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PURC Should Adopt NPA's Fair and Transparent Pricing Framework

The Public Utilities Regulatory Commission's (PURC) recent decision to increase electricity tariffs by 3.49% and water tariffs by 0.85% respectively in the third quarter of 2026 exposes the regulator's historical weaknesses concerning transparency and fairness in electricity pricing in Ghana. The lack of transparency may restrict end-users' ability to understand or evaluate whether tariffs reflect fair costs or market realities. A critical deficiency lies in the limited disclosure of key market indicators and their respective weights in determining water tariffs, as well as the exact weightings associated with the exchange rate, inflation, generation mix, and weighted average cost of gas (WACOG) for natural gas in determining electricity tariffs.

This opacity starkly contrasts with the National Petroleum Authority's (NPA) pricing regime, which sets a commendable standard through comprehensive and transparent disclosure practices. The petroleum authority publishes detailed Petroleum Products Pricing Guidelines that specify the exact pricing benchmarks, conversion factors for each product, and the precise formula for calculating ex-refinery and ex-pump prices. The Authority clearly communicates the applicable pricing windows and FOB averaging periods and publishes actual ex-pump prices for public information.

The NPA's pricing demonstrates a higher degree of transparency than PURC's approach by regularly publishing detailed pricing indicators such as exchange rates, ex-refinery prices, and conversion factors. This approach promotes accountability by elucidating the components driving price changes and enabling stakeholders to verify the integrity of pricing decisions.

The PURC should urgently adopt a similar approach by publishing a comprehensive weighting scheme for its market and macroeconomic indicators. This can enhance its credibility and address public concerns regarding tariff fairness and regulatory accountability. The transparency and disclosure of influential variables anchor pricing decisions in objective and observable market factors rather than opaque administrative discretion, thereby reducing perceived arbitrariness.

Just as the NPA specifies that FOB prices are based on Platts benchmarks with precise conversion factors (e.g., 1183.43 for gasoil), PURC should disclose its equivalent technical parameters. This would enable the independent verification of tariff decisions and likely reduce the perception of arbitrary adjustment. Publishing such benchmarks or indicators provides both utility providers and end users with adequate notice and enables stakeholders to anticipate adjustments based on established rules. This aligns with the principles of fair pricing, where stakeholders are informed in advance about potential tariff movements based on real economic variables. The established schedule should include key updates on exchange rate volatility, inflation, the cost of natural gas, and changes in weights or conversion factors that materially impact cost structures.

Learning from the NPA, the utility regulator should institutionalize these transparency measures as a core regulatory function rather than as ad hoc communication. Voluntary disclosures by the regulator may fall short of expectations and could be perceived as serving the interests of utility providers and the government, particularly if the disclosure practices remain inconsistent. However, mandatory and consistent disclosures combined with self-regulatory frameworks can foster collective accountability and public benefit.

In conclusion, PURC's tariff-setting will benefit substantially from adopting transparent disclosure practices akin to the National Petroleum Authority's model, particularly the publication of comprehensive pricing indicators and a formalized waiting scheme for periodic tariff reviews.

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