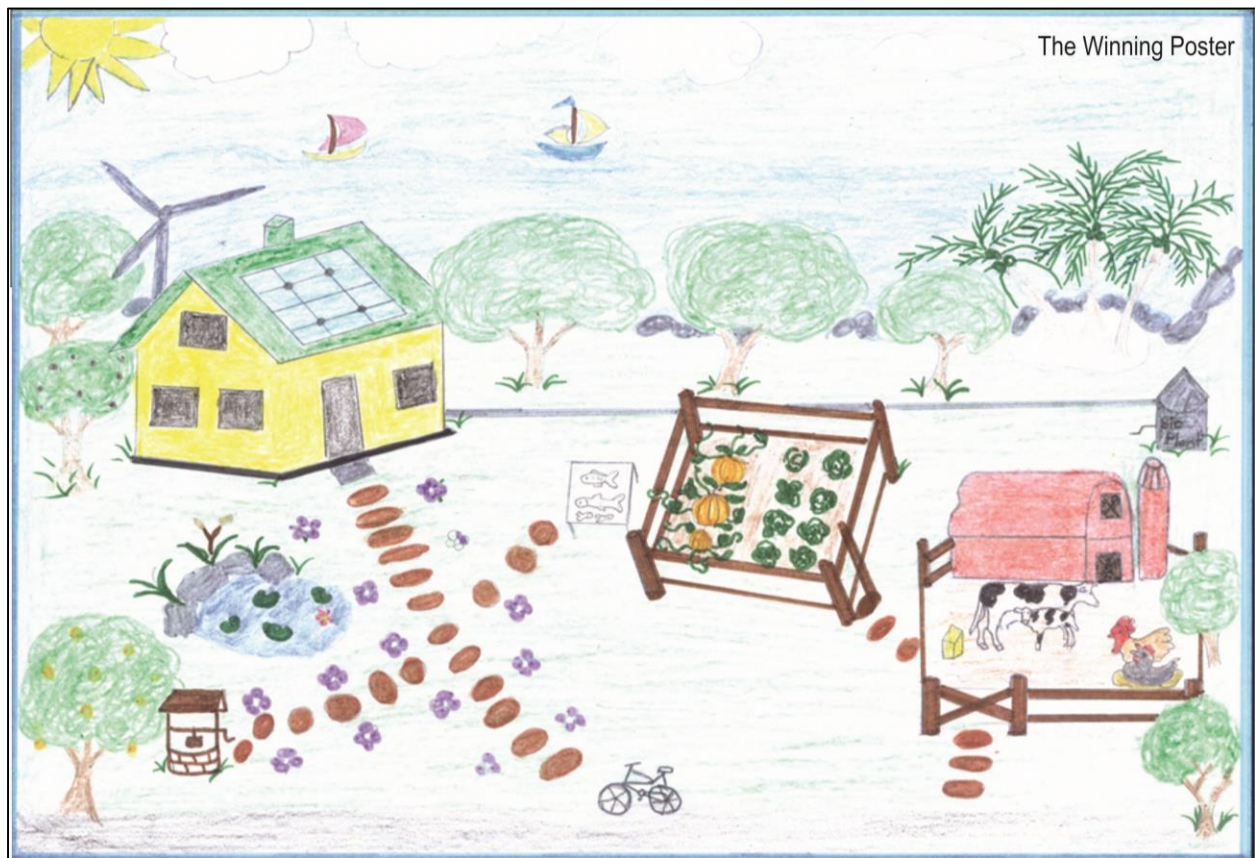




GEA

GUYANA ENERGY AGENCY

2011 Annual Report



GEA's Energy Week Poster Competition depicting the 2011 theme:
"Guyana's Youths: Adopting Clean Low-Energy Lifestyles".

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EXECUTIVE SUMMARY

The total volume of petroleum products imported in 2011 was 4,330,193 barrels at a CIF value of US\$548,264,213. Compared to 2010, there was a 4.28% increase in total volume of petroleum products while the CIF value increased by 45.52%.

Thirty-three point five percent (33.5%) or 1,451,843 barrels (3,977 bpd) of total imports were obtained under the PetroCaribe Agreement during 2011 which resulted in the disbursement of US\$105,211,402 (approximately G\$21.7 billion) to the Ministry of Finance as the Financed Portion under the PetroCaribe Agreement.

Consumption of mogas (gasoline) for the year 2011 increased by 1.80% compared to 2010. Gasoil (diesel) consumption recorded a 12.77% increase in total volumes (including the large duty-free consumers) in 2011 when compared to 2010. Consumption by the oil companies only (excluding the large duty-free consumers) increased by 7.24% compared to the previous year. The increase in gasoil consumption correlates with the overall sustained growth of the economy and decreased availability of smuggled fuel presumably due to the success of the monitoring and enforcement activities of the Fuel Marking Programme. Kerosene consumption decreased by 28.61% while LPG consumption increased by 31.3%, suggesting a continued shift from kerosene (kerosene stoves) to LPG (gas stoves) as cooking fuel. Consumption of Avjet/Jet A-1 and Aviation gasoline (Avgas) increased by 8.54% and 51.32%, respectively. The increase in Avjet/Jet A-1 and Avgas consumption is reflective of the increased flights at the Ogle International Airport. Fuel oil consumption decreased by 15.13%. This decline correlates with a reduction in the bauxite mining sector's contribution to national output.

The average cost per barrel of petroleum-based imports rose from US\$90.72 in 2010 to US\$126.61 in 2011, an increase of 39.55%. This upward trend continued for the average unit CIF value for each petroleum product. There were increases of 41.80%, 36.97% and 41.90% in the average unit CIF value (US\$/bbl) for mogas (gasoline), diesel and kerosene, respectively. The average unit CIF value for fuel oil increased by 40.20% while aviation gasoline (avgas) and cooking gas (LPG) increased by 28.99% and 17.19%, respectively.

Average retail price for diesel (gasoil) increased by 21.63% while retail price for gasoline increased by 17.29%. There were also increases in the average retail prices of domestic kerosene and cooking gas (LPG) of 33.39% and 15.59%, respectively.

GEA participated in several expos throughout the year and interacted with members of the public providing information brochures, newspaper pull-outs and infomercials with energy conservation tips. 23,200 brochures were distributed in 2011 to increase awareness of energy-saving measures. Energy Week 2011 under the theme "Guyana's Youths: Adopting Clean Low-Energy Lifestyles" included an interactive discussion broadcast via TV, quiz on TV for five days, poster competition for students of Grades 4 to 9, power point presentations, and an energy seminar and exhibition.

A number of advances were made in the development of alternative energy, including a solar PV grid feed-in pilot project, proliferation of solar-powered cookers and solar PV systems, energy efficient wood stoves and low-cost bio-digesters.

Throughout 2011, GEA incorporated energy efficient choices in the procurement and use of appliances. Irreparable air-conditioning units were replaced with properly-sized energy efficient ones. GEA procured the energy efficient inverter-type air conditioner and conducted comparative energy consumption measurements with the conventional-type units. Towards the end of the year, electricity consumption in the building had reduced by about 12%.

Licensing activities experienced an overall growth of 5.8% with 1,137 licences issued in 2010 compared to 1,203 in 2011. The licensing of two new importers of aviation fuel resulted in an increase in aviation fuels importation.

Under the Fuel Marking Programme, 8,515 total sites were visited during the year. 1,179 sites were sampled at least once. 21 (2%) of the sites sampled at least once were found with *significant dilution (defined as more than 50%)* in at least one tank. From 2006 to 2011, the percentage of sites found with significant dilution in at least one tank has progressively decreased from 34% in 2006 to 2% in 2011. Significant levels of adulteration (defined as more than 50%) were detected in only 1% of the samples analysed. There was also a significant decrease in the volume of illegal fuel seized.

The automated bulk injection marking system was completed at all of the bulk terminals, resulting in improved security of the marker concentrate at the bulk terminals and reduced likelihood of under-marked fuel leaving the terminal.

The Fuel Marking Programme recorded 10 convictions from 8 completed prosecutions, two (2) of which were guilty pleas. 13 new charges were filed in 2011 compared with 27 in 2010, 7 in 2009 and 3 in 2008. At the end of 2011, there were 25 prosecutions engaging the courts. The Guyana Energy Agency Act 1997 was amended in 2011 to include provisions to address the seizure and disposal of illegal petroleum products and other items associated with illegal petroleum. The Amendment also made provisions for matters to be settled out of court and increased the statutory limitation period from six months to seven years for the institution of charges.

The staff of the Agency benefited from training in several areas: bio-energy, energy information management, aviation fuels, energy governance, customer care, secretarial practice, database management, records management, computerised accounting and supervisory management.

The installation of a PBX telephone system resulted in savings due to a reduction in the number of telephone lines needed by the Agency.

The GEA revenue for 2011 was G\$93.8 million while expenditure was G\$86.9 million. The revenue earned by the Fuel Marking Programme was G\$299.8 million while expenditure was G\$314.4 million. In addition, GEA facilitated payments of G\$33,788,422,412 for fuel purchased under the **PetroCaribe Agreement** in 2011.

I.0 Vision

The vision of the Guyana Energy Agency is to energy security through access to reliable energy that is economically, environmentally and socially sustainable.

2.0 Review of Activities: Energy & Energy Statistics Division

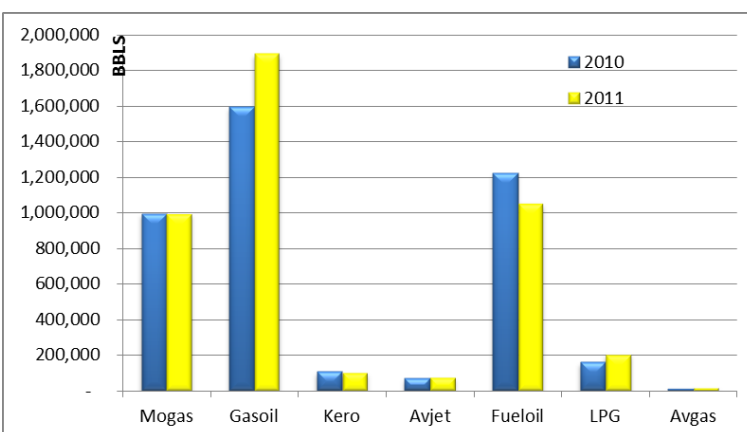
2.1 Petroleum-Based Imports

The Division facilitated eighty-nine (89) shipments of petroleum-based products on Guyana's behalf for 2011, an increase from seventy-seven (77) shipments in the previous year. Thirty-five (35) shipments were lifted under the PetroCaribe Agreement and fifty-four (54) were lifted from Petrotrin, Trinidad.

Under the PetroCaribe Agreement, 1,451,843 barrels were imported during 2011, representing a 41.93% increase when compared to volumes in 2010. This increase in volume in 2011 was accompanied by increases in total shipment value and long-term financing portion of 97.03% and 136.98%, respectively.

Year	No. of Shipments	PetroCaribe Imports (BBLs)	Total Shipment Value US\$	Financed Portion US\$
2007	27	640,895	61,280,208.48	34,018,214.65
2008	39	1,419,868	157,368,355.00	77,272,045.00
2009	25	1,079,252	76,352,581.00	43,499,144.00
2010	25	1,022,907	89,232,813.00	44,396,608.00
2011	35	1,451,843	175,811,947.47	105,211,401.68
Total	151	5,614,765	560,045,904.95	304,397,413.33

TOTAL IMPORTS (BBLs)			
	2010	2011	% change
Mogas	994,154	993,500	-0.07%
Gasoil	1,594,429	1,893,166	18.74%
Kero	106,624	98,984	-7.17%
Avjet	67,718	74,107	9.43%
Fueloil	1,222,021	1,051,800	-13.93%
LPG	158,272	204,961	29.50%
Avgas	9,194	13,675	48.74%
Total	4,152,412	4,330,193	4.28%
BPD	11,376.47	11,863.54	



A total of 4,330,193 barrels of petroleum-based products was imported in 2011 with an average of 11,864 barrels per day. This represents a 4.28% increase when compared to 2010 and a record high for the past 18 years. There were significant increases in the importation of Avgas, LPG, Gasoil and Avjet. Mogas imports modestly declined during the year and decreases in import volumes were observed for Kerosene and Fuel oil.

2.2 Consumption of Petroleum Products

Consumption of petroleum products was calculated based on opening stock, closing stock and import volumes for the year.

(Consumption = Opening stock + Import volumes – Closing Stock).

TOTAL CONSUMPTION (BBLs)			
	2010	2011	% change (2010-2011)
Mogas	1,008,136	1,026,272	1.80%
Gasoil	1,626,569	1,834,247	12.77%
Kero	108,870	77,718	-28.61%
Avjet	67,091	72,823	8.54%
Fueloil	1,231,381	1,045,115	-15.13%
LPG	166,602	218,743	31.30%
Avgas	9,037	13,675	51.32%
Total	4,217,686	4,288,593	1.68%
Bdp	11,555	11,750	1.68%

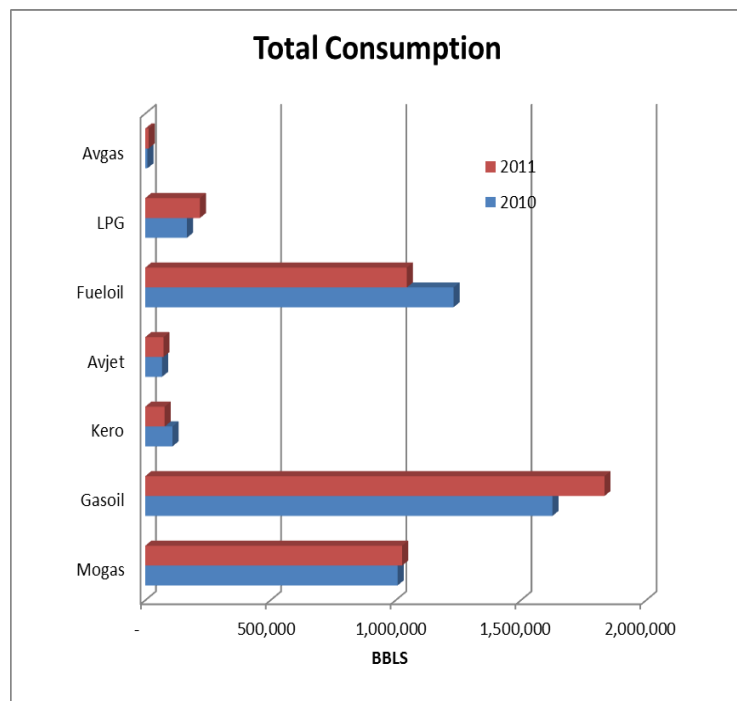
There was a 1.80% increase in mogas (gasoline) volumes from the previous year, which correlates with an increase in motor vehicles registered in 2011.

Gasoil (diesel) consumption recorded a 12.77% increase. The increase in gasoil volumes correlate with the overall sustained growth of the economy and presumably decreased availability of smuggled fuel due to the success of the monitoring and enforcement activities of the Fuel Marking Programme.

Kerosene consumption decreased by 28.61% while LPG consumption increased by 31.3%, suggesting a continued shift from kerosene (kerosene stoves) to LPG (gas stoves) as cooking fuel.

Consumption of Avjet/Jet A-I and Aviation gasoline (Avgas) increased by 8.54% and 51.32%, respectively. The increase in Avjet/Jet A-I and Avgas consumption is reflective of the increased flights at the Ogle International Airport.

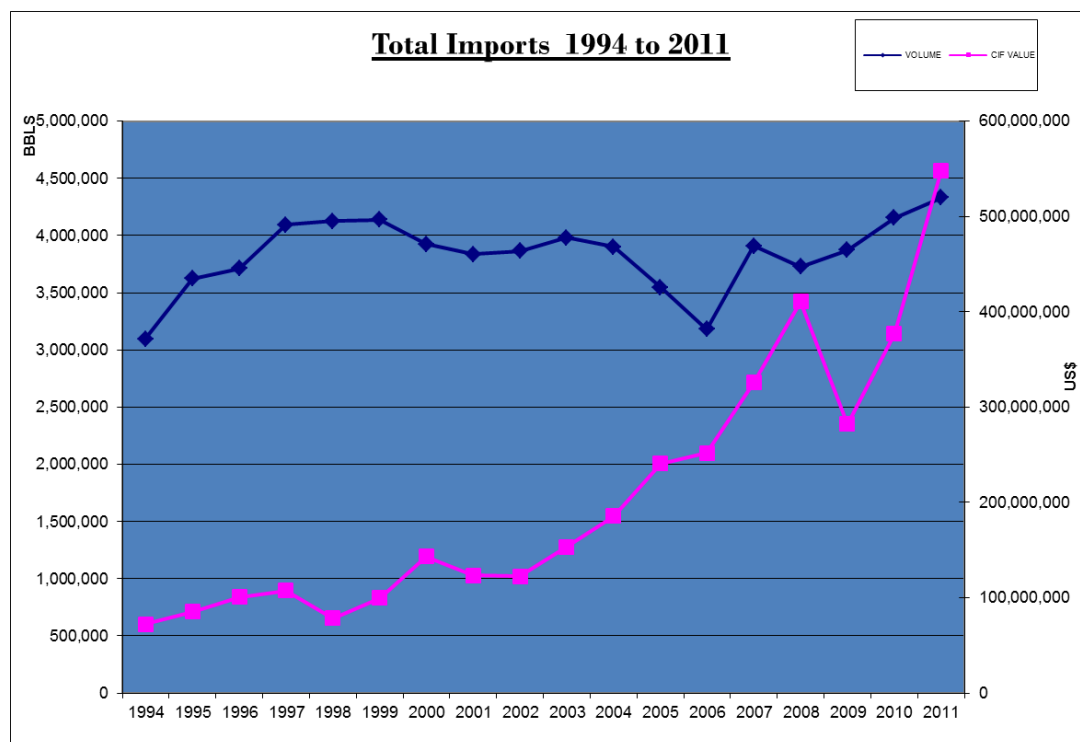
Fuel oil consumption decreased by 15.13%. This decline correlates with a reduction in the bauxite mining sector's contribution to national output.



2.3 Acquisition Cost and Retail Prices

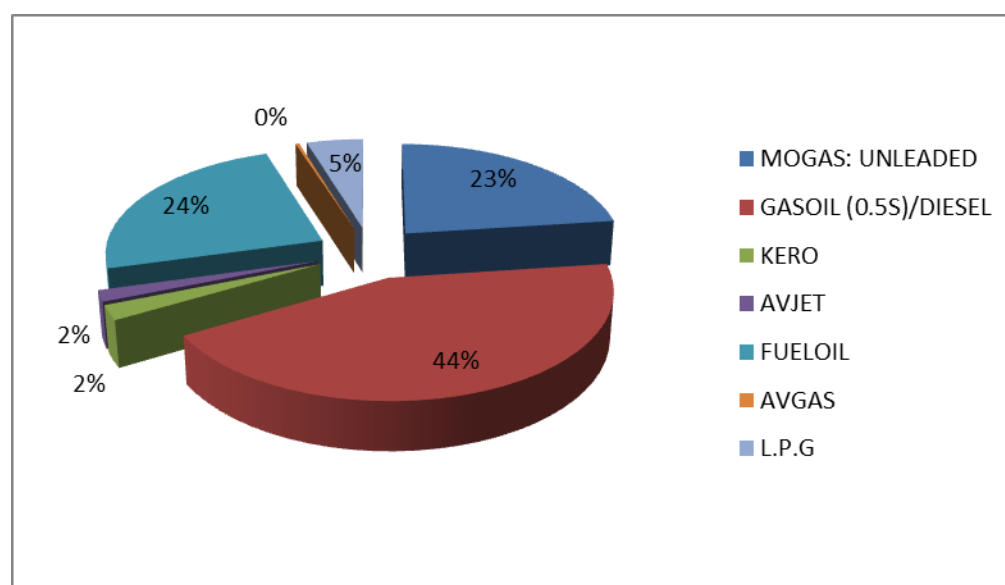
Petroleum imports for 2011, which amounted to 4,330,193 barrels, were acquired at a cost, insurance and freight (CIF) value of US\$548,264,213, representing a significant increase of 45.52% from acquisition cost in 2010.

	VOLUME		CIF VALUE
	BBLs	LTRS	US\$
1994	3,095,728	492,180,508	72,067,912
1995	3,624,053	576,177,314	85,161,130
1996	3,711,893	590,142,732	100,696,609
1997	4,093,677	650,841,425	107,727,233
1998	4,125,765	655,943,000	78,539,499
1999	4,137,266	657,771,510	99,704,391
2000	3,924,614	623,962,606	143,277,974
2001	3,834,651	609,659,659	123,373,521
2002	3,865,505	614,565,043	122,643,684
2003	3,980,199	632,799,898	153,193,966
2004	3,901,760	620,329,117	185,702,255
2005	3,546,069	563,778,872	240,663,147
2006	3,179,925	505,566,736	251,594,083
2007	3,910,234	621,676,373	325,461,550
2008	3,727,410	592,609,734	410,442,230
2009	3,872,679	615,705,616	282,073,925
2010	4,152,412	660,179,527	376,761,853
2011	4,330,193	688,444,439	548,264,213

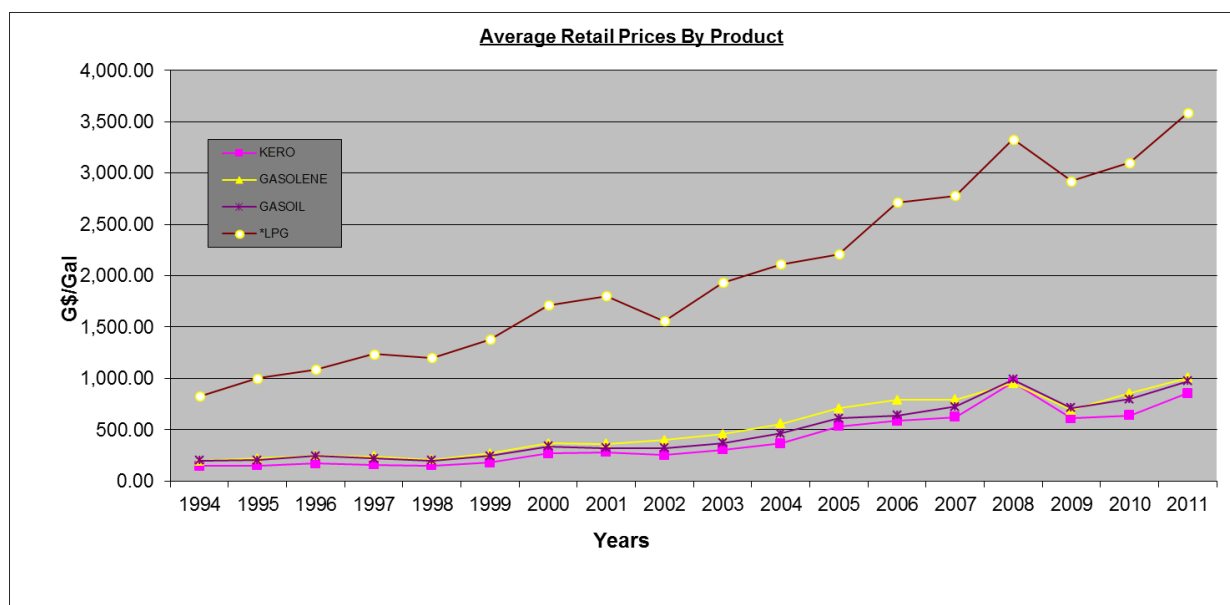
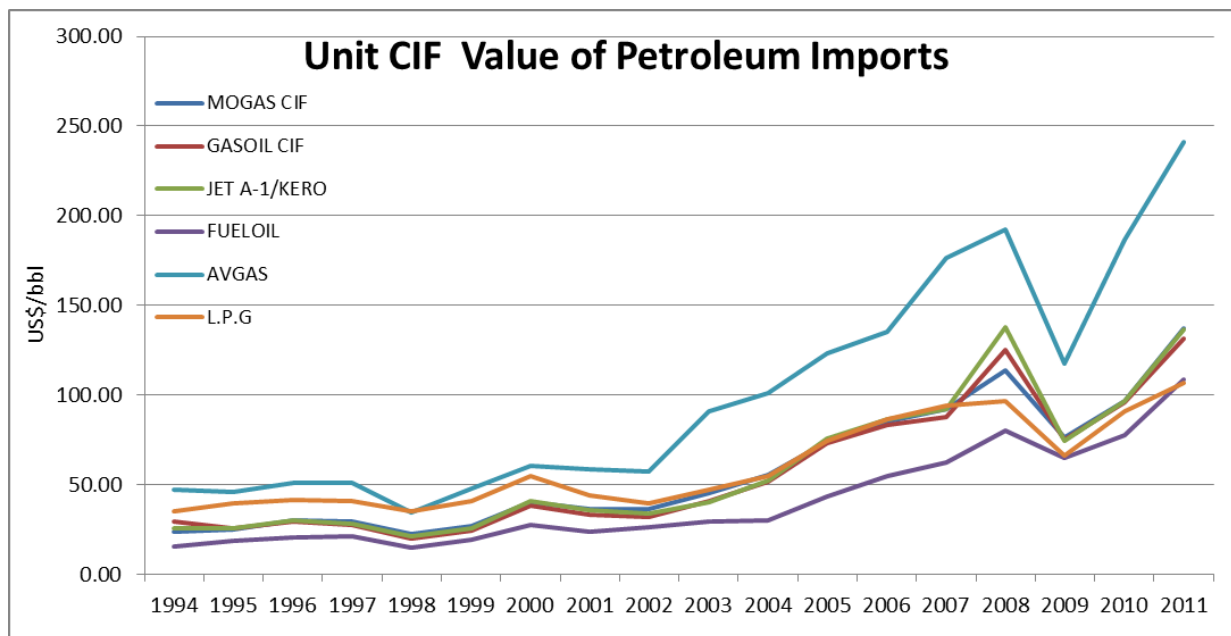


Generally, Gasoil, with a CIF value amounting to 44% of total acquisition expense, was the most costly product to import. The importation of Fuel oil and Mogas incurred CIF values reflecting 24% and 23% of total acquisition costs respectively whilst the remaining products (Kerosene, Avjet, LPG and Avgas) constituted no more than 9% of total acquisition costs.

<u>TOTAL IMPORTS BY PRODUCTS FOR THE YEAR</u>			
	<u>2011</u>		
PRODUCTS	VOLUME		C.I.F VALUE
	LTRS	BBLS	US\$
MOGAS: UNLEADED	157,953,585	993,500	136,264,909
GASOIL (0.5S)/DIESEL	300,988,798	1,893,166	249,244,013
KERO	15,737,169	98,984	13,733,499
AVJET	11,782,050	74,107	9,944,948
FUELOIL	167,222,527	1,051,800	113,963,138
AVGAS	2,174,178	13,675	3,296,808
L.P.G	32,586,135	204,961	21,816,898
TOTAL	688,444,439	4,330,193	548,264,213



The average cost per barrel of petroleum-based imports rose from US\$90.72 in 2010 to US\$126.61 in 2011, an increase of 39.55%. This upward trend continued for the average unit CIF value for each petroleum product. There were increases of 41.80%, 36.97% and 41.90% in the average unit CIF value (US\$/bbl) for mogas (gasoline), diesel and kerosene respectively. The average unit CIF value for fuel oil increased by 40.20% while aviation gasoline (avgas) and cooking gas (LPG) increased by 28.99% and 17.19%, respectively.



Average retail price for diesel (gasoil) increased by 21.63% while retail price for gasoline increased by 17.29%. There were also increases in the average retail prices of domestic kerosene and cooking gas (LPG) of 33.39% and 15.59% respectively.

2.4 Research

2.4.1 Energy consumption of the energy efficient inverter-type air conditioner and the conventional-type were measured to determine energy consumption patterns. Throughout 2011, GEA incorporated energy efficient choices in the procurement and

use of appliances. Irreparable air-conditioning units were replaced with properly-sized energy efficient ones. Towards the end of the year electricity consumption in the building had reduced by about 12%.

2.4.2 A “Bio-digester Information and Construction Manual for Small Farmers” was completed.

2.5 Grid-Tie Solar Photovoltaic Demonstration Project

Under the auspices of CREDP-GIZ, GEA received funding approval of US\$40,000 for a Grid-Tie Solar Photovoltaic Demonstration Project. The objectives of the project are:

- To promote the use of renewable energy in Guyana;
- To gain understanding of grid-tie opportunities to promote the use of renewable energy in Guyana; and
- To demonstrate the use and application of solar photovoltaic grid-tie technology.

The proposed demonstration project will explore the opportunities for a solar photovoltaic grid-tie system by installing a 5 to 10kW solar photovoltaic system as a pilot project. The GEA will work closely with the electric power company to pilot a suitable mechanism; whether feed-in tariff, net metering or other suitable instrument, such that Guyana can explore the opportunities and gain experience related to the operation of grid-tie systems. This venture will afford the power company, the GEA and other stakeholders to gain a deeper understanding of the implications of the technology and the grid feed-in options. This pilot will exemplify the opportunities for grid-tie systems and will help to reduce barriers to the use of renewable energy. The energy generated from the solar photovoltaic system can be offset against the energy consumption of the Guyana Energy Agency building.

2.6 Cooking Stoves

GEA is assisting UNDP and OPM with a “cooking stove” component of a project to provide energy access to hinterland communities. The objectives are to:

- construct and demonstrate energy efficient wood stoves; and
- demonstrate and distribute solar cookers.

GEA supported activities in 2011 and will continue to support the project in 2012 with the objective of providing energy efficient cooking stoves for the various identified communities.

2.7 LCDS

The GEA provided support to the Hinterland Electrification Unit under the Office of the Prime Minister with respect to the training of personnel for the installation of Solar Home Systems under the LCDS Programme.

2.8 Information Dissemination and Awareness Activities

- 2.8.1 GEA participated at many of the expos throughout the year and interacted with members of the public providing information brochures with energy conservation tips. Officers of the GEA used lighting models and electronic testing devices to demonstrate the energy consumption of different lighting fixtures and the associated energy costs. Persons were generally interested in the dollar value savings that can accrue from simple changes. GEA participated at the following expos:
- Linden Expo 2011
 - University of Guyana Career Day
 - Ministry of Education Annual Science and Technology Fair and Symposium as part of Education Month 2011. The Agency shared a booth with NCERD, distributed 2500 brochures on the effective and efficient use of energy and displayed a solar cooker and solar box oven.
 - Berbice Expo
 - Building Expo
 - Guyexpo
- 2.8.2 23,200 brochures were distributed in 2011 to increase awareness of energy-saving measures.
- 2.8.3 The GEA, in collaboration with Japan International Cooperation Agency (JICA/J-Power), hosted a one-day seminar on March 11, 2011 on Energy Efficiency and Conservation. This seminar was held at the Cara Lodge and had over thirty five persons in attendance from various governmental and private agencies.
- 2.8.4 The Guyana Energy Agency continued its promotion of energy awareness throughout Guyana and celebrated Energy Week 2011 during the week November 07-11, 2011. The year's Energy Week observances marked the first time several Caricom member states observed Energy Week simultaneously. The week of activities sought to sensitize the younger population on energy use and the critical role it plays in Guyana's development. Energy Week 2011 included the following main activities:
- An interactive Discussion on TV.
 - A TV quiz for five days.
 - A Poster Competition for students of Grades 4 to 9.
 - An Energy Seminar and Exhibition under the theme "Guyana's Youths: Adopting Clean Low-Energy Lifestyles".
- 2.8.5 Information on energy and energy saving tips was disseminated through using the newspapers, radio and television.
- 2.8.6 A power-point presentation titled "Be Wise, Energy Wise" was conducted by Officers of GEA and GPL at the following schools: Winfer Gardens Primary, ISA Islamic School, Green Acres Primary and St. Margaret's Primary.

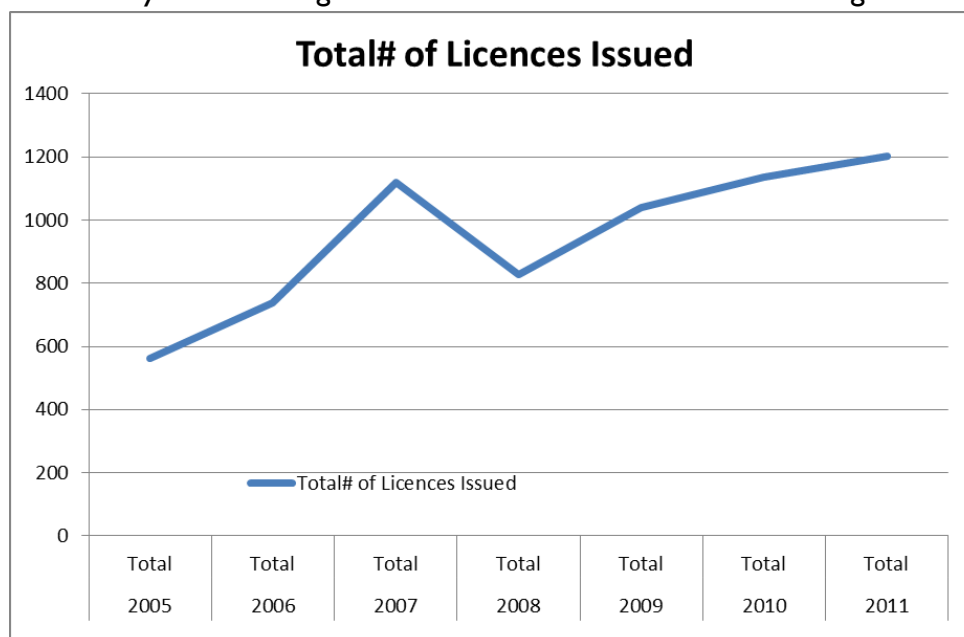
3.0 Review of Activities: Legal & Licensing Division

The Division performed exceptionally well during the year and was able to surpass the total number of licences granted to importers, wholesalers, retailers, consumer installations and bulk transportation carriers of petroleum and petroleum products during 2010. The table below shows that licensing activities have seen an overall growth of 5.8% in 2011 compared to 2010 with 1,137 licences issued in 2010 compared to 1,203 in 2011.

	2011												2011 Total	2010 Total	% Change
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec			
Importing Wholesale	2	1	0	1	5	0	3	0	1	1	3	1	18	10	80.0%
Wholesale	0	0	0	1	7	0	4	0	0	0	0	1	13	12	8.3%
Retail	12	7	19	45	36	31	41	56	24	8	17	39	335	349	-4.0%
Consumer Installation	1	2	6	24	61	14	4	13	27	2	2	9	165	204	-19.1%
Road Tanker Wagons	7	6	4	15	21	9	9	11	14	13	3	7	119	109	9.2%
Trucks/Canterers	46	39	34	44	47	37	45	44	63	40	37	32	508	413	23.0%
Fuel Barges	0	0	0	1	0	0	0	0	0	0	1	0	2	10	-80.0%
Boats	2	1	6	4	7	2	5	2	5	2	4	3	43	30	43.3%
TOTAL	70	56	69	135	184	93	111	126	134	66	67	92	1,203	1,137	5.8%

Table illustrating Licences issued from January to December 2011

Government of Guyana in 2011 approved the granting of import licences to two (2) new importers: Caribbean Aviation Maintenance Services Ltd. and Air Services Limited, bringing the total number of licensed aviation fuels importers to three. The 4% reduction in Retail Licences and 19.1% reduction in Consumer Installation Licences will be carefully reviewed to ensure conformity with the Legislation. The 80% reduction in licences granted to Fuel Barges was due

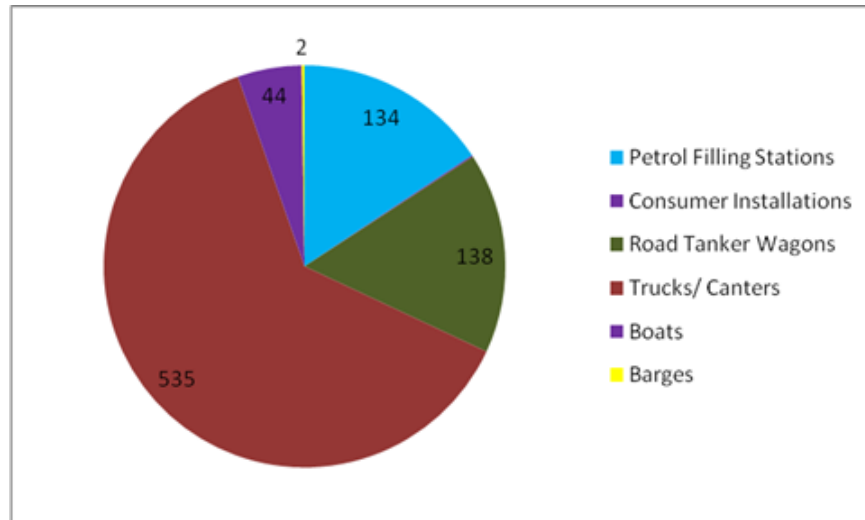


to shift in the classification of the licences to that of Boats.

From the commencement of licensing activities in 2005, the total number of licences granted annually has increased steadily, with 2011 recording the greatest number of licences granted in any one year.

3.1 Petrol Filling Station Inspections

The Division conducted a total of 854 inspections during the course of the year in an effort to ensure continued conformity with the '**GNBS Guidance For The Design, Construction, Modification And Maintenance Of Petrol Filling Stations**' and in pursuance of its mandate to ensure continued compliance with the relevant standards and Regulations.



Pie Chart Showing Breakdown of Inspections conducted by the Legal & Licensing Division in 2011

3.2 Drafting

Revision of the **Petroleum and Petroleum Products Regulations 2004** continued throughout the year. A draft revision was submitted to the stakeholders for review and comments. A revised draft will be submitted to the Prime Minister for finalization and gazetting in 2012.

4.0 Review of Activities: Fuel Marking Division

Since implementation of the Fuel Marking Programme in 2003, the Division has, in keeping with the legislative mandate, utilised a marking system to add markers to petroleum products imported by every person under an import licence or import wholesale licence for the purpose of identifying such petroleum and petroleum products as having been legitimately imported. Legally imported fuel was marked with the appropriate marker for the following companies: Rubis (previously Chevron), SOL, Guyoil, BCGI (Bauxite Company of Guyana Inc.), GPL and the Trawlers' Association.

Samples of petroleum and petroleum products were collected from a number of sites throughout Guyana and tests were conducted to determine the presence or proportion of the markers in the respective samples of petroleum products.

Installation of automated injection marking systems at all of the bulk fuel terminals was completed in January 2011. The automated bulk marking system has reduced opportunities for pilfering, improved the consistency of marking and improved the confidence in the marking levels.

A new boat and engine were procured for use in the Essequibo region to supplement the existing boat and engine used to traverse the Pomeroon River. Availability of vehicles and drivers presented some constraints in visiting sites.

The GEA licensed four fuel importers for Region I, Barima-Waini and facilitated the marking of the fuel with a special Region I marker.

During 2011, the Agency conducted four in-house training sessions with the Inspectors covering areas such as Conduct in the Field, Statement-Writing, Statement-taking, Testimony in Court, Preserving the Chain of Custody, Points to Note when in Court, Taking Photographs, Hearsay, Possession, verifying the identification and address of individuals present at sites, Layout Diagrams, proper and detailed descriptions of properties, sites, vessels, vehicles etc., procedure in relation to serving summons and the importance of serving summons, cross-examination, demeanour in the witness box, Seizure/Detention Notice and 2011 amendments to the Guyana Energy Agency Act. The various training sessions have improved the investigative capacity of the GEA resulting in greater efficiency and proficiency in the prosecution of offences.

Representatives of Authentix, UK, visited and assessed the analytical techniques of the Analysts. The techniques were found to conform to the required Authentix standards for accuracy and consistency.

A number of internal meetings were held to review costs associated with overtime, meals, accommodation and travel with a view of reducing same.

On Friday October 28, 2011 between 21:00h and 23:00h, two specialized “dispensing” containers and one 4-litre can with domestic marker concentrate (22.961 kg) used by the Fuel

Marking Programme were stolen from the Guyana Energy Agency (GEA). Three employees of the GEA were subsequently charged. The theft came almost one year after an armed robbery on September 30, 2010 when four masked persons with handguns entered the GEA compound, subdued the security guards, cut the locks on one of the four 20-ft containers in the compound and stole two cans (30.7 litres) of the domestic marker concentrate. It is believed that the improved security of the marker concentrate as a result of the bulk injection marking system may have triggered the desperate acts to obtain the marker concentrate.

The GEA upgraded its security systems. The following highlights are noteworthy:

- Upgrade of security guard hut entrance to improve the monitoring of personnel and vehicles traversing the compound.
- Upgrade of cameras and surveillance systems.
- Installation of panic buttons at the front and rear guard huts.
- Installation of solar-powered system for cameras and surveillance system.
- Installation of razor wires around the perimeter fence.
- Installation of motion sensors around the perimeter fence.
- Armed escort when transporting marker concentrate.
- Installation of additional armed security guard including a change-out of the security service.
- Increased monitoring of security procedures.
- Concrete encasement of the containers used for storing the marker concentrate.

The Task Force on Fuel Smuggling and Contraband, under the chairmanship of the Minister of Home Affairs, provided a framework to foster cooperation among the following key enforcement entities: Guyana Police Force, Guyana Revenue Authority, Guyana Defence Force and Customs Anti-Narcotics Unit. GRA rendered assistance to the GEA in relation to the disposal of illegal fuel. After consultation with members of the Task Force on Fuel Smuggling and Contraband, the GEA published on three weekends, an advertisement titled, “Smuggling is everyone’s business”, to educate the general public on the negative effects of smuggling and the role the general public can play in combatting smuggling activities.

4.1 Sample Analysis

The number of fuel samples collected/logged each year is captured in the table below:

2003	2004	2005	2006	2007			2008			2009			2010			2011		
434	6,639	9,621	6,104	McKenzie	9,500		McKenzie	12,191		McKenzie	12,072		McKenzie	14,898		McKenzie	15,137	
				Bridge		15,223	Bridge		20,639	Bridge		20,799	Bridge		24,659	Bridge		22,405
				Other	5,723		Other	8,448		Other	8,727		Other	9,761		Other	7,268	

Number of Samples Collected Annually

The number of fuel samples collected/logged in 2011 was less than that of 2010 due to more focused, intelligence-led, strategies throughout the year.

The table below shows the breakdown of samples analysed by Region. The relatively large number of samples recorded in Region 10 was due to the 24-hr checkpoint installed at the

McKenzie-Linden Bridge to monitor fuel movements into interior locations. 24,842 samples were analysed in 2011 compared to 28,271 for 2010 and 20,251 for 2009.

Number of Quantitative Analyses by Region								
Region	2004	2005	2006	2007	2008	2009	2010	2011
1	10	79	40	1,134	157	20	55	59
2	777	4,130	1,557	870	613	1,173	1,920	1,408
3	496	1,188	908	1,473	3,386	3,927	3,741	2,419
4	823	1,183	1,111	809	2,212	1,848	4,420	3,289
5	111	403	225	151	354	420	1160	827
6	599	1,596	165	476	618	376	627	829
7	140	338	195	290	561	170	286	140
8	33	11	61	227	95	76	130	12
9	25					5	93	1
10	42	168	744	9,457	12,457	12,236	15,839	15,858
Total	3,056	9,096	5,006	14,887	20,453	20,251	28,271	24,842

Number of Quantitative Analyses by Region

Notes:

1. Database to track analyses was installed in July, 2004. Figures were not representative of ALL samples analysed for that year.
2. Sampling for 2006 and 2007 was focused on smuggling "hot spots"
3. Sampling on a 24-hr basis commenced in 2007 at the McKenzie, Linden Bridge

4.2 Analysis by Site

8,515 site visits were recorded during 2011 compared to 7,969 site visits for 2010 and 6,091 for 2009.

	YTD 2011	YTD 2010	2009
Other Regions	4,276	3,975	3,242
McKenzie Bridge	4,239	3,994	2,849
Total	8,515	7,969	6,091

Note: Each truck, boat, retail outlet etc. is counted as a site in this table.

21 incidents of illegal fuel were recorded in the year 2011 compared to 48 in 2010 and 46 in 2009.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2009	1	3	3	1	6	4	7	6	6	4	3	2	46
2010	6	2	3	3	5	3	6	3	2	2	3	10	48
2011	7	0	2	3	1	1	2	1	1	2	1	0	21

Of the 8,515 total sites visited during the year, 1,179 sites were sampled at least once. 21 (2%) of the sites sampled at least once were found with *significant dilution (defined as more than 50%)* in at least one tank. From 2006 to 2011, the percentage of sites found with significant dilution

in at least one tank has progressively decreased from 34% in 2006 to 2% in 2011. The data suggest that either more sites are dealing in legal fuel or illegal fuel is no longer stored on site.

	2004	2005	2006	2007	2008	2009	2010	2011
No. of Sites sampled at least once	573	763	656	566	592	1,202	1,313	1,179
No. of Sites found with significant dilution in at least 1 tank	72	240	220	128	57	73	45	21
% of Sites found with significant dilution in at least 1 tank	13%	31%	34%	23%	10%	6%	3%	2%

Analysis of Site Results

Note: The “No. of Sites sampled at least once” does not capture trucks sampled at the McKenzie bridge.

4.3 Analysis of Test Results

Analysing progress from the inception of the Fuel Marking Programme in 2003, the table below shows test results for samples collected from 2003 to 2011. The “Test Results” (Quantitative Analyses) refer to the percentage of marker concentrate detected when the sample was analysed. A “correctly marked” sample should be at 100%. The results of samples analyses over the years are categorized in the following four ranges:

0 to 50% : Significant dilution

51 to 70% : Some dilution

71 to 90% : Suspected dilution

91% and more : Legal

The table below shows that during the assessment phase (2003), 12% of the samples analysed were found to be significantly diluted. This decreased to 6% in the post-assessment phase and throughout 2004. From 2005 to 2007, the testing strategy was focused on areas with a high incidence of illegal activity. For this three-year period, the percentage of significantly diluted samples fluctuated from 9% to 15% and then to 8%. It is believed that this fluctuation was a direct result of the strategy used for sampling and would have a direct relationship with the number of samples analysed and the focus on areas with a high incidence of smuggling. The year 2008 can be characterized as a mixture of focused, planned and random sampling. The percentage of samples found with significant dilution was maintained at 3% in 2009. The year 2010 set another record with significant dilution reported as 2%, indicative of sustained reduction in the percentage of significantly diluted samples analysed. In 2011, significant levels of adulteration (defined as more than 50%) were detected in only 1% of the samples analysed.

TEST RESULTS (Quantitative analyses)	03 Dec 2003 (Assessment Phase)		27 Jan 2004 (Post-Assessment)		2004		2005		2006		2007		2008		2009		2010		2011	
0-50 %	42	12%	28	6%	196	6%	855	9%	764	15%	1,169	8%	593	3%	701	3%	511	2%	167	1%
51-70 %	59	17%	32	7%	275	9%	1,234	14%	223	4%	343	2%	254	1%	767	4%	372	2%	164	1%
71-90 %	67	19%	89	19%	475	16%	2,576	28%	928	19%	8,204	55%	8,593	42%	12,654	62%	10,834	45%	10,990	49%
91 % -	188	53%	329	69%	2,110	69%	4,431	49%	3,091	62%	5,171	35%	11,013	54%	6,129	30%	12,612	52%	11,171	49%
Total	356	100%	478	100%	3,056	100%	9,096	100%	5,006	100%	14,887	100%	20,453	100%	20,251	100%	24,329	100%	22,492	100%
Qualitative Analyses					36		375		1,825		1,180		307		887		1,259		113	

Test Results of Samples Analysed

Note: Duplicate samples removed

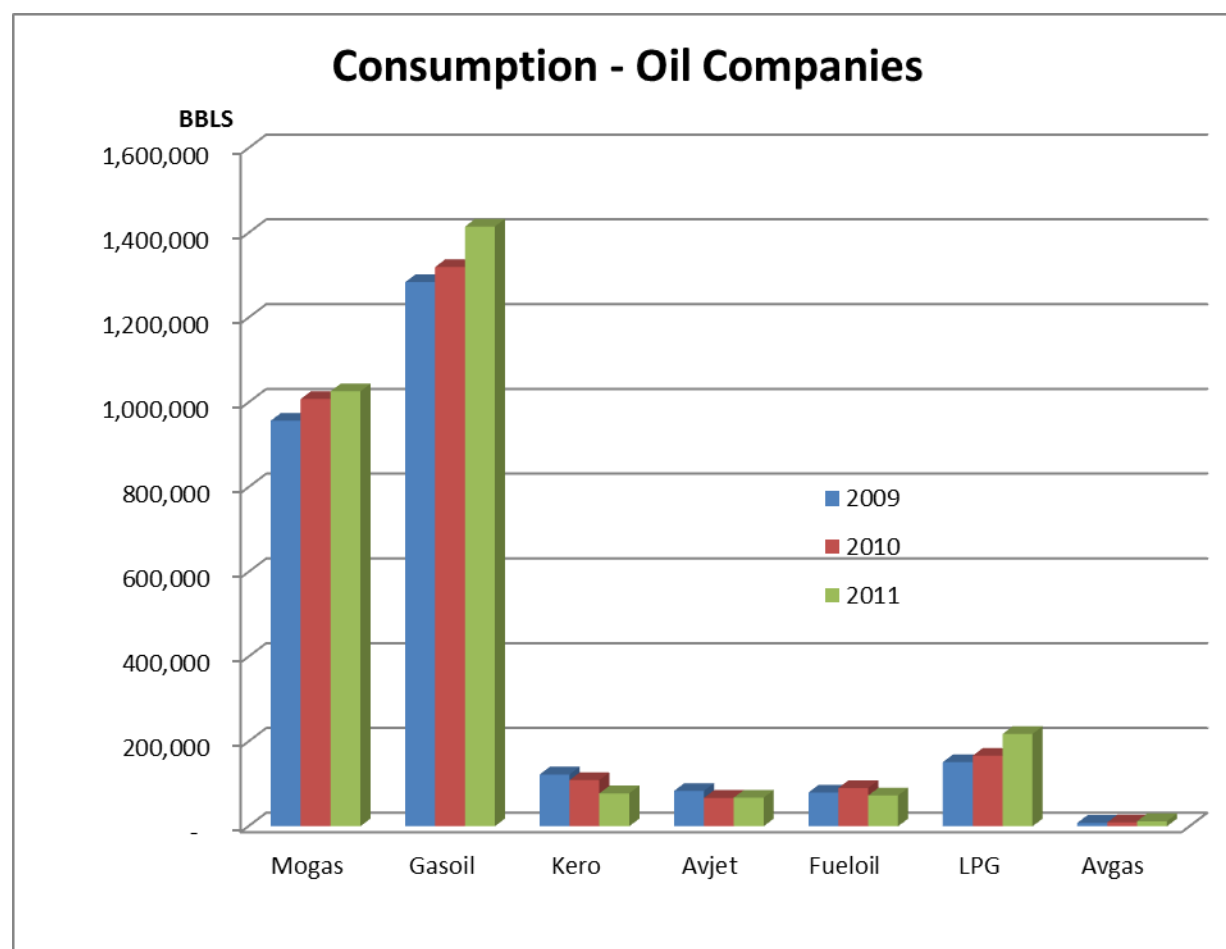
4.4 Quantity of Illegal Fuel Seized

The table below compares the volume of illegal fuel seized from 2005 to 2011.

2005 (UK GAL)	2006 (UK GAL)	2007 (UK GAL)	2008 (UK GAL)	2009 (UK GAL)	2010 (UK GAL)	YTD 2011 (UK GAL)
3,011	8,001	21,793	33,560	33,443	21,242	10,272.6

4.5 Volume Analysis

An additional metric to evaluate the performance of the Fuel Marking programme is a measure of gasoline, diesel and kerosene consumption (excluding large duty-free consumers). While mogas volumes increased by a moderate 1.8% in 2011 when compared to 2010, gasoil volumes increased by 7.24% for the corresponding period. A shift in the use of domestic kerosene is evidenced by a decrease in domestic kerosene and an increase in LPG cooking gas. The upward trends of gasoil (diesel) and mogas (gasoline) correlate with economic growth and the successes of the Fuel Marking Programme.



4.6 Prosecutions

The Fuel Marking Programme recorded 10 convictions from 8 completed prosecutions, two (2) of which were guilty pleas. 13 new charges were filed in 2011 compared with 27 in 2010, 7 in 2009 and 3 in 2008. At the end of 2011, there were 25 prosecutions engaging the attention of the courts.

The Guyana Energy Agency Act was amended to include provisions for the seizure and disposal of various items. The Amendment, among other things, increased the total limitation period from six months to seven years for the institution of charges and made provisions for settlement of matters out of court.

The GEA encountered many challenges in the initial stages of instituting charges. There were instances of summons not being served or being improperly served due to a lack of diligence on the part of the officers responsible for serving same. GEA employed an in-house Prosecutor in January 2011 due to the increased frequency of prosecuting offences. Training sessions were conducted to address this particular issue. There were also instances of charges not being instituted within the statutory limitation period. In most instances this occurred as a result of the file not passing to and from the various agencies within the appropriate time. Specific flow charts highlighting deadlines were put in place to guide the various officers within the organization and the limitation period for filing charges was amended from 6 months to seven years.

During 2011, four (4) matters that were before the courts were dismissed:

- Two (2) were dismissed for “insufficient evidence” but were subsequently appealed.
- One (1) was dismissed for want of prosecution but was subsequently appealed.
- One (1) matter was dismissed based on a procedural ground as the charge was filed after the expiration of the statutory limitation period and could not be appealed.

5.0 Review of Activities: Administration and Human Resource Division

At the beginning of 2011, the GEA had a staff complement of seventy (70) employees and ended the year with eighty (80) employees. The Agency filled the following 6 new positions in the organization's revised structure:

1. Legal Officer
2. Energy Engineer
3. Hydropower Support Engineer
4. Internal Auditor
5. Licensing Administrator
6. Field Operations Coordinator (now vacant, resigned).

The following 20 existing positions were filled during the year:

- 2 Driver/Office Assistants
- 1 Registry Assistant
- 1 Documentation Officer
- 1 Statistical Officer
- 1 Administrative Officer
- 1 Executive Assistant
- 1 Economist
- 10 Inspectors
- 1 Marking Officer
- 1 Accountant

Resignations from the following 12 positions were received:

- 5 Inspectors
- 1 Administrative/Inventory Officer
- 1 Secretary
- 1 Accounts Clerk II
- 1 Investigator
- 1 Driver/Office Assistant
- 1 Field Operations Coordinator
- 1 Marking Officer

1 Officer's employment contract was terminated:

- 1 Inspector

3 Officers were dismissed:

- 1 Inspector
- 1 Economist (ag)
- 1 Technician Engineer

The Head of the Energy and Energy Statistics Division was granted "no pay" leave for up to three years to facilitate a request to take up employment at Caricom.

5.1 Professional Development

The staff of the Agency benefited from training in the following areas:

- ✓ A capacity building programme for stakeholders in the development of bio-energy opportunities in Guyana facilitated by the Ministry of Agriculture in collaboration with the Inter-American Development Bank at the Boardroom of the National Agricultural Research and Extension Institute (NAREI), Mon Repos, East Coast Demerara. The all-day workshop commenced on April 11, 2011 and lasted for five days. The focus of the workshop was to educate management level participants on project appraisal and promotion levels for renewable energy and biofuels. Head, Energy and Energy Statistics Division, attended the workshop on behalf of GEA.
- ✓ A policy making/executive level training on Biofuels was conducted on April 16 to 17, 2011 focusing on policy development and sustainability. The CEO attended.
- ✓ A virtual Training programme on Energy Information Management facilitated by OLADE commenced on April 8, 2011. Four officers from the Agency attended the online classes.
- ✓ A team of three representatives, one each from the Guyana Oil Company Limited (Guyoil), the Guyana National Bureau of Standards (GNBS) and the Guyana Energy Agency (GEA) attended a Workshop on Aviation Fuel Jet A-1 Training in Venezuela during the period April 11 to 15, 2011.
- ✓ During the month of May 2011, the United States Embassy facilitated an Energy Governance and Capacity Initiative Workshop conducted by the United States Department of Interior's Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) under the auspices of the United States Department of State. The workshop was attended by the Head of the Energy and Energy Statistics Division and Head of the Legal and Licensing Division.
- ✓ Two Inspectors from the Legal and Licensing Division benefited from training in Customer Care under the auspices of the Public Service Ministry (PSM). The training was conducted from June 7-9, 2011 from 8:00h to 16:30h daily.
- ✓ The Executive Assistant to the CEO attended a training course on Principles of Professional Secretarial Practice – Modules I and II, at the Public Service Ministry Training Centre during the period August 23-26, 2011 and October 27-28, 2011, respectively.
- ✓ Two Senior Inspectors attended a training course on Customer Care at the Public Service Ministry Training Centre, September 27 to 29, 2011.
- ✓ One of the Data Management Officers attended a training course on Microsoft Access at Global Technology during the period October 17 to November 2, 2011.
- ✓ OLADE virtual training course "POTENTIAL OF BIOMASS ENERGY USE (ENVIRONMENTAL, SOCIAL AND ECONOMIC BENEFITS)" was held from September 13-27, 2011 at the GEA Boardroom.
- ✓ The Registry Supervisor attended a Records Management Workshop held at the National Archives on October 25, 2011.

- ✓ An Accounting Officer attended a Government Accounting Procedure training course held at the PSM Training Centre, October 4-6, 2011.
- ✓ Two Senior Inspectors attended a Supervisory Management Training course at the Public Service Ministry.
- ✓ A one day training seminar titled “Breaking/Settting Boundaries for Personal & Professional Excellence” was held at the National Library training Centre on November 2, 2011 was attended by: Senior Marking Officer, Executive Assistant, Head-Finance Division, Assistant Accountant, Analyst and the Administrative Officer
- ✓ November 2011: the High Commission of Canada hosted a Petroleum Seminar by the Canada Newfoundland Labrador Offshore Petroleum Board titled "Atlantic Canada Oil & Gas Experience" at the Pegasus Hotel. Attended by: CEO, Head-LLD and the Hydropower Support Engineer.

5.2 Administration and Infrastructural Enhancement

During the year, the Division facilitated the procurement of goods and services based on the budget and workplan.

Reviews were conducted on the following which fulfilled the objective of reducing cost:

- vehicle maintenance and fuel consumption
- meals
- overtime
- local travel
- electricity consumption

A PBX telephone system was installed to improve internal communications and control costs.

6.0 Review of Activities: Finance Division

GEA revised its financial statements for the years 2001 to 2008 after identifying errors with the earlier years. Final audit reports were received for the years 2003, 2004, 2005, 2006 and 2007. The Audit of the 2007 Fuel Marking accounts was completed and the GEA is currently awaiting the draft management letter. Financial Statements have already been submitted for 2008 and 2009 to the Audit Office.

The activities of GEA are financed from Government subventions and from revenue generation. Revenue was generated by the Agency from administrative fees (Agency Fees) for the marking and handling of fuel and from the issuance of licences to import, sell, store and transport petroleum and petroleum products. Due to the project-based self-financing nature of the Fuel Marking Programme, separate accounts are kept for its income and expenditure. The GEA facilitated payments for fuel purchased under the **PetroCaribe Agreement** by the oil companies. The payments for fuel purchased from Venezuela are channelled through the GEA and were captured in the accounts to ensure that payments are made according to contractual obligations. While the monies received are captured as income they are disbursed as cash payments to PDVSA and as financed payments to the relevant accounts at the Bank of Guyana.

APPENDIX I: Legislation, Mandate and Overview of the Divisions

Legislation

The mandate and activities of the Guyana Energy Agency (GEA) are governed by the following legislation: *Guyana Energy Agency Act 1997*, *Energy Sector (Harmonisation of Laws) Act 2002*, *Guyana Energy Agency (Amendment) Act 2004*, *Guyana Energy Agency (Amendment) Act 2005*, *Guyana Energy Agency (Amendment) Act 2011*, *Petroleum and Petroleum Products Regulations 2004*, *Hydroelectric Power Act and Regulations 1956* and the *Hydroelectric Power (Amendment) Act 1988*.

The core functions listed in section 5 of the principal Act are:

- to advise and make recommendations to the Minister regarding any measures necessary to secure the efficient management of energy and the source of energy in the public interest and to develop and encourage the development and utilisation of sources of energy other than sources presently in use;
- to develop a national energy policy and secure its implementation;
- to carry out research into all sources of energy including those sources presently used in Guyana for the generation of energy, and securing more efficient utilization of energy and sources of energy;
- to monitor the performance of the energy sector in Guyana, including the production, importation, distribution and utilization of petroleum and petroleum products;
- to disseminate information relating to energy management, including energy conservation and the development and utilization of alternative sources of energy;
- to grant and issue licences relating to petroleum and petroleum products, including import licences, wholesale licences, importing wholesale licences, retail licences, bulk transportation carrier licences, storage licences and consumer installation licences;
- to utilise a marking system to add markers to petroleum and petroleum products imported by every person under an import licence or import wholesale licence for the purpose of identifying such petroleum and petroleum products as having been legitimately imported;
- to take samples of petroleum and petroleum products from any person at random throughout Guyana and carry out tests and examinations to determine the presence or level of the markers in the samples of the petroleum and petroleum products;
- to perform the necessary tests to determine whether the marker(s) is (are) in the required proportion and any further test necessary to determine whether the petroleum and petroleum products have been lawfully obtained, stored, possessed, offered for sale, blended or mixed with any substance that is not approved;
- to prosecute in the Magistrates' Courts persons who are in possession of petroleum and petroleum products bearing no markers or at a concentration contrary to that required;
- to prosecute in the Magistrates' Courts persons who import petroleum and petroleum products without an import licence or wholesale import licence;
- to prosecute in the Magistrates' Courts persons who purchase, obtain, store, possess, offer for sale, sell, distribute, transport or otherwise deal with illegal petroleum.

Section 6 of the Act further outlines several advisory functions of the Agency:

- to study and keep under review matters relating to the exploration for, production, recovery, processing, transmission, transportation, distribution, sale, purchase, exchange and disposal of energy and sources of energy;
- to report thereon to the Minister and recommend to the Minister such measures as the Agency considers necessary or in the public interest for the control, supervision, conservation, use and marketing and development of energy and sources of energy;
- to prepare studies and reports at the request of the Minister on any matter relating to energy or any source of energy, including research into alternative sources of energy, or the application of such research, and to recommend to the Minister the making of such arrangements as the Agency considers desirable for cooperation with governmental or other agencies in or outside Guyana in respect of matters relating to energy and sources of energy;
- to advise the Minister or assigned authority on matters relating to the administration and discharge of the functions of the *Electricity Sector Reform Act 1999*.

Overview of the Divisions

GEA's organization structure consists of the Prime Minister as Minister responsible for Energy and Electricity, a Board of Directors, Chief Executive Officer, Deputy Chief Executive Officer, Secretariat and five Divisions: Energy & Energy Statistics Division, Legal & Licensing Division, Fuel Marking Division, Administration and Human Resource Division and Finance Division.

The Organization Structure was revised in 2010 to accommodate an Energy Economist, Energy Engineer, Hydropower Support Engineer, Licensing Administrator, Internal Auditor, Public Communications Officer, Human Resource Officer, additional Legal Officer, Field Operations Coordinator, Senior Investigator and Investigator.

Energy & Energy Statistics Division

The Division's duties and responsibilities are:

- to ensure that petroleum products are readily available in the country;
- to manage the purchase and importation of petroleum and petroleum products;
- to facilitate payment arrangements between the Oil Companies, the Bank of Guyana and other petroleum importers;
- to collaborate with sector agencies on energy and related matters;
- to develop Guyana's Energy Policy and revise as necessary;
- to study and review matters relating to the exploration for, production, recovery, processing, transmission, transportation, distribution, sale, purchase, exchange and disposal of energy and sources of energy within and outside Guyana;
- to prepare studies and reports at the request of the Minister on any matter relating to energy;
- to develop and execute projects relating to alternative sources of energy;
- to update the country's energy data with respect to acquisition prices, wholesale prices and retail prices;

- to prepare and analyse energy demand and supply data;
- to supply petroleum information and analysis of the relevant energy data as required;
- to supply the **CEIS** and **OLADE** databases with energy information.

Legal & Licensing Division

The Division's duties and responsibilities are:

- to inspect all sites, motor vehicles, machinery and equipment for which a licence may be required under the Regulations;
- to grant/issue the relevant licences pertaining to-
 - o importation of petroleum or petroleum products;
 - o bulk transportation of petroleum or petroleum products;
 - o storage of petroleum or petroleum products;
 - o wholesale of petroleum or petroleum products;
 - o retail of petroleum or petroleum products;
 - o storage and own-use of petroleum or petroleum products.
- to suspend, cancel, cease licences in accordance with the regulations made under the **Guyana Energy Agency Act 1997** as amended by the **Guyana Energy Agency (Amendment) Acts 2004, 2005 and 2011**;
- to ensure that files for prosecution are completed promptly and dispatched to the Office of the Director of Public Prosecutions for advice;
- to oversee and coordinate the assignment of cases for prosecution;
- to prosecute in the Magistrates' Courts persons who are in possession of petroleum and petroleum products bearing no markers or at a concentration contrary to that required;
- to prosecute in the Magistrates' Courts persons who import petroleum and petroleum products without an import licence or wholesale import licence;
- to prosecute in the Magistrates' Courts persons who purchase, obtain, store, possess, offer for sale, sell, distribute, transport or otherwise deal with petroleum without the relevant licence (s);
- to coordinate the representation of the Agency in civil litigation;
- to prepare Amendments to the Legislation as required and work in collaboration with the Drafting Department of the Ministry of Legal Affairs regarding same;
- to provide management with the necessary legal guidance in execution of the Agency's overall mandate and in relation to other stakeholder agencies, where necessary.

Fuel Marking Division

The Division's duties and responsibilities are:

- to utilise the respective marking system to add markers to petroleum and petroleum products imported by every person under an import licence or import wholesale licence for the purpose of identifying such petroleum and petroleum products as having been legitimately imported, whether domestic or duty-free;
- to add the relevant covert proprietary chemical markers to petroleum and petroleum products at the concentration determined by the Minister by notice in the Gazette;
- to maintain the integrity of the marking system;
- to test the accuracy and monitor the effectiveness of the marking system;
- to take samples of petroleum and petroleum products from any site at random throughout Guyana and carry out tests and examinations to determine the presence or level of the markers in the samples of the petroleum and petroleum products;
- to perform the necessary laboratory tests to determine whether the marker(s) is (are) in the required proportion;
- to determine the composition and grade of petroleum and petroleum products and determine whether same have been blended or mixed with any substance that is not approved;
- to give testimonial evidence in the prosecution of offences under the Act;
- to provide, through the Analyst's Certificate, expert/scientific evidence as proof of the legality of petroleum and petroleum products.

Administration and Human Resource Division

The Division's duties and responsibilities are:

- to maintain and update the Agency's personnel files and other records;
- to aid in the recruitment, selection, replacement and continuous professional development of staff;
- to address staff concerns related to wages and salary administration, contract negotiation and separation procedures;
- to improve staff morale through cogent policies and remuneration;
- to manage and maintain the Group Pension, Group Life, Medical and National Insurance Schemes while ensuring that claims, benefits and queries are processed expeditiously and to the satisfaction of the staff;
- to handle all grievance procedures with the objective of reaching mutually acceptable solutions;
- to ensure that office supplies, equipment, and vehicles are adequately provided and maintained;
- to ensure that the Agency's edifices, facilities and compound are kept clean and properly utilized and maintained;
- to monitor the security services for reliability and adequacy in the execution of their duties;
- to develop and enforce the Agency's Policy Manual and Disciplinary Code;

- to provide general support services to the officers of the Agency in the execution of their duties;
- to ensure adherence to health and safety regulations in the work environment;
- to manage the procurement, receipt and issue of stationery, stocks, office equipment and assets of the Agency and monitor use of same to prevent abuse of the Agency's resources.

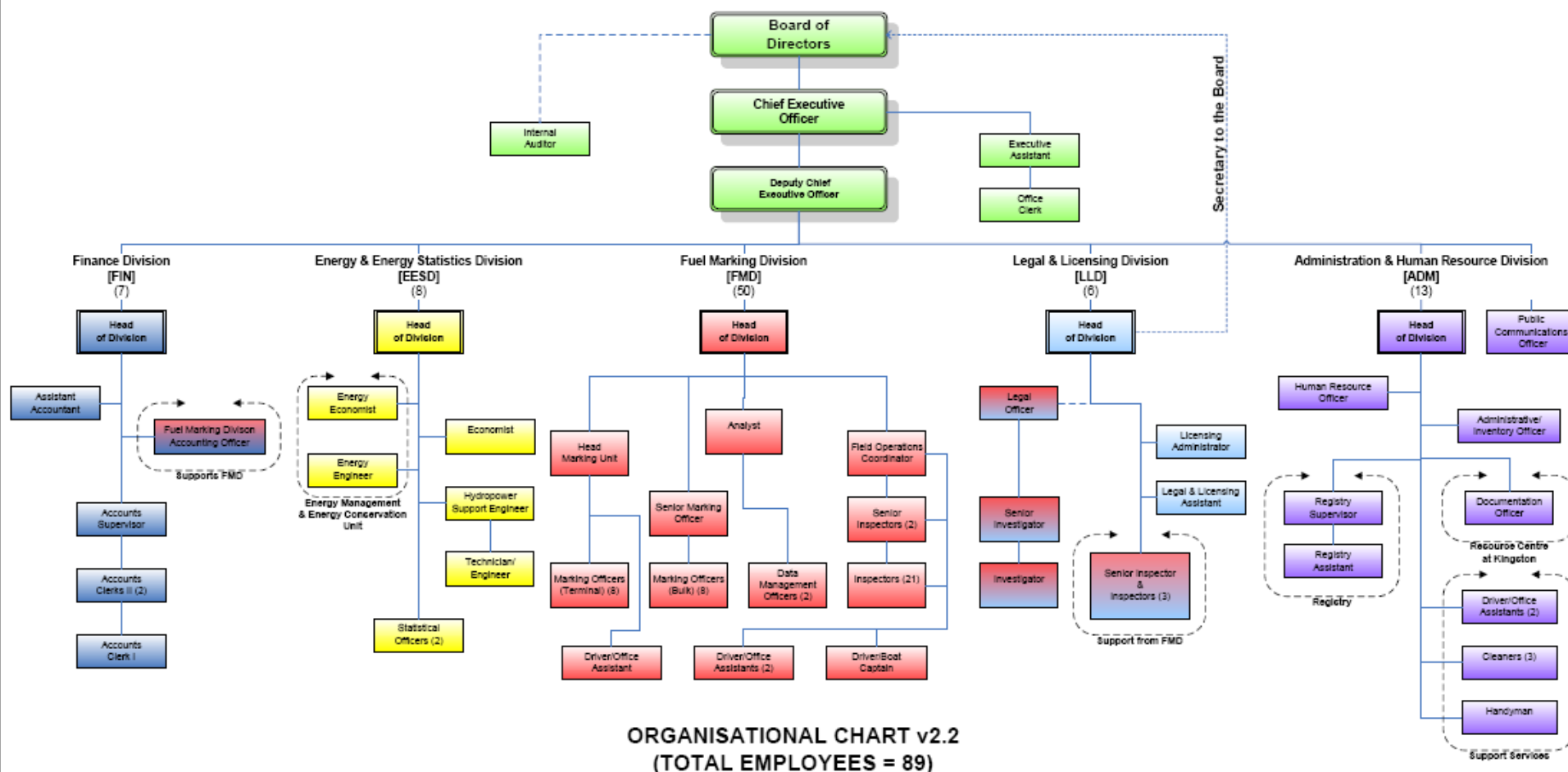
Finance Division

The Finance Division is tasked with the responsibilities of the day to day management of the Agency's financial resources. The Division's duties and responsibilities are:

- to advise management on the Agency's financial matters, and where necessary, other agencies;
- to manage and maintain the Agency's income and expense accounts and all other accounting records;
- to prepare the Agency's financial statements;
- to prepare the Agency's budget documents;
- to prepare monthly wages and salaries and other allowances;
- to process payments;
- to ensure that goods and services procured by the Agency are so procured in compliance with the **Procurement Act** and other relevant guidelines;
- to verify the accuracy of bills and receipts provided and investigate suspicious or fraudulent bills/receipts;
- to maintain and update the Agency's asset register.

Appendix 2: Organization Structure

ORGANIZATIONAL STRUCTURE FOR THE GUYANA ENERGY AGENCY





**AUDITED FINANCIAL STATEMENTS OF
THE GUYANA ENERGY AGENCY**

**FOR THE YEAR ENDED
31 DECEMBER 2011**

**AUDITORS: AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA**

*M. / Sean and
email to me.*



Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

AG: 105/2013

25 July 2013

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
OF THE GUYANA ENERGY AGENCY
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

I have audited the accompanying financial statements of the Guyana Energy Agency, which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The audit was conducted in accordance with the Audit Act 2004.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Guyana Energy Agency as at 31 December 2011, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



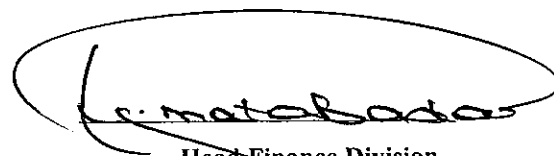
AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

GUYANA ENERGY AGENCY
STATEMENT OF FINANCIAL POSITION AS AT 31/12/2011

2010		Notes		2011
\$			\$	\$
	ASSETS			
	Non-current Assets			
47,792,938	Property, Plant & Equipment	9		49,105,009
	Current asset			
5,078,124	Debtors	12	658,126	
474,879,772	Cash at Bank/Hand	10	21,760,127	
479,957,896	Total Current Assets			22,418,253
527,750,834	Total Assets			71,523,262
	Equity			
32,058,738	Capital Contribution	15		33,447,238
453,381,047	Accumulated fund			(12,239)
35,800,000	Revaluation Reserve			35,800,000
521,239,785	Total Equity			69,234,999
	Current Liabilities			
114,255	Creditors	13	1,596,891	
6,396,794	Accruals	14	691,372	
6,511,049	Total Current Liabilities			2,288,263
527,750,834	Total Equity & Liabilities			71,523,262

The Board of Director approved these Financial Statements for issue on June 25 2013


 Chief Executive Officer


 Head Finance Division

GUYANA ENERGY AGENCY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING DEC 31,2011

Year 2010		Notes	2011
\$			\$
	Income	.	
33,339,165	Other income	11	36,594,740
44,026,000	Government Subvention	3	47,718,000
4,863,411	GMS Receipts (Biocode Accruals)		5,528,040
16,028,057,050	Receipts from oil companies	16	33,327,789,398
<u>16,110,285,626</u>			<u>33,417,630,178</u>
	Expenses		
45,982,683	Employment Cost	4	45,907,881
15,599,033,044	Office and Administration	6	33,817,298,674
7,004,304	Repairs and Maintenance	7	3,598,125
1,700,349	Fuel and lubricant	8	1,563,779
2,581,276	Depreciation	9	2,655,005
<u>15,656,301,656</u>			<u>33,871,023,464</u>
<u>453,983,970</u>	Net Profit/(Loss)		<u>(453,393,286)</u>

STATEMENT OF CASH FLOWS

GUYANA ENERGY AGENCY

For the year ended December 31 2011

	Jan- Dec 2011	Jan-Dec 2010
<i>Cash flow from Operating Activities</i>		
Net profit/(Loss) for the year	(453,393,286)	453,983,970
Adjustments for:		
Depreciation	2,655,005	2,581,276
Account Receivables	3,636,929	(736,400)
Other Receivables	783,069	719,996
Accounts Payable/ Accruals	(4,222,786)	244,421
Total Adjustment	2,852,217	2,809,293
Net Cash from Operation Activities	(450,541,069)	456,793,263
<i>Cash flow from Investing Activities</i>		
Purchase of fixed assets:		
Furniture and fittings	(330,484)	(104,940)
Office Equipment	(2,405,144)	(1,401,932)
Other Equipment	(1,231,448)	(876,549)
Net cash used in investing activities	(3,967,076)	(2,383,421)
<i>Cash flow from Financing Activities</i>		
Changes in:		
Capital Subvention	1,388,500	1,514,580
Net Cash used in financing activities	1,388,500	1,514,580
Net increase/ (decrease) in cash and cash equivalents	(453,119,645)	455,844,392
Cash and cash equivalent at the		
Beginning of the period	474,879,772	19,035,380
Cash and Cash Equivalents at the		
End of the period	21,760,127	474,879,772

GUYANA ENERGY AGENCY
Statement of Changes in Equity
For Year ending December 31 2010

	Revaluation Reserves	Accumulated Fund	Capital Subvention	Total
	G\$	G\$	G\$	G\$
Balance at January 1 2010	35,800,000	(522,923)	30,544,158	65,821,235
Capital Supplementary			1,514,580	1,514,580
Adjustment for petty cash		(80,000)		(80,000)
Net Profit/(loss)		453,983,970		453,983,970
Grants				
Balance as at December 31,2010	35,800,000	453,381,047	32,058,738	521,239,785

GUYANA ENERGY AGENCY
Statement of Changes in Equity
For Year ending December 31 2011

	Revaluation Reserves	Accumulated Fund	Capital Subvention	Total
	G\$	G\$	G\$	G\$
Balance at January 1 2011	35,800,000	453,381,047	32,058,738	521,239,785
Capital Supplementary			1,388,500	1,388,500
Net Profit/Loss		(453,393,286)		(453,393,286)
Grants				
Balance as at December 31,2011	35,800,000	(12,239)	33,447,238	69,234,999

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GUYANA ENERGY AGENCY

NOTES TO THE FINANCIAL STATEMENT 2011

1. Background

The Guyana Energy Agency is the successor of the Guyana National Energy Authority effective June 01, 1998. The mandate and functions of the Agency remain the same as that of the Guyana National Energy Authority. The Guyana Energy Agency (GEA) is governed by the following legislation: Guyana Energy Agency Act 1997, Energy Sector (Harmonisation of Laws) Act 2002, Guyana Energy Agency (Amendment) Act 2004, Guyana Energy Agency (Amendment) Act 2005 and the Petroleum and Petroleum Products Regulations 2004.

The general mandate of the Agency is embodied in its Mission Statement:

"To ensure the rational and efficient use of imported petroleum-based energy sources, while encouraging where economically feasible and environmentally acceptable, increased utilization of indigenous new and renewable sources of energy."

The Guyana Energy Organization structure comprises of a Board of Directors, Chief Executive Officer, Deputy Chief Executive Officer, Secretariat and five (5) Divisions: Finance Division, Energy & Energy Statistics Division, Fuel Marking Division, Legal & Licensing Division and Administration & Human Resource Division.

2. ACCOUNTING POLICIES

- (A) Accounts have been prepared on an accrual basis and under the historical cost convention. Financial statements have been prepared in accordance with International Financial Reporting Standards.

(B) FIXED ASSETS

Fixed assets are recorded at cost. Depreciation is provided on a straight line basis over a period of one (1) year to five (5) years. Rates used are in accordance with the regulations of the Income Tax Act. Depreciation is charged in the year of acquisition and the rates are as follow:

- Office Equipment 20% per annum
- Other Equipment 10% per annum
- Motor Vehicles 20% per annum
- Furniture and Fixtures 10% per annum
- Building 2% per annum

Year 2010	Note 3	2011
41,008,000	Current Release	
	These represent Government releases through the Office of the President and Ministry of Finance.	47,718,000
	Note 4	
	Employment Cost	\$
225,736	House allowance	619,333
2,235,681	Vacation Allowance	1,975,069
26,362,457	Wages and Salaries	33,307,253
4,600,607	Meal Allowance	-
1,232,194	Pension	1,266,003
1,327,045	NIS	1,754,167
1,029,075	Hand in hand	897,476
3,675,000	Travel allowance	2,059,666
-	out of pocket allowance	-
1,358,888	Gross Overtime	924,970
190,000	stipend	97,500
-	Gratuity	-
160,000	Honorarium	28,371
910,000	Entertainment Allowance	619,333
1,706,000	Duty Allowance	2,298,740
-	Acting allowance	-
910,000	Utility Allowance	-
-	GTM Administrative Fee	-
60,000	Risk allowance	60,000
<u>45,982,683</u>		<u>45,907,881</u>

Note 5

Board Member's fees

Chairman- D.Persaud	7,500
Board Members (6)	
-M. Sharma	5,000
-E. Marshall	5,000
-E.Persaud	5,000
-L.Carberry	5,000
-M.Bender	5,000
-J. Williams	5,000
	<u>37,500</u>

Please note the above amounts were included in the amount for stipend in the employment note

Note 6

Office & Administration Cost

	Office & Administration Cost	\$
1,116,579	Staff Welfare	1,030,271
1,444,384	Local Travel	1,210,805
-	Overseas Travel	-
284,613	Cleaning and Janitorial Supplies	185,915
3,025,954	Stationery and Office Supplies	2,632,610
2,532,141	Communication Expense	3,842,953
2,765,128	Electricity Expense	2,738,773
-	Site Visit/Inspection	-
71,940	Periodicals News papers and Books	80,130
2,073,600	Security Expense	1,998,816
145,012	Cleaning and Sanitation	154,410
77,354	Bank Charges	86,851
23,879	Miscellaneous Expense	25,996

11,430	Vehicle Insurance	10,350
1,209,578	Training	98,078
-	National Event	2,969
-	Entertainment	-
1,685,326	Subscriptions and Dues	6,240
87,764	Consultancy	-
	Transfer of funds	-
1,087,123	Advertisement	481,606
70,575	Conference and Seminars	310,238
1,000	Donations	-
	Refreshments and meals	2,644,572
7,181	Drugs and medical Supplies	6,997
-	Other fees and Licence	-
50,380	Postage and revenue Stamps	286,891
826,920	Jobs, works & task	18,500
-	Computer supplies	-
-	Energy Farm	-
232,910	Sub. Boarding & lodging	508,220
31,997	Pest Control	
225,000	Water Rates	1,000,565
-	Audit & professional fees	-
	Purch ac charcoal	-
	draperies	24,867
-	Uniform exp	150,400
	Loose tools	50,349
	Medical expense	12,626
2,215,555	Advance to purchase	(2,955,822)
2,877,813	Energy conservation	7,199,719
1,805,188	Print and Non print Materials,	2,548,780
5,528,040	GEA Biocode (Accruals)	-
21,496	VAT	4,925
7,795,447,267	PDVSA- Petro'leos De Venezuela SA Agreement	13,699,064,111
7,696,395,772	Ministry of Finance	19,995,576,432
75,588,415	BOG Loan A/c	93,781,871
	Guyoil	-
	PLATTS Subscription	1,947,467
	Bad debts written off	428,114
65,730	Protective clothing	102,079
<u>15,599,033,044</u>		<u>33,817,298,674</u>

Note 7

Year 2010

Repairs and Maintenance

		\$
5,452,477	Building	1,285,649
1,054,635	Office Equipment	714,390
406,534	Vehicle	464,942
62,090	Compound	1,133,144
28,568	Furniture and Fixture	-
<u>7,004,304</u>		<u>3,598,125</u>

Note 8

1,700,349	Fuel and lubricant	1,563,779
<u>1,700,349</u>		<u>1,563,779</u>

Note 9

Fixed Assets Schedule

		Land	Building	Motor Vehicle	Office Equipment	Furniture and Fixtures	Other Equipment	Total
		\$	\$	\$	\$	\$	\$	
64,767,563	Balance b/f 1-1-2010	2,000,000	50,869,600	5,694,149	5,749,189	399,720	2,113,136	66,825,794
(325,190)	Less Journal adj				(2,067,805)			(2,067,805)
2,383,421	Additions for year				2,405,144	330,484	1,231,448	3,967,076
	Disposals/ transferred							-
66,825,794	Cost at 31/12/2011	2,000,000	50,869,600	5,694,149	6,086,528	730,204	3,344,584	68,725,065
	Depreciation							
16,776,770	b/f 2010		8,881,312	5,351,320	4,003,020	101,084	696,121	19,032,857
(325,190)	Less Journal adj				(2,067,805)			(2,067,805)
2,581,276	Depreciation 31/12/2011		687,392	342,829	1,217,306	73,020	334,458	2,655,005
								-
19,032,856	Total Depreciation		9,568,704	5,694,149	3,152,521	174,104	1,030,579	19,620,057
47,792,938	Net Book Value	2,000,000	41,300,897	-	2,934,007	556,100	2,314,005	49,105,009

The GEA included in its Fixed asset Register three Motor Vehicles namely PJJ 3066, PJJ 3049 and PKK 361, these vehicles were fully depreciated in December 2008 and December 2009. However, the said vehicles are still in use by the Agency and as such that was the reason for including it in the Asset Register. The request for a revaluation was done in 2012 and a copy of the letter is attached, when the revaluation is done the amounts will be included in the FS.

Note 10**Cash at Bank/ Hand**

\$

	Petty Cash	80,000
472,753,460	Charcoal A/c	11,786,235
857,808	General A/c	4,625,510
1,266,903	Special A/c	5,266,781
1,601	GEA Foreign ac	1,601
474,879,772		21,760,127

Note 11**Other Income**

13,140,415	Agency Fees	13,072,240
-	Disposal of Assets	-
-	GTM Employers refund	-
19,067,000	Fuel licensing	22,217,500
-	Licensing fees/fines	-
1,119,000	Licensing decals	1,305,000
2,750	Loan Interest	-
10,000	Miscellaneous income	-
-	sale of fuel	-
33,339,165		36,594,740

Note 12**Debtors**

292,631	staff loan	18,631
719,513	Salary Advance	367,513
180,283	Staff Debtors	36,625
(4,500)	GPSCU	(4,500)
37,273	GRA	37,272
460	GPSU	460
7,000	CCWU	(3,000)
3,636,929	Accounts receivable	-
208,535	Sundry Debtors	205,125
5,078,124		658,126

Note 13

\$

Creditors

15,939	GNRA-Hand in Hand	15,939
9,960	NIS	9,955
28	Salaries and allowances	127
39	GTM Insurance	39
11,583	Hand in hand	8,157
259	GTM	239
76,447	Sundry creditor	1,562,435
114,255		1,596,891

Note 14

6,396,794	Accruals	691,372
6,396,794		691,372

Note 15

Capital Contribution

30,544,158	Opening balance	32,058,738
1,514,580	Capital releases for 2011	1,388,500

32,058,738

33,447,238

Note 16

Receipts from Oil companies

7,538,460,204	Guyoil	17,153,921,484
838,785,100	Chevron	621,942,990
7,650,811,746	Sol	15,551,924,924
<u>16,028,057,050</u>		<u>33,327,789,398</u>