



PUBLIC UTILITIES REGULATORY COMMISSION

Cash Waterfall Mechanism Validation Report for November 2023 Payment

November 2023

1. Introduction

The Public Utilities Regulatory Commission (PURC) has published this report to provide for the November 2023 validation of disbursement of revenue to the power sector players. This is 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. Upon submission of the approved November 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 validated the payments made by ECG to various stakeholders for the month of November 2023 and thus present its report as follows.

2. Cash Waterfall Mechanism Implementation

The CWM application for the month of November 2023 payments was based on invoices submitted for September 2023. The total ECG revenues reported for November 2023 was GHS 1,022,525,491.85, out of which GHS 253,482,500.00 was declared as Tax Set-off, GHS 50,571,428.57 for Forex loss recovery, GHS 12,048,000.15 for Non-Tariff revenues and GHS 18,200,000.00 for Payment of fossil fuel.

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	7.73%	12,152,806.35
Bui	10.92%	17,169,414.39
BXC Solar	0.27%	429,346.12
Meinergy	0.22%	350,208.46
Safisana	0.01%	13,021.41
Early Power	0.09%	141,775.92
GNPC (Service Charge)	15.48%	24,332,837.75
GNGC (Ghana Gas)	28.51%	44,813,173.66
VRA (NGAS + WAPCO)	0.94%	1,473,011.38
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	9.17%	14,409,383.41
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	0.65%	1,021,260.13
ECG	20.17%	31,702,299.15
GRIDCo	5.83%	9,166,025.64
Total	100%	157,174,563.46

2.2 Ministry of Finance (MoF) Top up.

The Ministry of Finance is expected to release an amount of GHS 265,734,658.08 in accordance with the CWM guidelines and the approved November 2023 CWM model. This is to make up for the shortfalls at Level B category in the interim, and to ensure that no arrears accumulate in the power sector. Public Utilities 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 any 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	12,152,806.35	80,150,645.44
Bui	17,169,414.39	113,236,367.46
BXC Solar	429,346.12	3,918,634.95
Meinergy	350,208.46	3,196,346.78
Safisana	13,021.41	118,846.19
Early Power	141,775.92	1,293,986.53
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	1,021,260.13	6,397,842.38
GRIDCo	9,166,025.64	57,421,988.33
Grand Total		265,734,658.08

The Commission wishes to state that, MoF has not made up for the shortfalls for August, September, October and November 2023. However, engagement is still ongoing to ensure that the Finance Ministry 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 USD 43,000,000.00 as reported by ECG. These 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

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 the 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	7.73%	12,152,806.35	-	(12,152,806.35)
Bui	10.92%	17,169,414.39	20,000,000.00	2,830,585.61
BXC Solar	0.27%	429,346.12	-	(429,346.12)
Meinergy	0.22%	350,208.46	-	(350,208.46)
Safisana	0.01%	13,021.41	-	(13,021.41)
Early Power	0.09%	141,775.92	-	(141,775.92)
GNGC (Service Charge)	15.48%	24,332,837.75	-	(24,332,837.75)
GNGC (Ghana Gas)	28.51%	44,813,173.66	20,000,000.00	(24,813,173.66)
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	9.17%	14,409,383.41	10,000,000.00	(4,409,383.41)
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	0.65%	1,021,260.13	-	(1,021,260.13)
ECG	20.17%	31,702,299.15	-	(31,702,299.15)
GRIDCo	5.83%	9,166,025.64	20,000,000.00	10,833,974.36
Grand Total	100.00%	157,174,563.46	70,000,000.00	(85,701,552.40)

As indicated in Table 4, the total actual revenue distributed among the Level B beneficiaries stood at GHS 70,000, 000.00. It must be noted that payments were only made to (4) out of the (12) beneficiaries. Payments to the (4) recipients were, however, not in accordance with the approved allocation schedule submitted to ECG.

The Commission wishes to state that, ECG has not made payments to the remaining beneficiaries in Level B. Payments due to the remaining beneficiaries stood at GHS 85,701,552.40.

3.0 Conclusion

The Commission has validated payments and receipts to all stakeholders along the electricity value chain. It should be noted 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 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 co-operate and allow the CWM to function as directed by the President. Additionally, MoF should also take the necessary steps to honor its obligation by paying for the shortfalls

OUR CONTACTS

HEAD OFFICE

2nd Floor Olympic Committee Building
No. 53, Liberation Road, Ridge
P. O. Box CT 3095 Cantonments, Accra
Digital Address: GA-052-9469
Tel: (233-302) 244181-4
Fax: (233-302) 244188
WhatsApp: (233-558) 082547
Email: info@purc.com.gh
Website: <http://www.purc.com.gh>

Greater Accra Regional Office

Ground Floor, GNAT Heights
Opposite Zenith Bank, Liberation Road
Tel: (233-302) 240046
WhatsApp: (233-540) 126201

KUMASI

1st Floor Cocobod Jubilee House
P. O. Box 1001, U.S.T
Kumasi, Ashanti Region
Tel: (233-322) 037510
Fax: (233-322) 080937
WhatsApp: (233-540) 126202

TAKORADI

2nd Floor, GPHA Credit Union House
Behind Bank of Ghana
P. O. Box AX 1985
Takoradi, Western Region
Tel: (233-312) 024010
Fax: (233-312) 025261
WhatsApp: (233-540) 126203

TAMALE

1st Floor, NCA Building
Opposite Regional Coordinating Council,
P. O. Box TL 1870
Tamale, Northern Region
Tel: +233-372) 026380
Fax: (233-372) 027918
WhatsApp: (233-540) 126204

KOFORIDUA

Galloway, Near Jubilee Park Koforidua
P. O. Box KF 2781
Koforidua, Eastern Region
Tel: (233-342) 020770
Fax: (233-342) 020771
WhatsApp: (233-540) 126205

HO

1st Floor God is Great Building
P. O. Box HP 1373
Ho, Volta Region
Tel: (233-362) 028607
Fax: (233-362) 028608
WhatsApp: (233-540) 126206

SUNYANI

Plot 15/16 South Industrial Estate
Sunyani Magazine
P. O. Box SY 1003
Sunyani, Bono Region
Tel: (233-352) 021651
(233-352) 021653
WhatsApp: (233-540) 126207

CAPE COAST

First Floor Data Bank Building
Tantri Road
P. O. Box CC 453
Cape Coast, Central Region
Tel: (233-332) 137926
WhatsApp: (233-540) 126208

WA

2nd Floor Stanbic Bank Building
Opposite Societe Generale
P. O. Box 445
Wa, Upper West Region
Tel: (233-392) 024275
WhatsApp: (233-540) 126209

BOLGATANGA

Ground Floor, NCA Building, Opposite the
Regional Hospital - Bolgatanga
P. O. Box BG 273, Bolgatanga
Bolgatanga, Upper East Region
Tel: (233-382) 024524
WhatsApp: (233-540) 126210

