



ORDER NO.NERC/05/0001/13

## THE NIGERIAN ELECTRICITY REGULATORY COMMISSION

### ORDER ON CREDITED ADVANCE PAYMENT FOR METERING IMPLEMENTATION (CAPMI)

#### PREAMBLE:

The Nigerian Electricity Regulatory Commission (NERC) by virtue of Section 32 (1) (b) of the Electric Power Sector Reform (EPSR) Act 2005 is vested with the authority

***“to maximise access to electricity services, by promoting and facilitating consumer connections to distribution systems in both rural and urban areas.”***

Furthermore, the Commission has the general mandate in Section 32(2)(g)to

***“undertake such other activities which are necessary or convenient for the better carrying out of or giving effect to the objects of the Commission.”***

#### BACKGROUND:

The Commission is committed to ensuring a reduction in the huge number of unmetered customers in order to eliminate the abuse of estimated billing, reduce commercial losses and improve revenue collection. Indeed, the MYTO II which became effective on 1<sup>st</sup> June 2012 includes a fixed charge component of the distribution tariff which incorporates the meter cost element, thus making upfront payment by customers for meters unnecessary.

In the exercise of its mandate to maximize access to electricity, bridge the metering gap and reduce estimated billing, the Commission designed the CAPMI Scheme to enable customers willing to make an advance payment for the purchase of meters to do so and be refunded through a reduction to the fixed charge element of their bill over time.

The Commission is compelled to devise this Scheme given the inordinate and unexpected increase in the operating cost of the Distribution Companies which it does not deem appropriate to provide for via increased tariffs.

This Scheme is based on the following guidelines:

- a. The standard specification of all meter types is as prescribed in the Metering Code (as amended);
- b. The amount of funds to be advanced by customers will be based on the cost of the meter and associated installation costs as approved by NERC, and no profit shall be made by the distribution company on the supply of these meters;
- c. The Distribution Company shall ensure that each meter is procured and installed by its staff or by an approved vendor/installer that it (the distribution company) retains and is responsible for, within a maximum period of 45 days from the date of payment;
- d. The Distribution Company shall abide by the minimum standards prescribed by the Commission in the Guidelines for obtaining Clearance Certificate for Importation, Production, and Supply of Meters and the Guidelines for the Certification of Metering Service Providers respectively;
- e. The Distribution Company shall refund to the customer the full cost of the meter (but not a refund of the installation cost) with interest accrued through deductions from the monthly fixed charge;
- f. The amount advanced by the customer shall attract a nominal interest charge of 12%;
- g. The payment made by the customer shall be amortized over a maximum period of three years or as determined by the Commission from time to time;
- h. The monthly deductions shall be fixed at a minimum of 100% of the fixed charge component of the customer's electricity bill;
- i. The Distribution Company shall comply with a transparent and competitive process approved by the Commission for the procurement of the meters and installation services; and
- j. All urban areas within Nigeria (and other areas wherever feasible) shall have smart metering with prepayment functionality and upgradeable software; and
- k. The Distribution Company shall render monthly reports to the Commission on the implementation of the scheme in the template

**UPON** due consideration of the authority conferred on the Commission under **Sections 32, and 46** of the Electric Power Sector Reform Act, 2005 and all other powers enabling it in that behalf,

**AND UPON** further consideration of the extremely urgent need for proper metering of consumers by the distribution companies;

**THE COMMISSION HEREBY ORDERS THAT:**

1. This Order shall become effective as from Tuesday, May 14, 2013.
2. The CAPMI scheme shall commence and be implemented at the same time in all eleven (11) Electricity Distribution Companies.
3. The Distribution Companies shall implement the approved CAPMI Scheme and continue to deploy it in metering willing/interested customers until such a time as when the distribution core investors take over the said companies and begin to fully implement their metering plans.
4. The Distribution Companies shall ensure that the process for procuring the meters and for installing them at customers' premises complies with relevant Guidelines approved by the Commission for meter procurement and installation.
5. Customers who pay for meters under the CAPMI Scheme until such a time that the distribution core investors take over the distribution companies and begin to fully implement their metering programmes are supplied with meters within 45 days from the date of payment.
6. The Distribution Companies shall procure meter supply and installation services only from Service Providers approved and certified by the Commission.
7. The Distribution Companies shall, prior to the implementation of the scheme, submit to the Commission the names of the Project Managers who will coordinate the implementation of the scheme in their Business Units.
8. Each Distribution Company shall draw up a contract including liquidated damages in the event of a violation of contract terms, especially late delivery of meter installations at customer premises.
9. These Orders shall be without prejudice to the continuing obligation to provide meters for all customers out of its revenues.

**BY ORDER OF THE COMMISSION**

Signed this 12<sup>th</sup> day of May, 2013



**Dr. Sam Amadi**  
**Chairman/CEO**