



# **PUBLIC UTILITIES REGULATORY COMMISSION**

## **Cash Waterfall Mechanism Validation Report for October 2023 Payment**

**October 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 October 2023 CWM Model to Electricity Company of Ghana (ECG), ECG was supposed to make payments to the various stakeholders along the energy value chain based on the approved model. PURC validated payments made by ECG to various stakeholders for the month of October 2023 and hereby present its report as follows.

## **2. Cash Waterfall Mechanism Implementation**

This report covers the application of the CWM for the month of October 2023. The October 2023 payments were based on invoices submitted for August 2023. The total ECG revenues reported for October 2023 was GHS 701,518,305.27, out of which GHS 16,207,602.00 was declared as non-tariff revenue.

### **2.1 Allocation Revenue to Sector Players**

A total amount of GHS 479,300,000 representing the total payment due Six (6) IPPs in Level A was deducted from the revenues reported by ECG. The remaining GHS 178,233,415.11 after the statutory payments deduction 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

<b>COMPANY</b>	<b>CWM PERCENTAGE</b>	<b>EXPECTED PAYMENT CMW (GHS)</b>
VRA	7.77%	13,846,649.25
Bui	5.03%	8,962,160.71
BXC Solar	0.21%	376,963.51
Meinergy	0.21%	379,125.36
Safisana	0.00%	7,945.15
Early Power	0.07%	132,204.87
GNPC (Service Charge)	26.41%	47,074,159.35
GNGC (Ghana Gas)	11.99%	21,367,848.81
Regulatory Levy (PURC, EC, MoEn, Pro poor) ( Gas)	13.09%	23,328,828.34
Regulatory Levy (PURC, EC, MoEn, Pro poor) ( Power )	0.95%	1,694,363.32
ECG	25.74%	45,876,629.09
GRIDCo	8.52%	15,186,537.34
<b>Total</b>	<b>100%</b>	<b>178,233,415.11</b>

## 2.2 Ministry of Finance (MoF) Top up.

In accordance with the CWM guidelines and the approved October 2023 CWM model, it is expected that, in the interim, Ministry of Finance will release an amount of GHS 201,718,538.35 to make up for the shortfalls to make up for payment in the Level B category. This is to ensure that, no arrears accumulate in the power sector. On behalf of the Cash Waterfall Mechanism (CWM), Public Utilities Regulatory Commission (PURC) issued relevant payment instructions to the Ministry of Finance to pay for shortfalls to Level B beneficiaries, to help prevent new debt accumulation and to improve on overall debt sustainability. Summary of the beneficiaries for the MoF top up are shown in table 2.

Table-2: Beneficiaries of MoF Top up

<b>COMPANY</b>	<b>CWM PAYMENT (GHS)</b>	<b>MOF TOP UP (GHS)</b>
VRA	13,846,649.25	82,346,312.13
Bui	8,962,160.71	53,298,156.85
BXC Solar	376,963.51	3,114,734.36
Meinergy	379,125.36	3,132,596.94
Safisana	7,945.15	65,648.34
Early Power	132,204.87	589,405.29
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	1,694,363.32	5,939,157.74
GRIDCo	15,186,537.34	53,232,526.70
<b>Total</b>		<b>201,718,538.35</b>

The Commission wishes to state that, as at the report date, MoF is yet to effect payments to the beneficiaries of the shortfalls for August, September and October 2023. However, the Commission continues to engage with MoF 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 USD43,000,000.00 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

<b>COMPANY</b>	<b>CWM PERCENTAGE</b>	<b>AMOUNT PAID USD</b>
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
<b>Grand Total</b>	<b>100%</b>	<b>43,000,000.00</b>

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### 2.3.2 Disbursement to Level B Beneficiaries

Up to date, no disbursements have been made by ECG to most of the Level B beneficiaries for the period of October 2023. Summaries of payment to Level B beneficiaries are shown 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	7.77%	13,846,649.25	-	(13,846,649.25)
Bui	5.03%	8,962,160.71	-	(8,962,160.71)
BXC Solar	0.21%	376,963.51	-	(376,963.51)
Meinergy	0.21%	379,125.36	-	(379,125.36)
Safisana	0.00%	7,945.15	-	(7,945.15)
Early Power	0.07%	132,204.87	-	(132,204.87)
GNPC (Service Charge)	26.41%	47,074,159.35	60,000,000.00	12,925,840.65
GNGC (Ghana Gas)	11.99%	21,367,848.81	-	(21,367,848.81)
Regulatory Levy (PURC, EC, MoEn, Pro poor) ( Gas)	13.09%	23,328,828.34	-	(23,328,828.34)
Regulatory Levy (PURC, EC, MoEn, Pro poor) ( Power )	0.95%	1,694,363.32	-	(1,694,363.32)
ECG	25.74%	45,876,629.09	-	(45,876,629.09)
GRIDCo	8.52%	15,186,537.34	-	(15,186,537.34)
<b>Total</b>	<b>100.00%</b>	<b>178,233,415.11</b>	<b>60,000,000.00</b>	<b>(118,233,415.11)</b>

As indicated in Table 4, the total actual revenue distributed among the Level B beneficiaries stood at GHS 60,000,000.00. It must be noted that the payment was only made to GNPC.

The Commission wishes to indicate that as at the report date, ECG was yet to make payments to the remaining beneficiaries in Level B. The payment due the remaining beneficiaries stood at GHS 118,233,415.11

## 3.0 Conclusion

The Commission has validated payments and receipts to all stakeholders along the energy value chain. Up to date ECG has consistently 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 once again that ECG should cooperate 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.

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