

Communique

Issued at the end of the 18th monthly meeting of the Honourable Minister of Power, Works and Housing with operators of the Power Sector, held on Monday, August 14, 2017 at Kombotso Transmission Station

1. Introduction

The Honourable Minister of Power, Works and Housing, Babatunde Raji Fashola (SAN) chaired the eighteenth monthly meeting of operators in the electricity industry. The Honourable Minister of State of Power, Works and Housing, Hon. Mustapha Baba Shehuri was also in attendance. The meeting was hosted by Kano Electricity Distribution Plc (KEDCO) at Kombotso Transmission Station, Kano State, following:

- i. the commissioning of KEDCO's Customer Care Centre,
- ii. the commissioning of a 15MVA Injection Substation in Dakata Small Scale Industrial Area, Kano State,
- iii. the launch of the Mini Grid Regulation developed by the Nigerian Electricity Regulatory Commission (NERC).

The meeting focused on identifying, discussing, and finding practical solutions to critical issues facing the Nigerian Electricity Supply Industry.

The operators were fully represented at the highest executive management levels, including Commissioners of the Nigerian Electricity Regulatory Commission (NERC), Managing Directors and CEOs of Generating Companies (GenCos), Distribution Companies (DisCos), and the Transmission Company of Nigeria (TCN), Gas Companies (GasCos) and other government agencies such as the Niger Delta Power Holding Company (NDPHC), the Nigerian Bulk Electricity Trader (NBET), Nigerian Electricity Liability Management Company (NELMCO) and Nigerian Electricity Management Services Agency (NEMSA) responsible for

the regulation and development of the electricity industry. Nigerian National Petroleum Company (NNPC) was also represented.

2. The meeting reiterated its purpose, and in addition deliberated and agreed as follows:
 - a. Safety issues remain high on the agenda of the meeting, as the meeting commiserated with the families of victims of a recent electrical accident in Niger State.
 - b. Provided a progress report on the Power Sector Recovery Programme (PSRP) which is intended to reset and provide an avenue for the effective recovery of the power sector, which included the following:
 - i. Continuation of the Payment Assurance Guarantee to Generating Companies (GenCos) which has provided comfort for Gencos and Gascos. In the same vein, Minigrid and Eligible Customers regulation are designed to mitigate DisCo issues as allowed for in the EPSR Act.
 - ii. The constitution of NERC and Rural Electrification Agency (REA) Boards which have already yielded results such as the newly launched minigrid regulation guiding the process of developing MiniGrids less than 1MW within the country. MiniGrids are intended to improve access to power and provide employment to the Nigerian people, and to provide relief to the DisCos, and allow a paradigm shift in Disco operations.
 1. All MiniGrids less than 100kW do not require a permit but require registration with NERC
 2. All MiniGrids greater than 100kW but less than 1MW require NERC permit
 3. All registration should be done on nerc.gov.ng
 - iii. Another item concluded on the PSRP is the verification of debts owed by the Federal Government to DisCos, which is completed, and awaiting payment approval.
 - iv. PSRP progress also includes the expansion of transmission capacity, which includes the completion and handover of Kukuaba substation which provides relief for Katampe on July 10, 2017.
 - v. The PSRP also recorded progress on metering arising FEC resolution of judgements against the Federal Government in the amount N119billion, while releasing N39 billion funding as a loan for metering. The Government had previously intervened in metering with CAPMI due to legal battles, however the programme was ended due to defaults

and delays in providing meters paid for by customers. The meeting reminded the public that DisCos are obligated to provide meters to the public. However, NERC is developing a regulatory framework that will permit meter service providers to provide meters as an investment opportunity.

- vi. Progress with generation was also noted, due to reduction in vandalism as a result of higher water levels and government efforts leading to improved gas supply, which has by no means solved the gas problems, but has brought the nation closer to reaching the February 2016 milestone of more than 5000MW.
 - vii. As at August 10, 2017, 6803MW was recorded as the current available generating capability, with a wheeling capacity of 6700MW by TCN, currently constrained by DisCos inability to take load. This is in line with incremental power policy with improvements from TCN improving the wheeling capacity from 5000MW to 6700MW.
- c. The meeting noted that meter provision is not a monopoly of DisCos but is open and regulated by NERC and NEMSA. In order to democratise meter access, government will support meter provision as much as possible. Anyone licensed by NERC may provide meters, pursuant to the provisions of the Electric Power Sector Reform Act 2005. The democratisation of meter provision is intended to reduce conflict between customers and DisCo and reduce losses in the sector, and assist DisCos who cannot afford to fund meters.
- d. Eligible customers are provided for in the EPSR to resolve inability to take load by DisCos. The eligible customers described include large power consumers such as state governments, industrial clusters etc. Eligible customers may apply to NERC to privately acquire power, independent of DisCos. It was noted that the negotiated price for large consumers would likely be lower than the 80 naira per kwh or more (the current average cost of Diesel generators) and may be higher than the 30 naira per kwh of grid power. This will occur only on a willing buyer, willing seller basis. The meeting also noted that nothing in the EPSR act prevents electricity generation and distribution by State Governments, and such endeavours were fully supported by the meeting as no monopoly was intended by the law in electricity generation and distribution.

- e. NDPHC noted that the Oke-Aro to Mowe line is fully energized and is currently working with Ibadan Disco, leading to successful connection of Magboro, Oke -Afa and MFM communities, and is currently working on connecting more communities. NDPHC announced that Omotosho connection to local communities should be complete by end of September 2017. Okija line is expected to be completed in November 2017. 130 MVA SS complete
- f. TCN announced the completion of BirninKebbi and Kano (Kombotso) transmission substations as well as a substation at Tamburawa Water Facility. Kwanar Dangora substation was also listed as complete.
- g. In line with efforts to reduce energy theft in the country, Ibadan DisCo announced arrest of ex staff by EFCC for meter infiltration. The meeting lauded the support of security agencies in the efforts to reduced financial losses in the sector.
- h. Benin DisCo listed difficulties connecting Okitipupa, due to vandalism estimated to cost N450million. Benin DisCo is making assessments with a view to resolving the challenges.
- i. Enugu DisCo noted the acceptance of the metering plan by Agulu Town in Anaocha LGA, Anambra State, while Eko DisCo also noted resolution of challenges raised by Ajijedun/Abiola Landlord Association in a petition, subject to confirmation by officers of the Federal Ministry of Power, Works and Housing.
- j. NERC announced that the best performing DisCo of Q1 2017 was Ikeja DisCo and the best performing GenCo for Q1 2017 was Omotosho I.