



PUBLIC UTILITIES REGULATORY COMMISSION

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May 17, 2023

IMMEDIATE RELEASE

2023 SECOND QUARTER TARIFF REVIEW DECISION FOR NATURAL GAS AND ELECTRICITY

The Public Utilities Regulatory Commission (PURC) has concluded the Quarterly Tariff Reviews for the second quarter of 2023 as part of its regulatory mandate. The review has resulted in the Commission approving tariff increases for natural gas and electricity for the second quarter of 2023.

The Quarterly Tariff Review Mechanism seeks to track and incorporate changes in key factors used in determining natural gas and electricity tariffs. These factors are the Ghana Cedi/US Dollar exchange rate, inflation, electricity generation mix and the weighted average cost of natural gas (WACOG).

This review has become necessary to maintain the real value of cost of supply of the utility services and to ensure that the utility companies do not under- or over-recover costs. While 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, over-recovery unnecessarily overburdens consumers of electricity. The Quarterly Tariff Review Mechanism is meant to address the above.

Since the announcement of the first quarter tariff decision in January 2023, the key variables underlying the rate setting have changed. The weighted average Ghana Cedi/US Dollar exchange rate used for the first quarter tariff review was GHC10.5421 to the US Dollar. Since then, the Ghana Cedi has depreciated against the US Dollar.

The first quarter tariff decision resulted in a 25% under-recovery of the exchange rate. This has to be recovered in order to ensure that the country does not add to the already mounting debt in the energy sector. The projected exchange rate for the second quarter plus the first quarter under-recovery is GHC12.7118 to the US Dollar.

The Weighted Average Cost of Gas (WACOG) used for the first quarter of 2023 was USD6.0952/MMBtu. For the second quarter, as a result of an increase in price of Nigeria-Gas (N-Gas) and other factors, the applicable WACOG is USD6.5165/MMBtu.

With respect to electricity generation mix, the hydro-thermal mix used for the second quarter is 29.01% for hydro and 70.99% for thermal, as against 26.11% for hydro and 73.89% for thermal used for first quarter of 2023. Hydro allocation of 29.01% helped to reduce the impact of changes in the macroeconomic variables and the WACOG on the tariff.

The net effect of the Ghana Cedi/US Dollar exchange rate, inflation, WACOG and electricity generation mix is that the utility companies are under-recovering and require an upward adjustment of their rates in order to keep the lights on.

The PURC is very mindful of the current economic circumstances, but notes that the potential for outages (dumsor) is high and this could have strong adverse impact on citizens and businesses. This

has to be avoided. The PURC therefore sought to balance prevention of extended power outages and its adverse implications on jobs and livelihoods, while minimising the impact of rate increases on consumers. The Commission will continue to monitor quality of service to ensure consumers get value for money.

The Commission therefore decided, after extensive deliberations and analysis, to increase the average end-user tariff for electricity by 18.36% across board for all customer groups.

Summary of Approved Electricity Rates Payable by Consumers for Second Quarter 2023

Customer Category	Measure	Existing Tariff	New Tariff
		Feb 01, 2023	Effective June 01, 2023
Residential Customer Group:			
Lifeline Customers:			
0 - 30 kWh (Exclusive)	GHp/kWh	54.4627	64.4620
Service Charge	GHp/Month	213.0000	213.0000
All Other Residential Customers:			
0-300 kWh	GHp/kWh	115.7212	136.9676
301-600 kWh	GHp/kWh	150.1837	177.7574
601+ kWh	GHp/kWh	166.8708	197.5082
Service Charge	GHp/Month	1073.0886	1073.0886
Non-Residential Customers:			
0-300 kWh	GHp/kWh	108.8876	128.8793
301-600 kWh	GHp/kWh	115.8681	137.1414
601+ kWh	GHp/kWh	172.9692	204.7263
Service Charge	GHp/Month	1242.8245	1242.8245
Special Load Tariff (SLT) Customers:			
Low Voltage - LV			
Energy Charge per kWh	GHp/kWh	172.3461	203.9889
Service Charge	GHp/Month	50000.0000	50000.0000
Medium Voltage - MV			
Energy Charge per kWh	GHp/kWh	130.8541	154.8788
Service Charge	GHp/Month	50000.0000	50000.0000
High Voltage - HV			
Energy Charge per kWh	GHp/kWh	137.3370	162.5521
Service Charge	GHp/Month	50000.0000	50000.0000
High Voltage - Steel Companies			
Energy Charge per kWh	GHp/kWh	96.8627	114.6467
Service Charge	GHp/Month	50000.0000	50000.0000
High Voltage - HV Mines			
Energy Charge per kWh	GHp/kWh	343.0618	406.0478
Service Charge	GHp/Month	50000.0000	50000.0000

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 and Electricity Tariffs. In doing so, the Commission will continue to equitably balance the interests of the Utility Service Providers and Consumers.

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



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Public Utilities Regulatory Commission