



PUBLIC UTILITIES REGULATORY COMMISSION

PRESS RELEASE ON AUTOMATIC ADJUSTMENT FORMULA

4th QUARTER 2014

After a careful consideration of all the factors that form the basis of the Automatic Adjustment Formula, the Public Utilities Regulatory Commission has reached a determination of an adjustment in Electricity and Water Tariffs for the fourth Quarter of the year 2014.

In this regard, Electricity and Water Tariffs have gone up by 6.54% and 4.54% respectively. However, because of the poor quality of water service delivery being meted out by the Ghana Water Company, the Commission has decided not to pass on the Tariff for water until such a time that certain Regulatory requirements that protect the consumer are met.

It should be noted that the tariff increase for the 4th Quarter AAF is being driven by the shift in the Generation and Fuel Mix of a dependence on crude oil due to the challenges being faced with the erratic nature of Gas delivery from the West African Gas Pipeline (WAGP) in Nigeria and low volumes of Water both in the Akosombo and Kpong Hydro Electric Dams.

The Commission also in its deliberations considered the current inadequate electricity supply situation which has resulted in load shedding in the country and its impact on Consumers and Customers of Electricity and water.

The Tariff increase as it stands is only meant to help ameliorate the impact of the incumbent situation of a dependence on crude oil in the Generation Mix at the current electricity supply situation in the country.

Automatic Adjustment Formula is driven by these Key Variables:

- Ghana-Cedi USD Exchange Rate
- Inflation
- Price of Crude Oil and Natural Gas
- Fuel Mix (Crude Oil, 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)

An analysis of the current demand against supply dictates that there should be a marginal increase in Electricity Tariffs to help maintain the current situation of a deficiency in supply which has resulted in a Load shedding situation.

It is the hope of the Commission that the challenges we are facing as a nation regarding the supply of electricity would be minimized when the Country gets its own Natural Gas from Atuabo for the generation of Electricity.

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. It should be noted that key Stakeholders in the sector have variously advocated for a rigid and religious implementation of the Automatic Adjustment Formula.

It is the desire of the Commission that as a nation we conserve Electricity and Water so as to reduce some of the challenges being faced with the reliable supply of these two essential Commodities.

The Commission wishes to restate its commitment to ensuring the highest standards of Utility Service Delivery to all customers and consumers of Electricity and Water.

The PURC is mandated to protect the interest of the consumer and ensure the financial viability of the Utility Service Provider.



Dr. Emmanuel K. Annan
Chairman