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2024 THIRD QUARTER TARIFF REVIEW DECISION

FOR ELECTRICITY, NATURAL GAS AND WATER

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1. Introduction

The Public Utilities Regulatory Commission of Ghana (PURC) wishes to inform consumers of electricity and water that it has carried out its quarterly review of the existing tariffs. The new tariffs are effective October 01, 2024. This review, undertaken within the PURC Quarterly Tariff Review Framework, is to account for changes in key uncontrollable factors, specifically the US Dollar/Ghana Cedi exchange rate, domestic inflation rate, cost of natural gas and electricity generation mix, among others. By incorporating changes in the values of these indicators in the quarterly tariff reviews, the Commission ensures that the real value of the tariffs are maintained, to provide for the financial viability and ability of utility service providers to deliver on their mandate. **This is necessary to keep the light on and the water flowing.**

Following the quarterly tariff review, the Commission wishes to inform the public that there will be a **3.02%** increment in electricity tariffs and a **1.86%** increment in water tariffs for the Third Quarter of 2024 for all categories of customers. The Commission's decision is based on changes in some key parameters, such as inflation rate, exchange rate, and the Weighted Average Cost of Gas (WACOG) over the projected Third Quarter. The Commission also considered several other underlying factors, including the current economic conditions and general living standards of Ghanaians, and the competitiveness and sustainability of industries.

2. Factors/Indicators Considered for Review in Tariffs for the Third Quarter, 2024

The key factors considered in the review of the Third Quarter 2024 tariffs are presented in Table 1.

Table 1: Factors Considered for Third Quarter 2024 Tariff Review

Item Description	Unit	Q2 2024 Parameters/Assumptions July 01, 2024	Q3 2024 Parameters/Assumptions Effective October 01, 2024
Generation Mix:			
Hydro	%	34.81	34.81
Thermal	%	65.19	65.19
Exchange Rate:			
Exchange Rate	GHS/USD ExRate	14.6584	15.3855
Inflation:			
Projected Annual Average	%	24.38	22.27
Projected Quarterly Average	%	6.09	5.57
Fuel Price :			
Natural Gas (WACOG)	US$/MMBtu	8.0422	7.8368

From Table 1, the Hydro-Thermal generation mix considered for the projected period remained unchanged with hydro sources contributing 34.81% to generation, while thermal sources contributed 65.19% to the generation mix. There was however a 4.96% depreciation of the Ghana Cedi against the US Dollar between the second and third tariff quarters. Projected inflation rate for the period declined marginally from 24.38% to 22.27%. Similarly, the Weighted Average Cost of Gas (WACOG) declined from US$/MMBtu 8.0422 to US$/MMBtu 7.8368 for the third quarter.

The overall changes in these factors under consideration amounted to a total under-recovery of GHS 173.98 million, which translates to a **3.02%** increase in electricity tariffs. In the case of water, a revenue gap of GHS 12.01 million was recorded which translates to a **1.86%** increase in water tariffs.

3. Tariff Decision

The Commission, having reviewed and analysed its findings from the data on the macroeconomic and market-driven variables presented in Table 1 above, approve a **3.02%** increment in electricity tariffs, largely driven by exchange rate effect on electricity generation cost, and a **1.86%** increment in water tariffs across board. Details of this decision are presented in Tables 2 and 3.

In approving this tariff, the Commission was mindful of the following key objectives:

(i) cost recovery for the provision of utility services, and

(ii) a reduction in the fiscal burden of government for subsidizing the regulated electricity and natural gas sectors.

The Commission expects the regulated utilities, including the Electricity Company of Ghana (ECG), Ghana Water Limited (GWL) and Northern Electricity Distribution Company (NEDCo) to adhere strictly to the PURC regulatory benchmark of 98% for revenue collection; and consequently, pay what is due all stakeholders in the value chain. This is very necessary for the sustainability of both the energy and water sectors.

This is also on account of the fact that the approved increment in both electricity and water tariffs is expected to translate into increased revenue requirements and collections for ECG, NEDCo, and GWL, with the following projected monthly revenues for the third quarter; GHS 2,024.5 million for ECG, GHS 243.20 million for NEDCo, and GHS 227.40 million for GWL. It is therefore the expectation of the Commission that this increased revenue requirement will be commensurate with the expected collections in accordance with the 98% revenue collection benchmark.

Table 2: Summary of Approved Tariff Decision for Electricity Customers for Third Quarter 2024

Customer Category	Measure	Existing Tariff	New Tariff Effective October 01, 2024
Residential Customer Group:			
Lifeline Customers:			
0 - 30 kWh (Exclusive)	GHp/kWh	65.6664	67.6495
Service Charge	GHp/Month	213.0000	213.0000
All Other Residential Customers:			
0-300 kWh	GHp/kWh	148.7753	153.2683
301+ kWh	GHp/kWh	196.5822	202.5190
Service Charge	GHp/Month	1073.0886	1073.0886
Non-Residential Customers:			
0-300 kWh	GHp/kWh	134.3206	138.3771
301+ kWh	GHp/kWh	166.9283	171.9695
Service Charge	GHp/Month	1242.8245	1242.8245
Special Load Tariff (SLT) Customers:			
Low Voltage - LV			
Energy Charge per kWh	GHp/kWh	200.4630	206.5170
Service Charge	GHp/Month	50000.00	50000.00
Medium Voltage - MV			
Energy Charge per kWh	GHp/kWh	160.0146	164.8471
Service Charge	GHp/Month	50000.00	50000.00
Medium Voltage - MV-2			
Energy Charge per kWh	GHp/kWh	104.4000	107.5529
Service Charge	GHp/Month	50000.00	50000.00
High Voltage - HV			
Energy Charge per kWh	GHp/kWh	160.0146	164.8471
Service Charge	GHp/Month	50000.00	50000.00
High Voltage - HV Mines			
Energy Charge per kWh	GHp/kWh	419.5124	432.1817
Service Charge	GHp/Month	50000.00	50000.00

Table 3: Summary of Approved Tariff Decision for Water Customers for Third Quarter 2024

Customer Class	Measure	Existing Tariff	New Tariff Effective October 01, 2024
Residential			
0-5M^3	GHp/M3	498.4819	507.7675
5M^3+	GHp/M3	881.9206	898.3489
Service Charge	GHp/Month	1,000.00	1,000.00
Non-Residential	GHp/M3	1,492.0379	1,519.8314
Service Charge	GHp/Month	2,000.00	2,000.00
Commercial	GHp/M3	2,669.3466	2,719.0707
Service Charge	GHp/Month	2,000.00	2,000.00
Industrial	GHp/M3	2,669.3466	2,719.0707
Service Charge	GHp/Month	25,000.00	25,000.00
Public Institutions/Gov't Departments	GHp/M3	1,281.2863	1,305.1539
Service Charge	GHp/Month	2,000.00	2,000.00
Public Stand Pipes	GHp/M3	597.1923	608.3167
Service Charge	GHp/Month	2,000.00	2,000.00
Bottled Water and Drinks	GHp/M3	2,669.3466	2,719.0707
Service Charge	GHp/Month	25,000.00	25,000.00
Sachet Water Producers	GHp/M3	2,349.0250	2,392.7822
Service Charge	GHp/Month	10,000.00	10,000.00
Bulk Supply	GHp/M3	846.3858	862.1521
Service Charge	GHp/Month	5,000.00	5,000.00
Ports and Harbours	GHp/M3	3,491.5053	3,562.7743
Service Charge	GHp/Month	50,000.00	50,000.00

4. Conclusion

The PURC maintains its resolve to hold utility service providers to strict adherence to the Commission's regulatory standards and benchmarks through continuous monitoring of operations to ensure value for money, efficiency in operations, and improved quality of service.

The Commission remains grateful to all stakeholders for their support as it continues to implement these Quarterly Tariff Reviews while protecting the interests of utility service providers and consumers.

The Commission's approved tariff will be published in the gazette in due course and will be available on the PURC website: www.purc.com.gh. For further clarification, please contact Dr. Eric Obutey, Director, Research and Corporate Affairs (PURC) on 0242264081.

Dr. Ishmael Ackah
Executive Secretary
Public Utilities Regulatory Commission