



NIGERIAN ELECTRICITY REGULATORY COMMISSION

ORDER NO: NERC/FC 133

BEFORE THE NIGERIAN ELECTRICITY REGULATORY COMMISSION

ORDER REVISING CONDITIONS FOR THE PAYMENT OF FIXED CHARGE BY ELECTRICITY CONSUMERS

PREAMBLE

The Nigerian Electricity Regulatory Commission has a responsibility under Section 32(d) of the Electric Power Sector Reform (EPSR) Act 2005 “to ensure that the prices charged by licensees are fair to consumers, and are sufficient to allow the licensees to finance their activities and to allow for reasonable earnings for efficient operation”.

The Commission is also empowered under Section 32(f) of the EPSR Act to “ensure that regulation is fair and balanced for licensees, consumers, investors and other stakeholders”

BACKGROUND

The Nigerian Electricity Regulatory Commission approved and began the implementation of the Multi Year Tariff Order-2(MYTO-2) in June 2012. MYTO provides and sets the wholesale contract price to be paid to generation licensees for generating electricity, the Transmission Company of Nigeria (TCN) for wheeling the power and the distribution licensees for electricity distribution and retail services.

MYTO therefore determines the retail tariff to be paid by consumers for their energy consumption. This retail tariff paid by the consumers is divided into the energy charge and the fixed charge. The fixed charge recovers the capital cost and fixed operations and maintenance cost of the various utilities across the industry. The energy charge is a function of consumption. It is paid by customers only when electricity is consumed and is intended to recover the fuel cost, variable operation and maintenance cost and a portion of the tax cost incurred by market participants.

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While the Commission has determined that the fixed charge remains an essential component of bills, it has however reviewed the continued retention of the fixed charge component in the tariff and payment of the fixed charge in the light of several complaints and agitations by Consumers, particularly with regard to the continued payment of the fixed charge even when energy is not delivered to the customer.

UPON due consideration of these complaints and agitations by customers, and considering the Commissions role in the Nigerian Electricity Supply Industry (NESI) as provided under Sections 32(d)&(f) of the EPSR Act 2005:


IT IS HEREBY ORDERED that:

1. Effective May 1, 2014, where any customer of a Distribution licensee has not received continuous or cumulative electricity supply for a period of 15 days in a month, such a customer shall not be required to pay the fixed charge; PROVIDED that the disruption is not due to nonpayment of electricity bills or customers action.

BY ORDER OF THE COMMISSION

Dated this ^{1st} day of May, 2014.


Dr. Sam Amadi
Chairman/CEO


Dr. Steven Andzenge ^{MON}
Commissioner,
Legal, Licensing & Enforcement