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IMMEDIATE RELEASE

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

The Public Utilities Regulatory Commission (PURC) has concluded its regulatory process for the quarterly adjustment of utility tariffs for the third 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.

A. Objectives of the Third Quarter Tariff Review

This quarter's tariff review has become necessary for three main reasons.

1. To track and incorporate changes in key factors used in determining electricity, water, and natural gas tariffs. These factors are the Ghana Cedi/US Dollar exchange rate, inflation, electricity generation mix and the weighted average cost of natural gas (WACOG). Incorporation of the changes in these variables is crucial to maintain the real value of cost of supply of utility services.
2. To reduce the cross subsidization between industrial customers and residential customers. This is to address the high electricity cost for industrial customers which has been repeatedly identified in the AGI Business Barometer as a key challenge affecting the competitiveness of Ghanaian businesses in the global market place. Thus, this reduction will support the growth and competitiveness of industry, and as part of a significant contribution towards Ghana's industrialization drive, and enhance opportunities for job creation.
3. To ensure that the utilities are financially viable to sustain supply of services, while reducing the burden on consumers, especially lifeline customers.

B. Tariff Decision

The Commission, after extensive deliberations and analysis, has approved a **no increment or change (0%)** in end-user electricity tariffs for lifeline customers, industrial customers, and non-residential customers (hairdressing saloons, barbering shops, chop bars, tailoring and dress-making shops, cold stores, and other small- and medium-scale businesses), effective September 01, 2023. The Commission however, approved a **4.22%** increase across board in the average end-user electricity tariff for non-lifeline residential customers.

For the average end-user tariff for water, lifeline customers will experience **no increase or change (0%)** in tariff. The Commission however approved a **1.18%** increase in tariff for all other water customer groups.

As always, the Commission was guided in its decisions by the ultimate interest of consumers, the financial viability of the utilities, and the general economic conditions prevailing in the country.

C. Variables Considered in the Determination of the Third Quarter Tariff Decision

- **Hydro-Thermal Generation**

The projected hydro-thermal generation mix for this quarter was maintained at 29.01% for Hydro and 70.99% for Thermal which was used in the 2023 second quarter tariff decision.

- **Ghana Cedi-US Dollar Exchange Rate**

A Weighted Average Ghana Cedi-US Dollar Exchange Rate of GHS11.4929/US\$1.0000 was applied for the Third Quarter 2023. This rate includes an exchange rate projection of GHS11.0087/US\$1.0000 for the third quarter, and an under-recovery of 0.4842/US\$1.0000 from the previous quarters.

- **Inflation Rate**

A projected inflation rate of 10.49% was used for this quarter in comparison with 12.62% used for the second quarter of 2023. This indicates an average projected inflation rate variance of -2.13%.

- **Fuel Price**

A projected Weighted Average Cost of Gas (WACOG) of USD8.1221/MMBtu was used to determine the fuel recovery charge for the various gas fired power plants for this quarter. Compared with the second quarter WACOG of USD6.5165, there was a 24.64% increase in the weighted average cost of gas.

The PURC is continually 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. The Commission wishes to assure its stakeholders that it will continue to monitor the operations of the service providers to ensure quality delivery of service while balancing the interests of Consumers and Utility Service Providers.



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