



PUBLIC UTILITIES REGULATORY COMMISSION

Cash Waterfall Mechanism Validation Report for October 2023 Payment

October 2023

1. Introduction

Pursuant to the implementation of the New Cash Waterfall Mechanism (CWM) adopted in August 2023 to ensure that Revenue collected from the regulated electricity market is allocated across the electricity value chain in an equitable and transparent manner, the Public Utilities Regulatory Commission is to provide monthly validation report on disbursements of revenue to sector players. Upon submission of the approved October 2023 CWM Model to ECG, ECG was supposed to made payment to the various stakeholders along the energy value chain based on the approved model. PURC validated the payments made by ECG to various stakeholders for the month of October 2023 and thus present its report as follows.

2. Cash Waterfall Mechanism Implementation

This report covers the application of the CWM for the month of October 2023. The October 2023 payments were based on invoices submitted for August 2023. The total ECG revenues reported for October 2023 was GHS 701,518,305.27, out of which GHS 16,207,602.00 was declared as non-tariff revenue.

2.1 Allocation Revenue to Sector Players

A total amount of GHS 479,300,000 representing the total payment due Six (6) IPPs as Level A was deducted from the revenues reported by ECG. The remaining GHS 178,233,415.11 was then allocated to SOEs and regulators as Level B as captured in Table 1.

Table-1: Allocation Revenue

COMPANY	CWM PERCENTAGE	EXPECTED PAYMENT CMW (GHS)
VRA	7.77%	13,846,649.25
Bui	5.03%	8,962,160.71
BXC Solar	0.21%	376,963.51
Meinergy	0.21%	379,125.36
Safisana	0.00%	7,945.15
Early Power	0.07%	132,204.87
GNGC (Service Charge)	26.41%	47,074,159.35
GNGC (Ghana Gas)	11.99%	21,367,848.81
Regulatory Levy (PURC , EC, MOEn, Pro poor) (Gas)	13.09%	23,328,828.34
Regulatory Levy (PURC , EC, MOEn, Pro poor) (Power)	0.95%	1,694,363.32
ECG	25.74%	45,876,629.09
GRIDCo	8.52%	15,186,537.34
Total	100%	178,233,415.11

2.2 Ministry of Finance (MoF) Top up.

In accordance with the CWM guidelines and the approved October 2023 CWM model, it is expected that Ministry of Finance releases an amount of GHS 201,718,538.35 to make up for the shortfalls of the Level B category in the interim, to ensure no arrears accumulate in the power sector. Public Utility Regulatory Commission (PURC) issued relevant payment instructions on behalf of the Cash Waterfall Mechanism (CWM) to the Ministry of Finance to pay for the shortfalls for the Level B beneficiaries to prevent new debt accumulation and improve overall debt sustainability. Summary of the beneficiaries for the MoF top up are shown in table 2.

Table-2: Beneficiaries of MoF Top up

COMPANY	CWM PAYMENT (GHS)	MOF TOP UP (GHS)
VRA	13,846,649.25	82,346,312.13
Bui	8,962,160.71	53,298,156.85
BXC Solar	376,963.51	3,114,734.36
Meinergy	379,125.36	3,132,596.94
Safisana	7,945.15	65,648.34
Early Power	132,204.87	589,405.29
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	1,694,363.32	5,939,157.74
GRIDCo	15,186,537.34	53,232,526.70
Grand Total		201,718,538.35

The Commission wishes to state that as at the Report date, MoF have not yet effected payments to the beneficiaries of the shortfalls for August, September and October 2023. However, engagement with MoF is still ongoing to ensure that the Finance Ministry honour its obligation.

2.3 Actual Disbursements of Revenue to Sector Players

2.3.1 Disbursement to Level A Beneficiaries

The total actual revenue allocated to the Level A beneficiaries stood at GHS 43,000,000.00 as reported by ECG. The payments were made in line with the New CWM Guidelines. Summary of the payments to the various beneficiaries are shown in Table 3.

Table-3: Summary of Payments to Level A Beneficiaries

COMPANY	CWM PERCENTAGE	AMOUNT PAID USD
Cenpower	23.26%	10,000,000.00
Karpower	16.28%	7,000,000.00
Amandi	16.28%	7,000,000.00
Cenit	11.63%	5,000,000.00
Asogli	16.28%	7,000,000.00
Aksa	16.28%	7,000,000.00
Grand Total	100%	43,000,000.00

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2.3.2 Disbursement to Level B Beneficiaries

Up to date no disbursements have been made to most of the Level B beneficiaries by ECG for the period of October 2023. Summaries of payment to Level B beneficiaries are shown in Table 4.

Table-4: Summary of Payments to Level B Beneficiaries

COMPANY	CWM PERCENTAGE ALLOCATION	EXPECTED PAYMENT BY CWM (GHS)	ACTUAL PAYMENT BY CWM (GHS)	VARIANCE (GHS)
VRA	7.77%	13,846,649.25	-	(13,846,649.25)
Bui	5.03%	8,962,160.71	-	(8,962,160.71)
BXC Solar	0.21%	376,963.51	-	(376,963.51)
Meinergy	0.21%	379,125.36	-	(379,125.36)
Safisana	0.00%	7,945.15	-	(7,945.15)
Early Power	0.07%	132,204.87	-	(132,204.87)
GNGC (Service Charge)	26.41%	47,074,159.35	60,000,000.00	12,925,840.65
GNGC (Ghana Gas)	11.99%	21,367,848.81	-	(21,367,848.81)
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	13.09%	23,328,828.34	-	(23,328,828.34)
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	0.95%	1,694,363.32	-	(1,694,363.32)
ECG	25.74%	45,876,629.09	-	(45,876,629.09)
GRIDCo	8.52%	15,186,537.34	-	(56,406,214.66)
Grand Total	100%	178,233,415.11	60,000,000.00	(159,453,092.43)

As indicated in Table 4, the total actual revenue distributed among the Level B beneficiaries stood at GHS 60,000, 000.00. It must be noted that the payment was only made to GNPC.

The Commission wishes to indicate that as at the Report date, ECG had not made payment to the remaining beneficiaries in Level B. The payment due the remaining beneficiaries stood at GHS 159,453,092.43

3.0 Conclusion

The Commission has validated payments and receipt to all stakeholders along the energy value chain. Up to date ECG has consistently not comply with the guidelines of the new CWM as directed by the President for August 2023. This defeats the principle of fair and equitable allocation of revenue to sector players under Level B as approved by the CWM Standing Committee in line with the revised CWM guidelines.

The Commission wishes to state once again that ECG should cooperate and allow the CWM function as directed by the President. In addition, MoF should also take the necessary step to honor it obligation by paying for the shortfalls.

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