



PUBLIC UTILITIES REGULATORY COMMISSION

Cash Waterfall Mechanism Validation Report for May 2024 Payment

May 2024

1. Introduction

The New Cash Waterfall Mechanism (CWM) adopted in August 2023 is to ensure that Revenue collected from the regulated electricity market is allocated across the electricity value chain equitably and transparently, the Public Utilities Regulatory Commission (PURC) published this report for the validation of disbursement of May 2024 revenue to the power sector players. Upon submission of the approved May 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 May 2024 and hereby presents its report.

2. Implementation of Cash Waterfall Mechanism

The New CWM involves fixed payments to Level A stakeholders, comprising the Independent Power Producers (IPPs) and varying payments to Level B stakeholders, comprising the State-Owned Enterprises, Regulators and the embedded generators. The CWM application for May 2024 payments was based on invoices submitted for March 2024. The total ECG revenues reported for May 2024 was **GHS 800,845,000.00**.

2.1 Allocation Revenue to Sector Players

A total amount of **GHS 606,289,940.89** representing the total payment due Six (6) Independent Power Producers (IPPs) and WAPCo as Level A was deducted from the collected revenues reported by ECG. The remaining **GHS 170,235,676.72** after deducting payments to the IPPS and Statutory payments 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	18.23%	31,036,471.43
Bui	15.98%	27,198,265.22
BXC Solar	0.63%	1,072,284.17
Meinergy	0.71%	1,201,165.46
Safisana	0.01%	15,379.23
Early Power	0.50%	843,925.21
GNGC (Ghana Gas)	18.08%	30,774,833.66
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	8.64%	14,700,354.95
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	1.68%	2,867,427.29
ECG	20.36%	34,652,103.08
GRIDCo	15.20%	25,873,467.02
Total	100%	170,235,676.72

2.2 Ministry of Finance (MoF) Top up.

The Ministry of Finance was expected to release an amount of **GHS 285,418,952.17** in accordance with the CWM guidelines and the approved CWM model. This was to make up for the shortfalls of the Level B category to ensure that, no arrears accumulate in the power sector. A 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	31,036,471.43	84,978,936.59
Bui	27,198,265.22	77,828,915.21
BXC Solar	1,072,284.17	4,272,029.78
Meinergy	1,201,165.46	4,785,498.87
Safisana	15,379.23	61,271.59
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	2,867,427.29	6,313,248.91
GRIDCo	25,873,467.02	56,965,921.38
Total		285,418,952.17

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 49,962,499.97** equivalent to **GHS 606,289,940.89**. A summary of the payments to the various beneficiaries is shown in Table 3.

Table-3: Summary of Payments to Level A Beneficiaries

COMPANY	AMOUNT PAID (USD)	GHS EQUIVALENT OF AMOUNT PAID	ACTUAL AMOUNT PAID (GHS)
Cenpower	10,000,000.00	121,349,000.00	110,349,000.00
Karpower	7,000,000.00	84,944,300.00	
Amandi	7,000,000.00	84,944,300.00	54,944,300.00
Cenit	5,000,000.00	60,674,500.00	-----
Asogli	7,000,000.00	84,944,300.00	
Aksa	7,000,000.00	84,944,300.00	20,000,000.00
WAPCO	6,962,499.97	84,489,240.89	72,809,400.00
Grand Total	49,962,499.97	606,289,940.89	258,102,700.00

The data in Table 3 also highlights the actual amount received by the IPPs for the month of May 2024 which varied significantly from the allocations per the CWM Model allocation. As at the time of finalizing this report, two of the IPPs (Karpower and Asogli) were yet to confirm the actual amount received.

2.3.2 Disbursement to Level B Beneficiaries

Disbursements of the net revenues reported by ECG were based on the approved allocation percentages submitted to ECG for May 2024 payment. 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	EXPECTED PAYMENT BY ECG (GHS)	ACTUAL PAYMENT BY ECG (GHS)
VRA	18.23%	31,036,471.43	31,036,471.43
Bui	15.98%	27,198,265.22	27,198,265.22
BXC Solar	0.63%	1,072,284.17	-
Meinergy	0.71%	1,201,165.46	-
Early Power	0.01%	15,379.23	-
Safisana	0.50%	843,925.21	-
GNGC (Ghana Gas)	18.08%	30,774,833.66	30,774,833.66
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	8.64%	14,700,354.95	14,700,354.95
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	1.68%	2,867,427.29	2,867,427.29
ECG	20.36%	34,652,103.08	34,652,103.08
GRIDCo	15.20%	25,873,467.02	25,873,467.02
Total	100%	170,235,676.72	167,102,922.65

As indicated in Table 4, the total actual revenue payment to the Level B beneficiaries stood at GHS 167,102,922.65, which varies from allocations in the approved Model. It is worth noting that as at the time of finalizing this report, three of the embedded generators and one IPP were yet to confirm the actual amount received.

3.0 Conclusion

The Commission has validated payments and receipts from some stakeholders along the energy value chain and wishes to state that ECG did not comply with the approved payment to Level A. However, regarding payments to Level B, ECG partially complied with the approved payment allocation. The Commission will continue to engage MoF to take the necessary steps to make payment for the shortfalls.

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