ORDER NO. NERC/14/0008

BEFORE THE NIGERIAN ELECTRICITY REGULATORY COMMISSION

ORDER ON THE DEFINITION OF “CAPACITY MADE AVAILABLE” AS REFERRED TO IN
SECTION 16 OF THE RULES FOR THE INTERIM PERIOD BETWEEN COMPLETION OF
PRIVATISATION AND THE START OF THE TRANSITIONAL ELECTRICITY MARKET (TEM)

PREAMBLE

WHEREAS:

Section 16 of the Interim Rules mandates the Market Operator (MO) to prepare a
monthly settlement statement in compliance with MYTO-2 and existing contracts,
covering:

a) Monthly energy sent out from Gencos, supported by SO dispatch
instructions and any other commercially relevant information provided by
the AGM TEM Desk; and

b) Total hourly capacity made available by Gencos; and

The Commission has received requests by various Market Participants to clarify the
meaning of “capacity made available” (or “Available Capacity”) as set out in the said
Interim Rules.
UPON due consideration of these requests:

IT IS HEREBY ORDERED AS FOLLOWS:

Section 16b of the Interim Rules shall be interpreted as follows:

1. A generator will be paid for the generation capacity utilized to deliver electrical energy, plus Deemed Capacity; where “Deemed Capacity” is capacity that would have delivered electrical energy but for the System Operator’s instruction to the said generator to derate its capacity, that is reduce its energy delivery, to achieve grid balance and stability.

2. Total generation capacity utilized per paragraph 1 above plus “Deemed Capacity” constitutes what is termed “Available Capacity.” “Available Capacity” that will therefore earn payment in the wholesale electricity market is that capacity the generator declares to the SO at each settlement hour, which must run fully, unless the SO’s dispatch instructions derate the generator consistent with the Grid Code.

3. Dispatch instructions issued by the System Operator to derate a generator must be properly documented by the generator and System Operator and such documentation must state the quantum of generation capacity derated at the beginning and at the end of the period during which the SO’s instructions subsist.

4. While the Interim Rules are in effect, the non-availability of a generator’s capacity due to fuel or water constraint will not attract payments in the wholesale electricity market since such non-available capacity cannot be converted to electrical energy during the period of non-availability.

5. However, the only idle capacity that will be paid for despite not delivering electrical energy is capacity derated through the properly documented instructions of the Systems Operator.

6. This Order shall serve as an Addendum to the Rules for the Interim Period between Completion of Privatisation and Start of the Transitional Electricity Market (TEM).
7. This Order shall take effect from 1st November 2013 and the Market Operator shall accordingly calculate all underpayments or overpayments due to or due from each generation licensee/Market Participant; and these shall be set off against the shortfall in payments due to generation licensees during the Interim Rules period.

BY ORDER OF THE COMMISSION

Dated this 1st day of August 2014

Dr. Sam Amadi
Chairman/ CEO

Eyo O. Ekpo
Commissioner, Market Competition and Rates