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IMMEDIATE RELEASE

2023 FIRST QUARTER TARIFF REVIEW DECISION FOR NATURAL GAS, ELECTRICITY AND WATER

The Public Utilities Regulatory Commission (PURC) has concluded its regulatory process for the quarterly adjustment of utility tariffs covering the first quarter of 2023. The process is in conformity with the Quarterly Tariff Review Mechanism and Guidelines as communicated in the Commission's August, 2022 major tariff review decision.

The Quarterly Tariff Review Mechanism seeks to track and incorporate changes in key factors used in determining natural gas, electricity, and water tariffs. The objective is to maintain the real value of cost of supply of these utility services and ensure that utility companies do not under- or over-recover. Under-recovery has negative implications for the ability of the companies to supply service to consumers, and has the potential of causing outages of electricity (DUMSOR) and water supply. Over-recovery unnecessarily overburdens consumers of electricity and water. The Quarterly Tariff Review Mechanism is meant to ensure that none of these happens.

For the end-user electricity tariffs payable by consumers, the Commission considered four key factors in arriving at its decision. These were the Ghana Cedi/US Dollar exchange rate, inflation, generation mix and the weighted average cost of natural gas. Since the announcement of the major tariff in August 2022, these key variables underlying the rate setting have changed significantly. For example, the weighted average Ghana Cedi US Dollar exchange rate used for the major tariff review was GHC7.5105 to the US Dollar. Since then, we have witnessed the depreciation of the Cedi against the US Dollar and other major currencies. The projected weighted average Ghana Cedi US Dollar exchange rate used in First Quarter 2023 Tariff Analysis is GHS10.5421/USD.

Additionally, the weighted average inflation figure used for the major tariff has seen a four-fold increase. Together with exchange rate movements this has negatively affected the ability of the utilities to purchase critical inputs required for their operations. The Commission used a projected inflation rate of 42.63% in its tariff analysis for the First Quarter of 2023.

The Weighted Average Cost of Gas (WACOG) used for First Quarter of 2023 is USD6.0952/MMBtu. In the major tariff review in September 2022, the WACOG was USD5.9060/MMBtu. With respect to electricity generation mix, a hydro-thermal mix of 26.11% for hydro and 73.89% for thermal was used for First Quarter of 2023.

The combined effect of the Cedi/US Dollar exchange rate, inflation and WACOG is that the utility companies are significantly under-recovering and require an upward adjustment of their tariffs in order to keep the lights on and water flowing.

The PURC is equally mindful of the current difficult economic circumstances, but notes that the potential for outages would be catastrophic for Ghana and has to be avoided. The PURC therefore sought to balance prevention of extended power outages and its deleterious implications on jobs and livelihoods with minimising the impact of rate increases on consumers.

The Commission therefore decided to increase the average end-user tariff for electricity by 29.96% across the board for all consumer groups (Table 1). The average end-user tariff for water has also been increased by 8.3% (Table 2). The Commission, however, approved varying rate adjustments including some reductions for selected industrial and commercial consumers as part of the ongoing restructuring of the existing water rate structure.

Table-1 Summary of Approved Electricity Rates Payable by Consumers for First Quarter 2023

Customer Category	Measure	Existing Tariff	New Tariff
Effective February 01, 2023			
Residential Customer Group:			
Lifeline Customers:			
0 - 30 kWh (Exclusive)	GHp/kWh	41.9065	54.4627
Service Charge	GHp/Month	213.0000	213.0000
All Other Residential Customers:			
0-300 kWh	GHp/kWh	89.0422	115.7212
301-600 kWh	GHp/kWh	115.5595	150.1837
601+ kWh	GHp/kWh	128.3995	166.8708
Service Charge	GHp/Month	1073.0886	1073.0886
Non-Residential Customers:			
0-300 kWh	GHp/kWh	83.7841	108.8876
301-600 kWh	GHp/kWh	89.1552	115.8681
601+ kWh	GHp/kWh	133.0919	172.9692
Service Charge	GHp/Month	1242.8245	1242.8245
Special Load Tariff (SLT) Customers:			
Low Voltage - LV			
Energy Charge per kWh	GHp/kWh	132.6125	172.3461
Service Charge	GHp/Month	50000.0000	50000.0000
Medium Voltage - MV			
Energy Charge per kWh	GHp/kWh	100.6863	130.8541
Service Charge	GHp/Month	50000.0000	50000.0000
High Voltage - HV			
Energy Charge per kWh	GHp/kWh	105.6746	137.3370
Service Charge	GHp/Month	50000.0000	50000.0000
High Voltage - Steel Companies			
Energy Charge per kWh	GHp/kWh	74.5315	96.8627
Service Charge	GHp/Month	50000.0000	50000.0000
High Voltage - HV Mines			
Energy Charge per kWh	GHp/kWh	263.9705	343.0618
Service Charge	GHp/Month	50000.0000	50000.0000

Table-2 Summary of Approved Water Rates Payable by Consumers for First Quarter 2023

Customer Class	Measure	Existing Tariff	New Tariff
			Effective February 01, 2023
Residential			
0-5M ³ (Exclusive)	GHp/m ³	400.16	433.38
5M ³ +	GHp/m ³	680.94	737.47
Service Charge	GHp/Month	729.31	1000.00
Non-Residential			
Service Charge	GHp/Month	729.31	2000.00
Other Commercial			
Service Charge	GHp/Month		10000.00
Sachet Water Producers			
Service Charge	GHp/Month	729.31	10000.00
Bottled Water and Drinks			
Service Charge	GHp/Month	729.31	25000.00
Industrial			
Service Charge	GHp/Month	729.31	50000.00
Public Institutions/Gov't Departments			
Service Charge	GHp/Month	729.31	2000.00
Public Stand Pipes			
Service Charge	GHp/Month	729.31	1000.00
Ports and Harbours			
Service Charge	GHp/Month	729.31	100000.00
Bulk Supply			
Service Charge	GHp/Month	729.31	10000.00

The PURC is grateful to all stakeholders for their support as it continues to implement quarterly tariff reviews in accordance with its Rate Setting Guidelines for Quarterly Review of Natural Gas, Electricity and Water Tariffs. In doing so, the Commission will continue to equitably balance the interests of the Utility Service Providers and Consumers and hold service providers to strict adherence to regulatory standards and benchmarks.

The Commission's decision will be published in the Gazette in due course and will be available on the Commission's website: www.purc.com.gh



Dr. Ishmael Ackah
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Public Utilities Regulatory Commission