

The Expectations of Nigerian Consumers of Electricity Under a Post Privatization Era: Issues & Perspectives

Presentation by

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CONTENTS

- Why reform?
- Who we are?
- What we do
- How we protect the electricity consumer
- Electricity consumer Rights & Obligations
- Consumer complaint redress procedure
- Customer Complaints Handling Procedure
- Where we are now
- Finally!



The need for a reform of the Nigerian power sector

- Poor sectoral capacity,
- Government's inability to run a world class sector;
- Endless capital injection without corresponding output;
- National Power dilemma entangled in politics
- Ever expanding workforce & sundry liabilities, far outstripping an ageing asset base;
- Government funding always outstripped by sectors' colossal fiscal appetite;
- A national culture of non payment for public goods;
- The regulator is estbd to instill market discipline & remedy the defects

OVERVIEW OF THE OLD NIGERIAN POWER SYSTEM

- Generation:
 1. **LOW GENERATION CAPACITY:** currently, there is low generation capacity level in the NESI. Low energy use intensity equates to energy poverty – constrained access to cheap and secure power supply correlates with high levels of poverty, low national economic growth and low per capita GDP growth
 2. **GENERATION ARCHITECTURE:** Overdependence on Central Plant Generation Model
 3. **FUEL SUPPLY INSECURITY:** Lack of adequate fuel mix diversity – overdependence on gas-fired power plants.
 4. **CONCENTRATION OF GENERATION ASSETS:** New power plants mostly sited in vulnerable Niger Delta Region – also fuel availability and power evacuation constraints;
 5. **INADEQUATE CAPACITY GROWTH:** Long lead delivery times of Central Plants (Thermal, and Hydro) as well as Networks (National Grid & Central Dispatch Facilities) – imperatives for alternative and complementary fast track approaches to near and medium term capacity additions



WHO WE ARE?

- The Nigerian Electricity Regulatory Commission (NERC) was inaugurated on October 31, 2005 up under the Electric Power Sector Reform (EPSR) Act, March 2005 to oversee the activities of the electric power industry in Nigeria.
- The Commission has a duty to protect electricity consumers on one hand and suppliers on the other hand.

To do this, the Commission has its mission statement as:

Promote and ensure an investor friendly industry and efficient market structure to meet the needs of Nigeria for safe, adequate, reliable and affordable electricity.

WHAT WE DO

- i. We exist to ensure that Nigeria has an efficient industry and market structure,
- ii. To ensure the optimal utilization of resources for the provision of electricity services in both rural and urban areas;
- iii. We ensure that the prices charged by licensees are fair to **CONSUMERS** but enable the licensees to finance their business and earn reasonable profits.
- iv. To ensure safety, security, reliability, affordability and quality of service in the production and delivery of electricity to **CONSUMERS** and make sure that regulation is fair and balanced.

HOW WE PROTECT THE ELECTRICITY CONSUMER

- The Commission has 4 Consumer protection Regulations (guidelines/rules) as instruments that protect the Consumer and Distribution Companies must adhere to these Regulations (guidelines/rules).

NERC Consumer Regulations:

- 1. Customer Complaints Handling Standards and Procedures:** Introduces a process for redressing complaints by electricity consumers.

NERCs Consumer Protection Regulations cont'd...

- 2. Connections & Disconnections Procedures For Electricity Services:** Establishes standards and procedures for providing customers with electricity.
- 3. Customer Service Standards of Performance For Distribution Companies:** Sets standards expected from distribution companies in the provision of electricity supply to customers.
- 4. Meter Reading, Billing, Cash Collection & Credit Management For Electricity Supplies:** Stipulates procedures concerning accurate meter reading by distribution companies.

ELECTRICITY CONSUMER RIGHTS

The following rights are specific to the electricity consumer:

- Right to safe & reliable electricity service;
- Right to properly installed & accurate electric meter;
- Right to transparent billing & refund of over billings
- Right to prompt investigation of complaints
- Right to information on scheduled power interruptions
- Right to due process and a notice prior to disconnection of electric service;
- Right to prompt reconnection of electric service upon payment
- Right to file complaints before NERC

ELECTRICITY CONSUMER OBLIGATIONS

Given that with rights come obligations, the electricity customer also has the following duties to the electricity supplier – i.e. the Distribution Company:

- Pay bills for electricity consumed.
- Pay the security deposit as requested by the DISCO and other requirements for connection as stipulated by NERC.
- Vigilant protection of electrical installations.
- Be cordial towards electricity workers.
- Practice energy conservation.

NERCs COMPLAINT REDRESS PROCEDURE

- The Commission is aware that a number of electricity consumers have complaints which if not properly handled can lead to an unhealthy relationship between the players in the sector.
- The Commission being a mediator has decided to take its role seriously and has therefore put in place a complaints redress mechanism which aims at tackling disputes originating both from the electricity customers and DISCOs.

COMPLAINTS HANDLING PROCEDURE

Each electricity consumer has a right to be heard, thus all complaints on electricity matters should be reported to the Customer Complaints Unit (CCU) at the Business Unit nearest to the Consumer.

❖ If the complaint is not addressed satisfactorily, the FORUM, which is an appellate body set up by NERC to handle all complaints which have not been satisfactorily handled at the CCU should be approached to take up the matter.

(The FORUM shall be comprised of Five (5) part-time members;

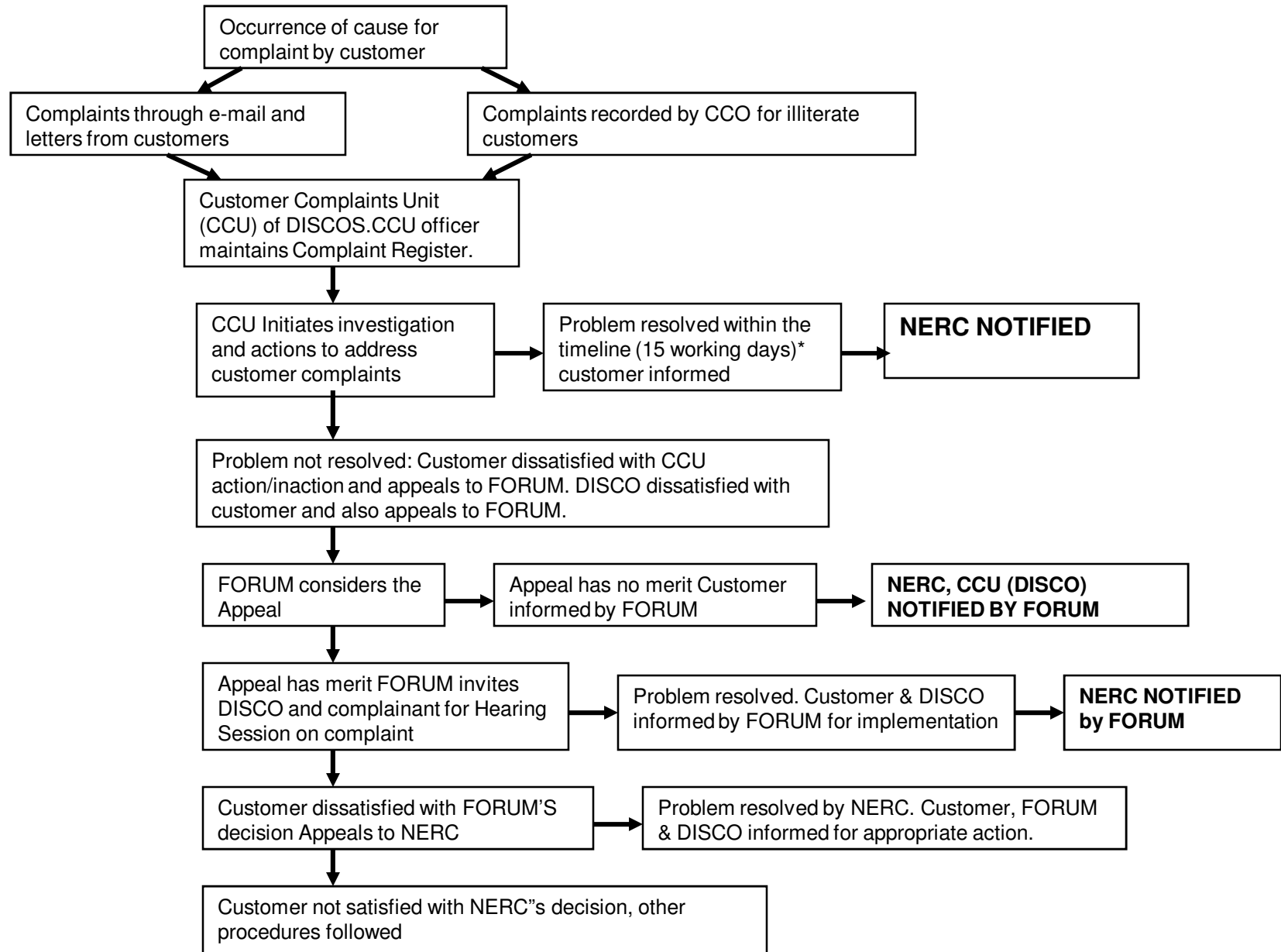
One representative each from the following groups:

1. Household Customers
2. Commercial Customers
3. Industrial Customers
4. An NGO operating in the DISCO's area
5. A qualified Electrical Engineer based in the DISCO's Area)

COMPLAINTS HANDLING PROCEDURE (cont'd)

- If all of these avenues are exhausted and an amicable solution is not arrived at or either party is dissatisfied with the final outcome, the Commission is the final resort.
- It is however hoped that most complaints will be resolved at the Customer Complaints Units (CCU) at the DISCO.

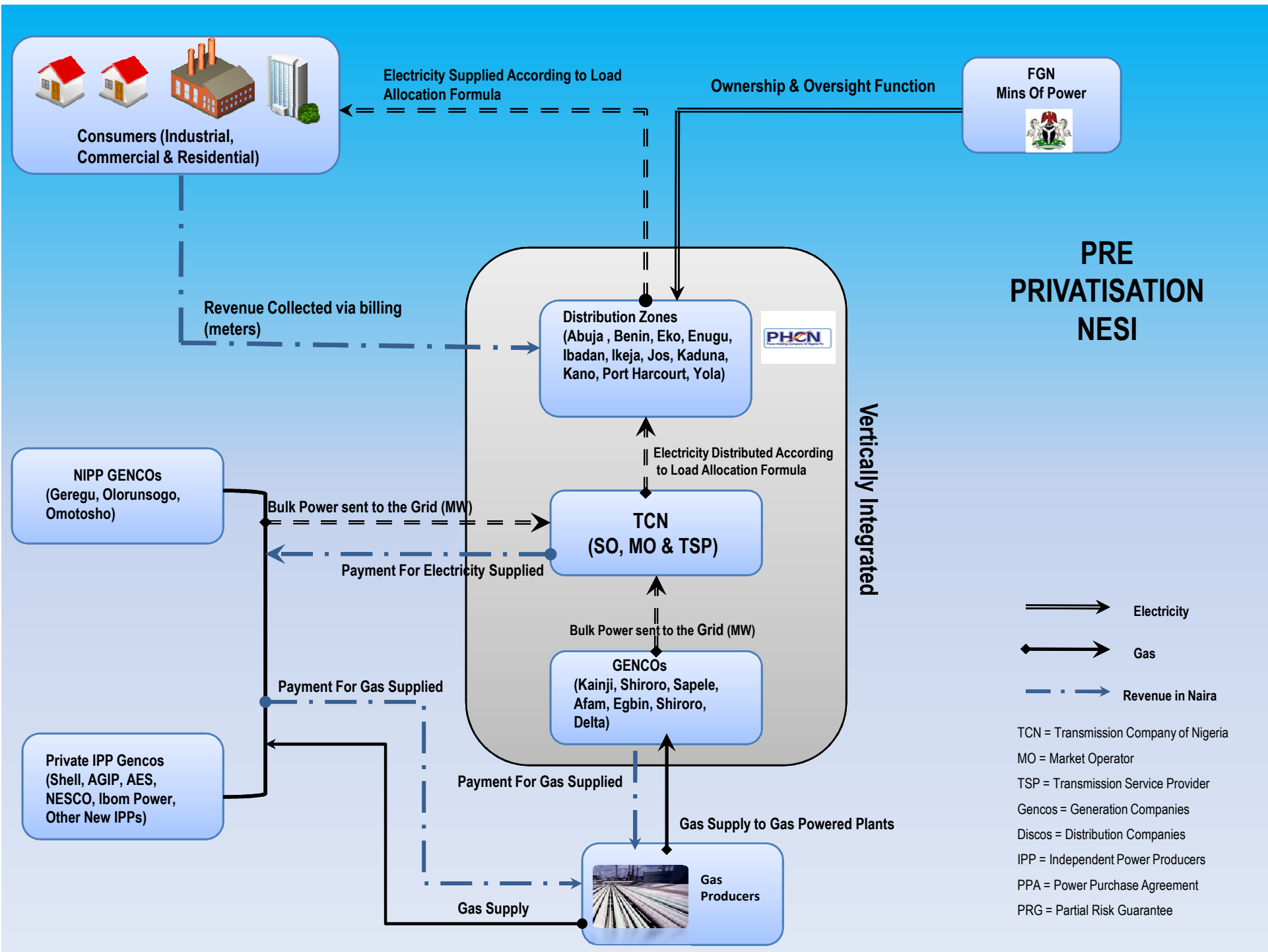
Disco Customer Complaints Procedure



** The timeline depends on the nature of the complaint*

WHERE WE ARE NOW

- The electricity reform programme of the Federal Government has led to the unbundling of the Power Holding Company of Nigeria (PHCN) into 6 Generation Companies, 1 Transmission Company and 11 Distribution Companies.
- Private investors have taken over the ownership of the Generation & Distribution companies in order to provide the expected level of efficiency in the form of stable electricity supply, prompt response to faults and good customer service, etc. (The Transmission Company will remain that of the Federal Government).
- 38 licences have been issued to Independent Power Producers to increase generation capacity and ensure improved power supply.



**POST PRIVATISATION
NESI
(UNBUNDLED)
REGULATED BY NERC**

Consumers (Industrial, Commercial & Residential)

**Transmission Company of Nigeria
** SO, MO & TSP**

NERC

**** DISCO**

**** DISCO**

- Privatized Distribution Companies (DISCOs) Serving Various Zones**
1. Abuja (Kann Consortium)
 2. Benin (Vigeo Power Ltd)
 3. Eko (West Power & Gas)
 4. Enugu (Interstate Electrics)
 5. Ibadan (Integrated Energy)
 6. Ikeja (NEDC / KEPCO)
 7. Jos (Aura Energy)
 8. Kaduna (TBA)
 9. Kano (Sahelian SPV)
 10. P / Harcourt (4Power Consortium)
 11. Yola (Integrated Energy)
- ** = Regulated by NERC**

**** Successor (Privatized GENCOs) Kainji, Shiroro, Sapele, Afam, Egbin, Delta**

**** NIPP GENCOs (Geregu, Olorunsogo, Omotosho)**

**** Private IPP Gencos (Shell, AGIP, AES, NESCO, Ibom Power, Other New IPPs)**

Gas Producers

**** Bulk Trader**

World Bank

Revenue Collected via billing (meters)

Electricity Supplied

Electricity Distributed According to Load Allocation Formula

Payment for Services provided ←
Load Demand Forecast ←

Payment for Energy received

Bulk Power sent to the Grid (MW)

Payment For Gas Supplied

Payment for Bulk Power sent to the Grid

PRG for PPAs with IPPs

Gas Supply to Gas fired Plants

FINALLY

- It is hoped that with all the efforts put in place by the Federal Government, the Nigerian Electricity Regulatory Commission (NERC), the Distribution Companies (DISCOs) and most importantly, you, the **electricity consumer**, *we will all soon have access to safe, adequate, reliable and affordable electricity supply.*



THANK YOU

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