PUBLIC UTILITIES REGULATORY COMMISSION

Cash Waterfall Mechanism Validation Report for December 2024 Payment

1. Introduction

The New Cash Waterfall Mechanism (CWM) adopted in August 2023 is to allocate Revenue collected from the regulated electricity market equitably and transparently 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's players. Upon submission of the approved December 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 December 2024 and thus presents its report as follows.

2. Implementation of Cash Waterfall Mechanism

The implementation of the revised CWM involves fixed payments to Level A comprising the Independent Power Producers (IPPs), WAPCo and varying payments to Level B comprising State Own Enterprises, Regulators and embedded generators. The CWM application for December 2024 payments was based on invoices submitted for October 2024. The total ECG revenues reported for December 2024 were **GHS 970,012,000.00.**

2.1 Allocation Revenue to Sector Players

A total amount of **GHS 695,979,029.88** 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 239,778,848.86** after deducting the payment to the IPPs and statutory payment 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 below..

Table-1: Allocation Revenue

COMPANY	CWM PERCENTAGE	EXPECTED PAYMENT CMW (GHS)
VRA	18.69%	44,818,713.47
Bui	19.75%	47,349,700.36
BXC Solar	0.41%	979,459.04
Meinergy	0.48%	1,145,480.03
Safisana	0.01%	30,850.77
Early Power	2.95%	7,073,791.01
GNGC (Ghana Gas)	15.57%	37,340,480.28
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	7.27%	17,420,110.61
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	1.55%	3,709,205.48
ECG	18.65%	44,715,511.22
GRIDCo	14.68%	35,195,546.60
Total	**100%**	**239,778,848.86**

2.2 Ministry of Finance (MoF) Top up.

The Ministry of Finance is expected to release an amount of GHS 384,115,245.07 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 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	44,818,713.47	158,036,914.27
Bui	47,349,700.36	166,961,520.28
BXC Solar	979,459.04	4,931,428.36
Meinergy	1,145,480.03	5,767,318.97
Safisana	30,850.77	155,329.02
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	3,709,205.48	4,601,401.85
GRIDCo	35,195,546.60	43,661,332.33
Total		**384,115,245.07**

2.3 Actual Disbursements of Revenue to Sector Players

2.3.1 Disbursement to Level A Beneficiaries

The total actual revenue approved to Level A beneficiaries stood at **USD 45,236,035.87** equivalent to **GHS 695,979,029.88.** 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	ACTUAL AMOUNT PAID (GHS)
Cenpower	10,000,000.00	153,855,000.00	40,000,000.00
Karpower	7,000,000.00	107,698,00.00	38,552,329.30
Amandi	7,000,000.00	107,698,00.00	40,000,000.00
Cenit	5,000,000.00	76,927,000.00	40,000,000.00
Asogli	7,000,000.00	107,698,00.00	40,000,000.00
Aksa	7,000,000.00	107,698,00.00	40,000,000.00
WAPCO	2,236,035.87	34,402,569.88	0
Grand Total	**45,236,035.87**	**695,979,029.88**	**238,552,329.30**

The data in Table 3 highlights ECG's reported actual amount paid to the IPPs for the month of December 2024, which varied significantly from the allocations per the CWM Model approved. As at the time of finalizing this report all the Six IPPs 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 December 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	18.69%	44,818,713.47	30,000,000.00
Bui	19.75%	47,349,700.36	37,640,273.98
BXC Solar	0.41%	979,459.04	1,358,210.98
Meinergy	0.48%	1,145,480.03	1,387,935.65
Safisana	0.01%	30,850.77	0
Early Power	2.95%	7,073,791.01	24,354,812.06
GNGC (Ghana Gas)	15.57%	37,340,480.28	20,000,000.00
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Gas)	7.27%	17,420,110.61	15,000,000.00
Regulatory Levy (PURC, EC, MoEn, Pro poor) (Power)	1.55%	3,709,205.48	0
ECG	18.65%	44,715,511.22	44,715,511.22
GRIDCo	14.68%	35,195,546.60	32,699,100.48
Total	**100%**	**239,778,848.86**	**207,155,844.37**

As indicated in Table 4, the total actual revenue payment to the Level B beneficiaries stood at **GHS 207,155,844.37** which varies slightly from the allocations in the approved Model. It was observed that the variance was because of an overpayment to Early Power and underpayment to the other beneficiaries.

3.0 Conclusion

The Commission has validated payments and receipts from the 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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