

PUBLIC UTILITIES REGULATORY COMMISSION

PRESS RELEASE

2022-2025 MULTI-YEAR MAJOR TARIFF REVIEW FOR NATURAL GAS, ELECTRICITY AND WATER SERVICES

Immediate Release

The Public Utilities Regulatory Commission (PURC), has concluded its regulatory process for the examination and approval of utility tariffs covering the period 2022 to 2025.

The tariff review process commenced with the receipt of proposals from the following Utility Service Providers: Volta River Authority (VRA), Ghana National Gas Company (GNGC), Ghana Grid Company Limited (GRIDCo), Electricity Company of Ghana (ECG), Northern Electricity Distribution Company (NEDCo), Enclave Power Company (EPC) and Ghana Water Company Limited (GWCL). The Commission also received proposals from Ghana National Petroleum Corporation (GNPC) in respect of projected natural gas volumes and tariffs by gas supply sources.

As has been the practice, the PURC undertook extensive stakeholder consultations, which afforded the utility service providers the opportunity to explain their proposals to the general public and key interest groups such as the Association of Ghana Industries (AGI) and the Trades Union Congress (TUC).

The tariff decisions for the period 2022-2025 have been informed by rigorous analyses, intense debates, and extensive consultations. The last major review of tariffs was done in 2018 which resulted in an 17.5% reduction for residential and 30% for non-residential in electricity tariff. Since then, key macroeconomic variables have deteriorated, particularly since 2020. These have adverse implications on the ability of utilities to keep the lights on and water flowing.

The companies requested for very astronomical increases with GWCL demanding over 300% increase in end-user tariffs. ECG and NEDCo proposed 148% and 113% increases respectively. VRA and GRIDCo proposed 37% and 48% increment respectively. After receiving these proposals, the Commission carried out rigorous regulatory audit of processes and assets of Utility Service Providers, enabling it to adjust the Weighted Average Cost of Gas (WACOG) for power generation and end-user tariffs for electricity and water. The details are summarized in Table-1 (for Natural Gas), Table-2 (for electricity and Table-3 for water).

Table-1 Summary of Approved Natural Gas Charges (USD/MMBtu): 2022-2025

Tariff Type	Old Tariff: Effective July 01, 2019			New Tariff: Effective September 01, 2022		
	USD/MMBtu	GHS/MMBtu	GHp/MMBtu	USD/MMBtu	GHS/MMBtu	GHp/MMBtu
Weighted Average Gas Commodity Charge (WAGCC)	4.8734	25.0280	2502.7957	4.4499	33.4477	3344.7673
Weighted Average Gas Gathering Charge (WAGC)	0.0000	0.0000		0.0104	0.0785	7.8536
Weighted Average Gas Processing Charge (WAGPC)	0.0826	0.4172		0.0523	0.3931	39.3092
Weighted Average Gas Transmission Service Charge (WAGTSC)	1.0381	5.2422	524.2231	1.2885	9.6848	968.4755
Weighted Average Gas Service Charge (WAGSC)	0.0850	0.4291	42.9109	0.1049	0.7883	78.8251
Weighted Average Cost of Gas (WACOG)	6.0791	31.1165	3069.9298	5.9060	44.3923	4439.2308

In approving the Weighted Average Cost of Gas (WACOG) for the regulated period (2022-2025), the Commission considered, GNPC's projected gas volumes by gas source and tariffs as well as projected gas supply volumes and tariffs by N-Gas. For Gas Gathering, Processing and Transmission Service Charges, the Commission took into consideration financing, investment and operational costs as well as condensates and liquids revenue receipts by GNGC.

Table-2 Summary of Approved Electricity Tariffs: 2022-2025

Customer Category	Measure	Old Tariff	New Tariff Effective September 01, 2022
Residential Customers:			
Lifeline Customers:			
0-30 kWh (Exclusive)	GHp/kWh	32.6060	41.9065
Service Charge	GHS/Month	2.1300	2.1300
All Other Residential Customers:			
0-300 kWh	GHp/kWh	65.4161	89.0422
301-600 kWh	GHp/kWh	84.8974	115.5595
601+ kWh	GHp/kWh	94.3304	128.3995
Service Charge	GHS/Month	7.4569	10.7309
Non-Residential Customers:			
0-300 kWh: Small & Medium Enterprises - <i>Hairdressing and Beauty Parlours/Salons, Barbering Shops, Tailoring and Dress Making Shops, Welding, Mechanics, Vulcanising and Carpentry Workshops</i>	GHp/kWh	79.7943	83.7841
301-600 kWh	GHp/kWh	84.9097	89.1552
601+ kWh	GHp/kWh	133.9765	133.0919
Service Charge	GHS/Month	12.4282	12.4282
Special Load Tariff (SLT) Customers:			
Low Voltage - LV			
Energy Charge per kWh	GHp/kWh	104.7303	132.6125
Service Charge	GHS/Month	49.7130	500.0000
Medium Voltage - MV			
Energy Charge per kWh	GHp/kWh	79.5167	100.6863
Service Charge	GHS/Month	69.5982	500.0000
High Voltage - HV			
Energy Charge per kWh	GHp/kWh	83.4562	105.6746
Service Charge	GHS/Month	69.5982	500.0000
High Voltage - Steel Companies			
Energy Charge per kWh	GHp/kWh	53.5688	74.5315
Service Charge	GHS/Month	69.5982	500.0000
High Voltage - HV Mines			
Energy Charge per kWh	GHp/kWh	263.9705	263.9705
Service Charge	GHS/Month	69.5982	500.0000

For the end-user electricity tariffs/rates payable by consumers (Table-2), the Commission considered a number of factors. These include the cost of power which is influenced by growth in demand, Weighted Average Cost of Gas (WACOG), inflation and the Ghana Cedi/US Dollar Exchange Rate. Other factors include network upgrade/expansion and investments, operation and maintenance of service delivery infrastructure as well as financial viability of the Utility Service Providers. Most importantly, the Commission was guided in its decision by the supreme interests of consumers and the general economic conditions prevailing in the country.

The Commission gave considerable thought to the role of small and medium scale enterprises in the country's economic development, in particular, the creation and/or preservation of jobs and livelihoods. The existing tariff is structured in a manner that slaps industry with punitive tariffs in order to subsidize residential consumers of electricity. This structure has contributed to loss of competitiveness of Ghanaian industry including small and medium size household enterprises. The implications for jobs and the general welfare of residential consumers is adverse and obvious.

To address the challenge, for the first time, industry including, small and medium scale business owners of Hairdressing and Beauty Parlours/Salons, Barbering Shops, Tailoring and Dress Making Shops, Welding, Mechanics, Cold stores, Chop bars, Vulcanising and Carpentry Workshops among others will now pay lower tariffs than the residential consumer

class. This is to address the high electricity cost for industrial customers which has been repeatedly identified in the AGI Business Barometer as the key challenge affecting the competitiveness of Ghanaian industry in the global market place. The objective here is to support industry to expand and enhance its ability to generate decent employment. This tariff decision is a first step in a gradual process to invert the tariff structure over the next few years in support of the industrialisation programme of government.

Table-3 Summary of Approved Water Tariffs: 2022-2025

New Customer Class	Measure	Old Tariff	New Tariff: Effective September 01, 2022
Residential			
0-5m ³	GHp/m ³	3.2921	4.0016
5m ³ +	GHp/m ³	5.6021	6.8094
Service Charge	GHS/Month	6.0000	7.2931
Non-Residential			
Service Charge	GHp/m ³	9.2304	11.2197
	GHS/Month	6.0000	7.2931
Commercial (Sachet Water Producers)			
Service Charge	GHp/m ³	12.3770	15.0443
	GHS/Month	6.0000	7.2931
Commercial (Special Commercial)			
Service Charge	GHp/m ³	56.0756	45.9484
	GHS/Month	6.0000	7.2931
Industrial			
Service Charge	GHp/m ³	11.1183	13.5145
	GHS/Month	6.0000	7.2931
Public Distribution/Gov't Departments			
Service Charge	GHp/m ³	7.1866	8.7355
	GHS/Month	6.0000	7.2931
Public Stand Pipes			
Service Charge	GHp/m ³	3.6945	4.4907
	GHS/Month	6.0000	7.2931
Ports and Harbours			
Service Charge	GHp/m ³	125.8683	45.0000
	GHS/Month	6.0000	7.2931
Bulk Supply			
Service Charge	GHp/m ³	3.2921	4.0016
	GHS/Month	6.0000	7.2931

For water (Table-3), the Commission took cognisance of the cost of electricity, increased volume/cost of chemicals for raw water treatment, the Ghana Cedi/US Dollar exchange rate, inflation, infrastructure upgrade/expansion and, operation and maintenance of service delivery as well as financial viability of GWCL.

In balancing the interests of service providers and consumers, the PURC acknowledged that the very economic variables that have occasioned the steep increases proposed by the service providers also affect consumers. The Commission admitted, however, that some level of increases in utility tariffs were inevitable if the nation was to avoid another *dumsor* and its attendant effects including job losses. The Commission therefore decided to increase the average end-user tariff for electricity by 27.15% and water by 21.55% effective 1st September, 2022. These rates, in view of the Commission, are sensitive and responsive to the positions of all stakeholders in the utility space in line with sections 3(c) of PURC Act 1997 (Act 538).

The PURC is grateful to all stakeholders for their participation and inputs into the tariff approval process. The Commission will continue to monitor the operations of the Utility Service Providers to ensure value for money and quality of service delivery. After this major Tariff Review, the Commission will implement its Quarterly Tariff Review in line with its Rate Setting Guidelines for Quarterly Review of Natural Gas, Electricity and Water Tariffs.

The details of the Commission's tariff decision will be published in the gazette in due course and will be available on the Commission's website: www.purc.com.gh

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