



PUBLIC UTILITIES REGULATORY COMMISSION (PURC)

Tariff Approval Process for Power Purchase Agreements

June 2023

The Commission is mandated to grant regulatory approval on the components that make up the tariff in Power Purchase Agreements (PPAs) as they pertain to the purchase and supply of electricity. Because these agreements are a critical part of investments in the country's energy sector, it is important the Commission is adequately informed from inception, to ensure the financial and economic viability of the project.

In view of this, the processes outlined below shall act as requirements to be followed by the utilities for approval of tariffs in PPAs.

STEP 1

In accordance with the statutory requirement for determination of utility rates under the Public Utilities Regulatory Commission Act, 1997 (Act 538), a utility shall notify the Commission of its intention to negotiate or renegotiate tariffs for a PPA.

The notification shall be supported by a valid license and a confirmation of generation capacity requirement issued by the Energy Commission. PURC will write to Energy Commission to confirm whether the generation capacity applied for is in line with the Integrated Power Sector Master Plan.

STEP 2

Upon receipt of the notification, the Commission shall issue a framework or guidelines for completion by the utility.

This framework shall consist of all financial, economic and other information required by the Commission for review of the PPA. The utility shall be expected to submit the required information within a specified number of days.

STEP 3

The third step in the approval process is PPA Hearings which shall be convened by the Commission. The Hearings shall be conducted in accordance with the Commission's Tariff Approval Process, as provided in its Rate Setting Guidelines.

The Hearing Panel shall comprise;

- i. PURC Board
- ii. Director – Regulatory Economics,
- iii. Director – Legal Services,
- iv. Director – Energy, and
- v. an Independent Expert appointed by the Commission if required.

STEP 4

The Board shall consider the recommendations of the Hearing Committee.

However, in the event that queries raised by the Panel are not satisfactorily addressed by the utility within the time frame, the Board may extend the timelines for not more than 2 weeks.

STEP 5

Based on approval by the Board of the recommendations by the Hearing Panel, the Commission shall issue a "No Objection" approval within 5 working days.

STEP 6

The entire approval processes shall not extend beyond 8 weeks of the Hearings

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