



PUBLIC UTILITIES REGULATORY COMMISSION

Cash Waterfall Mechanism Validation Report for January 2024 Payment

January 2024

1. Introduction

Pursuant to implementation of the New Cash Waterfall Mechanism (CWM), which was adopted in August 2023, the Public Utilities Regulatory Commission (PURC), hereby publishes this report to provide for the January 2024 validation of disbursement of revenues to the power sector players. The essence of the new cash waterfall mechanism is to ensure that revenues collected from the regulated electricity market, is equitably and transparently allocated across the electricity value chain. Subsequent to this, the Electricity Company of Ghana (ECG), was supposed to pay the various stakeholders along the electricity value chain, based on the approved model. PURC validated payments made by ECG to various stakeholders for January 2024 and thus presents its report as follows.

2. Cash Waterfall Mechanism Implementation

The CWM application for January 2024 payments was based on invoices submitted for November 2023. The total ECG revenues reported for January 2024 was **GHS 820,450,000.00**.

2.1 Allocation Revenue to Sector Players

A total amount of **GHS 512,835,200.00** representing the total payment due Six (6) Independent Power Generators (IPGs) as Level A was deducted from the collected revenues reported by ECG. The remaining **GHS 307,614,800.00** after deducting the payment to the IPGs 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	9.41%	28,953,843.58
Bui	16.41%	50,485,992.45
BXC Solar	0.54%	1,658,696.85
Meinergy	0.56%	1,733,153.02
Safisana	0.01%	35,307.61
Early Power	0.20%	613,412.27
GNPC (Service Charge)	24.30%	74,758,659.61
GNGC (Ghana Gas)	14.01%	43,083,094.95
VRA (NGAS + WAPCO)	0.00%	
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas Component)	7.36%	22,645,071.49
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power Component)	0.70%	2,165,497.12
ECG	20.17%	62,046,276.44
GRIDCo	6.32%	19,435,794.61
Total	100%	307,614,800.00

2.2 Ministry of Finance (MoF) Top up.

The Ministry of Finance is expected to release an amount of **GHS 200,310,523.25** in accordance with the CWM guidelines and the approved CWM model. This is to make up for the shortfalls in the Level B category beneficiaries to ensure that, no arrears accumulate in the power sector. The 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 to the Level B beneficiaries. This is to prevent any new debt accumulation and to improve overall debt sustainability. The summary of the beneficiaries for the MoF top-up is captured in Table 2.

Table-2: Beneficiaries of MoF Top up

COMPANY	CWM PAYMENT (GHS)	MOF TOP UP (GHS)
VRA	28,953,843.58	46,321,912.84
Bui	50,485,992.45	80,770,200.24
BXC Solar	1,658,696.85	4,091,128.58
Meinergy	1,733,153.02	4,274,772.65
Safisana	35,307.61	87,085.22
Early Power	613,412.27	1,614,985.04
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	2,165,497.12	6,330,736.84
GRIDCo	19,435,794.61	56,819,701.84
Total		200,310,523.25

The Commission wishes to state that, MoF has not paid up for the shortfalls since August 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 reported by ECG to Level A beneficiaries stood at **GHS 120,000,000.00** instead of **USD 43,000,000.00**, equivalent to **GHS 514,383,200.00** using PURC published projected Ghana Cedi-US Dollar exchange rate of 11.9624 for quarter four of 2023. 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 GHS
Cenpower	25.00%	30,000,000.00
Amandi	25.00%	30,000,000.00
Asogli	8.33%	10,000,000.00
Aksa	41.67%	50,000,000.00
Grand Total	100%	120,000,000.00

As Indicated in Tabe 3, payments were made to only four (4) IPG beneficiaries under level A beneficiaries. ECG's non-compliance to the President's directive led to a shortfall of **GHS 394,383,200.00** to Level A beneficiaries.

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2.3.2 Disbursement to Level B Beneficiaries

Disbursements of the net revenues reported by ECG were not in accordance with the approved allocation percentages submitted to ECG for November 2023. 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	9.41%	28,946,552.68	-	(28,946,552.68)
Bui	16.41%	50,479,588.68	20,000,000.00	(30,479,588.68)
BXC Solar	0.54%	1,661,119.92	-	(1,661,119.92)
Meinergy	0.56%	1,722,642.88	-	(1,722,642.88)
Safisana	0.010%	30,761.48	-	(30,761.48)
Early Power	0.20%	615,229.60	-	(615,229.60)
GNPC (Service Charge)	24.30%	74,750,396.40	40,000,000.00	(34,750,396.40)
GNGC (Ghana Gas)	14.01%	43,096,833.48	30,000,000.00	(13,096,833.48)
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas Component)	7.36%	22,640,449.28	10,000,000.00	(12,640,449.28)
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power Component)	0.70%	2,153,303.60	-	(2,153,303.60)
ECG	20.17%	62,046,276.44	62,046,276.44	-
GRIDCo	6.67%	20,514,401.45	-	(20,514,401.45)
Total	100.00%	307,614,800.00	162,046,276.44	(146,611,279.45)

As indicated in Table 4, total actual revenues allocated to the Level B beneficiaries was **GHS 162,046,276.44** instead of **GHS 307,614,800.00**. Payments were made to only five (5) beneficiaries under level B. However, these payments were not made per the approved CWM allocation proportion, which was submitted to ECG. The Commission wishes to state that, ECG's non-compliance to the approved Model, led to a shortfall of **GHS 146,611,279.45** for January 2024.

3.0 Conclusion

The Commission has validated receipts and payments to all stakeholders along the electricity value chain. It is to be noted that, since August 2023, ECG has not complied with the guidelines of the new CWM as directed by the President. This defeats the principle of fair and equitable revenue allocation to sector players under Level B as approved by the CWM Standing Committee in line with the revised CWM guidelines.

The Commission wishes to encourage ECG to cooperate and allow the CWM to function as directed by the President. Additionally, MoF should also take the necessary steps to honour its obligation by paying up for the shortfalls

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