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Increases in electricity and water tariffs

Accra, May 31, GNA - The Public Utility Regulatory Commission (PURC) has approved an average increase of 89 per cent and 36 per cent in electricity and water tariffs respectively with effect from June 1, this year. Electricity and water tariffs were last adjusted in November 2007. The managements of Volta River Authority (VRA), Ghana Grid Company (GRIDCo) and Electricity Company of Ghana (ECG) had together requested an average of 154 per cent increase over existing rates. Dr Emmanuel Annan, Chairman of the Commission, who announced the approved tariffs said the increases fell substantially below the level requested by the utility companies and left a financial gap of about GH¢ 49 million.

He said in making the adjustments, the Commission did not lose sight of the social impact and fairness to customers. With the adjustments, lifeline tariff for electricity consumers between 0-50 units remained unchanged at the rate of 9.5 pesewas per kilowatt-hour from the 2007 tariff adjustment.

However, consumers in the residential category of between 51-300 units have an increase of 42 per cent per kilo-watt-hour, which translated into 17 pesewas, up from the existing 12 pesewas/kwh. Dr Annan said the increase was partly to restore the value of the tariff in dollar terms, which dropped from 13 cents/kwh in November 2007 to eight cents/kwh in November 2009 as a result of exchange rate depreciation, so as to ensure the financial viability of the utility service providers. Besides, he said it would ensure that consumers of electricity had value for money through improvement in the quality of service being delivered by the utility service providers.

However, Dr Annan said tariffs alone could not raise all the required funds for investments, maintenance, replacement and refurbishment of utility equipment.

"Accordingly, we have advised government to continue sourcing investment funds to supplement the tariff income. This would enable the utilities to achieve the desired level of investments for continuous improvements in service delivery," he said. Dr Annan emphasised that the increase in tariffs must be matched by significant improvements in the quality of service, saying targets for achieving quality of service would be monitored, enforced and sanctioned. Some of the improvements expected include minimisation of customer hours lost per year due to power outages, reduction in both technical and commercial losses, control operational cost within regulated targets to ensure a fair return on investment and publication of customer charter. On water tariffs, Dr Annan said the current adjustment was meant to assist the management of Ghana Water Company Limited and Aqua Vitens Rand

Limited to meet key operational costs such as the cost of chemicals for the treatment of water, replacement of obsolete equipment as well as maintenance of the system.

The schedule of tariffs for various customers ranges from 21 per cent to 135 per cent for residential and special commercial users. "The increases in tariffs are part of a holistic approach to achieving a balance between the demand and supply of power and water and achieving planned and steady improvements in the delivery of quality service to consumers. "Nonetheless, the Commission is gravely concerned about the lapses in the quality of service currently being provided by the utilities and as indicated would not hesitate to apply the necessary sanctions and penalties if quality of service benchmarks are not adhered to," he said. Dr Annan said PURC was also considering the re-introduction of the automatic adjustment formula to address any adverse movement of external factors that affected tariffs. This, he said, would reduce the financial burden on consumers associated with one-time tariff adjustments while at the same time ensuring the financial viability of the utilities. **31 May 10**