumption in Ghana. The document could be used to monitor changes in energy production and use, inform debate and policy, as well as provide a wide understanding of the energy situation in Ghana.

3.4 Update of Annual Energy Outlook

The 2018 Annual Energy Outlook was completed and posted on the Commission's Website. The Outlook provided industry and businesses with indications of the levels/quantities of energy comprising electricity, woodfuels, liquid and gaseous fuels required by the country for the year. The outlook also serves as a guide to prospective energy sector operators as well as the wider business community on the energy demand and supply forecast for 2018.

3.5 Assessment of Indigenous Energy Resources

The Commission began an assessment of the indigenous energy resources in the country to support government's One-District-One Factory (1D-1F) Programme. A draft report covering petroleum and renewable resources was completed and is being reviewed.

4.0 SOCIAL, ENVIRONMENTAL IMPACT AND TECHNOLOGY ASSESSMENT

4.1 ENVIRONMENTAL COMPLIANCE MONITORING OF KPONE THERMAL POWER PLANT

The Kpone Thermal Power Plant (KTPP) is one of the power plants licensed by the Energy Commission. The plant is located at Nmlitsakpo, about 2 kilometres off the Kpone barrier. The project impact area covers the inhabitants of the Tema Development Corporation Residential Area. It commenced operations on June 20, 2016 and undertook test runs until the last quarter of 2016. The Environmental Protection Agency (EPA) issued an environmental permit authorizing KTPP to commence its operational phase activities in July 2016. The conditions of the permit specifically indicated that KTPP should comply with the following mitigation measures:

- air quality and emissions management;
- noise management,
- oil spill and leakage management,
- emergency response plan,
- occupational health and safety management,
- public health and safety,
- fuels, lubricants and waste oil/oily sludge management,
- waste water management and
- effluent quality improvement and treatment.

The objective of the monitoring activity was to ensure compliance with permit conditions and regulatory requirements, as well as increase the level of engagement on environmental alertness among the utilities. The main output of the activity was a Compliance Monitoring Report and Advise submitted to the Energy Commission, the Minister of Energy, EPA and VRA. The monitoring team concluded that the environmental compliance status of KTPP was satisfactory..



Fig. 10: Compliance team members with Management of KTPP

4.2 ENVIRONMENTAL COMPLIANCE MONITORING OF AKSA

AKSA Energy Company Ghana Limited was granted a construction permit by the Energy Commission for the construction of an emergency 370 MW power plant using Heavy Fuel Oil (HFO) as fuel. The plant is located at Tema in the Tema Free Zone Enclave. The EPA issued an Environmental Permit to AKSA and as per the conditions of the EPA permit, AKSA is to ensure compliance with the environmental guidelines and regulations stipulated in the permit.

After completion of test runs, AKSA acquired an operating license from the Energy Commission. The generation of electricity using fossil fuels produce significant amounts of atmospheric pollutants and effluent discharges that affect the environment and human health. It is on this basis that the operations of AKSA were monitored to ensure compliance with environmental regulations and guidelines. The objective of the monitoring activity was to ensure compliance with permit conditions and regulatory requirements. The output was the generation of an Environmental Compliance Monitoring Report and Advise submitted to the Ministry of Energy, EPA and AKSA. The monitoring team concluded that the environmental compliance status of AKSA was unsatisfactory. Their operations did not meet the criteria set out in the environmental permit issued by the EPA.



Fig. 11: Compliance team members with Management of AKSA

4.3 ENVIRONMENTAL COMPLIANCE MONITORING OF AMERI

The Africa Middle East Resources Investment Group (AMERI Energy) LLC of Dubai is one of the emergency power plants by the Ministry of Energy to resolve the load shedding crisis in the country in 2016. The plant is located at Aboadze, 17 kilometers east of Sekondi-Takoradi in the Shama District of the Western Region. The plant was built on the basis of Build- Own-Operate-Transfer (BOOT) under

which Ameri Energy would be responsible for the installation, operation and maintenance of the power plant for five years before transferring it to VRA. The Environmental Protection Agency issued an Environmental Permit for the construction and operation of the 250 MW AMERI Power Plant. The Energy Commission also granted a provisional licence through VRA to AMERI Energy power plant and a Construction permit. The Commission granted VRA a permit to test and commission the power plant. Ameri Energy has not been issued a Wholesale Electricity Supply Licence (WESL) from the Commission even though the plant has been operating since January 2016 due to the peculiar nature of the Emergency Power Purchase Agreement that was signed between Ameri Energy and the Ministry of Power.. The objective of the monitoring activity was to evaluate the operations of AMERI in line with compliance to regulatory and permit requirements of the EC, EPA, Land Use and Spatial Planning Authority (LUSPA) and the Shama District Assembly (SDA). The monitoring team concluded that the environmental compliance ranking of AMERI was unsatisfactory. Their operations did not meet the criteria set out in the environmental permit issued by the EPA. The Environmental Compliance Monitoring Report and Advise was submitted to the Ministry of Energy, EPA and AMERI.



Fig. 12: Monitoring team in discussion with plant operators

4.4 PUBLIC SAFETY AWARENESS ON THE HAZARDS ASSOCIATED WITH (110 km) GAS TRANSMISSION PIPELINE

The Ghana National Gas Company (GNGC) was granted an Operating licence by the Energy Commission for the processing and wholesale supply of 150 MMSCFD of natural gas to the market. The Energy Commission undertook a compliance monitoring activity to the Gas Processing Plant at Atuabo to ensure compliance with health, safety and environmental guidelines and Regulations.

The Natural Gas and Pipeline Safety (Construction, Operation and Maintenance) Regulations, 2012, L.I 2189 provides Regulations on Public Awareness which require a pipeline operator to develop and implement a written continuous public education programme to educate the public and appropriate government department and agencies engaged in excavation related activities on potential hazards associated with the unintended release of gas from a gas pipeline facility. The programme includes provisions to educate the public, appropriate government agencies and any persons

The Natural Gas and Pipeline Safety (Construction, Operation and Maintenance) Regulations, 2012, L.I 2189 provides Regulations on Public Awareness which require a pipeline operator to develop and implement a written continuous public education programme to educate the public and appropriate government department and agencies engaged in excavation related activities on potential hazards associated with the unintended release of gas from a gas pipeline facility. The programme includes provisions to educate the public, appropriate government agencies and any persons engaged in excavation related activities on

- a. The use of a one-all notification system prior to excavation
- b. Potential hazards associated with the unintended release of gas from a gas pipeline facility
- c. Physical indications that the release of gas may have occurred
- d. Steps that are required to be taken for public safety in the event of a gas pipeline release
- e. Procedures for reporting on a gas pipeline release

The objective of the safety awareness was to ensure implementation of requirements on public safety awareness on the hazards of gas leakages as indicated in the Natural Gas Pipeline Safety (Construction, Operation and Maintenance) Regulations, 2012. The monitoring team then submitted an Environmental Compliance Monitoring Report and Advise as its output to the Ministry of Energy, EPA and Ghana Gas.



5.0 INSPECTION AND ENFORCEMENT

5.1 INSPECTIONS AND ENFORCEMENT OF REGULATIONS IN THE NATURAL GAS INDUSTRY

The Commission undertook a monitoring and inspection of the pre-commissioning and commissioning activities of the Offshore Receiving Facility (ORF). The Commission also undertook an inspection activity of the 75 km Essiama - Prestea pipeline to ensure their acceptability.

In addition, the Commission conducted a monitoring and inspection exercise related to the twenty one (21) day shutdown of the Western Corridor Gas Infrastructure project:

The Commission again conducted monitoring and inspection of the pipeline repair works involving the Ankobra River crossing, AT44 and other sections of the Atuabo –Takoradi pipeline.

Finally, the Commission has developed guidelines and checklist for inspection of Natural Gas infrastructure in the country.

5.2 INSPECTION AND ENFORCEMENT OF REGULATIONS IN THE ELECTRICITY SUPPLY, TRANSMISSION AND DISTRIBUTIONS SECTORS

During the year under review, the following activities were undertaken by the Commission in relation to the Inspection and Enforcement of Regulations in the Electricity Supply, Transmission and Distribution Industry:

1. Monitoring exercises to five (5) Power Plants (Sunon Asogli, Genser - Tarkwa, TICO, TAPCO and Ameri) to ensure compliance with the codes of practice in the Electricity industry.
2. Energy meter accuracy inspection in the Cape Coast District of ECG. The checks revealed that 77% of the meters tested were operating within the accepted accuracy limits. The remaining 23% were either faulty or outside the accepted accuracy limits.
3. monitoring of electricity transformers in Cape Coast and Ho Districts of ECG. The exercise revealed that all the twenty (20) sampled transformers monitored were moderately loaded with an average percentage load of 63.54%. Also, at the Ho district of the ECG, twenty (20) sampled transformers were monitored during peak hours.
4. Made several follow-ups on complaints made on rampant outages at Regimanuel Gray Estate, in Accra.
5. Twelve (12) power analyzers were installed in the Ho District, Accra East and Tema Operational Region of ECG to monitor voltage variations, individual harmonics levels, total harmonic distortion, voltage imbalance factor and Frequency variations of xxx (what was the outcome).

5.3 ENFORCEMENT OF REGULATIONS IN THE RENEWABLE ENERGY INDUSTRY

As part of the procedure for the grant of Installation and Maintenance Licences, the Commission inspected the offices of twenty-three (23) solar PV companies that applied for Installation and Maintenance Licences to determine the nature and services being offered by these companies.

In the course of the year, the Tema Harbour Police assisted the Commission to investigate a case in which charcoal was about to be illegally exported by a local company. The company was fined, and made to sell the charcoal on the local market under the supervision of the Commission.

The Commission checked and approved GCNet applications for importers to facilitate the clearance of compliant solar systems and components. The outcome resulted in the following:

- Over 90 applications were processed and the products of four (4) companies that were imported without licences were detained and later released to them after they complied to the laid down regulations.
- Clearance was given for the importation of the items below:
 - i. 11,662 solar panels;
 - ii. 231 inverters;
 - iii. 1,846 batteries;
 - iv. 20 solar collectors;
 - v. 122 solar charge controllers;
 - vi. 2,210 solar lamps; and
 - vii. 516 streetlights.

5.4 ENFORCEMENT OF ENERGY EFFICIENCY REGULATIONS

Pursuant to the enforcement of the requirements of the Energy Efficiency Standards and Labelling (Household Refrigerating Appliances) Regulations, 2009 (LI 1958), officials of the Commission stationed at Tema Port inspected a total of **373,747** new refrigeration appliances in **2,891** containers imported into the country. Of this number, 363,656 units, representing about 97.3% of the total imports, were regulated appliances (those covered under LI 1958), while 10,091 units, accounting for 2.7% of the total imports, were unregulated appliances (e.g. beverage coolers and display cabinets).

About 97.0% of all the new regulated refrigerating appliances were compliant. The remaining 3% (i.e. 10,910 units) were found to be non-compliant under various aspects of the Regulations and enforcement actions were taken against them.

In 2018, 6,207 refrigerating appliances and used air-conditioners imported into the country through the Tema and Takoradi Ports were seized by the Commission and sent to the Afienya waste processing site for proper disposal. This is in accordance with LI 1932 (Prohibition of Manufacture, Sale or Importation of Incandescent Filament Lamp, Used Refrigerator, Used Refrigerator-Freezer, Used Freezer and Used Air-Conditioners) Regulations, 2008.

A total of **139,871** units of new air conditioning appliances were inspected by the officials of the Commission at the Tema Port in accordance with L.I 1815. Of this number, 134,266 units, representing 96.0% of the total imports, were regulated appliances, while the remaining 5,595 units, accounting for about 4.0% of the total imports, were unregulated appliances (e.g. cassette/commercial or other ducted types). About 97.0% of the regulated air-conditioners were compliant. The remaining 3% which were non-compliant were taken through the necessary enforcement actions.

The Commission conducted market surveillance of a total of 5,820 appliances in about 361 distributing and retail outlets to collate data on the level of compliance of refrigerators and air conditioners on sale across the country. Out of 5,820 refrigerating appliances surveyed, 98.7% had labels whilst 1.3% had no labels. About 91% of all shops visited across the country had test reports. The necessary enforcement actions were taken against all those found to be non-compliant.

The table below shows the National and Regional Retail Shops Labelling and Test Report Compliance Levels.

Region	Total Appliances	Average Test Report compliance Level in Retail Shops (%)	Labelling (%)	
			Label	No label
Ashanti	863	86.2	98.4	1.6
Brong Ahafo	326	93.2	100.0	0.0
Central	387	93.8	98.7	1.3
Eastern	599	89.7	99.6	0.5
Greater Accra	2,542	93.3	98.0	2.0
Northern	206	92.2	99.0	1.0
Upper East	159	96.1	100.0	0.0
Upper West	85	92.0	100.0	0.0
Volta	244	87.6	100.0	0.0
Western	409	91.7	99.5	0.5
National	5,820	90.6	98.7	1.3

Table 4: Regional compliance levels of Retail Shops to appliance labelling

For the air-conditioners, the compliance level was about 88%. Those without labels made up 8% of the total. The necessary enforcement actions were taken against all those that were found to be non-compliant with the regulations.

Again, the Commission assessed, analyzed and approved **472** test reports for both refrigeration and air-condition models and made recommendations on **eight (8)** cases of non-compliance, for relabelling, as part of the enforcement activities to ensure compliance with star ratings.

Officials of the Commission checked and approved **3,500** GCNet applications for importers to facilitate the clearance of compliant energy efficient appliances for payment of duty and subsequently physical examination at Tema and Takoradi Ports.

Approval has been given for the procurement of a warehouse. Procurement process is yet to begin.

5.5 IMPLEMENTATION OF LOCAL CONTENT AND LOCAL PARTICIPATION REGULATIONS

The Energy Commission (Local Content and Local Participation) (Electricity Supply Industry), Regulations LI 2354, was passed into Law by the Parliament of Ghana in 2017. The purpose was to among other things develop and promote local content and local participation in the electricity supply industry through education, skills and expertise development, transfer of technology and know-how and active research and development portfolio.

During the year under review, the Commission carried out the following tasks:

1. Recruited a Local Content Coordinator and two (2) persons to undertake the day-to-day activities of the Secretariat.
 2. Drafted Guidelines for the effective implementation of the Local Content and Local Participation Regulations.
 3. Circulated public notices on the passage and implementation of L.I. 2354 in four (4) National newspapers.
 4. Received nominations from all nominating institutions required to constitute the Local Content & Local Participation (LC & LP) Committee. A requested was also made to the Minister of Energy to officially appoint the LC & LP Committee.
 5. Collaborated with the Makedu Consult to develop an electronic database for L.I.2354. Attended outreach, capacity building and familiarisation events on Local Content organised by the following agencies:
 - i. IMANI GHANA
 - ii. Ministry of Energy/USAID
 - iii. ACEP
- I. Ghana Alliance for Clean Cookstoves (GHACCO)
 - ii. Petroleum Commission

6.0 ELECTRICITY MARKET OVERSIGHT

6.1 Operationalization of the Electricity Market Oversight Panel (EMOP)

The operationalization involves activities aimed at achieving the mandate of the Electricity Market Oversight Panel stipulated in Regulation 18 (1) of the Electricity Regulation, 2008, L.I. 1937. These activities include regular meetings of the EMOP, retreats, stakeholder engagements and fora.

The EMOP in 2018, held eight (8) general meeting to review the power sector conditions and also held five (5) working committee meetings to discuss issues referred to it by the panel. These meetings were used to review power sector conditions and make appropriate recommendations to strengthening the sector. The panel developed a formula which was used to successfully allocate the generation from the legacy hydro sources to the various sectors of the economy in 2018. The allocation of the hydro legacy resources served as the reference level of electricity to be produced from the legacy hydro's for the computation of electricity tariffs by the PURC.

The EMOP supervised the drafting of the Electricity Market Design which will serve as the blueprint of the design for Ghana's Wholesale Electricity Market. A final copy of the Electricity Market Design will be submitted to the Energy Commission for approval according to the L.I. 1937.

In furtherance of its work, the EMOP embarked on a nationwide awareness creation by engaging the various stakeholders across the country in 2018. The EMOP continuous to engage its stakeholders and occasionally holds stakeholder fora. The routine engagements entail monthly meetings with power plants managers to ascertain their operational challenges and experiences in the Wholesale Electricity Market. The EMOP also uses these engagements with power plant managers in gathering primary data for input into its publications in its Ghana Wholesale Electricity Market Bulletin as well as the Weekly Wholesale Electricity Market Statistics.

In the fourth quarter of 2018, the EMOP undertook four (4) stakeholder fora in Tamale, Bui, Tarkwa and Accra. This was aimed at bringing the EMOP closer to the market participants. In Tamale, the EMOP interacted with the management of NEDCo whiles in Bui, the EMOP had discussions with the operational staff of the Bui Power Plant.

In Tarkwa, stakeholder engaged were made up of bulk customers, particularly the mining companies from the Western and Ashanti Regions.

The EMOP concluded its stakeholder engagement for 2018 by bringing together all bulk customers, distribution utilities and wholesale suppliers in Accra and Tema to meet in Accra.

All the stakeholders engaged in 2018 expressed their delight in the operations of the Wholesale Electricity market and the establishment of the EMOP. However, they outlined some challenges they are confronted with in the market and were optimistic that EMOP would help resolve them.

The major challenge the EMOP faces in executing its mandate is the delay in releasing funds for its activities.

Pictures from stakeholder engagements

I. Meeting at NEDCo



ii Meeting at Bui Power Plant



iii Presentation time at Bui Power Plant



i Meeting with stakeholder in the Western Region - Tarkwa



ii Meeting with stakeholders in Accra



6.2 Market Monitoring and Publications

The EMOP is mandated by the Electricity Regulation, 2008, L.I. 1937 to monitor activities in the wholesale electricity market and to ensure the smooth operation of the market. To ensure transparency and fairness in the Wholesale Electricity Market, the EMOP publishes Wholesale Electricity price and operational information about the market. The EMOP also reports to the Energy Commission and the Public Utility Regulatory Commission (PURC) on a quarterly basis on activities of EMOP and happenings in the Wholesale Electricity Market.

6.3 Market Monitoring

The EMOP monitors the pre-dispatch schedules generated by GRIDCo for the dispatch of electricity. The EMOP procured a software and a television set to monitor the dispatch of electricity. Monitoring of dispatch was performed to ensure conformity to the pre-dispatch schedules produced by GRIDCo. This software picks live feed from GRIDCo's SCADA System and provides the EMOP with minute-by-minute conditions on the market including natural gas supply conditions, power plants loading and exports.

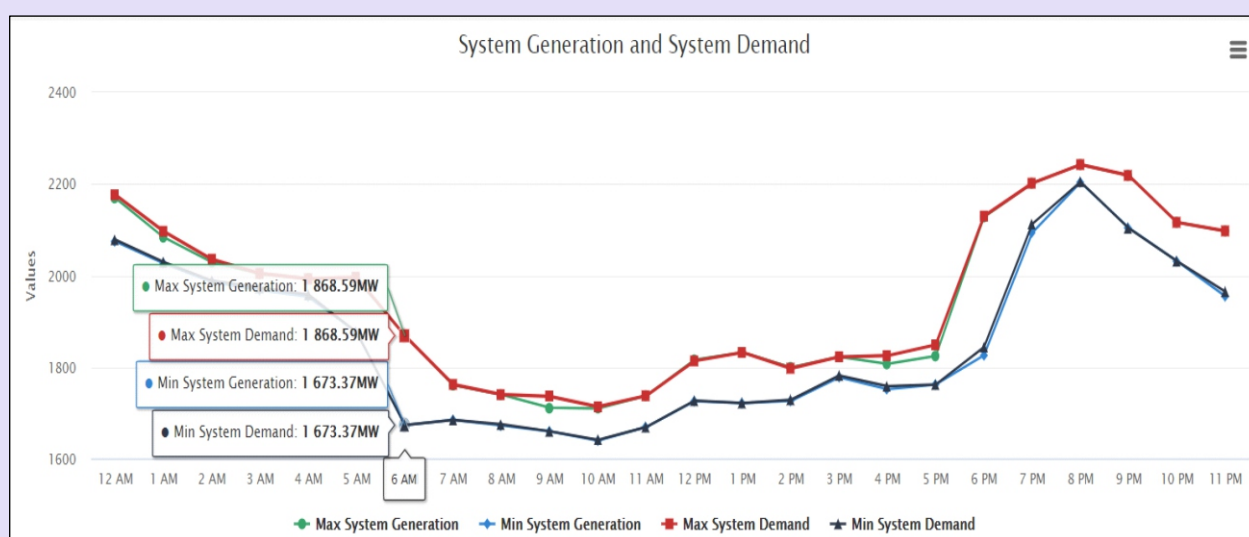
Pictures of EMOP Monitoring Link displaying real time information on the Wholesale Electricity Market

Name	Value	Time Updated	Name	Value	Time Updated
Total Hydro Generation	618.69MW	Jun 10 2019: 14:38:42	Available Gen @ Peak	3250MW	Jun 10 2019: 14:38:42
Total Thermal Generation	1150.95MW	Jun 10 2019: 14:38:42	CEB Load (161KV)	24.22MW	Jun 10 2019: 14:38:42
Total IPP Generation	894.37MW	Jun 10 2019: 14:38:42	CIE Exchange	-24.41MW	Jun 10 2019: 14:38:42
Total VRA Generation	990.35MW	Jun 10 2019: 14:38:42	Non-Spinning Reserve	0MW	Jun 10 2019: 14:38:42
			Proj Peak Load (Today)	2506MW	Jun 10 2019: 14:38:42
			SONABEL LOAD	-0.19MW	Jun 10 2019: 14:38:42
			Spinning Reserve	0MW	Jun 10 2019: 14:38:42
			System Frequency	50.08Hz	Jun 10 2019: 14:38:42
			System Generation	1909.6MW	Jun 10 2019: 14:38:42
			System Demand	1934.01MW	Jun 10 2019: 14:38:42
			Tema Gas Pressure	29.93Bar	Jun 10 2019: 14:38:42
			CEB Load (330KV)	42.24MW	Jun 10 2019: 14:38:42

I.

Plant Generation => VRA					Plant Generation => IPPs				
Name	Power	Reactive Power	Power Factor	Time Updated	Name	Power	Reactive Power	Power Factor	Time Updated
Akosombo Generation	550.76MW	116.27MVar	0.978pf	Jun 10 2019: 14:47:05	Aksa Generation	14.66MW	1.23MVar	0.996pf	Jun 10 2019: 14:47:05
KTPP Generation	99.95MW	-5.06MVar	0.999pf	Jun 10 2019: 14:47:05	Ameri Generation	0MW	-0.24MVar	0pf	Jun 10 2019: 14:47:05
Kpong Generation	76.25MW	16.89MVar	0.976pf	Jun 10 2019: 14:47:05	Asogli Generation	367.31MW	146.55MVar	0.929pf	Jun 10 2019: 14:47:05
T3 Generation	0MW	-0.47MVar	0pf	Jun 10 2019: 14:47:05	Bui Generation	3.36MW	0.95MVar	0.962pf	Jun 10 2019: 14:47:05
TAPCO Generation	155.25MW	17.64MVar	0.994pf	Jun 10 2019: 14:47:05	CENIT Generation	0MW	-0.76MVar	0pf	Jun 10 2019: 14:47:05
TT1PP Generation	106.67MW	-14.57MVar	0.991pf	Jun 10 2019: 14:47:05	Cenpower Generation	179.99MW	47.97MVar	0.966pf	Jun 10 2019: 14:47:05
TT2PP Generation	12.58MW	5.68MVar	0.911pf	Jun 10 2019: 14:47:05	KarPower Generation	160.17MW	43.05MVar	0.966pf	Jun 10 2019: 14:47:05
					TICO Generation	169.4MW	19.44MVar	0.993pf	Jun 10 2019: 14:47:05

I. Hourly load profile of Ghana



6.4 Publications

The EMOP undertakes two publications; the Monthly Ghana Wholesale Electricity Market Bulletin and the Weekly Wholesale Electricity Market Statistics. The EMOP also submits two reports to the Energy Commission; Monthly Power Sector Situation Report and a quarterly report of the activities of the EMOP.

The January 2018 to August 2018 editions of the Ghana Wholesale Electricity Market Bulletin was published in 2018. The September 2018 to November 2018 editions were drafted. There were delays in publishing the bulletin primarily due to delay in release of funds for data collection and printing.

The publication of the Wholesale Electricity Market Statistics commenced in March 2018 as a precursor to the Monthly Ghana Wholesale Electricity Market Bulletin and provides detailed disaggregated data on the Wholesale Electricity Market. A total of 32 weekly Wholesale Electricity Market Statistics out as projected 36 were published in 2018 due to the delay in the release of funds for data collection.

The EMOP presents to the Energy Commission and the PURC, on a quarterly bases, activities of the EMOP covering; assessment of the governance of the Wholesale Electricity Market and the administration of rules governing the Wholesale Electricity Market. The EMOP submitted three (3) report covering first to third quarters of 2018 to the Energy Commission and the PURC.

To keep the Board of the Energy Commission abreast with happenings in the Wholesale Electricity Market, the EMOP submits a report to the Board of the Energy Commission which forms part of deliberations of the Board. In 2018, the EMOP submitted 9 Power Sector Reports to the Board of Energy Commission.

7.0 HUMAN RESOURCE DEVELOPMENT AND ADMINISTRATION

7.1 TRAINING AND DEVELOPMENT

To meet the requirements of its mandate, staff capacity building is crucial at the Energy Commission. In the year under review, the EC in collaboration with international partners committed resources to train staff in the following areas:

1. Master's Degree Program in Energy Science and Policy, Ajou University – South Korea.
2. National Pensions Act, 2008 (Act 766) and its amendment Act, 2014 (Act 883) – All Staff.
3. Financial Management, GIMPA – Accra.
4. Goods and Equipment Procurement Management, GIMPA – Accra.
5. Practicing Leadership in a Political Environment, Florida – USA.

6. IT Audit & Digital Forensics (For Non-IT Professionals) – Accra.
7. Ethics and Compliance – Koforidua.

7.2 Collaboration with National and International Tertiary Institutions

The Commission offers national and international students the opportunity for internship and several students have built their capacity at the Energy Commission during internships. In 2018, students from the following institutions had opportunities for internship at the Energy Commission:

1. University of Ghana, Legon – Accra.
2. Kwame Nkrumah University of Science & Technology, Kumasi – Ghana.
3. The African Institute for Mathematical Sciences (AIMS), Biriwa – Ghana
4. University of Energy & Natural Resources, Sunyani – Ghana.
5. Central University, Prampram – Ghana.
6. City University of London, London – UK.

7.3 Staff Learning Fora

The Energy Commission holds cross-functional teams meeting every last Friday of each month to share knowledge and foster co-operation within the teams. Directorates take turns to share information on their work programmes and allow other staff to interrogate the presentations leading to a healthy discourse. These meetings dubbed 'Happy Hour', strengthen the bond of unity amongst Directorates and afford staff the opportunity to provide positive feedback for effective team work. All Directorates and Units had an opportunity to make presentations and received constructive feedback necessary for their work.

7.4 National and International Awards

In 2018, the Energy Commission won the ENERGY INSTITUTION OF THE YEAR – 2018 and INNOVATION PROJECT OF THE YEAR – 2018 awards at the Ghana Energy Awards Ceremony.

Mr. Prosper Ahmed Amunquandoh, a Programmes Officer at the Inspection and Enforcement Directorate of the Commission also received the Rising Star (Individual) Award



Mr. Amunquandoh with his Award.

7.5 Promoting Employee Well-being

The Energy Commission organizes regular health walks for its staff during public holidays to promote employee well-being and strengthen healthy relationships amongst staff. Seven (7) health walks were organized for staff in 2018. In addition, 150 sessions of exercises were conducted for staff at the office premises after the close of work. These exercises have reduced health-related problems for staff who participate in them.

A free-eye screening exercise was conducted for staff and their families during the year under review. A well-stocked first-aid kit and a blood pressure monitor have been procured for use by staff to improve their well-being.

8.0 PUBLIC ENGAGEMENT AND EDUCATION

The responsibilities of the Public Affairs Unit require the effective engagement of its internal stakeholders, industry stakeholders and the general public some of whom may be used as agents of energy efficiency to sell the Commission's message on energy and related matters.

8.1 ELECTRICAL WIRING

The Unit in the year 2018 arranged for sensitization and awareness programmes on various media platforms. Sixteen (16) slots of media announcements on major radio stations - Peace FM, Accra, Skyy Power, Takoradi and Ashh FM, Kumasi - were secured, while studio appearances were made at Peace FM, Accra in relation to the implementation of the Electrical Wiring Regulations, 2011 (L.I. 2008).

Eight (8) slots of adverts were published in the Daily Graphic and The Finder newspapers. The adverts were to educate the public on the importance of engaging Certified Electrical Wiring Professionals (CEWPs) and Certified Electrical Wiring Inspectors (CEWIs) to undertake electrical wiring of facilities and also to encourage non-certified electricians to sit for the CEWP examinations. As a result of the publicity given to the Programme, a significant number of about 1,055 candidates registered for the Nov/Dec 2018 electrical wiring examinations.

Further, two rounds of Electrical Wiring Certificate Award Presentation ceremonies (held in February and October) were organized in Accra, Kumasi and Tamale for successful candidates across the country. The media was in attendance to give the event publicity on radio, television and the national newspapers.

8.2 ENERGY EFFICIENCY AND ENERGY CONSERVATION

The Energy Commission sensitized the general public on efficient use of energy through radio and TV discussions in 2018.. The following topics were discussed; segment for phone-in call requests saw viewers and listeners who requested for detailed education especially on:

- Energy Efficiency Tips;
- The procedure for downloading the Electrical Wiring Professional App;
- Procedure for Service Connection

The Commission made available copies of its educational materials to the media houses for distribution to the general public.

8.3 20TH ANNIVERSARY CELEBRATION

The 20th Anniversary of the establishment of the Energy Commission was celebrated from 4th October – 18th November, 2018).

Among the activities held to commemorate the anniversary were:

- The Unit collated notable achievements on core activities of the Commission into the Anniversary magazine, published and distributed for stakeholder consumption.

- The Unit arranged for series of energy dialogues on energy efficiency. Directors of the various directorates did presentations, other invited discussants, Moderators and Commission Board Members graced the occasion. The event was held at (CSIR) STEPRI Conference Room and the media was as usual invited to cover the event and to report same.
- The media once again joined members of the Inspectorate and Enforcement Team on the inspection of some selected shops at North Industrial Area in Accra to check the compliance level of refrigerators and air conditioners as well as educate retailer shops and the general public on the Refrigerator App. The stories were reported on radio, television and the national newspapers.
- The Public Affairs Unit deployed some Certified Electrical Wiring Professionals (CEWPs) as agents of energy efficiency throughout the country in a house-to-house campaign to educate the general public on how to download the Electrical Wiring Professional APP and how to get ECG connection to all facilities.
- The celebration was climaxed with a Thanksgiving Service at the Christ the King Parish





ENERGY COMMISSION
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER, 2018

ENERGY COMMISSION**Corporate information for the year ended 31 December, 2018****Governing Board**

Prof. George Panyin Hagan	Chairman
Dari Bismark Haruna (Kpembewura IV)	Member
Dr. Isaac Frimpong Mensa-Bonsu	Member
Moses Aristophanes Kwame Gyasi	Member
Hon. Nana Akua Owusu Afriyie	Member
Alhaji Jabaru Abukari	Member
Eugene Ofosuhene	Member
Dr. Alfred Kwabena Ofosu Ahenkorah	Member – Retired 13/9/2019
Ing. Oscar Amonoo-Neizer	Member – Elected 17/9/2019

Board Secretary

Ms. Cecilia Abgenyega

Principal place of business

Ghana Airways Avenue
Behind Alliance Français
Airport Residential Area
GA-037-3212

Registered office

PMB Ministries Post Office,
Accra

Independent Auditor

James Quagraine Associates
(Chartered Accountants)
P. O. Box GP 3947
Accra

Bankers

Bank of Ghana
Ecobank Ghana Limited
Ghana Commercial Bank

ENERGY COMMISSION**Five year financial summary and highlights for the year ended 31 December, 2018****(All amounts are in Ghana cedi unless otherwise stated)**

	∞	∞	1*	1*	1*	1*
Five-year financial summary	2018	2017	2017	2016	2015	2014
Income	43,765,482	41,302,101	39,879,068	40,335,935	18,039,152	13,413,441
Expenditure	30,863,549	35,337,194	35,327,027	31,711,686	15,709,693	12,297,692
Excess of income over expenditure	12,901,933	5,964,907	4,552,041	8,624,248	2,329,459	1,115,749
Total assets	53,692,825	39,899,555	29,552,287	33,615,755	19,979,188	12,455,620
Total equity	47,487,184	34,585,251	24,207,983	28,620,344	15,922,637	9,590,552
Total liabilities	6,205,641	5,314,304	5,314,304	4,995,411	4,056,551	2,865,068

Financial highlights	∞	∞	Percentage change (%)
	2018	2017	
Income	43,765,482	41,302,101	5.96%
Expenditure	30,863,549	35,337,193	-12.66%
Excess of income over expenditure	12,901,933	5,964,907	116.30%
Total assets	53,692,825	39,899,554	34.57%
Total equity	47,487,184	34,585,251	37.30%
Total liabilities	6,205,641	5,314,304	16.77%

* - Reported on GAAP accrual basis

∞ - Reported on IPSAS accrual basis

¹ Previously reported

Report of the Governing Board

To the members of Energy Commission

The Governing Board of the Energy Commission (Commission) are pleased to submit the annual report to the members of the Commission, Ministry of Energy and stakeholders together with the audited financial statements of the Commission for the year ended 31 December, 2018.

Principal activity

The principal activity of the Commission is mandated under the Energy Commission Act 1997, (Act 541) [as amended by Energy Commission Act 2017, (Act 933)] which is:

- To manage the utilization of energy resources in Ghana, to provide the legal, regulatory and supervisory framework for all providers of energy services in the country: specifically, by the granting of licenses for the transmission, wholesale supply, distribution and sale of electricity and natural gas and related matters. There was no change in the nature of the business during the year.

Financial results for the year

	2018	Restated 2017
The Commission recorded excess income over expenditure of	12,901,933	5,964,907
Adding beginning balance of equity brought forward of	<u>34,585,251</u>	<u>28,620,344</u>
Leaving a balance on equity carried forward of	<u>47,487,184</u>	<u>34,585,251</u>

Auditors

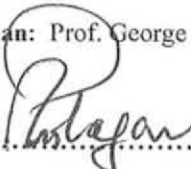
In accordance with the Energy Commission Act 1997, (Act 541) [amended by Energy Commission Act 2017, (Act 933)], James Quagraine Associates (Chartered Accountants) will continue in office as the Commission’s auditors.

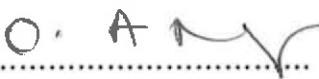
Approval of the Financial Statements

The financial statements of the Energy Commission, were approved by the Governing Board on and signed on their behalf by

Name of Chairman: Prof. George Panyin Hagan

Name of Executive Secretary: Ing. Oscar Amonoo-Ncizer

Signature:.....

Signature:.....

Date: 23rd August 2019

Date: 23rd August 2019

ENERGY COMMISSION

Report of the Governing Board (Continued)

Governing Board's responsibilities in respect of the financial statements

The Governing Board of the Commission (Governing Board) is required to ensure that adequate accounting records are kept and maintained so as to disclose any reasonable inadequacy and support the financial position of the Commission. They are also responsible for steps taken to safeguard the Commission's assets and to prevent and detect fraud and other irregularities. They must present financial statements for each financial year, which gives a true and fair view of the affairs of the Commission, and the results for that period. This is the first year that the Commission is preparing financial statements in accordance with International Public Sector Accounting Standards (IPSAS). In preparing these financial statements, the Governing Board is required to:

- select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgement;
- state whether or not the International Public Sector Accounting Standards (IPSAS) have been adhered to and explain material departures thereto;
- use the going concern basis unless it is inappropriate.

The Governing Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IPSAS and the responsibility of external auditors to report on these financial statements. The Governing Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Governing Board's attention to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business.

The financial statements are prepared from the accounting records on the basis of consistent use of appropriate records supported by reasonable and prudent judgements and estimates that fairly present the state of affairs of the Commission. The financial statements have been prepared on a going concern basis and there is no reason to believe that the Commission will not continue as a going concern in the next financial year. The Governing Board confirms that in preparing the financial statements, they have:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Followed the International Public Sector Accounting Standards (IPSAS);
- Prepared the financial statements on the going concern basis.

The Governing Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Commission and to enable them ensure that the financial statements comply with the Energy Commission Act, 1997 (Act 541) [amended by Energy Commission Act, 2017 (Act 933)]. They are also responsible for safe guarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board:

Name of Chairman: Prof. George Panyin Hagan

Signature: *[Handwritten Signature]*

Date: 28th August 2019

Name of Executive Secretary: Ing. Oscar Amonoo-Neizer

Signature: *[Handwritten Signature]*

Date: 28th August 2019

ENERGY COMMISSION

Corporate Governance (CG) Report

The Energy Commission (Commission) is committed to strong corporate governance practices that allocate rights and responsibilities among the Commission’s members, the Governing Board and Executive Management to provide an effective oversight and management of the Commission in a manner that enhances shareholders value and promotes investors’ and stakeholders’ confidence. The Commission’s corporate governance principles are contained in a number of corporate documents. The Governing Board oversees the conduct of the Commission’s business and is primarily responsible for providing effective governance over the Commission’s key affairs, including the appointment of Executive management (excluding the Executive Secretary), approval of business strategies, and evaluation of performance and assessment of major risks facing the Commission.

In discharging its obligations, the Governing Board exercises judgement in the best interest of the Commission and relies on the Commission’s Executive management to implement approved business strategies, resolve day-to-day operational issues, keep the Governing Board informed, and maintain and promote high ethical standards. The Governing Board delegates authority in management matters to the Commission’s Executive Management subject to clear instructions in relation to such delegation of authority and the circumstances in which Executive Management shall be required to obtain Governing Board approval prior to taking a decision on behalf of the Commission. The Governing Board is made up of majority Non-Executive members.

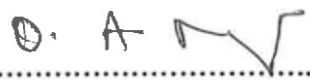
After dissolution of the prior Governing Board at the close of 2016, the current Governing Board was commissioned late in the following year (November of 2017). Thus for most of 2017, the Commission did not have a Governing Board in place. This resulted in expenses related to the Governing Board for 2017 being significantly less than to 2018 where the Governing Board was in place for the full twelve months of that year.

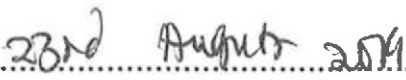
The Commission’s commitment to ensuring international best practice in terms of corporate Governance remains strong and unwavering.

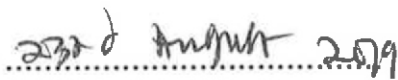
Name of Chairman: Prof. George Panyin Hagan

Name of Executive Secretary: Ing. Oscar Amonoo-Neizer

Signature: 

Signature: 

Date: 

Date: 

P.O Box GP. 3947
 Tel: 0244047517, 0209774077, 0275111553
 Diagonally Opposite
 North Ablekuma Municipal Assembly
 No. 5 Otobia Link
 Off Owusu Kofi Street,
 OTATEN, ODORKOR
 Accra - Ghana



James Quagraine Associates

Chartered Accountants
and

Management Consultants

E-mail: regthompson1955@yahoo.com

Independent Auditor's report to the members of the Governing Board

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of the Energy Commission for the year ended 31 December, 2018. The financial statements comprise:

- Statement of financial position as at 31 December, 2018
- Statement of financial performance for the year ended;
- Statement of changes in equity for the year ended;
- Statement of cash flows for the year ended;
- Statement of comparison of budget and actual amounts for the year ended; and
- The notes to the financial statements, which include a summary of significant accounting policies

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Energy Commission as at December 31, 2018, and of its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) and in the manner required by the Energy Commission Act, 1997 (Act 541) [as amended by Energy Commission Act 2017, (Act 933)].

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Energy Commission in accordance with the International Ethics Standards Board for Accountants' *Handbook of the International Code of Ethics for Professional Accountants including International Independence Standards* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

**Independent Auditor's report
to the members of
the Governing Board (continued)**

Report on the audit of the financial statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and therefore we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report:

Information other than the financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the sections on corporate information, five-year financial summary and highlights, report of the Governing Board and Corporate Governance (CG) report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Commission's financial reporting process.

**Independent Auditor's report
to the members of
the Governing Board (continued)**

Report on the audit of the financial statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Commission to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

**Independent Auditor's report
to the members of
the Governing Board (continued)**

Report on the audit of the financial statements (continued)

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 49 of the Energy Commission Act 1997 (Act 541) [as amended by Act 2017, (Act 933)] of Ghana

In carrying out our audit we consider and report on the following matters. We confirm that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit

- i) In our opinion, proper books of account have been kept by the Commission, so far as appears from our examination of those books; and
- ii) The Commission's books of account are in a form approved by the Auditor-General.
- iii) The financial year of the Commission is the same as the financial year of the Government of Ghana.

.....
Signed by: ANTHONY G. NEEQUAYE
(ICAG/P/1462)

For and on behalf of:
JAMES QUAGRAINE ASSOCIATES
CHARTERED ACCOUNTANTS
P. O. Box GP 3947
Accra
(ICAG/F/2019/184)

Dated. 23rd Day of August 2019

Accra, Ghana

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018
Statement of financial position as at 31 December, 2018

(All amounts are stated in Ghana cedi unless otherwise stated)

		As at 31 December		As at 1 January
	Note	2018	Restated 2017	Restated 2017
Assets				
Non-current assets				
Property and equipment	4	8,971,810	8,830,157	8,548,342
Intangible assets	5	16,538	-	18,990
Trade and other accounts receivables	7	<u>17,225,471</u>	<u>17,225,471</u>	<u>14,742,559</u>
		26,213,819	26,055,628	23,309,891
Current Assets				
Inventory	6	269,054	128,118	25,001
Trade/other accounts receivables	7	27,006,244	12,226,817	10,225,681
Cash and cash equivalents	8	<u>203,708</u>	<u>1,488,992</u>	<u>55,182</u>
Total Current Assets		<u>27,479,006</u>	<u>13,843,927</u>	<u>10,305,864</u>
Total assets		<u>53,692,825</u>	<u>39,899,555</u>	<u>33,615,755</u>
Equity				
Accumulated Fund		<u>47,487,184</u>	<u>34,585,251</u>	<u>28,620,344</u>
Total equity		<u>47,487,184</u>	<u>34,585,251</u>	<u>28,620,344</u>
Non-current liabilities				
Medium term loan		-	-	<u>742,560</u>
Current liabilities				
Trade and other accounts payable	9	<u>6,205,641</u>	<u>5,314,304</u>	<u>4,252,851</u>
Total current liabilities		<u>6,205,641</u>	<u>5,314,304</u>	<u>4,252,851</u>
Total liabilities		<u>6,205,641</u>	<u>5,314,304</u>	<u>4,995,411</u>
Total equity and liabilities		<u>53,692,825</u>	<u>39,899,555</u>	<u>33,615,755</u>

The accompanying notes on pages 21 – 53 form an integral part of these financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of Energy Commission, were approved by the Governing Board on, 2019 and signed on their behalf by

Name of Chairman: Prof. George Panyin Hagan

Signature:

Date: 23rd August 2019

Name of Executive Secretary: Ing. Oscar Amonoo-Neizer

Signature:

Date: 23rd August 2019

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Statement of financial performance for the year ended 31 December, 2018

(All amounts are stated in Ghana cedi unless otherwise stated)

Income	Note	2018	Restated 2017
Revenue	10	43,197,618	40,632,012
Other revenue	11	<u>567,864</u>	<u>670,089</u>
Total income		<u>43,765,482</u>	<u>41,302,101</u>
Expenditure			
Staff compensation	12	(13,775,360)	(12,678,500)
General and administrative expenses	13	(6,567,999)	(6,172,150)
Service activity expenses	14	<u>(10,520,190)</u>	<u>(16,486,544)</u>
		<u>(30,863,549)</u>	<u>(35,337,194)</u>
Surplus transferred to accumulated fund		<u>12,901,933</u>	<u>5,964,907</u>

The accompanying notes on pages 21 – 53 form an integral part of these financial statements.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018**

Statement of changes in equity for the year ended 31 December, 2018

(All amounts are stated in Ghana cedi unless otherwise stated)

For the year ended 31 December, 2018	Note	Accumulated fund	Total equity
At beginning of the year (Restated)		34,585,251	34,585,251
Surplus for the year		<u>12,901,933</u>	<u>12,901,933</u>
At the end of the year		<u>47,487,184</u>	<u>47,487,184</u>
For the year ended 31 December, 2017		Accumulated fund	Total equity
At beginning of the year, as previously reported		19,655,942	19,655,942
Impact of IPSAS adjustments	19D	<u>8,964,402</u>	<u>8,964,402</u>
At the beginning of the year (Restated)		28,620,344	28,620,344
Surplus for the year		<u>5,964,907</u>	<u>5,964,907</u>
At the end of the year (Restated)		<u>34,585,251</u>	<u>34,585,251</u>

The accompanying notes on pages 21 – 53 form an integral part of these financial statements.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018**

**Statement of cash flows for the year ended 31 December,
2018**

(All amounts are stated in Ghana cedi unless otherwise stated)

	Note	2018	Restated 2017
Net cash generated from operating activities	15	<u>(103,127)</u>	<u>3,225,253</u>
Cash flow from investing activities			
Purchase of property and equipment	4	(1,157,350)	(1,048,883)
Purchase of intangible assets	5	<u>(24,807)</u>	<u>-</u>
Net cash used in investing activities		<u>(1,182,157)</u>	<u>(1,048,883)</u>
Cash flow from financing activities			
Payment of medium-term loan		<u>-</u>	<u>(742,560)</u>
Net cash used in financing activities		<u>-</u>	<u>(742,560)</u>
Net increase in cash & cash equivalents		<u>(1,285,284)</u>	<u>1,433,810</u>
Cash and cash equivalents:			
At the beginning of the year		<u>1,488,992</u>	<u>55,182</u>
At the end of the year	8	<u>203,708</u>	<u>1,488,992</u>

The accompanying notes on pages 21 – 53 form an integral part of these financial statements.

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Statement of comparison of budget and actual amounts for the year ended 31 December 2018

(All amounts are stated in Ghana cedi unless otherwise stated)

	Original & Final Budget	Actual on comparable basis	Variance ²
	2018 GH¢	2018 GH¢	2018 GH¢
INFLOWS			
Energy Fund	54,542,402	26,497,993	(28,044,409)
Other	2,266,000	505,750	(1,760,250)
EDMF/Reg. Levy	2,850,000	1,982,312	(867,688)
Sub-total local inflows	59,658,402	28,986,055	(30,672,347)
WB/MiDA/UNDP ³	73,569,064	-	(73,569,064)
Total Inflows	133,227,466	28,986,055	(104,241,411)
EXPENDITURES (locally funded)			
Technical Regulation, Renewable Energy and Energy Efficiency Promotion			
Office of Technical Regulation	1,031,000	756,106	274,894
Energy Efficiency & Climate Change	3,580,000	1,814,658	1,765,342
Renewable Energy & SE4ALL	10,251,809	3,372,335	6,879,474
Inspectorate	3,110,620	234,595	2,876,025
Subtotal Technical Regulation, Renewable Energy and Energy Efficiency Promotion	17,973,429	6,177,694	11,795,735
Strategic Planning and Policy			
Strategic Planning & Policy Division (SPPD)	858,000	188,330	669,670
Social Environment Impact and Technology Assessment Division (SEITA)	192,200	76,855	115,345
Subtotal Strategic Planning & Policy	1,050,200	265,185	785,015

*The accompanying notes on pages 21 – 53 form an integral part of these financial statements.*² Variances between budget vs actuals are explained in note 3.15 to these financial statements³ Donor funds are denominated in USD and have been translated using year end spot rate of GHS/USD 4.65:1

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Statement of comparison of budget and actual amounts (Continued)
(All amounts are stated in Ghana cedi unless otherwise stated)

	Original & Final Budget	Actual on comparable basis	Variance ⁴
	2018 GH¢	2018 GH¢	2018 GH¢
Procurement			
Procurement Management	340,000	241,786	98,214
Procurement of Goods & Services	3,140,000	1,182,157	1,957,843
Procurement of Works (Office Building Fence wall)	7,500,000	-	7,500,000
Subtotal Procurement	10,980,000	1,423,943	9,556,057
Finance			
Financial Management	2,126,000	957,587	1,168,413
Insurance of Office Building	-	103,315	(103,315)
Employee Compensation	14,400,000	12,611,759	1,788,241
Subtotal Finance	16,526,000	13,672,661	2,853,339
Human Resource Management & Administration			
Human Resource Management	1,172,640	1,506,383	(333,743)
Administration	2,071,331	2,112,597	(41,266)
Public Affairs	4,793,200	580,501	4,212,699
Employee Compensation	240,000	733,633	(493,633)
Subtotal Human Resource Management & Administration	8,277,171	4,933,114	3,344,057

The accompanying notes on pages 21 – 53 form an integral part of these financial statements.

⁴ Variances between budget vs actuals are explained in note 3.15 to these financial statements

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Statement of comparison of budget and actual amounts (Continued)
(All amounts are stated in Ghana cedi unless otherwise stated)

	Original & Final Budget	Actual on comparable basis	Variance ⁵
	2018 GH¢	2018 GH¢	2018 GH¢
Office of Executive Secretary			
Legal Affairs & Board Secretariat	1,465,452	1,351,456	113,996
Internal Audit	282,000	535,681	(253,681)
Ministerial & Parliamentary Cooperation	460,000	341,400	118,600
Monitoring & Evaluation	780,270	-	780,270
Market Oversight Secretariat	1,333,880	-	1,333,880
International Cooperation	530,000	1,570,206	(1,040,206)
Subtotal Office of Executive Secretary	4,851,602	3,798,743	1,052,859
Subtotal Expenditures – (locally funded)	59,658,402	30,271,340	29,387,062
EXPENDITURES - (Donor funded)			
Office of Technical Regulation	93,000	-	93,000
Energy Efficiency & Climate Change	67,192,500	-	67,192,500
Market Oversight Secretariat	1,410,810	-	1,410,810
Ghana – China South-South Cooperation	4,872,754	-	4,872,754
Subtotal Expenditures – (Donor funded)	73,569,064	-	73,569,064
Total Expenditures - ALL	133,227,466	30,271,340	102,956,126
Surplus/ (Deficit) for the period	-	(1,285,285)	(1,285,285)
Actual Amount (Expenditures) on Comparable Basis as presented in the Budget and Actual Comparative Statement		30,271,340	
Basis Differences		592,209	
Actual Amount (Expenses) in the Statement of Financial Performance		30,863,549	

The accompanying notes on pages 21 – 53 form an integral part of these financial statements.

⁵ Variances between budget vs actuals are explained in note 3.15 to these financial statements

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Statement of comparison of budget and actual amounts (Continued)
(All amounts are stated in Ghana cedi unless otherwise stated)

	Original & Final Budget	Actual on comparable basis	Variance ⁶
	2017 GH¢	2017 GH¢	2017 GH¢
INFLOWS			
Energy Fund	38,707,222	35,147,965	(3,559,257)
Other	1,550,000	670,089	(879,911)
EDMF/Reg. Levy	1,830,000	1,000,000	(830,000)
Sub-total local inflows	42,087,222	36,818,054	(5,269,168)
WB/MiDA/UNDP ⁷	63,796,500	-	(63,796,500)
Total Inflows	105,883,722	36,818,054	(69,065,668)
EXPENDITURES (locally funded)			
Technical Regulation, Renewable Energy and Energy Efficiency Promotion			
Office of Technical Regulation	2,846,000	783,445	2,062,555
Energy Efficiency & Climate Change	2,765,000	2,730,806	34,194
Renewable Energy & SE4ALL	4,480,000	4,538,549	(58,549)
Inspectorate	421,600	323,699	97,901
Subtotal Technical Regulations, Renewable Energy and Energy Efficiency Promotion	10,512,600	8,376,499	2,136,101
Office of Strategic Planning and Policy			
Strategic Planning & Policy Division (SPPD)	400,000	128,289	271,711
Social Environment Impact and Technology Assessment Division (SEITA)	90,000	123,714	(33,714)
ICT	234,000	43,892	190,108
Subtotal Strategic Planning and Policy	724,000	295,895	428,105

The accompanying notes on pages 21 – 53 form an integral part of these financial statements.

⁶ Variances between budget vs actuals are explained in note 3.15 to these financial statements

⁷ Donor funds are denominated in USD and have been translated using year end spot rate of GHS/USD 4.5:1

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Statement of comparison of budget and actual amounts (Continued)
 (All amounts are stated in Ghana cedi unless otherwise stated)

	Original & Final Budget	Actual on comparable basis	Variance ⁸
	2017 GH¢	2017 GH¢	2017 GH¢
Procurement			
Procurement Management	470,000	261,181	208,819
Procurement of Goods & Services	3,414,201	1,044,218	2,369,983
Procurement of Works (Office Building Fence wall)	1,500,000	-	1,500,000
Procurement of Works (SE4ALL Bldg.)	1,000,000	-	1,000,000
Procurement of Solar System	1,150,000	-	1,150,000
Subtotal Procurement	7,534,201	1,305,399	6,228,802
Finance			
Financial Management	3,459,000	493,169	2,965,831
Insurance of Office Building	25,000	117,336	(92,336)
Office Building Loan Repayment	600,000	2,016,482	(1,416,482)
Subtotal Finance	4,084,000	2,626,987	1,457,013
Human Resource Management & Administration			
Human Resource Management	588,400	2,801,206	(2,212,806)
Administration	1,883,029	2,821,794	(938,765)
Public Affairs	1,309,400	436,746	872,654
Employee Compensation	12,700,000	12,574,848	125,152
Subtotal Human Resource Management & Administration	16,480,829	18,634,594	(2,153,765)

The accompanying notes on pages 21 – 53 form an integral part of these financial statements.

⁸ Variances between budget vs actuals are explained in note 3.15 to these financial statements

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Statement of comparison of budget and actual amounts (Continued)
 (All amounts are stated in Ghana cedi unless otherwise stated)

	Original & Final Budget	Actual on comparable basis	Variance ⁹
	2017 GH¢	2017 GH¢	2017 GH¢
Office of Executive Secretary			
Legal Affairs & Board Secretariat	1,281,592	528,153	753,439
Internal Audit	400,000	386,883	13,117
Ministerial & Parliamentary Cooperation	150,000	822,292	(672,292)
Staff Car Loans Scheme	480,000	318,651	161,349
International Cooperation	440,000	2,088,890	(1,648,890)
Subtotal Office of Executive Secretary	2,751,592	4,144,869	(1,393,277)
Subtotal Expenditures – (locally funded)	42,087,222	35,384,243	6,702,979
EXPENDITURES (Donor funded)			
Energy Efficiency & Climate Change	63,675,000	-	63,675,000
Renewable Energy & SE4ALL	121,500	-	121,500
Subtotal Expenditures – (Donor funded)	63,796,500	-	63,796,500
Total Expenditures - ALL	105,883,722	35,384,243	70,499,479
Surplus for the period	-	1,433,811	1,433,811
Actual Amount (Expenditures) on Comparable Basis as presented in the Budget and Actual Comparative Statement		35,384,243	
Basis Differences		(47,049)	
Actual Amount (Expenses) in the Statement of Financial Performance		35,337,194	

The accompanying notes on pages 21 – 53 form an integral part of these financial statements.

⁹ Variances between budget vs actuals are explained in note 3.15 to these financial statements

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018****Notes to the Financial Statements**

(All amounts are stated in Ghana cedi unless otherwise stated)

1. Reporting entity

The Energy Commission (Commission) is a statutory body corporate domiciled in Ghana with perpetual succession and a common seal established by Energy Commission Act 1997, (Act 541) [amended by Act 933, 2017]. The Commission is required by law to regulate and manage the development and utilization of energy resources in Ghana as well as to provide the legal, regulatory and supervisory framework for all providers of energy in the country, specifically by granting licenses for transmission, wholesale, supply, distribution and sale of electricity and natural gas and related matter.

The address of the Commission's principal place of business is Ghana Airways Avenue, Behind Alliance Français, Airport Residential Area, GA-037-3212.

Object and function of the Commission

The object of the Commission is to regulate and manage the utilisation of energy resources in Ghana and co-ordinate policies in relation to them.

In accordance with section 2 of Act 541 that elaborates the functions of the Commission, the Commission shall;

- Recommend national policies for the development and utilisation of indigenous energy resources;
- Advise the Minister on national policies for the efficient, economical, and safe supply of electricity and natural gas having due regard to the national economy;
- prepare, review and update periodically indicative national plans to ensure that all reasonable demands for energy are met;
- secure a comprehensive data base for national decision making on the extent of development and utilization of energy resources available to the nation;
- receive and assess applications, and grant licenses under this Act to public utilities for the transmission, wholesale supply, distribution, and sale of electricity and natural gas;
- establish and enforce, in consultation with the Public Utilities Regulatory Commission, standards of performance for public utilities engaged in the transmission, wholesale supply, distribution and sale of electricity and natural gas;
- promote and ensure uniform rules of practice for the transmission, wholesale supply, distribution and sale of electricity and natural gas;
- establish and enforce standards of performance for bodies engaged in the supply, marketing, and sale of petroleum products;
- maintain a register of public utilities licensed under this Act in the country;
- pursue and ensure strict compliance with this Act and regulations made under this Act; and
- Perform any other function assigned to it under this Act or any other enactment.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018**

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

2. Basis of preparation

2.1 Statement of compliance and presentation of financial statements

The financial statements of Energy Commission for the year ended 31 December, 2018 have been prepared in accordance with International Public Sector Accounting Standards and in the manner required by the Energy Commission Act, 1997 (Act 541) [amended by Act 933, 2017) and any other applicable regulatory and legal requirements. These are the Commission's first transitional financial statements prepared in accordance with IPSASs and IPSAS 33, *First-time Adoption of Accrual Basis IPSAS* has been applied. The financial statements do not fully comply with accrual basis IPSASs as the Commission has elected to take advantage of the exemption provisions for recognition/measurement of assets/liabilities as listed below;

IPSAS 33; par 36 (d) – Defined benefit plans and other long-term employee benefits (IPSAS 39 – *Employee Benefits*). The Commission is taking advantage of a 3-year transition period to determine its initial liability for its defined benefit plan and other long-term employee benefits.

IPSAS 33; par 36 (h) – Financial instruments (IPSAS 29 – *Financial Instruments; Recognition and Measurement*); par 36, 38 and 42 allow a 3-year transition period to not recognize/measure financial instruments impairment.

For all IPSASs implemented, an explanation of how the transition to IPSASs has affected the reported financial position, financial performance and cash flows of the Commission is provided in note 19

The financial statements were authorised for issue by the Governing Board on 23 August, 2019.

2.2 Basis of measurement

The measurement basis applied is the historical cost basis.

2.3 Functional and presentation currency

These financial statements are presented in Ghana Cedi which is the Commission's functional currency. All financial information presented has been rounded to the nearest Ghana Cedi.

2.4 Significant judgments and sources of estimation uncertainty

The preparation of the Commission's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Commission's accounting policies, management has made judgments, which have the most significant effect on the amounts recognized in the financial statements.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018****Notes to the Financial Statements (Continued)**

(All amounts are stated in Ghana cedi unless otherwise stated)

2.4 Significant judgments and sources of estimation uncertainty (Continued)***Operating lease commitments – Commission as lessee***

The Commission has entered into property lease of the land on which its head office building is built. The Commission has determined, based on an evaluation of the terms and conditions of the arrangements, (such as the lease term not constituting a substantial portion of the economic life of the commercial property) that it does not receive substantially all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Commission based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Commission. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Commission
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Held-to-maturity investments and loans and receivables

The Commission assesses its loans and receivables (including trade receivables) and its held-to-maturity investments at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Commission evaluates the indicators present in the market to determine if those indicators are indicative of impairment in its loans and receivables or held-to-maturity investments.

Where specific impairments have not been identified the impairment for held-to-maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018****Notes to the Financial Statements (Continued)**

(All amounts are stated in Ghana cedi unless otherwise stated)

3 Summary of significant accounting policies**3.1 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Ghana and at various commercial banks at the end of the financial year. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.2 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

After initial recognition, inventory is measured at the lower of cost or current replacement cost.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Commission. Inventory reported consists primarily of office supplies such as toners, paper and cleaning items.

3.3 Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over their useful lives. Intangible assets reported in the Energy Commission comprise Computer software (general ledger account and payroll). The useful lives of these assets are 3 – 5 years.

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018**

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

3.4 Property and equipment

All property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property and equipment are required to be replaced at intervals, the Commission recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Class of Assets	Annual depreciation (%)
Office furniture and fittings	12.5
Motor Vehicle	25
Land and Building	2
Computer and accessories	33.33
Plant, machinery & equipment	20

The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount. The Commission derecognizes items of property and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.5 Leases

3.5.1 Commission as a Lessee

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Commission. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Commission also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Commission will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018**

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

3.5 Leases (Continued)

3.5.2 Commission as a lessee (Continued)

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Commission. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

3.5.2 Commission as a lessor

Leases in which the Commission does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term. Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

3.6 Financial instruments

3.6.1 Financial assets (including receivables)

3.6.1a Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as loans and receivables and held-to-maturity investments. The Commission determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Commission commits to purchase or sell the asset.

The Commission's financial assets include: cash and short-term deposits; trade and other receivables; loans and other receivables.

3.6.1b Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Commission has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018****Notes to the Financial Statements (Continued)**

(All amounts are stated in Ghana cedi unless otherwise stated)

3.6.1c Derecognition

The Commission derecognizes a financial asset or, where applicable, a part of a financial asset or part of a Commission of similar financial assets when:

- The rights to receive cash flows from the asset have expired or is waived
- The Commission has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the Commission has transferred substantially all the risks and rewards of the asset; or (b) the Commission has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.6.1d Impairment of financial assets

The Commission assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

3.6.1e Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Commission first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Commission determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018****Notes to the Financial Statements (Continued)**

(All amounts are stated in Ghana cedi unless otherwise stated)

3.6.1e Financial assets carried at amortized cost (Continued)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the Commission. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

3.6.2 Financial liabilities**3.6.2a Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Commission determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The Commission's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

3.6.2b Subsequent measurement

The measurement of financial liabilities depends on their classification.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

3.6.2c Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018****Notes to the Financial Statements (Continued)**

(All amounts are stated in Ghana cedi unless otherwise stated)

3.6.2d Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.6.2e Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

3.7 Employee benefits**3.7.1 Retirement benefit plans**

The Commission provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The Commission is required by the National Pensions Act, 2008 (Act 766) as amended to make a monthly contribution of 13% of its employees' basic salaries, whilst the employee makes a contribution of 5.5%, making a total of 18.5% of workers basic salaries.

The Commission also contributes to a staff provident fund which is maintained for all permanent employees. The Commission contributes 5% of its employees' basic salary monthly to the funds. The employees also contribute 11.5% of their basic salaries to the fund. These contributions are charged to the operating account when employees have rendered the service entitling them to the contributions.

The Commission's End of Service Benefits Exit Package is a post-employment benefit plan other than defined-contribution plans. The defined-benefit funds are actuarially valued annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. The liability is recognized at the present value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs. Actuarial gains or losses are fully accounted for in surplus or deficit in the year that they occur.

3.7.2 Short term employee benefits

The costs of all short-term employee benefits is recognised during the period in which the employee renders the related service. The Commission recognises the expected cost of performance bonuses only when the Commission has a present legal or constructive obligation to make such payment, and a reliable estimate can be made. When an employee has rendered service to the Commission during an accounting period, the entity shall recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense or as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Commission recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018****Notes to the Financial Statements (Continued)**

(All amounts are stated in Ghana cedi unless otherwise stated)

3.8 Provisions, Contingent Liabilities and Contingent Assets**3.8.1 Provisions**

Provisions are recognized when the Commission has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

3.8.2 Contingent liabilities

The Commission does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

3.8.3 Contingent assets

The Commission does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Commission in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

3.9 Revenue recognition

Assets and revenue arising from taxation transactions are recognized in accordance with the requirements of IPSAS 23, *Revenue from Non-Exchange Transactions*.

The entity recognizes revenue from the Petroleum levy; Permits, Fees and Licenses; Regulatory levy; Subventions from government; and Electricity Demand Management Funds when the event occurs and the recognition criteria are met. All these items have the common attribute that they transfer resources from one entity to another without providing approximately equal value in exchange.

Transfers satisfies the criteria for revenue recognition when it is probable that the inflow of resources will occur, and their fair value can be measured.

3.9.1 Petroleum Levy

Petroleum levy is derived from the Energy Sector Levies Act, 2015 (Act 899). The particular levy in the act is the Energy Fund Levy and is Ghp 1.0 per litre on Petrol, Kerosene, Diesel and Fuel oil. The collecting agency is the Ghana Revenue Authority and the purpose is to support the Energy Commission Activities. In recent years this revenue stream has been subject to capping from the Ministry of Finance. Revenues are recognized by the Commission based on a funding allocation letter received from the Ministry of Finance.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018****Notes to the Financial Statements (Continued)**

(All amounts are stated in Ghana cedi unless otherwise stated)

3.9.2 Permits, Fees and Licenses

These derive from the Energy Commission Act, 1997 (Act 541). Any business or commercial activity for

- (a) The transmission, wholesale supply, distribution or sale of electricity or natural gas; or
- (b) The refining, storage, bulk transportation, marketing or sale of petroleum products

3.9.2 Permits, Fees and Licenses (Continued)

Unless expressly exempted under this act, all businesses or commercial activities are required to do so by license.

The permits, fees and licenses collected from businesses or commercial activity are recognized when a receipt is issued/billed to a customer. Measurement is based on the fair value of the accounts receivable or cash recognized as at the date of recognition.

3.9.3 Regulatory Levy

Revenues in this category derive from the Public Utilities Regulatory Commission (Amendment) Act, 2010 (Act 800). The Public Utilities Regulatory Commission (PURC) imposes a levy on electricity and natural gas transmission services. The Commission is to receive a 15% share of these levies imposed. The Commission recognizes revenues when it receives notification from Ghana Grid Company Limited (GRIDCo.) confirming how much its allocation will amount to.

3.9.4 Subvention from Government

Periodically the Government of Ghana allocates funding via subvention to the Commission for either a particular project or for general use. Revenues in this category are recognized when all conditions from the government are met. In the event there are no conditions then the total grant can be recognized on receipt.

3.9.5 Electrical Demand Management Fund (EDMF) project funding

The Commission as part of the regulatory framework of the Energy Sector in Ghana receives funding from the EDMF project in order to facilitate the comprehensive Demand Side Management (DSM) programme. This programme aims to improve the productivity and competitiveness of Ghanaian industries and consumer markets through the use of more efficient technologies. This revenue stream is recognized when funds are received as the Commission is already satisfying the conditions for receipt through its regulatory measures.

3.10 Changes in accounting policies and estimates

The Commission recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical. The Commission recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

3.11 Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018****Notes to the Financial Statements (Continued)**

(All amounts are stated in Ghana cedi unless otherwise stated)

3.12 Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

3.13 Related parties

The Commission regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Commission, or vice versa. Members of key management are regarded as related parties and comprise the governing board and the executive secretary.

3.14 Budget information

The annual budget is prepared on the cash basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Commission. As a result of the adoption of the cash basis for budgeting purposes, there are basis differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or under spending on line items. These budget figures are those approved by the governing board.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018**

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

3.15 Notes to the Statement of comparison of budget and actual amounts

(a) The Commission's budget is prepared on a cash basis using classification based on selected budget categories and covers the same period (1 January to 31 December) as the conventional financial statements. The budget was approved by the Governing Board of the Energy Commission and then was submitted to the sector ministry (Minister of Energy) for a no-objection approval. There are no differences between the original and final budgets. During the year there were no reclassifications between budget line items.

(b) The Commission's budget is prepared using a different basis from the financial statements. The financial statements are prepared on an accrual basis using a classification based on the function of expenses in the statement of financial performance, while the budget is prepared on a cash basis in the different budget categories. The amounts in the financial statements were therefore translated from the accrual basis to the cash basis and actuals from the financial statements were also adjusted to conform to the budget categories adopted for the Statement of Comparison of Budget and Actual Amounts.

(c) Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There were no timing differences for the Commission.

(d) A reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual amounts and the Statement of Cash Flows for the year ended 31 December 2018 is presented following.

(e) Explanation of material difference between actual amounts and budget

The Commission did not realize its budgeted revenue budget because:

Inflows 2018	
	<ul style="list-style-type: none"> ○ With respect to inflows from Energy Fund transfers, the shortfalls are due; <ul style="list-style-type: none"> ● As a result of the Government's revenue capping policy of 34% (actually implementation of 47% in 2018) from the Ministry of Finance (MoF) inflows from petroleum levy were reduced. Petroleum levy collections represented 42% of budget for 2018. ● Inflows from permits and licenses were reduced as a result customers' reluctance to pay regulatory mandatory fees due to the energy sector cash-freeze facing institutions. In addition, the Commission stopped issuing wholesale renewable energy licenses in 2018 further impacting collections. Collections fell to 57% of budget for 2018. ○ Other is composed of miscellaneous cash receipts such as revenues from hosting Energy Fairs, etc. The shortfall is due to inflows expected from Energy Fairs not meeting anticipated budget. ○ The EDMF and Regulatory fees couldn't be realized for 2018 within the year as planned due to funds distribution challenges from PURC and the Electricity Company of Ghana (ECG). The Commission is working on resolving these issues with the Ministry of Energy and the stakeholders, therefore we are in high expectation of future receipt of these funds. ○ In 2018 processes required to start receiving project funds from project donors WB/MiDA/UNDP were not completed before the years ended

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

3.15 Notes to the Statement of comparison of budget and actual amounts (Continued)

(e) Explanation of material difference between actual amounts and budget (Continued)

Expenditures 2018	
	<p>Technical Regulation, Renewable Energy and Energy Efficiency Promotion</p> <ul style="list-style-type: none"> ○ Office of Technical regulation: <ul style="list-style-type: none"> ○ Expenditures incurred or to be paid and/or project activities under this directorate are on-going and all unspent budgeted expenses are expected to be incurred fully in next year's report. ○ Also, the directorate lacked the requisite number of engineers to execute budgeted projects within the period. Three key staff are currently on study leave in Japan and Korea updating their capacity. ○ Energy Efficiency & Climate Change: <ul style="list-style-type: none"> ○ The earmarked funding for the activities of this division was the Electricity Demand Management Fund (EDMF) which is collated by the Energy Fund. During the year under review, releases for EDMF which are sourced from Electricity Corporation of Ghana (ECG) came very little and very late in the year. The lateness of receipts of EDMF affected the planned activities of the division. In addition, the general level of inadequate funds releases from Ministry of Finance into the Energy Fund affected planned performance of the division. ○ Renewable Energy & SE4ALL program: <ul style="list-style-type: none"> ○ This directorate was the most active amongst them in terms of expenditure though its operational performance was far below planned target. Most projects under this directorate underwent project reviews during the year in order to maximise policy objectives. As such most projects were not fully operational and did not meet their current year budget objectives. ○ Inspectorate: <ul style="list-style-type: none"> ○ The directorate's expenditure fell short of the budgeted figure because; <ul style="list-style-type: none"> ○ A number of activities related to Power and Renewable Energy sites planned for the year during the budget preparation stage were not embarked upon during the year due to changes in programs in the division. These activities were inspection, monitoring and enforcement of regulations, license and permits conditions in the Renewable Energy Industry ○ The Commission's financial environment did not allow the directorate to embark on all their budgeted programs and as such the directorate had to prioritize their programs for the year due to delays in issuing of warrants from the Ministry of Finance.
	<p>Strategic Planning and Policy</p> <ul style="list-style-type: none"> ○ Strategic Planning & Policy Division (SPPD): <p>The expenditures for SPPD for the year under review was below budget largely due to inconsistent flow of budgeted funds to the Commission. According to SPPD, activities undertaken within the year were therefore more of reviews and routine planning meetings and concept paper developments.</p>

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018**

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

3.15 Notes to the Statement of comparison of budget and actual amounts (Continued)

(e) Explanation of material difference between actual amounts and budget (Continued)

Expenditures 2018	
Procurement	<p>Financial expenditures on Procurement for the year under review was below budget due largely to the following:</p> <ul style="list-style-type: none"> ○ Procurement of Goods & Services: Management directive to manage the situation was to pay-off all outstanding bills pertaining to capital or assets expenditure before we add up new ones. This also affected their operation for the year. ○ Procurements of capital items as planned (such as Office Building Fence wall) were hindered due to irregular releases of Energy Funds.
Finance division	<p>Financial and operational performance for Finance for the year under review was very encouraging. Most projects under Finance such as financial statements review, IPSAS conversion project, revenue collection up-scaling and reconciliation meetings were undertaken. Annual external financial statement audits for 2016 and 2017 have been completed and 2018 is underway. However, the significant shortfall in expenditures compared to budget is due to;</p> <ul style="list-style-type: none"> ○ Financial Management: <ul style="list-style-type: none"> ○ Finance had to concentrate more on the implementation of the IPSAS reporting system and therefore had to reduce the plan financial management activities during the year as budgeted. The Finance Management activities budgeted are mostly in-house training expected to enhance the capacity of the Finance staffs. ○ Insurance of Office Building: <ul style="list-style-type: none"> ○ Building insurance and exit package for retirees' expenditures were initially budgeted under Finance. However, during the year, expenditure on these lines were reclassified to administration and staff cost and not reported as Finance cost. ○ Employee compensation: <ul style="list-style-type: none"> ○ Expenditure on Employee compensation was within budgeted largely due to; <ul style="list-style-type: none"> ○ The budget was prepared with projected recruitments of new staff both permanent and temporal in mind. The Commission did not meet the entire number of such projected recruitments and therefore the difference represents the variance on the compensation budget. ○ The Commission could not implement the expected annual salary increment also due to lack of funds, salary increment was therefore pushed to next year.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018**

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

3.15 Notes to the Statement of comparison of budget and actual amounts (Continued)

(e) Explanation of material difference between actual amounts and budget (Continued)

Expenditures 2018	
	<p>Human Resource Management & Administration</p> <ul style="list-style-type: none"> ○ Public Affairs: <ul style="list-style-type: none"> ○ Budget estimates were on a high side during the costing stage of the budget preparation and therefore more normal actual expenditures incurred during the year resulted in the huge variance at the end of the year. In addition, some activities carried out which were previously budgeted in this category, were reported elsewhere in other division's budget since Public Affairs activities are considered as cross cutting activities. ○ Employee Compensation: / Administration: <ul style="list-style-type: none"> ○ Both these budget categories were exceeded. The reason was that adequate provisions were not made for the Human Resource & Administration cost-drivers such as staff training, running and servicing of over-aged fleet of vehicles etc. during the budget process
	<p>Office of Executive Secretary</p> <p>This is headed by the Executive Secretary and houses eight (8) different activities of the Commission that report directly to him. Four of the activities (Legal Affairs & Board Secretariat, Internal audit, Ministerial & Parliamentary Cooperation and International Cooperation) were the most active.</p> <ul style="list-style-type: none"> ○ Monitoring & Evaluation: is new activity in 2018 and did not incur any actuals in the first year of operation. ○ Market Oversight Secretariat: At the time of budget preparation the Secretariat had not been operationalized but there was a need to provide for it. However, during these initial stages they generated sufficient funding from alternate sources and so the budget set up by the Commission was not drawn down upon. ○ International Cooperation: <ul style="list-style-type: none"> ○ International Cooperation exceed its budget primarily due to foreign seminars and conferences which were not anticipated by the Commission at the time of the Budget preparation.
	<p>Overall Summary</p> <p>Total actual expenditures versus budget variance of GHS 29.4 million for locally funded expenditures was primarily due to under-expenditures in Renewable Energy & SE4ALL, Inspectorate, Procurement of works, Procurement of goods & services, Employee compensation, Public Affairs and Market Oversight Secretariat. The detailed explanations for these individual variances are documented above.</p> <p>Donor funding (WB/MiDA/UNDP) was not realized during 2018 and therefore there was no Donor funded related expenditures for the year. Energy Efficiency & Climate Change, Ghana - China South-South Cooperation and Market Oversight are some of the categories significantly impacted by this.</p>

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

3.15 Notes to the Statement of comparison of budget and actual amounts (Continued)

(e) Explanation of material difference between actual amounts and budget (Continued)

Reconciliation between actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual amounts and actual amounts in the statement of cash flows – 2018

Category	Description	Operating	Financing	Investing	Total
Revenues	Actuals in Statement of Comparison of budget and Actual amounts (2018)	28,986,055	-	-	28,986,055
Revenues	Basis/Timing/Entity differences	-	-	-	-
Inflows	Actual in Statement of Cash Flows (2018)	28,986,055	-	-	28,986,055
Expenses	Actuals in Statement of Comparison of budget and Actual amounts (2018)	29,089,183	-	1,182,157	30,271,340
Expenses	Basis/Timing/Entity differences	-	-	-	-
Outflows	Actual in Statement of Cash Flows (2018)	29,089,183	-	1,182,157	30,271,340
	Net decrease in cash & cash equivalents				(1,285,285)

Inflows 2017

- With respect to inflows from Energy Fund transfers, the shortfalls are due to;
 - In 2017, the Government's revenue capping policy of 34% (actual implementation of 18% in 2017) from the Minister of Finance (MoF) reduced inflows from petroleum levy. Petroleum levy collections actually exceeded budget (108%) for 2017.
 - Inflows from permits and licenses were reduced as a result of customers' reluctance to pay regulatory mandatory fees due to the energy sector cash-freeze facing institutions. Collections fell to 65% of budget for 2017.
- Other is composed of miscellaneous cash receipts such as revenues from hosting Energy Fairs, etc. The shortfall is due to inflows expected from Energy Fairs not meeting anticipated budget.
- For 2017, even though the budgeted amount for EDMF revenues of GHS 1 million was realized exactly, the budgeted amount of GHS 830,000 was not achieved for the regulatory levy.
- In 2017 processes required to start receiving project funds from project donors WB/MiDA/UNDP were not completed before the years ended

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018**

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

3.15 Notes to the Statement of comparison of budget and actual amounts (Continued)

(e) Explanation of material difference between actual amounts and budget (Continued)

Expenditures 2017	
	<p>Office of the Executive Secretary</p> <ul style="list-style-type: none"> ○ Legal Affairs & Board Secretariat: <ul style="list-style-type: none"> ○ The primary reason for the shortfall in expenditures was the that the Commission's Board was not re-constituted till November in 2017 resulting in reduction in activities and expenses for the year. ○ In addition, to a lesser extent, the short fall in the Commission's Inflows affected some divisional activities and as a result some activities such as training for the Legal and Board were not carried out which also contributed to the variance. ○ Ministerial & Parliamentary Cooperation: The expenditure for this activity was more than budgeted because of various Ministries requesting for more support and organizing more programs than anticipated in the Commission's budget for the year 2017. ○ International Cooperation: The expenditure for this cost center was more than budgeted because; <ul style="list-style-type: none"> ○ International Cooperation recorded an adverse variance as a result of introduction of some foreign seminars and conferences which were unknown to the Commission at the time of the Budget preparation. ○ Most of the foreign engagements of the sector Ministry were funded from the Energy Fund such as World Energy Council, World International Renewable Energy Forum and Climate Change Mitigation Meetings were charged to this cost center. These were not anticipated in the budget.
	<p>Overall Summary: Total actual expenditures versus budget variance of GHS 6.7 million for locally funded expenditures was primarily due to under-expenditures in Office of Technical Regulations, Procurement of goods & services, Procurement of Works, Procurement of Solar System and Financial Management. The detailed explanations for these individual variances are documented above.</p> <p>Donor funding (WB/MiDA/UNDP) was not realized during 2017 and therefore no related expenditures. Energy Efficiency & Climate Change and Renewable Energy & SE4ALL were the categories affected.</p>

Reconciliation between actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual amounts and actual amounts in the statement of cash flows - 2017

Category	Description	Operating	Financing	Investing	Total
Revenues	Actuals in Statement of Comparison of budget and Actual amounts (2017)	36,818,054	-	-	36,818,054
Revenues	Basis/Timing/Entity differences	-	-	-	-
Inflows	Actual in Statement of Cash Flows (2017)	36,818,054	-	-	36,818,054
Expenses	Actuals in Statement of Comparison of budget and Actual amounts (2017)	33,592,800	742,560	1,048,883	35,384,243
Expenses	Basis/Timing/Entity differences	-	-	-	-
Outflows	Actual in Statement of Cash Flows (2017)	33,592,800	742,560	1,048,883	35,384,243
	Net Increase in cash & cash equivalents				1,433,811

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

4a. Property and equipment

2018	Restated		
Cost	1 January	Additions	31 December
Land and building	7,713,370	828,958	8,542,328
Motor vehicle	3,854,253	-	3,854,253
Plant & machinery	259,284	-	259,284
Furniture and fittings & equip	321,628	184,140	505,768
Computers and accessories	<u>1,165,037</u>	<u>144,252</u>	<u>1,309,289</u>
	<u>13,313,572</u>	<u>1,157,350</u>	<u>14,470,922</u>
	Restated	Charge for	31 December
Accumulated depreciation	1 January	the year	
Land and building	545,668	170,847	716,515
Motor vehicle	2,692,754	553,250	3,246,004
Plant & machinery	254,784	2,700	257,484
Furniture and fittings & equip	195,380	49,550	244,930
Computers and accessories	<u>794,829</u>	<u>239,351</u>	<u>1,034,180</u>
	<u>4,483,415</u>	<u>1,015,698</u>	<u>5,499,112</u>
Carrying amount			
At 31 December, 2018			<u>8,971,810</u>

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

4b. Property and equipment (continued)

2017	Restated 1 January	Additions	IPSAS Adjust ¹⁰	Restated 31 December
Cost				
Land and building	7,290,370	423,000	-	7,713,370
Motor vehicle	3,722,353	131,900	-	3,854,253
Plant & machinery	259,284	-	-	259,284
Furniture and fittings & equip	245,158	71,805	4,665	321,628
Computers and accessories	<u>747,524</u>	<u>417,513</u>	<u>-</u>	<u>1,165,037</u>
	<u>12,264,689</u>	<u>1,044,218</u>	<u>4,665</u>	<u>13,313,572</u>
Accumulated depreciation	Restated 1 January	Charge for the year	IPSAS Adjust	Restated 31 December
Accumulated depreciation				
Land and building	399,861	145,807	-	545,668
Motor vehicle	2,227,603	465,151	-	2,692,754
Plant & machinery	182,395	58,845	13,544	254,784
Furniture and fittings & equip	185,821	79,925	(70,366)	195,380
Computers and accessories	<u>720,667</u>	<u>21,498</u>	<u>52,664</u>	<u>794,829</u>
	<u>3,716,347</u>	<u>771,226</u>	<u>(4,158)</u>	<u>4,483,415</u>
Carrying amount				
At 31 December, 2017 (Restated)				<u>8,830,157</u>

5a. Intangible assets

Cost	1 January	Additions	31 December
Software	<u>56,969</u>	<u>24,807</u>	<u>81,776</u>
	<u>56,969</u>	<u>24,807</u>	<u>81,776</u>
Accumulated amortization	1 January	Charge for the year	31 December
Software	<u>56,969</u>	<u>8,269</u>	<u>65,238</u>
	<u>59,969</u>	<u>8,269</u>	<u>65,238</u>
Carrying amount			
At 31 December, 2018			<u>16,538</u>

¹⁰ The net increase in property plant and equipment of GHS 8,823 is represented in the change in cumulative adjustments for 1 January 2017 and 31 December 2017 in note 19 to these financial statements.

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

5b. Intangible assets

	Restated		
Cost	1 January	Additions	31 December
Software	<u>56,969</u>	—	<u>56,969</u>
	<u>56,969</u>	—	<u>56,969</u>
	Restated		
Accumulated amortization	1 January	Charge for the year	31 December
Software	<u>37,980</u>	<u>18,990</u>	<u>56,969</u>
	<u>37,980</u>	<u>18,990</u>	<u>56,969</u>
Carrying amount			
At 31 December, 2017			—

6. Inventory	2018	2017
Consumables	<u>269,054</u>	<u>128,118</u>

Inventory reported consists primarily of office supplies such as toners, paper and cleaning items.

	2018	Restated 2017
7. Trade and other accounts receivables		
Non-current		
Regulatory levy receivable	17,225,471	17,225,471
Current		
Regulatory levy receivable	-	682,312
ERRERA & Ghana Standards Authority	64,049	403,277
Annual operating license fees	18,271,896	9,902,216
Annual petroleum levy	5,497,438	-
Bulk customers	2,325,699	241,292
Energy fund receivables	218,262	357,749
Staff loan	492,014	188,622
Prepayment (grounds rent, Vehicle & Building Insurance)	<u>136,884</u>	<u>451,349</u>
	<u>44,231,715</u>	<u>29,452,288</u>
8. Cash and cash equivalents	2018	2017
Cash on hand (Petty Cash)	66	83
Cash at banks	<u>203,642</u>	<u>1,488,909</u>
	<u>203,708</u>	<u>1,488,992</u>

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

9. Trade and other accounts payables	2018	2017
Trade payables	2,979,708	3,702,174
Audit fees	239,050	344,000
Accrued liabilities	<u>2,986,883</u>	<u>1,268,130</u>
	<u>6,205,641</u>	<u>5,314,304</u>

10. Revenue	2018	Restated 2017
Subvention from Government of Ghana	-	48,768
Petroleum levy	18,572,354	23,726,357
Permits & licenses	23,325,264	12,691,662
Regulatory levy account	-	3,165,225
EDMF project funding	<u>1,300,000</u>	<u>1,000,000</u>
	<u>43,197,618</u>	<u>40,632,012</u>

11. Other revenue	2018	2017
Other revenue	<u>567,864</u>	<u>670,089</u>
	<u>567,864</u>	<u>670,089</u>

Other revenues consist primarily of payment from participants and sponsors participating in and/or attending Energy Fairs during the year.

12. Staff compensation	2018	Restated 2017
Salaries and wages	11,623,031	10,810,596
Employer SSNIT contribution	1,390,271	1,212,499
Employer provident fund contribution	<u>762,058</u>	<u>655,405</u>
	<u>13,775,360</u>	<u>12,678,500</u>

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

13. General and administrative expenses	2018	Restated 2017
Board expenses	1,351,456	528,153
Stationery and printing	10,547	25,593
Insurance	103,315	117,336
Audit fees	239,050	344,000
Audit related expenses	134,067	126,572
Communication	505,140	263,202
Sanitation and security	193,311	199,278
Repairs and maintenance	946,537	929,058
Medicals	481,786	387,467
Office consumables	90,947	8,416
Office rent	61,080	17,553
Motor vehicle running	346,042	383,237
Travel	56,824	6,509
Advertising	146,484	100,462
Depreciation	1,023,966	786,058
Bank charges	32,503	10,536
Interest on medium-term loan	-	1,273,922
Fuel and lubricants	494,994	237,055
Grounds rent	58,000	56,000
Utilities	220,769	334,116
Refreshment for meetings	32,830	23,072
Professional fees	<u>38,351</u>	<u>14,555</u>
	<u>6,567,999</u>	<u>6,172,150</u>

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

	2018	Restated 2017
14. Service activities expenses		
Renewable energy	3,312,389	4,791,367
Energy efficiency and climate change	481,001	3,675,037
Operational & technical regulation	756,106	783,445
Strategic planning and policy	188,330	128,289
Public affairs	525,016	336,284
Staff development	1,548,562	2,378,579
Procurement	241,786	261,181
Financial review and audit	1,071,361	773,766
Social impact, environmental and technical assistance	76,855	123,715
Inspectorate	234,594	323,699
Inter-institutional support/donation	341,400	822,292
International Co-operation and affiliations	<u>1,742,790</u>	<u>2,088,890</u>
	<u>10,520,190</u>	<u>16,486,544</u>

	2018	2017
15. Cash (used in) / generated from operations		
Cashflows from operating activities		
Excess of expenditure over income	12,901,933	5,964,907
Depreciation and amortization	<u>1,023,966</u>	<u>786,057</u>
	13,925,899	6,750,964
Changes in working capital		
Increase in inventory	(140,937)	(103,117)
Increase in trade and other accounts receivables	(14,779,427)	(4,484,047)
Increase in trade and other accounts payables	<u>891,337</u>	<u>1,061,453</u>
Net cash generated from operating activities	<u>(103,127)</u>	<u>3,225,253</u>

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018****Notes to the Financial Statements (Continued)**

(All amounts are stated in Ghana cedi unless otherwise stated)

16 Financial risk management**16.1 Financial risk factors**

The Commission's activities are exposed to variety of financial risk: market risk (including currency risk, fair value interest rate and price risk), credit risk and liquidity risk. The Commission's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effect on the Commission's financial performance. Risk management is carried out in compliance with the Commission policies approved by the Governing Board.

All of the financial instruments are denominated in Ghana cedi. As a result, there is no exposure to foreign currency risk.

16.1.1 Credit risk

Credit risk is the risk of suffering financial loss should any of the Commission's counterparties fail to fulfil the contractual obligation. The financial instruments which potentially subject the Commission to concentration of credit risk is primarily cash at bank and trade and other accounts receivables.

The Commission deals with financial institutions licensed by the Bank of Ghana as well as the Bank of Ghana itself. The risk of the counterparty failing to fulfil their contractual obligations is assessed to be minimal. The Commission does not hold collateral securities.

With respect to trade and other accounts receivables, the Commission undertakes a rigorous screening process for all customers prior to providing them their initial license. As some of the Commission's significant customers are government institutions, in the event of debts being long outstanding, round table meetings are held between the heads of these institutions and select members of the Commission's governing board to resolve overdue payment issues. The Auditor General requires that all overdue debts be treated in accordance with the provisions of Section 53 of the Public Financial Management Act, 2017 (Act 921). This requires that for overdue debts the sector Minister as well as the Minister of Finance have to participate in any decision to write off any overdue debts.

16.1.2 Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or other financial assets. The Commission's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity (cash reserves) to meet its liabilities when they are due.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018**

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

16.1.2 Liquidity risk (cont'd)

31 December, 2018

Contractual maturities of financial liabilities	Less than 3 months
Trade payables	2,979,708
Audit fees	239,050
Accrued liabilities	2,986,883

31 December, 2017

Contractual maturities of financial liabilities	Less than 3 months
Trade payables	3,702,174
Audit fees	344,000
Accrued liabilities	1,268,130

17. Related party transactions

(a) Transactions with key management personnel

(i) Key management personnel compensation

Key management personnel compensation comprised the following;

	2018	Restated 2017
Short-term employee benefits	2,028,857	1,366,854
Post-employment benefits ¹¹	-	-
	<u>2,028,857</u>	<u>1,366,854</u>

(ii) Key management personnel transactions

There were no material transactions between the Commission and key management personnel during the year. (2017: GHS 0).

18. Contingent assets, liabilities and capital commitments

The Commission is committed to a capital expenditures of GHS 1,726,200 for the purchase of the land that the Commission is based on, GHS 61,650 for plotting fees related to this purchase and GHS 753,598 for the construction of a security fence around the aforementioned land as at 31 December, 2018. There were no contingent assets or contingent liabilities as at 31 December, 2018 (2017: Nil for contingent assets, liabilities or capital commitments)

¹¹ The Commission has in place an exit package programme that is currently being operated on a cash basis. The Commission has elected to take the 3-year transition exemption related to these benefits and therefore these have not been estimated or accrued for in 2018 or 2017.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018****Notes to the Financial Statements (Continued)**

(All amounts are stated in Ghana cedi unless otherwise stated)

19. Explanation of transition to IPSAS

As stated in note 2.1, these are the Commission's first transition financial statements towards IPSAS implementation. The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December, 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of an opening IPSAS statement of financial position at 1 January, 2017 (the Commission's date of transition).

In preparing its opening IPSAS statement of financial position, the Commission has adjusted amounts reported previously in financial statements prepared in accordance with IPSAS. An explanation of how the transition from GAAP to IPSASs has affected the Commission's financial position, financial performance and cash flows is set out in the following the notes that accompany the tables.

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018**

Notes to the Financial Statements (Continued)

All amounts are stated in Ghana cedi unless otherwise stated

9. Explanation of transition to IPSAS (Continued)

Reconciliation

	Note	Previous GAAP	IPSAS transition 1 Jan, 2017	IPSAS	Note	Previous GAAP	IPSAS transition 31 Dec, 2017	IPSAS
Assets								
Property and equipment	B	8,681,154	(132,812)	8,548,342	B	8,954,146	(123,989)	8,830,157
Inventory		25,001	-	25,001		128,118	-	128,118
Intangible assets	A	-	18,990	18,990		-	-	-
Trade and other accounts receivables	C	15,890,016	9,078,224	24,968,240	C	18,951,031	10,501,257	29,452,288
Cash and cash equivalents		55,182	-	55,182		1,488,992	-	1,488,992
Total assets		24,651,353	8,964,402	33,615,755		29,522,287	10,377,268	39,899,555
Equity								
Accumulated fund		16,752,297	11,868,047	28,620,344		24,207,983	10,377,268	34,585,251
Capital grant	E	2,415,315	(2,415,315)	-		-	-	-
Special fund	E	488,330	(488,330)	-		-	-	-
Total equity	D	19,655,942	8,964,402	28,620,344	D	24,207,983	10,377,268	34,585,251
Liabilities								
Medium term loan		742,560	-	742,560		-	-	-
Trade and other accounts payable		4,252,851	-	4,252,851		5,314,304	-	5,314,304
Total liabilities		4,995,411	-	4,995,411		5,314,304	-	5,314,304
Total equity and liabilities		24,651,353	8,964,402	33,615,755		29,522,287	10,377,268	39,899,555
Income								
Revenue	C	34,382,199	4,933,328	39,315,527	C	39,208,979	1,423,033	40,632,012
Other revenue		1,020,408	-	1,020,408		670,089	-	670,089
Total income		35,402,607	4,933,328	40,335,935		39,879,068	1,423,033	41,302,101

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Notes to the Financial Statements (Continued)

All amounts are stated in Ghana cedi unless otherwise stated

Expenses									
Personnel emoluments	10,011,826	-	10,011,826	12,255,873	422,627	12,678,500			
General and administrative expenses	5,423,908	42,385	5,466,293	6,161,984	10,166	6,172,150			
Service activity expenses	16,233,568	-	16,233,568	16,909,170	(422,627)	16,486,544			
Total expenses	31,669,302	42,385	31,711,687	35,327,027	10,166	35,337,194			
Excess of income over expenditure transferred to accumulated fund	3,733,305	4,890,943	8,624,248	4,552,041	1,412,867	5,964,907			

ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

19. Explanation of transition to IPSAS (Continued)

Notes to the reconciliation

A. An amount of GH¢37,979 which was expensed in 2015 related to the purchase of intangible assets (accounting/payroll software). Under IPSAS, this software is capitalized as an intangible asset and amortized over the life of this asset (3 years). The impact arising from the change is summarised as follows.

	1 January 2017	31 December 2017
Statement of financial position		
Intangible assets	<u>18,990</u>	-
Adjustment to Accumulated Fund	<u>(18,990)</u>	<u>-</u>
Statement of financial performance		
General and administrative expenses (depreciation)	<u>18,990</u>	<u>18,990</u>
Adjustment to Accumulated Fund	<u>18,990</u>	<u>18,990</u>

B. The Commission expensed certain items of property and equipment in the prior year. These have been recognized as property and equipment in the current year. The impact arising from the change is summarised as follows. The difference between the adjustment to Property and equipment and General and administrative expenses is a direct adjustment to Accumulated Fund as this reflects an adjustment to the beginning Accumulated Fund position.

	1 January 2017	31 December 2017
Statement of financial position		
Property and equipment	<u>(132,812)</u>	<u>(123,989)</u>
Adjustment to Accumulated Fund	<u>132,812</u>	<u>123,989</u>
Statement of financial performance		
General and administrative expenses (depreciation)	<u>23,396</u>	<u>(8,823)</u>
Adjustment to Accumulated Fund	<u>23,396</u>	<u>(8,823)</u>

**ENERGY COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018**

Notes to the Financial Statements (Continued)

(All amounts are stated in Ghana cedi unless otherwise stated)

19. Explanation of transition to IPSAS (Continued)

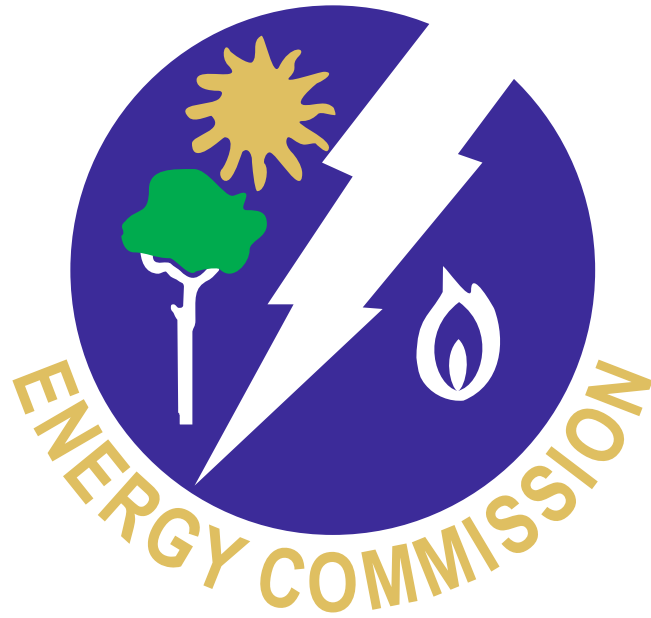
Notes to the reconciliation (Continued)

C. Under IPSAS, revenue is recognized based on whether it has been earned and it is probable that the Commission will receive the inflow of economic benefit. Revenue was recognized as and when the funds were received under the previous GAAP. The IPSAS adjustment is to accrue revenues earned but not received in the current year. The difference between the adjustment to Trade and other accounts receivable and Revenues is a direct adjustment to Accumulated Fund as this reflects an adjustment to the beginning Accumulated Fund position.

	1 January 2017	31 December 2017
Statement of financial position		
Trade and other accounts receivable	<u>9,078,224</u>	<u>10,501,257</u>
Adjustment to Accumulated Fund	<u>(9,078,224)</u>	<u>(10,501,257)</u>
Statement of financial performance		
Revenue	<u>(4,933,328)</u>	<u>(1,423,033)</u>
Adjustment to Accumulated Fund	<u>(4,933,328)</u>	<u>(1,423,033)</u>

D. This adjustment represents the residual effects of adjustments booked to the statement of financial position. The impact arising from the change is summarised as follows.

	1 January 2017	31 December 2017
Statement of financial position		
Intangible assets	18,990	-
Property and equipment	(132,812)	(123,989)
Trade and other accounts receivable	<u>9,078,224</u>	<u>10,501,257</u>
Adjustment to Accumulated Fund	<u>(8,964,402)</u>	<u>(10,377,268)</u>



ENERGY COMMISSION
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER, 2018



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Corporate information for the year ended 31 December, 2018

Governing Board

Prof. George Panyin Hagan	Chairman
Dari Bismark Haruna (Kpembewura IV)	Member
Dr. Isaac Frimpong Mensa-Bonsu	Member
Moses Aristophanes Kwame Gyasi	Member
Hon. Nana Akua Owusu Afriyie	Member
Alhaji Jabaru Abukari	Member
Eugene Ofosuhene	Member
Dr. Alfred Kwabena Ofosu Ahenkorah	Member – Retired 13/9/2019
Ing. Oscar Amonoo-Neizer	Member – Elected 17/9/2019

Board Secretary

Ms. Cecilia Abgenyega

Principal place of business

Ghana Airways Avenue
Behind Alliance Français
Airport Residential Area
GA-037-3212

Registered office

PMB Ministries Post Office,
Accra

Independent Auditor

James Quagraine Associates
(Chartered Accountants)
P. O. Box GP 3947
Accra

Bankers

Bank of Ghana
Ecobank Ghana Limited

Financial summary and highlights for the year ended 31 December, 2018
(All amounts are stated in Ghana cedi unless otherwise stated)

	∞2018	∞2017	¹ *2017	∞2016	¹ *2016	¹ *2015	¹ *2014
Five-year financial summary							
Receipts	27,295,558	33,706,788	36,294,934	33,165,743	37,292,081	15,501,805	10,167,086
Disbursements	27,435,045	34,871,901	34,871,901	31,810,135	31,810,135	12,316,657	9,738,722
(Deficit) / Surplus	(139,487)	(1,165,114)	1,423,033	1,355,608	5,481,946	3,185,148	438,318
Bank balance	218,262	357,749	357,749	1,522,863	1,522,863	167,255	512,892
Trade and other receivables	-	-	10,143,508	-	7,555,361	4,079,403	-
Trade and other payables	-	-	-	-	-	548,618	-
Accumulated fund balance	-	-	10,501,257	-	9,078,224	3,698,040	512,892

Financial highlights	2018	2017	Percentage change (%)
Receipts	27,295,558	33,706,788	-19.02%
Disbursements	27,435,045	34,871,902	-21.33%
Deficit	(139,487)	(1,165,114)	-88.03%
Bank balance	218,262	357,749	-38.99%

* - Reported on GAAP accrual basis

∞ - Reported on IPSAS Cash basis

¹ As previously reported

Report of the Governing Board of Directors Energy Fund

The Governing Board of Directors (Governing Board) are pleased to submit the annual report to the members of the Energy Fund (Fund) together with the audited financial statements of the Fund for the year ended 31 December, 2018.

Principal activities

The principal activities of the Fund are mandated under Section 42 of the Energy Commission Act 1997, Act 541 [as amended by Energy Commission Act 2017, (Act 933)];

- Promotion of energy efficiency and productive uses of electricity and natural gas and petroleum products;
 - Promotion of projects for the development and utilization of renewable energy resources, including solar energy;
 - Human resource development in the energy sector;
 - Local content and local participation development in the energy sector;
 - Any other relevant purposes as may be determined by the Energy Fund.
- i. In addition, the Fund shall be managed and administered by the Energy Commission (Commission) which shall for this purpose include the Controller and Accountant-General or his representative
 - ii. All monies for the Fund shall be paid into a bank account for the purpose opened by the Commission with the approval of the Controller and Accountant-General
 - iii. The provisions under section 49 of the Energy Commission Act on accounts and audit and annual report shall apply to the Fund

Financial results

GHS

During the year under review releases by the Controller and Accountant General's Department from the Petroleum Levy Account into the Energy

Fund account held at the Bank of Ghana amounted to	13,074,917
- Added to this were the following sources of revenue:	
- Fees from permits and licenses	12,858,527
- Electricity Demand Management Fund (EDMF) Project Fund	1,300,000
- Other income	<u>62,114</u>
Total inflow for the year amounted to	27,295,558
Add cash balance at 1 January, 2018 on Energy Fund	<u>357,749</u>
Total amount available for disbursement in the year	27,653,307
Deduct disbursement in the year amount of	<u>(27,435,045)</u>
Cash balance carried forward on the Energy Fund account at 31 December, 2018	<u>218,262</u>

ENERGY FUND**Report of the Governing Board (Continued)****Auditors**

In accordance with Energy Commission Act 1997, (Act 541), [as amended by Energy Commission Act 2017, (Act 933)] James Quagraine Associates (Chartered Accountants) may be authorised to continue in office as the Fund's auditors.

Directors' responsibilities in respect of the Financial Statements

The Governing Board of Directors (Governing Board) are required to ensure that adequate accounting records are maintained so as to disclose at reasonable adequacy, the financial position of the Energy Fund (Fund). They are also responsible for steps to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities. They must present financial statements for each financial year, which give a true and fair view of the affairs of the Fund, and the results for that period. This is the first year that the Commission is preparing financial statements in accordance with the Cash Basis International Public Sector Accounting Standards (Cash Basis IPSAS). In preparing these Financial Statements, we are required to:

- select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgement
- state whether or not the Cash Basis International Public Sector Accounting Standards (Cash Basis IPSAS) has been adhered to and explain material departures thereto
- use the going concern basis unless it is inappropriate.

The Governing Board acknowledges its responsibility for ensuring the preparation of the Annual Financial Statements in accordance with Cash Basis IPSAS and the responsibility of external auditors to report on these financial statements. The Governing Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Governing Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business.

The Financial Statements are prepared from the accounting records on the basis of consistent use of appropriate records supported by reasonable and prudent judgements and estimates that fairly present the state of affairs of the Fund. The Financial Statements have been prepared on a going concern basis and there is no reason to believe that the Fund will not continue as a going concern in the next financial year. The Governing Board confirms that in preparing the financial statements, they have:

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that are reasonable and prudent
- followed Cash Basis IPSAS
- prepared the financial statements on the going concern basis

The Governing Board is responsible for keeping proper accounting which disclose with reasonable accuracy at any time the financial position of the Fund. They are also responsible for safe guarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



ENERGY FUND

Corporate Governance (CG) report

The Energy Commission (Commission) is committed to strong corporate governance practices that allocate rights and responsibilities in managing the Energy Fund (Fund). The Governing Board and Executive Management are to provide an effective oversight and management of the Fund in a manner that enhances shareholder value and promotes investors' confidence. The Commission's corporate governance principles are contained in a number of corporate documents. The Governing Board oversees the conduct of the Fund's business and is primarily responsible for providing effective governance over the Fund's key affairs, including the appointment of Executive Management (excluding the Executive Secretary), approval of business strategies, evaluation of performance and assessment of major risks facing the Fund.

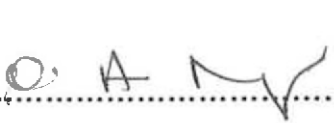
In discharging its obligations, the Governing Board exercises judgement in the best interest of the Fund, relies on the Commission's Executive Management to implement approved business strategies, resolve day-to-day operational issues, keep the Governing Board informed, and maintain and promote high ethical standards. The Governing Board delegates authority in management matters to the Executive Management subject to clear instructions. It is upon such delegation of authority and circumstances that the Executive Management shall be required to obtain Governing Board approval prior to taking a decision on behalf of the Fund. The Governing Board is made up of majority Non-Executive Directors.

After dissolution of the prior Governing Board at the close of 2016, the current Governing Board was commissioned late in the following year (November of 2017). Thus for most of 2017, the Commission did not have a Governing Board in place. This resulted in expenses related to the Governing Board for 2017 being significantly less than to 2018 where the Governing Board was in place for the full twelve months of that year.

The Commission's commitment to ensuring international best practice in terms of Corporate Governance remains strong and unwavering.

Name of Chairman: Name of Executive Secretary:

Signature: 

Signature: 

Date: 23rd August 2019

Date: 23rd August 2019

P.O.Box GP. 3947
 Tel: 0244047517, 0209774077, 0275111553
 Diagonally Opposite
 North Ablekuma Municipal Assembly
 No. 5 Otobia Link
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 OTATEN, ODORKOR
 Accra - Ghana



James Quagraine Associates

Chartered Accountants
and

Management Consultants

E-mail: regthompson1955@yahoo.com

Independent Auditor's report to the members of the Governing Board of Energy Fund

Report on the audited financial statements

Opinion

We have audited the accompanying financial statements of the Energy Fund for the year ended 31 December, 2018. The financial statements comprise:

- Statement of cash receipts and disbursements for the year ended 31 December, 2018
- The notes to the financial statements, which include a summary of significant accounting policies

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Energy Fund as at December 31, 2018, and of its financial performance and cash flows for the year then ended in accordance with Cash Basis International Public Sector Accounting Standards (Cash Basis IPSAS) and in the manner required by the Energy Commission Act, 1997 (Act 541) [as amended by Energy Commission Act 2017, (Act 933)].

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Energy Fund in accordance with the International Ethics Standards Board for Accountants' *Handbook of the International Code of Ethics for Professional Accountants including International Independence Standards* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

**Independent Auditor's report
to the members of
the Governing Board of Energy Fund (continued)**

Report on the audited financial statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and therefore we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information other than the financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the sections on corporate information, financial summary and highlights, report of the Governing Board and Corporate Governance (CG) report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Cash Basis IPSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Fund's financial reporting process.

**Independent Auditor's report
to the members of
the Governing Board of Energy Fund (continued)**

Report on the audited financial statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Energy Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Energy Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Energy Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Energy Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent Auditor's report
to the members of
the Governing Board of Energy Fund (continued)**

Report on the audited financial statements (continued)

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 49 of the Energy Commission Act 1997 (Act 541) [as amended by Energy Commission Act 2017, (Act 933)] of Ghana

In carrying out our audit we consider and report on the following matters. We confirm that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit

- i) In our opinion, proper books of account have been kept by the Energy Fund, so far as appears from our examination of those books; and
- ii) The Energy Fund's books of account are in a form approved by the Auditor-General.
- iii) The financial year of the Energy Fund is the same as the financial year of the Government of Ghana.

.....
Signed by: **ANTHONY G. NEEQUAYE**
(ICAG/P/1462)

For and on behalf of:
JAMES QUAGRAINE ASSOCIATES
CHARTERED ACCOUNTANTS
P. O. Box GP 3947
Accra
(ICAG/F/2019/184)

Dated...23...Day of ...August...2019
Accra, Ghana

ENERGY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Statement of cash receipts and disbursements

(All amounts are stated in Ghana cedi unless otherwise stated)

	Note	For the year ended 31 December	
		2018	Restated 2017
Receipts in the year			
Transfers by Controller and Accountant General's Department from petroleum levy		13,074,917	23,726,357
Fees from permits and licenses	4	12,858,527	8,743,426
Electrical Demand Management Fund (EDMF) project fund		1,300,000	1,000,000
Other income	5	<u>62,114</u>	<u>237,005</u>
Total receipts for the year		<u>27,295,558</u>	<u>33,706,788</u>
Disbursements in the year			
Promotion of energy efficiency and productive use of electricity and natural gas	6	523,478	2,777,000
Human resource development in the energy sector		7,018,324	5,177,725
Promotion of projects for the development of and utilisation of Renewable Energy Resources, including solar energy		3,646,284	4,772,461
Other expenditures	7	<u>16,246,959</u>	<u>22,144,716</u>
Total disbursements for the year		<u>27,435,045</u>	<u>34,871,902</u>
Deficit of cash receipts over disbursements		(139,487)	(1,165,114)
Cash balance at beginning of the year		<u>357,749</u>	<u>1,522,863</u>
Cash balance at end of the year		<u>218,262</u>	<u>357,749</u>

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Energy Fund were approved by the Governing Board and signed on their behalf by

Name of Chairman:

Name of Executive Secretary:

Signature:

Signature:

Date: 22nd August 2019

Date: 22nd August 2019

The accompanying notes on pages 11 to 17 form an integral part of these financial statements.



ENERGY FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Notes to the financial statements

(All amounts are stated in Ghana cedi unless otherwise stated)

1. Reporting entity

The Energy Fund (Fund) is established under section 41 of the Energy Commission Act 1997 (Act 541) [as amended by Energy Commission Act 2017, (Act 933)]. The resources of money for the fund are as follows:

- such proportion of Government levy on petroleum products, electricity and natural gas as may be determined by the Cabinet and approved by Parliament (CAGD releases);
- money that accrues to the Commission in the performance of its functions (Fees from permits); and
- grants.

Objective of the Fund

The objects of the Fund (section 42 of the Energy Commission Act 1997 (Act 541) [as amended by Energy Commission Act 2017, (Act 933)] include the following:

- promotion of energy efficiency and product use of electricity, natural gas and petroleum products;
- promotion of projects for the development and utilization of renewable energy resources including solar energy;
- human resource development of the energy sector;
- promotion of local content and local participation development in the energy sector;
- such other relevant purposes as may be determined by the Board.

Management of the Fund

Per the Energy Commission Act 1997 (Act 541) [as amended by Energy Commission Act 2017, (Act 933)];

Section 43 – Management of the Fund: The Fund shall be managed and administered by the Commission which shall for this purpose include the Controller and Accountant-General or his representative.

Section 44 – Functions of the Commission in Respect of the Fund:

- (1) The Commission for the purpose of managing the Fund;
 - (a) formulate policies to generate money for the Fund;
 - (b) determine the allocations to be made to towards the objectives of the Fund; and
 - (c) determine annual targets of the Fund.

ENERGY FUND**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018****Notes to the financial statements (continued)**

(All amounts are stated in Ghana cedi unless otherwise stated)

2. Basis of preparation and summary of significant accounting policies**2.1 Statement of compliance and presentation of financial statements**

The financial statements of Energy Fund for the year ended 31st December, 2018 have been prepared in accordance with Cash Basis International Public Sector Accounting Standards (Cash Basis IPSAS) and in the manner required by the Energy Commission Act 1997 (Act 541) [as amended by Energy Commission Act 2017, (Act 933)] and any other applicable regulatory and legal requirements.

2.2 Basis of measurement and accounting

The measurement basis applied is the historical cost basis convention.

2.3 Foreign currency translation**(i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') Ghana Cedi. The financial statements are presented in Ghana Cedis.

(ii) Transactions and balances

Transactions denominated in foreign currencies are recorded in the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the foreign currency differences arising on retranslation are generally recognized in the statement of cash receipts and disbursements.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in this statement of cash receipts and disbursements.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank (Bank of Ghana) and Ecobank Ghana Limited at the end of the financial year.

3.2 Receipts recognition

Receipts are recognised once cash is received by the Energy Fund. The following are the main sources of cash receipts for the Energy Fund:

- i. Transfers by Controller and Accountant General's Department of a share of the Petroleum Levy to the Energy Fund;
- ii. Customer fees from Permits and Licenses;
- iii. EDMF project funds from the Ministry of Finance; and
- iv. Other various sources of receipts.

3.3 Disbursements

Disbursements are primarily composed of outflows of cash to the Energy Commission and payment of other charges such as bank charges.

ENERGY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Notes to the financial statements (continued)
(All amounts are stated in Ghana cedi unless otherwise stated)

4. Fees from permits and licenses	2018	2017
Permits (Bulk customers)	1,849,626	4,071,858
Annual operating fees	9,152,397	3,754,731
Enforcement fees	65,200	138,000
Sale of license manual	100	350
Wind license fees	4,400	7,920
Siting permits	458,151	147,500
License fees	606,270	205,390
Application fees	<u>722,383</u>	<u>417,677</u>
	<u>12,858,527</u>	<u>8,743,426</u>
5. Other income	2018	2017
Exchange gain	-	2,862
International donor support	-	141,943
Sundry income	<u>62,114</u>	<u>92,200</u>
	<u>62,114</u>	<u>237,005</u>
6. Promotion of Energy Efficiency and productive uses of electricity	2018	2017
Energy efficiency, conservation and climate change	63,478	2,047,000
Inspections	310,000	-
Strategic planning and policy development	30,000	-
Technical regulation	<u>120,000</u>	<u>730,000</u>
	<u>523,478</u>	<u>2,777,000</u>
7. Other expenditure	2018	2017
International co-operation	1,729,584	1,268,261
Capital work in progress-new office building	404,655	1,775,000
Procurement of official vehicles and office equipment	288,530	400,000
Sundries/Staff Compensations	12,957,325	17,300,816
Electrical wiring regulation	856,000	500,000
EDMF Refrigerator rebate and capacitor banks	-	900,000
Bank charges	<u>10,865</u>	<u>639</u>
	<u>16,246,959</u>	<u>22,144,716</u>

ENERGY FUND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Notes to the financial statements (continued)
(All amounts are stated in Ghana cedi unless otherwise stated)

8. Cash and cash equivalents	2018	2017
Bank of Ghana	91,508	246,720
Ecobank Ghana Limited (forex)	<u>126,754</u>	<u>111,029</u>
	<u>218,262</u>	<u>357,749</u>
9. Expectant receipts	2018	2017
Annual operating license fees	18,271,896	9,902,216
Bulk customers license fees	2,325,699	241,292
Annual petroleum levy	<u>5,497,438</u>	<u>-</u>
	<u>26,095,033</u>	<u>10,143,508</u>

Expectant receipts are those that the Energy Fund anticipated that they would receive in the respective years listed above. This did not occur and we therefore report these in the notes as expectant receipts.

10. Contingent liabilities and capital commitments

There were no contingent assets, contingent liabilities or capital commitments as at 31 December, 2018 (2017: Nil)

11. Related party transactions

Transactions with Executive Directors and key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Commission (directly or indirectly) and comprise the Directors and Senior Management of the Commission. There were no material transactions with companies in which a Director or other members of key management personnel (or any connected person) is related.

12. Explanation of transition to Cash Basis IPSAS

As stated in note 2(1), these are the Energy Fund's first financial statements prepared in accordance with the Cash basis IPSAS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, and the comparative information presented in these financial statements for the year ended 31 December 2017.

In preparing its Cash Basis IPSAS statement of cash receipts and disbursement, the Energy Fund has adjusted amounts reported previously in financial statements prepared in accordance with GAAP. An explanation of how the transition from previous GAAP to Cash Basis IPSAS has affected the Energy Fund's statement of cash receipts and disbursements is set out in the following tables and the notes that accompany the tables.

**ENERGY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018**

Notes to the financial statements (continued)
(All amounts are stated in Ghana cedi unless otherwise stated)

**12. Explanation of transition to Cash Basis IPSAS (continued)
Reconciliation of cash/equity**

Note	Effect of transition to IPSASs		Effect of transition to IPSASs	
	Previous GAAP	31 Dec. 2016	Previous GAAP	31 Dec. 2017
Current Assets				
Trade and other accounts receivables a	7,555,361	(7,555,361)	10,143,503	(10,143,503)
Cash and cash equivalents	<u>1,522,863</u>	<u>1,522,863</u>	<u>357,749</u>	<u>357,749</u>
Total assets	<u>9,078,224</u>	<u>1,522,863</u>	<u>10,501,257</u>	<u>(10,143,503)</u>
Equity				
Accumulated Energy Fund account a, b	9,078,224	(7,555,361) ²	10,501,257	(10,143,508) ³
Total equity and liabilities	<u>9,078,224</u>	<u>1,522,863</u>	<u>10,501,257</u>	<u>(10,143,503)</u>

² Beginning equity balance adjustment of 3,429,023 together with current year receipts adjustment of 4,126,338

³ Beginning equity balance adjustment of 7,555,361 together with current year receipts adjustment of 2,588,147

ENERGY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Notes to the financial statements (continued)
(All amounts are stated in Ghana cedi unless otherwise stated)

12. Explanation of transition to Cash Basis IPSASs (continued)

12.1 Note to the reconciliation

- a) Under the previous GAAP reporting, the Energy Fund accrued revenue from uncollected receivables for the various years as follows respectively; (2016 GH¢7,555,361; and 2017: GH¢10,143,503). Under Cash basis IPSAS revenues are recognized only on receipt of cash, as such all uncollected receivables that are accrued as revenues in any one year are reversed.

The impact arising from the change is summarised as follows.

Statement of cash receipts and disbursements

	31 December 2016	31 December 2017
Trade and other accounts receivables	<u>(7,555,361)</u>	<u>(10,143,503)</u>
Adjustment to receipts account	<u>7,555,361</u>	<u>10,143,503</u>

- b) Under the previous GAAP the Energy Fund recognised fees from permit on accrual basis. Under Cash Basis IPSAS fees from permit are recognised when cash is received.

Statement of cash receipts and disbursements

	31 December 2016	31 December 2017
Trade and other accounts receivables	<u>(4,126,338)</u>	<u>(2,588,147)</u>
Adjustment to receipts account	<u>4,126,338</u>	<u>2,588,147</u>