



PUBLIC UTILITIES REGULATORY COMMISSION

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PRESS RELEASE ON THE THIRD QUARTER AUTOMATIC ADJUSTMENT FORMULA FOR THE YEAR 2015

After a careful consideration of all the factors that underpin the Automatic Adjustment formula(AAF) the Public Utilities Regulatory Commission(PURC)has reviewed Electricity and Water tariffs with an increase of 51.73%for Electricity and 15% for Water for third quarter of 2015 effective 1st July 2015.

However, the Commission has decided to defer the increase for Electricity due to the current electricity supply situation, but has decided to pass on the adjustment for Water because of the notable expansion in water infrastructure and considerable improvement in supply.

The Commission also wishes to inform consumers and all stakeholders of its intention to embark on a major Tariff Review Exercise which would commence from the beginning of the month of July to October, 2015.

It is essential that the Commission embarks on a major Tariff Review Process as stipulated by Law PURC Act 1997(Act 538) and in accordance with the Electricity and Water Rate Setting Guidelines of the Commission especially at this moment that the country is expecting additional Electricity Generation for the provision of Electricity.

As part of the major Tariff Review Process the cost of additional generation of electricity which is not currently included in the existing End User Tariff is to be examined in addition to the cost components of the existing State-Owned Utility companies (VRA, GRIDCo, ECG, NEDCo and GWCL) as well as existing Independent Power Producers (IPPs) of Electricity and Water.

During this process of the Major Tariff Review the Public would be given the opportunity to interrogate all the cost components of the various service providers and make their comments which would form part of the input for the final decision on the outcome of the Major Tariff Review Process.

The proposals as submitted by the government owned utility providers and the private owned ones would be extensively published in the media and copies would also be made available at the PURC offices.

Automatic Adjustment Formula (AAF) is a Tariff mechanism that seeks to track and incorporate movements in key determining factors to reflect the cost of Electricity and Water every quarter.

It may be noted that the following factors are considered in computing the Automatic Adjustment Formula (AAF)

- Ghana Cedi US\$ Exchange rate
- Rate of Inflation
- Fuel Mix(crude oil, Natural Gas, Distillate Fuel)
- Generation Mix (Hydro & Thermal)
- Power Purchase Cost
- Demand Forecast
- Chemical Cost(Water)
- Electricity Cost(Water)

The Commission under the Public Utilities Regulatory Commission Act 1997 (Act 538) has the mandate to examine and approve rates chargeable for the provision of Utility Services whilst at the same time protecting the interest of consumers and ensuring the financial viability of the Utility Service Providers



Ing. Samuel Kwadwo Sarpong
Executive Secretary