

PUBLIC UTILITIES REGULATORY COMMISSION



Order in Respect of:

**Section 24 of the
Public Utilities Regulatory Commission Act, 1997 (Act 538)**

Directed to: Electricity Company of Ghana Limited

18 March 2024

Order No: PURCECG012024**THIS ORDER IS DIRECTED TO**

Electricity Company of Ghana Limited (ECG)

In respect of Returns and Information required to be submitted to the Commission by ECG.

THE ORDER IS ISSUED UNDER:

Sections 3 and 24 of the Public Utilities Regulatory Commission Act, 1997 (Act 538).

1. BACKGROUND**A. Tariff Revenue Allocation**

- I. In May 2017, the Cabinet of the Republic of Ghana approved the Cash Waterfall Mechanism (CWM). The objective of the CWM is to ensure fair and equitable allocation of revenues accruing from electricity tariffs approved by the Public Utilities Regulatory Commission (PURC). The CWM mechanism is to ensure that ECG distributes the tariff revenues it collects among all sector players along the electricity value chain.
- II. On 21 June 2023, the PURC was mandated by the Ministry of Finance to validate the revenue collections and payments due to other entities under the CWM Guidelines.
- III. Per a Consultancy Services Contract signed on 31 October 2023 between the Ministry of Energy and PricewaterhouseCoopers (Ghana) Ltd. (PwC) for the validation of ECG's Revenue/Collection Accounts, ECG was obliged to submit prescribed reports, documents and resources to PwC, to enable and facilitate PwC's analysis and submission of a final audit report to PURC.
- IV. ECG failed to provide critical data requested by PwC on customer billing, revenue collection data, and bank statements for the periods covered by the audit, presenting a significant obstruction to the audit and transparent administration of energy sector revenues, and regulatory validation by PURC.
- V. The Commission through its monitoring of tariff revenue allocation by ECG has observed discrepancies in ECG's allocation of tariff revenue approved by PURC to sector entities (Bulk Generation Charge-BGC, Transmission Service Charge-TSC, and Distribution Service Charge-DSC).
- VI. Among other discrepancies, ECG made zero payments to the Volta River Authority from November 2023 to January 2024. In the case of the Ghana Grid Company Ltd. (GRIDCo), ECG made zero payments in October and November 2023. These payment inconsistencies are a serious threat to the financial stability of the energy sector. PURC's observation is confirmed by the PwC report dated February 29, 2024.

B. Operational Matters (Billing, Metering, Regulatory and Reliability Data)

The Commission through its regulatory and reliability monitoring of utility services has also observed the following:

- a. Decline in the quality-of-service delivery, including increasing power outages across ECG service areas from January 1, 2024, to date.
- b. Increase in complaints related to billing and estimated consumption of ECG's post-paid customers;
- c. Charging of unapproved service connection fees by ECG.

2. ORDER OF THE COMMISSION

Sections 3 and 24(3) of the Public Utilities Regulatory Commission Act, 1997 (Act 538) provide as follows:

"Section 3. Functions of the Commission

The functions of the Commission are as follows:

- c. to protect the interest of consumers and providers of utility services;
- f. to promote fair competition among public utilities;
- g. to conduct studies relating to the economy and efficiency of public utilities;
- l. to perform other functions that are incidental to the foregoing.

Section 24(3). Returns and Information

Where required by the Commission on reasonable notice, a public utility shall deliver to the Commission the contracts, reports of engineers, documents, books, accounts and any other records in the possession or control of the public utility and relating to its property or service or affecting its business, or copies verified in the manner specified by the Commission."

ORDER 1:

ECG IS HEREBY ORDERED under Section 3:

IN RESPECT OF tariff revenue allocation,

To comply with the CWM Mechanism and pay all tariff revenues as prescribed and allocated under the CWM to secure the financial integrity of the sector.

ORDER 2:

ECG IS HEREBY ORDERED under Section 24(3) to submit the following to the Commission:

2.1 IN RESPECT OF the provision of regulatory audit data,

- a. Copies of all Government directives to ECG for the purchase of fuel for power generation from August 2023 to date;
- b. The total amount of fuel ECG procured for power generation from August 2023 to date, together with fuel supply contracts, invoices, details of fuel quantities, cost, dates and volumes delivered and all pertinent details;
- c. Details of all bank accounts and investment accounts currently operated by ECG;
- d. Monthly bank and investment statements corresponding to each account showing balances for the period August 2023 to date.

2.2 IN RESPECT OF operational matters:

- a. Detailed Incident Reports of power outages for the period January 01, 2024 to date;
- b. The volume of load curtailed for each power outage incident, energy not served and number of customers affected segregated into the various customer categories;
- c. Copies of ECG publications informing the general public of power outages from 1 January 2024 to date;

2.3 IN RESPECT OF outages attributed by ECG to 630 overloaded transformers during peak hours,

- a. Ratings and current loadings of the overloaded distribution transformers;
- b. GPS location of all overloaded distribution transformers;
- c. Ratings of the new transformers to be installed in each location;
- d. Timelines and duration for injection of transformers for each location;
- e. Load management timetable corresponding with the timelines and duration for each transformer injection;
- f. Evidence of publication of 2.3e above to consumers.

3. TIMEFRAME FOR COMPLIANCE

- ECG shall comply with Order 1 above by March 25, 2024.
- ECG shall comply with Order 2.2d, Order 2.3e and Order 2.3f by close of day March 27, 2024.
- ECG shall comply with all other Orders by close of day April 2, 2024.

4. MODE OF COMPLIANCE

- ECG shall comply with all data requests by submitting Microsoft Office Suite-compliant softcopies and 1 Hard Copy to the following Addresses:
The Executive Secretary, Public Utilities Regulatory Commission
No. 53 Liberation Road, Ridge, Accra
Email Address: info@purc.com.gh

5. EFFECT OF NON-COMPLIANCE

Non-compliance with this Order shall be enforced by the Commission under Section 38 of Act 538 and Regulation 45(1) of the Public Utilities Regulatory Commission (Consumer Service) Regulations, 2020 (LI 2413) which provide:

38. Offences and Penalties

A public utility which

- (g) fails or refuses to prepare and submit to the Commission within a specified time provided by or under this Act a return or an information
 - (i) required to be furnished by or under this Act, or
 - (ii) directed to be furnished by the Board for the purpose of the performance of its functions, or
- (j) fails or refuses to answer a question relevant to a matter which is the subject of an investigation before the Commission,

commits an offence and is liable on summary conviction to a fine not exceeding five hundred penalty units and in default of payment the principal officer or the secretary of the public utility is liable to a term of imprisonment not exceeding two years.

45. Sanctions against public utility

- (1) Where a public utility contravenes a provision of these Regulations or a directive or **Order** of the Commission, the Commission may impose a regulatory charge on that public utility as specified in the Schedule.

This Order is without prejudice to any additional directives the Commission may issue with respect to the above matters.

Signed by the Public Utilities Regulatory Commission

MR. EBO B. QUAGRAINIE



CHAIRMAN

DR. ISHMAEL ACKAH



COMMISSIONER/EXECUTIVE SECRETARY

MRS. DORA OPPONG



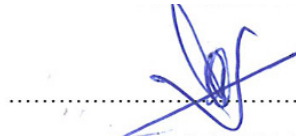
COMMISSIONER

MR. ISHMAEL EDJEKUMHENE



COMMISSIONER

MR. PATRICK NYARKO



COMMISSIONER

DR. YAW ADU-GYAMFI



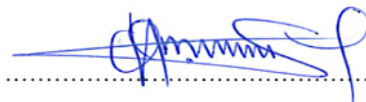
COMMISSIONER

PROF. JOE AMOAKO-TUFFOR



COMMISSIONER

DR. KWABENA NYARKO OTOO



COMMISSIONER

Certificate of Service

I Kwesi Amos Simeon of the Electricity Company of Ghana Ltd. hereby certify
by signature hereunder that I was duly served with the Order of the PURC
PURC012024 this Monday 18th day of MARCH 2024



Signature

Order No: PURCECG012024 Dated 18 March 2024
Order in Respect of Sections 3 and 24 of the
Public Utilities Regulatory Commission Act, 1997 (Act 538)

Checklist for Submission of Returns and Information (Please Complete and Submit with Requested Returns and Information)

Order	Information and Documents	Submitted	Date Submitted	Document Number
Order 2.1 In respect of Regulatory Audit Data	<ul style="list-style-type: none"> a. Copies of all Government directives to ECG for the purchase of fuel for power generation from August 2023 to date; b. The total amount of fuel ECG procured for power generation from August 2023 to date, together with fuel supply contracts, invoices, details of fuel quantities, cost, dates and volumes delivered and all pertinent details; c. Details of all bank accounts and investment accounts currently operated by ECG; d. Monthly bank and investment statements corresponding to each account showing balances for the period August 2023 to date. 			
Order 2.2 In respect of Operational Matters	<ul style="list-style-type: none"> a. Decline in the quality-of-service delivery, including increasing power outages across ECG service areas from January 1, 2024, to date. b. Increase in complaints related to billing and estimated consumption of ECG's post-paid customers; c. Charging of unapproved service connection fees by ECG. 			
Order 2.3 In respect of outages attributed by ECG to 630 overloaded transformers during peak hours	<ul style="list-style-type: none"> a. Ratings and current loadings of the overloaded distribution transformers; b. GPS location of all overloaded distribution transformers; c. Ratings of the new transformers to be installed in each location; d. Timelines and duration for injection of transformers for each location; e. Load management timetable corresponding with the timelines and duration for each transformer injection; f. Evidence of publication of 2.3e above to consumers. 			