



COMMUNIQUE

COMMUNIQUÉ ISSUED AT THE END OF THE 6th MEETING OF THE NIGERIAN ELECTRICITY REGULATORY COMMISSION WITH NIGERIAN ELECTRICITY SUPPLY INDUSTRY STAKEHOLDERS ON SEPTEMBER 9, 2019 AT EKO HOTELS, VICTORIA ISLAND, LAGOS

The 6th Meeting of the Nigerian Electricity Regulatory Commission (NERC) with the Nigerian Electricity Supply Industry (NESI) Stakeholders held on September 9, 2019 at the Eko Hotel, Victoria Island, Lagos.

The Chairman of NERC, Prof. James Momoh, Chairman of NERC provided an overview and status of current industry events. He reported the implementation of the 2016-2018 Minor Review of the Multi Year Tariff Order (MYTO) and Minimum Remittance Framework for 2019 as a major defining event for the industry and highlighted the expectations and targets to be met by the DisCos. These include accelerated meter roll-out through the Meter Asset Provider Scheme, improved collection efficiency, improved customer care standards, achievement of ATC&C Loss Reduction targets and compliance with Performance Agreements

The Chairman highlighted areas of present focus which include the procurement of Spinning Reserves, implementation of Merit Order Dispatch and resolution of Interface Issues & Challenges. He also reported on the recent workshop of the Commission on Voltage Stability Control and Compensation Analysis and the Public Consultations on the Capping of Estimated Billing, Distribution Franchising and Competition Transition Charge.

Following extensive deliberations, the following actions were agreed:

1. The Commission together with all stakeholders in NESI shall hold a meeting with the Financial Reporting Council on September 20, 2019 to discuss the implementation of IFRS 9 & 15 after which a new date for the submission of the 2018 Audited Financial Reports will be communicated to all licensees.
2. A Workshop on ATC&C and Energizing Power Quality shall be hosted by NERC as a follow-up to the Voltage Stability Workshop in order to close observed gaps in the cost-benefit analysis carried out during the Workshop on Voltage Control.
3. Customer Satisfaction Surveys shall be carried out by the Commission as a third party verification thus strengthening data integrity in the NESI.

4. NERC shall set up a Committee to work out the deficiencies identified on data collection from DisCos and a review carried out by the Performance Managers of DisCos.
5. NERC shall dispatch a team to verify and validate the progress of implementation of interface resolutions reached between TCN and the DisCos. Any challenges that are specific to the implementation of Interface Agreements between TCN and DisCos shall be escalated to NERC and a timeline communicated by the Commission within which the challenges will be addressed.
6. NERC shall investigate the discrepancies between energy received as reported by MO and NBET. The Commission shall continue to monitor critical feeders in real time in order to check the inconsistencies of energy received and dispatched to consumers by DisCos.
7. The need to finalise on the procurement of Spinning Reserves was re-emphasised and the meeting agreed that TCN shall consult with GenCos for the procurement of Spinning Reserves and report back to the Commission within one week.
8. GenCos highlighted the challenges in the market and it was agreed that the Commission shall convene a dedicated meeting with them to discuss their issues with respect to payment for generated capacity, gas supply obligations and applicable exchange rates.
9. The Commission raised concern with the abysmal level of the implementation by DisCos of their Customer Enumeration, and Meter Roll-Out targets under the MAP Scheme and cautioned that enforcement action will be taken against non-compliant DisCos. It noted that only 26,000 customer meters had been installed under the MAP Scheme since its inception on May 1, 2019, emphasising that it is the responsibility of the DisCos to meter their customers and directing that DisCos take appropriate measures, including calling up the Performance Bonds entered into with MAPs if need be, to ensure that metering targets are met.
10. The Commission raised concern about verified incidences of load rejection by DisCos and cautioned against this practice, failing which appropriate enforcement action will be taken by the regulator.
11. The CBN cautioned that the disbursement of the NGN600b intervention fund is premised on an accountability framework which hinges heavily on the performance of DisCos and should be reflected in improved collection efficiency and revenue remittance. The CBN also reaffirmed its support to the Commission that enforcement action be taken against defaulting Operators.

Professor James Momoh
Chairman