



PUBLIC UTILITIES REGULATORY COMMISSION

Cash Waterfall Mechanism Validation Report for September 2024 Payment

September 2024

1. Introduction

The new Cash Waterfall Mechanism (CWM) adopted in August 2023 is to allocate revenues 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 September 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 in September 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. The CWM application for September 2024 payments was based on invoices submitted for July 2024. The total ECG revenues reported for September 2024 were **GHS 811,000,000.00**.

2.1 Allocation Revenue to Sector Players

A total amount of **GHS 696,227,122.44** representing the total payment due to Six (6) Independent Power Producers (IPPs) and WAPCo as Level A was deducted from the collected revenues reported by ECG. The remaining **GHS 114,772,877.56** after deducting the payment to the IPPs was allocated to State Owned Enterprises (SOEs), regulators, and some embedded generators within the ECG network in Level B. This is captured in Table 1.

Table-1: Allocation Revenues

COMPANY	CWM PERCENTAGE	EXPECTED PAYMENT CMW (GHS)
VRA	32.57%	37,384,942.37
Bui	5.72%	6,559,621.70
BXC Solar	0.40%	459,115.45
Meinergy	0.46%	529,182.88
Safisana	0.02%	25,189.22
Early Power	2.92%	3,352,310.42
GNGC (Ghana Gas)	27.53%	31,598,569.17
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	10.09%	11,580,651.57
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	1.97%	2,258,769.71
GRIDCo	18.32%	21,024,525.07
Total	100%	114,772,877.56

2.2 Ministry of Finance (MoF) Top up.

The Ministry of Finance is expected to release an amount of **GHS 231,120,742.89** 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 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	37,384,942.37	141,192,555.35
Bui	6,559,621.70	24,763,124.79
BXC Solar	459,115.45	3,177,913.12
Meinergy	529,182.88	3,662,906.98
Safisana	25,189.22	174,355.13
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	2,258,769.71	5,641,263.66
GRIDCo	21,024,525.07	52,508,623.86
Total		231,120,742.89

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 47,496,802.00** equivalent to **GHS 696,227,122.44**. 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	20,000,000.00
Karpower	7,000,000.00	102,608,800.00	22,500,000.00
Amandi	7,000,000.00	102,608,800.00	20,000,000.00
Cenit	5,000,000.00	73,292,000.00	15,000,000.00
Asogli	7,000,000.00	102,608,800.00	20,000,000.00
Aksa	7,000,000.00	102,608,800.00	20,000,000.00
WAPCO	4,496,802.00	65,915,922.44	0
Grand Total	47,496,802	696,227,122.44	117,500,000.00

The data in Table 3 also highlights the actual amount of **GHS 117,500,000.00** received by the IPPs for the month of September 2024 as reported by ECG, which varied significantly from the allocations as per the approved CWM Model. The Commission wishes to state that ECG non-compliance to the approved model led to a shortfall of **GHS 578,727,122.44** for September 2024.

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 September 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	32.57%	37,384,942.37	37,384,942.37
Bui	5.72%	6,559,621.70	6,559,621.70
BXC Solar	0.40%	459,115.45	459,115.45
Meinergy	0.46%	529,182.88	529,182.88
Safisana	0.02%	25,189.22	25,189.22
Early Power	2.92%	3,352,310.42	23,352,310.41
GNGC (Ghana Gas)	27.53%	31,598,569.17	31,598,569.17
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	10.09%	11,580,651.57	11,580,651.57
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	1.97%	2,258,769.71	2,258,769.71
GRIDCo	18.32%	21,024,525.07	21,024,525.07
Total	100%	114,772,877.56	134,772,877.55

As indicated in Table 4, the total actual revenue payments to the Level B beneficiaries stood at **GHS 134,772,877.55** as reported by ECG. It is worth noting that at the time of finalizing this report the 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 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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