



PUBLIC UTILITIES REGULATORY COMMISSION

Cash Waterfall Mechanism Validation Report for December 2023 Payment

December 2023

1. Introduction

The Public Utilities Regulatory Commission (PURC) publishes this report to provide for the December 2023 validation of disbursement of revenues to the power sector players. This is in line with the implementation of the New Cash Waterfall Mechanism (CWM), which was adopted in August 2023 to ensure that revenues collected from the regulated electricity market are allocated across the electricity value chain in an equitable and transparent manner. Upon submission of the approved December 2023 CWM Model to Electricity Company of Ghana (ECG), ECG was supposed to make payment to the various stakeholders along the energy value chain based on the approved model. PURC subsequently validated the payments made by ECG to various stakeholders for the month of December 2023 and hereby presents its report as follows.

2. Cash Waterfall Mechanism Implementation

The CWM application for the month of December 2023 payments was based on invoices submitted for October 2023. The total ECG revenues reported for December 2023 was GHS 1,000,000,000.00, out of which, GHS 13,400,000.00 was declared as non-tariff revenue and GHS 50,000,000.00 as Tax set off.

2.1 Allocation Revenue to Sector Players

A total amount of GHS 531,050,000.00 representing total payment due Six (6) Independent Power Producers (IPPs) as Level A was deducted from the revenues reported by ECG. The remaining amount of GHS 157,174,563.13 after deducting the statutory payments, forex loss and the payment for fossil fuel including payment to the IPPs was then allocated to State Owned Enterprises (SOEs), regulators and some embedded generators within the ECG network in Level B. This is captured in Table 1 below.

Table-1: Allocation Revenue

COMPANY	CWM PERCENTAGE	EXPECTED PAYMENT CMW (GHS)
VRA	9.70%	32,645,410.20
Bui	18.70%	62,929,724.04
BXC Solar	0.45%	1,506,934.26
Meinergy	0.46%	1,541,886.14
Safisana	0.02%	51,476.08
Early Power	0.00%	-
GNPC (Service Charge)	21.06%	70,892,158.76
GNGC (Ghana Gas)	14.35%	48,298,737.96
VRA (NGAS + WAPCO)	0.00%	-
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	7.69%	25,892,619.97
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	0.74%	2,501,042.35
ECG	20.17%	67,892,626.26
GRIDCo	6.67%	22,447,383.96
Total	100%	336,600,000.00

2.2 Ministry of Finance (MoF) Top up.

The Ministry of Finance is expected to release an amount of GHS 225,812,985.73 in accordance with the CWM guidelines and the approved December 2023 CWM model. This, in the interim, will make up for the shortfalls in the Level B category and to ensure that, no arrears accumulate in the power sector. Public Utilities Regulatory Commission (PURC), on behalf of the Cash Waterfall Mechanism (CWM), issued relevant payment instructions to the Ministry of Finance to pay for shortfalls to the Level B beneficiaries thereby preventing new debt accumulation and to 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	32,645,410.20	55,017,066.19
Bui	62,929,724.04	106,054,994.28
BXC Solar	1,506,934.26	3,888,478.21
Meinergy	1,541,886.14	3,978,667.70
Safisana	51,476.08	132,828.35
Early Power	-	-
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	2,501,042.35	5,688,195.30
GRIDCo	22,447,383.96	51,052,755.70
Total		225,812,985.73

The Commission wishes to state that, MoF has not made up for the shortfalls for August, September, October, November and December 2023. However, the Commission continues to engage the Finance Ministry to ensure that, it honours 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 Level A beneficiaries stood at USD43,000,000.00 as reported by ECG and these payments, were made in line with the New CWM guidelines. A summary of the payments to the various beneficiaries is 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

2.3.2 Disbursement to Level B Beneficiaries

Disbursements of the net revenues were not in accordance with the approved allocation percentages submitted to ECG for November 2023. The total payments made to the various members in Level B category are summarized 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	9.70%	32,645,410.20	-	(32,645,410.20)
Bui	18.70%	62,929,724.04	52,900,000.00	(10,029,724.04)
BXC Solar	0.45%	1,506,934.26	-	(1,506,934.26)
Meinergy	0.46%	1,541,886.14	-	(1,541,886.14)
Safisana	0.02%	51,476.08	-	(51,476.08)
Early Power	0.00%	-	-	-
GNPC (Service Charge)	21.06%	70,892,158.76	40,000,000.00	(30,892,158.76)
GNGC (Ghana Gas)	14.35%	48,298,737.96	40,000,000.00	(8,298,737.96)
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	7.69%	25,892,619.97	25,892,619.97	-
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	0.74%	2,501,042.35	4,107,380.03	1,606,337.68
ECG	20.17%	67,892,626.26	-	(67,892,626.26)
GRIDCo	6.67%	22,447,383.96	44,000,000.00	21,552,616.04
Total	100.00%	336,600,000.00	206,900,000.00	(129,700,000.00)

As indicated in Table 4, the total actual revenue distributed among the Level B beneficiaries stood at GHS 206,900,000.00 instead of GHS 336,600,000.00. It must be noted that payments were not made to all beneficiaries. Payments to the (6) recipients were not in accordance with the approved allocation schedule submitted to ECG.

The Commission wishes to state that ECG non-compliance to the approved Model led to a shortfall of GHS 129,700,000.00 for November 2023.

3.0 Conclusion

The Commission has validated payments and receipts to all stakeholders along the electricity value chain. The Commission notes that, up to date, ECG has not complied with the guidelines of the new CWM as directed by the President in August 2023. This defeats the principle of fair and equitable allocation of revenues 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 that ECG should cooperate and allow the CWM to function as directed by the President. Additionally, MoF should take the necessary steps to honor its obligations by paying for the shortfalls

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