



PUBLIC UTILITIES REGULATORY COMMISSION

Cash Waterfall Mechanism Validation Report for August 2024 Payment

August 2024

1. Introduction

The new Cash Waterfall Mechanism (CWM) adopted in August 2023 is to allocate revenue collected from the regulated electricity market in an equitable and transparent manner to ensure financial sustainability across the electricity value chain. As part of the implementation of the New CWM, the Public Utilities Regulatory Commission (PURC) has been mandated to validate and publish monthly payments to the power sector players. Upon submission of the approved August 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 August 2024 and hereby presents its report as follows.

2. Implementation of Cash Waterfall Mechanism

The implementation of the new CWM involves fixed payments to Level A comprising the Independent Power Producers (IPPs) and varying payments to Level B comprising of State-Owned Enterprises, Regulators and the embedded generators. Payments for August 2024 CWM were based on invoices submitted for June 2024. Total ECG revenues reported for August 2024 was **GHS 795,000,000.00**.

2.1 Allocation Revenue to Sector Players

A total amount of **GHS 703,603,200.00** representing total payments due to Six (6) Independent Power Producers (IPPs) and WAPCo as Level A sector players was deducted from the collected revenues as reported by ECG. The remaining **GHS 91,396,800.00**, after deducting payments to the IPPs was allocated to State Owned Enterprises (SOEs), regulators, and some embedded generators in Level B within the ECG network. This is captured in Table 1.

Table-1: Allocation Revenue

COMPANY	CWM PERCENTAGE	EXPECTED PAYMENT CMW (GHS)
VRA	35.26%	32,222,957.75
Bui	7.09%	6,476,816.30
BXC Solar	0.62%	562,478.62
Meinergy	0.67%	614,879.58
Safisana	0.02%	15,740.97
Early Power	3.15%	2,881,168.03
GNGC (Ghana Gas)	23.77%	21,728,653.39
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	8.72%	7,969,296.31
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	2.03%	1,858,684.59
GRIDCo	18.67%	17,066,124.46
Total	100%	91,396,800.00

2.2 Ministry of Finance (MoF) Top up.

The Ministry of Finance is expected to release an amount of **GHS 246,078,253.29** in accordance with the new 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 summary of the beneficiaries for the MoF top-up is captured in Table 2.

Table-2: Beneficiaries of MoF Top up

COMPANY	ECG PAYMENT (GHS)	MOF TOP UP (GHS)
VRA	32,222,957.75	143,109,673.97
Bui	6,476,816.30	28,765,052.34
BXC Solar	562,478.62	4,581,803.75
Meinergy	614,879.58	5,008,648.33
Safisana	15,740.97	99,429.34
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	1,858,684.59	6,336,154.77
GRIDCo	17,066,124.46	58,177,490.79
Total		246,078,253.29

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 48,000,000.00** equivalent to **GHS 703,603,200.00**. A summary of the payments to the various beneficiaries is shown in Table 3.

Table-3: Summary of Payments to Level A Beneficiaries

COMPANY	EXPECTED AMOUNT PAID OT BE PAID (USD)	GHS EQUIVALENT OF AMOUNT PAID	ACTUAL AMOUNT PAID (GHS)
Cenpower	10,000,000.00	146,584,000.00	30,000,000.00
Karpower	7,000,000.00	102,608,800.00	0
Amandi	7,000,000.00	102,608,800.00	No Data Submit-ted
Cenit	5,000,000.00	73,292,000.00	0
Asogli	7,000,000.00	102,608,800.00	30,000,000.00
Aksa	7,000,000.00	102,608,800.00	226,056,473.56
WAPCO	5,000,000.00	73,292,000.00	73,292,000.00
Grand Total	48,000,000.00	703,603,200.00	359,348,473.56

The data in Table 3 also highlights the actual amount received by the IPPs for the month of August 2024. The total actual amount received by the Level A beneficiaries stood at GHS 359,348,473.56, which varied significantly from the allocations per the CWM Model allocation. As at the time of finalizing this report one of the IPPs (Amandi Power) was 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 August 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	EXPECTED PAYMENT BY ECG (GHS)	ACTUAL PAYMENT BY ECG (GHS)
VRA	35.26%	32,222,957.75	32,222,957.75
Bui	7.09%	6,476,816.30	6,476,816.30
BXC Solar	0.62%	562,478.62	No Data Submitted
Meinergy	0.67%	614,879.58	No Data Submitted
Safisana	0.02%	15,740.97	No Data Submitted
Early Power	3.15%	2,881,168.03	2,881,168.03
GNGC (Ghana Gas)	23.77%	21,728,653.39	21,728,653.39
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	8.72%	7,969,296.31	7,969,296.31
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	2.03%	1,858,684.59	1,858,684.59
GRIDCo	18.67%	17,066,124.46	17,066,124.46
Total	100%	91,396,800.00	87,322,532.8

As indicated in Table 4, the total actual revenue payment to the Level B beneficiaries stood at **GHS 87,322,532.80** which varies from allocations in the approved model. It is worth noting that at the time of finalizing this report all the three embedded generators 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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