



PUBLIC UTILITIES REGULATORY COMMISSION

Cash Waterfall Mechanism Report for August 2023 Payment

August 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 August 2023 CWM Model to ECG, ECG made payment to the various stakeholders along the energy value chain, of which payment was supposed to be based on the approved model. PURC validated the payments made by ECG to various stakeholders for the month of August 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 August 2023. The August 2023 payments were based on invoices submitted for June 2023. The total ECG revenues reported for August 2023 was GHS 1,000,013,200.00, out of which GHS 801,143,200.00 was actual cash collected and GHS 198,780,000.00 was non-cash revenue as declared by ECG.

2.1 Allocation Revenue to Sector Players

Disbursement and allocation shall be made to State Own Enterprises (SOEs) including Regulators of the power sector, based on the formula stated in section (2) after IPPs deduction has been made in accordance to above assumptions as indicated in Table-1 below.

Table-1: Allocation Revenue

COMPANY	CWM PERCENTAGE	EXPECTED PAYMENT CMW (GHS)
VRA	14.78%	45,969,824.45
Bui	6.33%	19,670,557.26
BXC Solar	0.54%	1,687,587.55
Meinergy	0.56%	1,752,364.88
Safisana	0.01%	26,464.24
GNPC (Service Charge)	7.66%	23,831,418.81
GNGC (Ghana Gas)	14.88%	46,267,008.62
VRA (NGAS + WAPCO)	12.23%	38,017,974.08
Regulatory Levy (PURC , EC, MOEn, Pro-poor) - Gas	7.42%	23,070,534.58
Regulatory Levy (PURC , EC, MOEn, Pro poor) - Power	0.99%	3,072,758.99
ECG	25.74%	80,035,642.29
GRIDCo	8.86%	27,541,064.25
Grand Total	100%	310,943,200.00

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2.2 Ministry of Finance (MoF) Top up.

In accordance with the CWM guidelines and the approved August 2023 CWM model, it is expected that Ministry of Finance releases an amount of GHS 118,102,078.12 to make up for the shortfalls of the Level B category in the interim, to ensure no arrears are built in the power sector. Public Utility Regulatory Commission (PURC) issued the relevant payment instructions on behalf of the Cash Waterfall Mechanism (CWM) for the shortfalls for the Level B beneficiaries to ensure no accumulation of new debt and improve on the overall debt sustainability in the Energy sector. Summary of the beneficiaries for the MoF top up are shown on the table-2 below.

Table-2: Beneficiaries of MoF Top up

COMPANY	CWM PAYMENT (GHS)	MOF TOP UP. (GHS)
VRA	45,969,824.45	36,113,145.26
Bui	19,670,557.26	15,452,869.39
BXC Solar	1,687,587.55	2,330,184.22
Meinergy	1,752,364.88	2,419,627.42
Safisana	26,464.24	622,559.11
Regulatory Levy (PURC, EC, MOEn, Pro poor)	3,072,758.99	4,820,323.13
GRIDCo	27,541,064.25	56,343,369.58
Grand Total		118,102,078.12

The Commission wishes to state that as at the Report date, MoF have not yet effected payments to the beneficiaries of the shortfalls. However, engagement with MoF is still ongoing to ensure that payments are made before the next approval.

2.3 Actual Disbursements of Revenue to Sector Players

Disbursements of the net revenues were not in accordance with the approved allocation percentages submitted to ECG for August 2023. The total payments made to the various members in the value chain is summarized in the Table 3 below.

Table-3: Summary of Payments

COMPANY	CWM PERCENTAGE	EXPECTED PAYMENT BY CWM (GHS)	ACTUAL PAYMENT BY CWM (GHS)	CWM VARIANCE (GHS)
VRA	14.78%	45,696,824.45	40,000,000.00	(5,969,824.45)
Bui	6.33%	19,670,557.26	20,000,000.00	329,442.74
BXC Solar	0.54%	1,687,587.55	1,687,587.55	-
Meinergy	0.56%	1,752,364.88	1,752,364.88	-
Safisana	0.01%	26,464.24	26,464.24	-
GNPC (Service Charge)	7.66%	23,831,418.81	50,000,000.00	26,168,581.19
GNGC (Ghana Gas)	14.88%	46,267,008.62	50,000,000.00	3,732,991.38
VRA (NGAS + WAPCO)	12.23%	38,017,974.08	30,000,000.00	(8,017,974.08)
Regulatory Levy (PURC, EC, MOEn, Pro poor) - Gas	7.42%	23,070,534.58	20,000,000.00	(3,070,534.58)
Regulatory Levy (PURC, EC, MOEn, Pro poor) - Power	0.99%	3,072,758.99		(3,072,758.99)
ECG	25.74%	80,035,642.29	80,035,642.29	-
GRIDCo	8.86%	27,541,064.25	50,000,000.00	22,458,935.75
Grand Total	100%	310,943,200	343,502,058.96	32,558,858.96

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As indicated in Table 3, the total actual revenue distributed among the Level B stood at GHS 343,502,058.96 which was 10.47% higher than the initial revenue collection amount declared by ECG. The increase in actual revenue distributed was attributed to over payments to some of the beneficiaries in Level B. It was observed that, whilst some members were over paid, others were under paid. From table-3, VRA and PURC, were under paid by GHS 13,987,798.53 and GHS 6,143,293.57 respectively. This brought the total under payment to GHS 20,131,092.10. On the other hand, Bui Power, GNPC, GNGC and GRIDCo were over paid by GHS 329,442.74, GHS 26,168,581.19, GHS 3,732,991.38 and GHS 22,458,935.75 respectively and this brought the total over payments to GHS 52,689,951.06.

2.4 Summary of Payments for ECG's Independent Power Producers for August 2023

Table-4: Summary of Payments for ECG's IPPs for August 2023

ITEM NO	NAME OF INDEPENDENT POWER PRODUCER	AMOUNT PAID (USD)	GHS EQUIVALENT OF AMOUNT PAID (GHS)
1	Cenit Energy Limited	5,000,000	56,900,000
2	Sunon Asogli	7,000,000	79,660,000
3	Karpowership Gh Limited	7,000,000	79,660,000
4	Aksa Energy Company Limited	7,000,000	79,660,000
5	Cenpower Power Generation Company Limited	10,000,000	113,800,000
6	Amandi Energy	7,000,000	79,660,000
7	Grand Total	43,000,000	489,340,000

3.0 Conclusion

The Commission has validated payments and receipt to all stakeholders along the energy value chain. It is worth noting that ECG did 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 that ECG should corporate and allow the CWM function as directed by the President. In addition, ECG and MoF should take the necessary step to make up for the difference for those who were shortchanged in the disbursement for August 2023 and the Model Team should effect the necessary reconciliation before the next model approval.

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