



# **PUBLIC UTILITIES REGULATORY COMMISSION**

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## **PUBLIC UTILITIES REGULATORY COMMISSION**

### **PRESS RELEASE**

#### **APPROVED ELECTRICITY TARIFFS EFFECTIVE 1<sup>st</sup> OCTOBER 2013**

The Public Utilities Regulatory Commission in the later part of the year 2012 received proposals from the Utility Service Providers in the electricity and water sectors, namely the Volta River Authority (VRA), Ghana Grid Company Ltd (GRIDCO), the Electricity Company of Ghana (ECG), the Northern Electricity Distribution Company (NEDCO) and Ghana Water Company Limited (GWCL).

The proposals were a request for an upward adjustment in electricity and water tariffs. The proposed increase as requested was meant to enable the Utility Service Providers to cover their operational and maintenance costs. Together, the Electricity Utilities requested an average increase of 166% whilst the water utility requested for a 112% increase.

***It should be noted that there has not been any major adjustment in water and electricity Tariffs since 1st June 2010. However, the Automatic Adjustment Formula was implemented.***

As mandated by law and the Commission's decision making processes, extensive stakeholder consultations were held to solicit views and gather input for the final determination of upward adjustments in electricity and water Tariffs.

Subsequent to a careful investigation of the proposals submitted by the Utility Service Providers for Utility Tariff Adjustments, and considering concerns of consumers and inputs from Stakeholders the Commission at its meeting today approved Utility Tariff Increases for various customer categories.

In arriving at a decision the Commission was guided by its Rate Setting Guidelines and considered factors which balance consumer and investor interests, the economic development of the country, optimal generation mix and growth in demand.

To satisfy the above requirements the following considerations were taken into account:

- Fair apportionment of total cost of supply to various classes of consumers and a certain minimum level of service (Lifeline Supply) at an affordable price to residential consumers who may not be able to pay full cost.
- Appropriate rate of return on investments to satisfy the interests of investors in the National Interconnected system.

- Setting of Bulk Supply Tariff (BST) to ensure that distribution utilities procure electricity for distribution at least-cost from wholesale power suppliers and retail to regulated customers.
- Setting of Transmission and Distribution Service Charge to ensure economically efficient, reliable and secure operation of the Transmission System by the Electricity Transmission and Distribution Utilities.
- Provision of adequate revenue to ensure the financial viability of the utilities.
- Allowance for a tariff structure which incorporates uniform rates for all customers within a particular category of customers regardless of geographical location.

In adjusting electricity and water Tariffs the Commission took into consideration the social impact on certain categories of consumers who need to be supported through a lifeline Tariff Intervention Mechanism which seeks to ensure that such consumers are not overburdened.

According to the Commission's Rate Setting Guidelines in calculating the Tariffs for Lifeline Consumers there is the need to take into consideration the price of kerosene and the incomes of consumers in the lifeline category. In all there are about 937,632 customers on lifeline within the ECG and NEDCo Networks. The Commission also took into consideration the effect of Cedi depreciation against the US Dollar.

The Commission also wishes to indicate that the cost of producing electricity has increased due to the shift in the generation mix of using more thermal electricity (Natural Gas and Crude Oil) as against Hydro (Water from Akosombo, Kpong and Bui).

A growth in demand of 10% per annum in electricity has also contributed to the need for more resources and increased cost to enable the utility service providers to meet the needed expansion.

The energy situation over the past one year has not helped due to the unavailability of Natural Gas through the West African Gas Pipeline (WAGP) for electricity generation which resulted in an acute load shedding situation in the country.

There is no doubt that this situation has adversely contributed to the decline in the economic development and growth of the country because industry depended largely on alternative sources which are more expensive than electricity through the grid.

Currently, supplies of Natural Gas through the WAGP are not adequate thus forcing the VRA to largely depend on expensive imported light crude oil for generation.

It should be noted that any increase in electricity tariffs is based on a projected generation mix for hydro and thermal.

The Commission wishes to remind all consumers and stakeholders that tariffs alone cannot raise the needed capital for the utilities to operate efficiently and effectively. In this regard, the Commission is urging government to continue sourcing funds to supplement the Tariff income to enable the Utility Service Providers to maintain, replace, repair utility equipment and add on the needed investments that would bring about the required improvements in the sector.



## **IMPROVEMENT IN QUALITY OF SERVICE**

Following a marine accident on the West African Gas Pipeline(WAGP) resulting in the disruption in the flow of Gas from Nigeria in the past year, the sector has faced challenges in achieving the required standards of quality of service delivery to consumers due to the impact of the load shedding exercise that have been experienced by the country.

Notwithstanding this unfortunate crisis situation that the country experienced, the Commission has been committed to ensuring that the required benchmarks under relevant Regulations are adhered to by the Utility Service Providers. Any breach of the Quality of Service Regulations would result in stiffer penalties and sanctions for Utility Service Providers.

The Utility Service Providers should reposition themselves to deliver quality of service and respond adequately to the needs of the consumer by implementing appropriate mechanisms ensuring to minimize the response time to faults that occur in the distribution network.

It is the strong view of the Commission that an increase in tariffs should correspond to an improvement in quality of service and the Commission would ensure that the following key benchmarks for the attainment of the acceptable and attainable levels of quality of service are strictly adhered to.

- Reduction in Technical and Commercial losses to meet the Commissions benchmark of 21% for the Distribution Companies(ECG & NEDCO)
- Reduction in Transmission losses to meet the Benchmark of 3.5% for GRIDCO
- Generation Plant Availability of 92% benchmark for Thermal Plants.
- Hydro Plant Availability at 95%.
- Voltage stabilization at the consumer end to reduce the incidence of suppressed demand.
- An efficient billing and revenue collection effort to meet regulatory benchmark of a 95% collection Ratio.
- Develop and carry out orderly annual capital investments and preventive maintenance programs to avoid a rapid deterioration of the system.
- Carry out extensive Public Education and Awareness Programs on their activities and also communicate effectively to the Public in dealing with challenges of reliability of the service.
- Develop a human face in Customer Relations.
- ECG and NEDCO to address challenges associated with Pre-Paid Meters being used by consumers.
- The installation of Multiple meters by ECG and NEDCo in compound houses so that consumers in such dwellings can take advantage of the life line Tariff.

The Utility Service Providers MUST comply with the following to ensure efficiency and maximization of Resources:

- Institutionalization of effective and prudent cost control measures to ensure a fair return on Investment
- Effective Billing and Revenue Collection
- Continue vigorously the installation of Pre- Paid Meters for Public and Private Buildings and Institutions
- Internal restructuring to provide the necessary guidance and supervision to ensure effective and efficient operations

### **APPROVED ELECTRICITY TARIFFS**

Subsequent to a careful investigation of the proposals submitted by the Utility Service Providers for Utility Tariff Adjustments, and considering concerns of consumers and inputs from Stakeholders the Commission at its meeting today has approved Utility Tariff Increases for various customer categories.

#### **Approved Residential End User Electricity Tariff Effective October 01, 2013**

<b>Residential Customer Class</b>	<b>Existing Tariff (GHp / kWh)</b>	<b>Approved Tariff (GHp / kWh)</b>	<b>Percentage Increase</b>
0 – 50	9.5000	15.6750	65.0%
51-150	17.5785	31.4479	78.9%
151-300	17.5785	31.4479	78.9%
301-600	22.8135	40.8134	78.9%
601+	25.3483	45.3481	78.9%

Note: Refer to Appendix 1 & 2 for approved rates for Non Residential and Special Load (SLT) Customers.

In arriving at a decision on the tariff increases the actual increases averaged 150%, but the Commission took into consideration concerns of Stakeholders regarding a one time quantum increase.

In this regard the Commission has agreed to stagger the Tariff increase over a period using the Automatic Adjustment Formula. This is also in consonance with suggestions by key Stakeholders during extensive consultations on the matter.



## **APPROVED WATER TARIFFS EFFECTIVE 1<sup>st</sup> OCTOBER 2013**

The Public utilities Regulatory Commission following consultative process adjusted water Tariffs effective 1<sup>st</sup> October 2013. It should be noted that the last Major Water Tariff adjustment was done in June 1<sup>st</sup> 2010.

The current Tariff adjustment is meant to assist the GWCL meet key operational costs which include cost of electricity, cost of chemicals for the treatment of Raw Water, and operation and maintenance costs. The electricity cost which is a pass through cost forms about one third of the cost of water production & supply.

### **Approved Water Rates Effective October 01, 2013**

<b>Customer Class</b>	<b>Existing Tariff (GHp / cubic metre)</b>	<b>Approved Tariff (GHp / cubic metre)</b>	<b>Percentage Increase</b>
<b>Residential</b>			
0 – 20	85.2600	129.5952	52.0%
20+	127.8100	194.2712	52.0%
<b>Non Residential</b>			
Commercial / Industrial	181.6800	276.1536	52.0%
Public Institutions / Government Departments	163.9600	249.2192	52.0%
Unmetered Premises Flat Rate per House per Month	554.9300	843.4936	52.0%
Premises without connection (Public Stand Pipes) per 1,000 litres	84.2900	128.1208	52.0%
Special Commercial	516.6400	785.2928	52.0%

### **CONCLUSION**

It is the hope of the Commission that this Tariff Adjustment is going to assist the Utility Service Providers to undertake critical investments that impact and ensure the availability of adequate and reliable supply in electricity

The Commission is very much concerned about lapses in quality of service especially in the area of Response Time to faults, Communication with the general public on system reliability and the activities of the Utility Service Providers, delays in the acquisition of water and electricity meters, improvements in monthly average efficiency, reduction in forced outages, communicate effectively on planned outages and observance of planned maintenance schedules.

The Commission is grateful to the general public and stakeholders who made contributions and submitted inputs during our extensive stakeholders.

The Commission wishes to assure consumers that it is committed to an improvement in the delivery of quality of service and would not hesitate to apply the necessary sanctions as stipulated in our various Regulations.

Thank you

  
Dr. E. K. Annan  
Chairman

## Appendices

### Appendix 1 - Approved Non Residential End User Electricity Tariff Effective October 01, 2013

Non Residential Customer Class	Existing Tariff (GHp / kWh)	Approved Tariff (GHp / kWh)	Percentage Increase
0 – 100	25.2712	45.2102	78.9%
101 – 300	25.2712	45.2102	78.9%
301-600	26.8912	48.1084	78.9%
600+	42.4309	75.9089	78.9%

### Appendix 2 - Approved Special Load Tariff (SLT) Effective October 01, 2013

Special Load Tariff (SLT) Customers	Existing Tariff (GHp / kWh)	Approved Tariff (GHp / kWh)	Percentage Increase
<b>SLT - Low Voltage</b>			
Capacity Charge (GHp / KVA / Month)	1,542.9400	2,760.3197	78.9%
Energy Charge (GHp / kWh)	26.3402	47.1226	78.9%
Service Charge (GHp / Month)	1,102.1000	1,971.6569	78.9%
<b>SLT - Medium Voltage</b>			
Capacity Charge (GHp / KVA / Month)	1,322.5200	2,365.9883	78.9%
Energy Charge (GHp / kWh)	20.3889	36.4757	78.9%
Service Charge (GHp / Month)	1,542.9400	2,760.3197	78.9%
<b>SLT - High Voltage</b>			
Capacity Charge (GHp / KVA / Month)	1,322.5200	2,365.9883	78.9%
Energy Charge (GHp / kWh)	18.7357	33.5182	78.9%
Service Charge (GHp / Month)	1,542.9400	2,760.3197	78.9%
<b>SLT - High Voltage – Mines</b>			
Capacity Charge (GHp / KVA / Month)	1,542.9400	2,760.3197	78.9%
Energy Charge (GHp / kWh)	29.7567	53.2347	78.9%
Service Charge (GHp / Month)	1,542.9400	2,760.3197	78.9%