



NIGERIAN ELECTRICITY REGULATORY COMMISSION

Summary of Draft Amendments to the Interim Rules

12 March 2014

Introduction

- The Interim Rules Period began on 1st November 2013 and was projected to end by 28th February 2014 when TEM CPs were expected to be attained
- Since TEM CPs have not been attained there is a need to update the Interim Rules document to reflect developments in the market thus far
- Comments on the Rules have been received from a number of stakeholders and these have been considered by MCR staff and by NERC management
- The following slides summarise the comments that have led to the proposed amendments

Proposed Amendments

❑ **Penalties for non-compliance with BR (PTFP):**

- Penalties for non-compliance will be due in the month immediately following the infraction rather than at TEM
- NIBOR+7.5% penalty increased to NIBOR+22.5% if default persists
- Also, the Commission will take action against the CEOs that default for up to 3 months (Rule 38)

❑ **Review of Baseline Remittance (PTFP, MO):**

- Increased by adding 25% of the difference between invoice amount and old baseline remittance level (Rule 20)
- Monthly reviews by NERC to further increase the BR based on expected ramping up of collections (Rule 20)

❑ **Visibility of Disco Accounts (MO) – Rule 10:**

- Discos submit bank statements to NERC and MO monthly
- Collection accounts must be in main company name
- Discos to submit a payment default report

Proposed Amendments

- TSP regarded as a market participant rather than SP (MO):**
 - TSP Revenues to be based on energy wheeled instead of a fixed budget income (Rule 5)
- Deadline for MP Registration (Ibadan):**
 - Set at 30th April 2014 (Rule 11)
- Include Payment Calendar in the IR (Ibadan, Yola, Kainji):**
 - Rule 19 amended accordingly
- Clarity in wording:**
 - Rule 9 – Gencos invoice MO and not Discos
 - Rule 38(b) – “Shortfall” refers to difference between payment and BR
 - Rule 5(p) – Participant defined to include MP & Applicant MP
- Gencos to be consulted on timeline for repayment:**
 - Rule 11 amended accordingly
- Imbalance should be Suspended (Benin) Vs Increased (Yola)**

Proposed Amendments

Increase in Genco Allowable Revenues (Kainji):

- Allowable Revenue for Gencos increased (E60%/C100%)
- Hydros have been differentiated (reversal of energy & cap. Prov.)

Interim Period should not be part of the Performance Agreement with BPE (Shiroro):

- Rule 3 amended accordingly

Gencos to also submit Metering Data as part of the Settlement Process (Shiroro):

- Rule 18 amended accordingly

Ancillary Services to be provided for in the Interim Rules (Shiroro):

- Rule 22 amended accordingly

MO to pay for Gas Supply (NERC):

- Rule 26 amended accordingly

Other Issues

- **NERC/MO to write and request for outstanding MYTO subsidies while PTFP and FMP/FMF facilitate release**
- **NERC/FMP/PTFP to arrange a meeting with PACP to discuss gas supply and provision of funds for the Interim Period**
- **The Rules already require MO to share settlement data with NBET but this has been challenging**
- **NERC has created a template for monthly data submissions to be made by all Participants**
- **A new rule has been included to highlight the duties of participants regarding the tariff review (Rule 42)**





THANK YOU

**Contact us at:
Adamawa Plaza, Plot 1099 First Avenue,
Off Shehu Shagari Way,
Central Business District,
Abuja**

Website: www.nercng.org

E-mail: info@nercng.org