

PUBLIC UTILITIES REGULATORY COMMISSION

PRESS RELEASE ON AUTOMATIC ADJUSTMENT FORMULA

3rd QUARTER 2014

The Public Utilities Regulatory Commission after deliberations on implementation of the 3rd Quarter Automatic Adjustment Formula has arrived at an adjustment figure of 31.56% for Electricity and 14.30% for water.

However the Commission has decided not to pass on the current increase but to implement the second quarter Tariff of 12.09% for Electricity and 6.1% for Water which was deferred. This increase takes effect from 1st July 2014.

It should be noted that the increase for the third quarter is driven by the key variables that underpin the Automatic Adjustment Formula and these are:

- Ghana Cedi USD Exchange Rate
- Inflation
- Price of Crude Oil and Natural Gas
- Fuel Mix (Light Crude Oil and Natural Gas and Distillate Fuel)
- Generation Mix (Hydro and Thermal)
- Power Purchase Cost
- Demand Forecast (Currently 12% per annum and still Rising)
- Chemical Cost (Water)
- Electricity Cost (Water)

It should be noted that the increase for this quarter is largely dictated by the Ghana Cedi USD Exchange Rate. The Commission is certainly aware of the current challenges consumers are facing with the provision of Electricity and Water and that is why the Commission has decided to implement a much lower percentage which is the previous tariff for the second quarter for year 2014.

The Commission wishes to emphasise that a Tariff increase at this moment is only meant to maintain the strength of the existing Electricity and Water Tariffs which have been affected in value by the Ghana Cedi to the United States Dollar Exchange Rate.

Categorically without a marginal Tariff increase the current load shedding situation cannot be sustained and the situation might worsen

It is the hope of the Commission that the challenges we are facing as a nation in terms of electricity supply would be minimized when the Country gets Natural Gas from Atuabo and also all the interventionist programs that aims to bring in supplementary Natural Gas Products in the form of Liquefied Natural Gas come into fruition.

The Automatic Adjustment Formula is a Tariff Mechanism that tracks and incorporates movements in key determining uncontrollable factors to reflect the cost of electricity and water every quarter. Key Stakeholders in the sector have variously advocated for a rigid and religious implementation of the Automatic Adjustment Formula.

The Commission would keenly monitor the current electricity and water situation with a view to ensuring that within the current challenges the interest of all consumers would be protected.

The Commission wishes to reiterate its commitment to ensuring the highest standards of Utility Service Delivery to all consumers and the general public and also would intensify its monitoring to ensure that safe, efficient and reliable services are rendered to consumers of electricity and water.

Dr. Emmanuel K Annan
Chairman