ORDER NO. NERC/139

BEFORE THE NIGERIAN ELECTRICITY REGULATORY COMMISSION

ORDER ON THE IMBALANCE APPLICATION MECHANISM DURING THE
TRANSITIONAL ELECTRICITY MARKET (TEM)

BACKGROUND:

1. Imbalances occur when the power supplied to a Distribution Company is either in excess or in deficit of the percentage of capacity allocated to it based on the load allocation formula. These imbalances may occur due to various reasons resulting in the need for the development of an Imbalance Application Mechanism.

2. In accordance therefore with the provisions of the EPSR Act, 2005 and other relevant legal instruments, the Commission held consultations with the System Operator, Market Operator, the Presidential Task Force on Power and the Minister of Power. It also held further consultations with the Chief Executive Officers of the Distribution Companies in a scheduled Meeting. At these consultations, the proposals in this Order were unanimously agreed to. Thereafter, the Commission at its Emergency Regulatory Meeting held on July 29, 2015 made the following Orders on Imbalance Application Mechanism:

IT IS HEREBY ORDERED THAT:

3. To address the issue of imbalance going forward, 4,500MW will be the applicable benchmark for load allocation.

4. In the case where a Distribution Company cannot take its allocated load due to transmission constraints, the Transmission Service Provider will take financial responsibility for the payment of compensation to the Distribution Company that did not receive its allocated load.
5. If a Distribution Company cannot take any or its entire allocated load due to constraints on its own network, it shall not be entitled to any compensation for imbalance.

6. Where a Distribution Company has a constraint on its network that will make it unable to receive load, the Distribution Company shall declare such constraint to the System Operator a day ahead. Where a Distribution Company fails to give the required notice, the Distribution Company will be penalized.

7. Every Distribution Company is obligated to receive load as directed by the System Operator, even beyond its statutorily allocated load, at any time. This additional load will not attract penalty.

8. In allocating additional load to Distribution Company, the System Operator shall take cognizance of historical data on Distribution Company's ability to take power beyond their load allocation.

9. This Order shall take effect from the date of execution of the Order.

BY ORDER OF THE COMMISSION

Dated this 30th day of July, 2015

Dr. Sam Amadi
Chairman/ CEO