



PUBLIC UTILITIES REGULATORY COMMISSION

Cash Waterfall Mechanism Validation Report for February 2024 Payment

February 2024

1. Introduction

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

2. Cash Waterfall Mechanism Implementation

The CWM application for February 2024 payments was based on invoices submitted for December 2023. The total ECG revenues reported for February 2024 was **GHS 836,787,000.00**.

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 Producers (IPPs) as Level A was deducted from the collected revenues reported by ECG. The remaining GHS 323,951,800.00 after deducting the 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	13.04%	42,254,488.48
Bui	20.78%	67,330,675.47
BXC Solar	0.65%	2,089,832.71
Meinergy	0.65%	2,108,658.38
Safisana	0.01%	42,587.53
Early Power	1.62%	5,245,559.39
GNPC (Service Charge)	14.12%	45,741,999.82
GNGC (Ghana Gas)	7.85%	25,435,436.47
VRA (NGAS + WAPCO)	0.00%	-
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	4.03%	13,068,180.00
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	1.68%	5,456,601.39
ECG	20.36%	65,941,589.82
GRIDCo	15.2%	49,236,190.52
Total	100%	323,951,800.00

2.2 Ministry of Finance (MoF) Top up.

The Ministry of Finance is expected to release an amount of GHS 197,112,973.25 in accordance with the CWM guidelines and the approved CWM model. This is to make up for the shortfalls of the Level B category to ensure that, no arrears accumulate in the power sector. The 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. 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	42,254,488.48	48,292,277.11
Bui	67,330,675.47	76,951,627.08
BXC Solar	2,089,832.71	3,881,212.35
Meinergy	2,108,658.38	3,916,175.16
Safisana	42,587.53	79,093.01
Early Power	5,245,559.39	28,528,961.04
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	5,456,601.39	3,538,142.28
GRIDCo	49,236,190.52	31,925,485.24
Total		197,112,973.25

The Commission wishes to state that, MoF has not made 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 **USD 43,000,000.00** equivalent to **GHS 500,000,000.00**. 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	GHS EQUIVALENT OF AMOUNT PAID
Cenpower	23.26%	10,000,000.00	119,000,000.00
Karpower	16.28%	7,000,000.00	91,000,000.00
Amandi	16.28%	7,000,000.00	80,000,000.00
Cenit	11.63%	5,000,000.00	50,000,000.00
Asogli	16.28%	7,000,000.00	80,000,000.00
Aksa	16.28%	7,000,000.00	80,000,000.00
Grand Total	100%	43,000,000.00	500,000,000.00

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 February 2024 payment. 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	13.04%	42,254,488.48	25,000,000.00	(17,254,488.48)
Bui	20.78%	67,330,675.47	20,000,000.00	47,330,675.47)
BXC Solar	0.65%	2,089,832.71	2,500,000.00	410,167.29
Meinergy	0.65%	2,108,658.38	2,500,000.00	391,341.62
Safisana	0.01%	42,587.53	1,000,000.00	957,412.47
Early Power	1.62%	5,245,559.39	-	(5,245,559.39)
GNPC (Service Charge)	14.12%	45,741,999.82	50,000,000.00	4,258,000.18
GNGC (Ghana Gas)	7.85%	25,435,436.47	40,000,000.00	14,564,563.53
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas Component)	4.03%	13,068,180.00	13,068,180.00	-
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power Component)	1.68%	5,456,601.39	1,931,820.00	(3,524,781.39)
ECG	20.36%	65,941,589.82	65,941,589.82	-
GRIDCo	15.2%	49,236,190.52	25,000,000.00	(24,236,190.52)
Total	100.00%	323,951,800.00	246,941,589.82	(77,010,210.18)

As indicated in Table 4, the total actual revenue allocated to the Level B beneficiaries was **GHS 246,941,589.82** instead of **GHS 323,951,800.00**. With the exception of Early Power, all beneficiaries under level B received some payment. These payments were not made per the approved CWM allocation proportion submitted to ECG. The Commission wishes to state that ECG non-compliance to the approved Model led to a shortfall of **GHS 77,010,210.18** for February 2024.

3.0 Conclusion

The Commission has validated payments and receipts to all stakeholders along the energy value chain. 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 state that ECG should cooperate and allow the CWM function as directed by the President. In addition, MoF should also take the necessary step to honour its obligation by paying for the shortfalls.

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