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PURC ASSUMPTIONS ON ENERGY MIX GENERATION FOR 2023 TARIFF REVIEW IS BASELESS

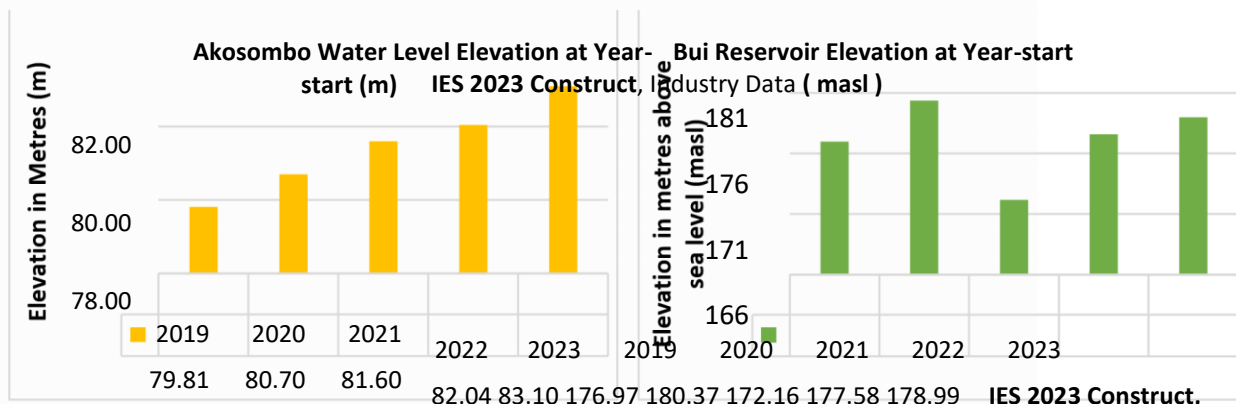
The Institute for Energy Security (IES) has received news of tariff review by the Public Utility Regulatory Authority (PURC). The review captured in the PURC statement released on 16th January, has stated the effects of the Cedi depreciation, Inflation rates, Generation mix and the Weighted Average Cost of Gas (WACoG) as the factor which informed the end user tariff increment by 29.96% for electricity for all consumer groups.

The IES is concerned in particular about the assumption used in establishing the new electricity tariffs beginning February 1st 2023. On the four key variables, the IES believe the rates for Cedi/Dollar exchange rate and inflation rates reflects market conditions.

The IES however considers the assumption used by the PURC on the electricity generation mix of 26.11% hydro and 73.89% thermal as baseless. That assumption amounts to given priority to thermal power generation over hydro, given that water elevations for Bui and Akosombo generating stations (GS) have improved waterhead levels, and capable of producing over 35% of power in 2023, in IES' estimation.

Data from Akosombo and Bui indicate elevations at the beginning of 2023 compared to previous are in a better positions to produce more electricity than the thermals. Bui's water elevation is expected to help produce more megawatts to support voltage on the grid, and help reduce transmission losses, if dispatched conservatively throughout the year.

The Institute agrees with the expectation that bulk of the capacity generation for 2023 would come from thermal sources if natural gas supply is sustained, and planned plant maintenance schedules is strictly adhered to. However, with improved water-head levels, hydropower generation is estimated to produce close to 38% of 2023 capacity, should hydro-electric have dispatch priority over thermal in the generation mix.





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With a year-start Akosombo water level elevation of 83.10 metre (272.66 feet), it is estimated that total energy production from Akosombo GS could fall between 7,500 gigawatt-hour and 8,000 gigawatt-hour (GWh) for 2023, with the Kpong GS producing roughly 990 GWh of electric energy over the period. Also, Bui GS' year-start elevation of 178.99 metres above sea level (masl) is enough to possibly produce an estimated 1,056 GWh of electricity in 2023.

Although the IES has anticipated that the average electricity end-user tariff (GH¢/kWh) covering residential, non-residential and special load tariff electricity consumers would see an increase within the year, the expected increase in tariff was anticipated to be marginal should more of hydro-electric power be produce from the generation mix.

IES therefore calls on the PURC to reconsider the energy mix assumption used in the tariff adjustment (to reflect improved water-head levels) as that has an impact on the Weighted Average Cost of Gas, which has been reviewed to \$6.0952/MMBtu from \$5.9060MMBtu. This, the IES believe will bring some relief to already burdened citizens, and in the face of the current economic crisis.

Signed:
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