



# **PUBLIC UTILITIES REGULATORY COMMISSION**

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

**September 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 a monthly validation report on disbursements of revenue collected to sector players. Upon submission of the approved September 2023 CWM Model to ECG, ECG made payments to various stakeholders along the power supply value chain, which payments were supposed to be based on the approved model. PURC validated the payments made by ECG to various stakeholders for the month of September 2023 and hereby presents its report as follows.

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

This report covers the application of the CWM for the month of September 2023. The September 2023 payments were based on invoices submitted for July 2023. Total ECG revenues reported for September 2023 was GHS 852,740,000.00, out of which GHS 44,242,500.00 was declared as Tax..

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

A total amount of GHS 498,800,000, which represents total payments due to the Six (6) IPPs in Level A was deducted from the revenues reported by ECG. The remaining GHS 309,697,500.00 was then allocated to SOEs and regulators in Level B per the schedule indicated in Table-1 below.

Table-1: Allocation Revenue

<b>COMPANY</b>	<b>CWM PERCENTAGE</b>	<b>EXPECTED PAYMENT CMW (GHS)</b>
VRA	24.95%	77,271,474.33
Bui	9.43%	29,190,149.85
BXC Solar	0.73%	2,261,055.22
Meinergy	0.68%	2,109,693.89
Safisana	0.01%	27,095.48
Early Power	0.06%	199,706.16
GNGC (Ghana Gas)	17.24%	53,402,626.43
Regulatory Levy (PURC , EC, MOEn, Pro poor)	9.33%	28,895,800.77
Regulatory Levy (PURC , EC, MOEn, Pro poor)	1.18%	3,660,184.47
ECG	25.74%	79,715,003.67
GRIDCo	10.64%	32,964,709.73
<b>Total</b>	<b>100%</b>	<b>309,697,500.00</b>

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

In accordance with the CWM guidelines and the approved September 2023 CWM model, it is expected that the Ministry of Finance, in the interim, will release an amount of GHS 72,924,872.03 to make up for the shortfalls in the Level B category, which will ensure that, no arrears are built up in the power sector. Subsequent to this, the Public Utilities Regulatory Commission (PURC), issued the relevant payment instructions on behalf of the Cash Waterfall Mechanism (CWM) for the shortfalls to be paid to the Level B beneficiaries. This is to prevent the accumulation of any new debt, and also help improve on the overall debt sustainability. Summary of the beneficiaries for the MoF top up are shown in Table-2 below.

Table-2: Beneficiaries of MoF Top up

<b>COMPANY</b>	<b>CWM PAYMENT (GHS)</b>	<b>MOF TOP UP (GHS)</b>
VRA	77,271,474.33	19,786,742.47
Bui	29,190,149.85	7,474,659.68
BXC Solar	2,261,055.22	1,525,663.28
Meinergy	2,109,693.89	1,423,531.04
Safisana	27,095.48	18,282.92
Early Power	199,706.16	60,849.07
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	3,660,184.47	4,295,273.81
GRIDCo	27,541,064.25	38,339,869.77
<b>Grand Total</b>		<b>72,924,872.03</b>

The Commission wishes to state that as at date report date, MoF is yet to effect payments to the afore mentioned beneficiaries of the shortfall, for the previous month of August, 2023 as well as current month of September, 2023 shown in Table-2 above. However, engagements with MoF is still ongoing to ensure that these payments are effected.

## **2.3 Actual Disbursements of Revenue to Sector Players**

### **2.3.1 Disbursement to Level A Beneficiaries**

The total actual revenue allocated to the 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. A summary of these payments to the various beneficiaries is shown in Table 3 below.

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>

**2.3.2 Disbursement to Level B Beneficiaries**

Disbursements of the net revenues was not in accordance with the approved allocation percentages submitted to ECG for September 2023. A summary of payments to Level B beneficiaries is shown in Table 4 below.

Table-4: Summary of Payments to Level B Beneficiaries

<b>COMPANY</b>	<b>CWM PERCENTAGE</b>	<b>EXPECTED PAYMENT BY CWM (GHS)</b>	<b>ACTUAL PAYMENT BY CWM (GHS)</b>	<b>VARIANCE (GHS)</b>
VRA	24.95%	77,271,474.33	50,000,000.00	(27,271,474.33)
Bui	9.43%	29,190,149.85	30,000,000.00	809,850.15
BXC Solar	0.73%	2,261,055.22	2,261,055.22	-
Meinergy	0.68%	2,109,693.89	2,109,693.89	-
Safisana	0.01%	27,095.48	27,095.48	-
Early Power	0.06%	199,706.16	-	(199,706.16)
GNGC (Ghana Gas)	17.24%	53,402,626.43	-	(53,402,626.43)
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	9.33%	28,895,800.77	28,895,800.77	-
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	1.18%	3,660,184.47	1,104,199.23	(2,555,985.25)
ECG	25.74%	79,715,003.67	79,715,003.67	-
GRIDCo	10.64%	32,964,709.73	50,000,000.00	17,035,290.27
<b>Grand Total</b>	<b>100%</b>	<b>309,697,500.00</b>	<b>244,112,848.26</b>	<b>(82,619,942.01)</b>

As indicated in Table 4, the total actual revenue distributed among Level B beneficiaries, stood at GHS 244,112,848.26, which is 21.18% lower than the initial revenue collection amount declared by ECG for the beneficiaries in this bracket. The reduction in actual revenues available for distribution, led to underpayments to some beneficiaries, and in some cases, non payments to others, while others were overpaid. Total under payments amounted to GHS 82, 619, 942.02, as indicated in the last column of Table 4 above. On the other hand , total over payments amounted to GHS 17,845,140.42.

**3.0 Conclusion**

The Commission has validated payments and receipt to all stakeholders along the energy supply value chain. From the above analysis, it is worthy of note that, ECG has not complied with the guidelines of the new CWM as directed by the President of Ghana in August 2023. This defeats the principle of fair and equitable allocation of revenue to sector players in Level B as approved by the CWM Standing Committee, in line with the revised CWM guidelines.

ECG and MoF should take the necessary steps to make up for the difference for those sector players, who have been shortchanged in the disbursement for September 2023.

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