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Your Re:

P. O. Box CT 7894, Cantonments, Accra
Location: 14th Floor, World Trade Centre, Accra
Telephone: 0244 – 212367 / 0244 – 225436
Email: cipdibghana@gmail.com

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PRESS STATEMENT

Re: IPPs Creating Unnecessary Tension with Threats over Monies Owed Them

The Chamber of Independent Power Producers, Distributors and Bulk Consumers (CIPDiB) have taken note of the reportage with the above headline carried on www.citinewsroom.com¹ which, among other things, quotes the Honourable Deputy Minister of Energy, Hon. William Owuraku Aidoo, as accusing the Chamber of IPPs as exhibiting traits of a pressure group.

We would like to respond to the issues he raised and reiterate the position of the Chamber as an apolitical grouping which is pursuing the objects which led to its formation:

1. CIPDiB exhibiting traits of a pressure group

A pressure group is defined as “a group that tries to influence public policy in the interest of a particular cause.” Based on this definition, then yes, CIPDiB is a pressure group and one of our key objects is to “Contribute to energy sector policy formulation in support of the best interests of its members and consumers and to facilitate Ghana’s economic development in all dealings with government and other organizations when necessary.”

Our overall goal being to ensure the long-term commercial viability of our membership who contributes 56% of the current generation capacity in the country. To do this effectively, the chamber, necessarily, must engage with the Executive on policies which directly impact the power sector and the unintended effect of this is that some of its advocacy efforts could be misconstrued as political. We can assure the public that the Chamber is apolitical and would never act in a manner as to undermine the relative stability of the power sector. We are committed to working with government as key stakeholders for the advancement and long-term sustainability of Ghana’s power sector.

¹ https://citinewsroom.com/2020/11/ipps-creating-unnecessary-tension-with-threats-over-monies-owed-them-deputy-minister/?fbclid=IwAR3vRfBEDdvAMefsn__7K8W0JgeBdkCpNNiE5rRyFC3FoK-SSDN-iz4pQLQ

2. Creation of unnecessary tension with threats to interrupt power supply

Once again, we wish to assure government and the public that we have no political motives for the timing of the communication that IPPs may be forced to shut down. This is based purely on commercial exigencies we currently face and not any political agenda. On average, IPPs, since 2017, are paid just barely 40% of power invoices on a monthly basis which is not enough to sustain operations, especially when these low payments have persisted for so long. Members have had to resort to loans in order to keep their operations going but at the cost of crippling debt service obligations which have become unsustainable hence the demand for the prompt payment of overdue invoices to the tune of \$1.44billion as at 30th September 2020. This is against the backdrop of the recent \$1billion Eurobond issue which we expected to be used to pay these outstanding invoices. The Chamber has been agitating for the payment of these outstanding invoices for some time now. It is lack of tangible progress by way of payment which compels us to have to inform the public of the increasing difficulty in our members keeping the lights on.

3. Cash Waterfall Mechanism

For the record, the implementation of the Cash Waterfall Mechanism (CWM) began on 1st April 2020 and not 2019 as put out incorrectly by the Honourable Minister. Secondly, the object of the policy was to ensure a more equitable and fair allocation of ECG's collections per time, to generators going forward. Based on our understanding, it was not meant as a solution for the payment of outstanding invoices owed IPPs which amount to \$1.44bn as of 31st July 2020.

To conclude, we would like to draw attention to comments made by Ben Boakye, Executive Director of the Africa Centre for Energy Policy (ACEP) and which was carried on www.myjoynews.com that the energy sector is on a life support and growing debt is crippling the Ghanaian economy². What we would like to add, and which is equally pertinent to note, is that the unpaid invoices owed IPPs is crippling the businesses of our members. It would interest the public to know that the Energy Sector debt to IPPs which was \$124m at the end of 2016 has ballooned ten-fold to \$1,180m as of 31st July 2020. Clearly, this is unsustainable and poses serious economic and financial risks to our members which is why we are being compelled to serve notice to Ghanaians about the possibility of a forced shutdown due to lack of funds to maintain our operations.

² <https://www.myjoyonline.com/business/energy/energy-sector-debt-crippling-our-national-budget-benjamin-boakye/>



We remain hopeful of government's timely payment of debts owed our members to forestall the forced shutdown of our plants in the coming days due to the acute liquidity situation most of our members find themselves in.

Thank You.

CIPDiB

Elikplim Kwabla Apetorgbor
(Chief Executive)

Members: Sunon Asogli Power, Cenpower Generations, Karpowership, CENIT Energy, AKSA Energy, BXC, Meienenergy, Trojan Power, Early Power, Amandi Energy, Enclave Power, B5 Plus.