



METERING INITIATIVES FOR THE NESI

September, 2017

Contents



1	Introduction
2	Brief on Metering in the NESI
3	Current Data on Metering
4	Options to improve Metering
5	Merits of these Initiatives
6	Shortcomings of each Option
7	Conclusion

Introduction

Estimated Billing

has become a major concern for electricity customers in Nigeria

MYTO

2015

Tariff Order attempted to end estimated billing after one year of implementation of the tariff order

Only

46%

percent of customers are metered

The Commission

is working on modalities for eliminating all forms estimated billing

100%

metering of all customers is needed for revenue and customer protection

100%

MD Metering has been substantially attained

Hence, innovative options are required to improve status of metering and customer concerns on estimated billing in the NESI



Meter Service Providers Scheme



Modified CAPMI



Franchising

Brief on Metering in the NESI



- Privatisation of Discos was predicated upon ATCC loss reduction and roll out of metering;
- 100% Metering will assure Revenue Protection and loss reduction;
- Meters offer safeguards from unfair billing practices for customers
- Previous attempts to improve metering:
 - Meter maintenance fee;
 - CAPMI.



Metering Statistics as at August 2017

Total Number of Customers as at August 2017	7,476,856
Total Metered Customers as at August 2017	3,451,611
Total Metering GAP as at August 2017	4,025,611



Metering Statistics as at August 2017

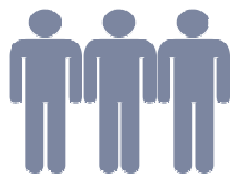
Metering Position for all DISCOs as at August 31, 2017

S/N	DISCOs	Customer Number as at August 2017	Total Metered as at August 2017	Percentage of Customers Metered	Metering Gap as at August 2017
1	Abuja	862,696	450,041	52.17%	(412,655)
2	Benin	771,226	535,935	69.49%	(235,291)
3	Eko	442,201	268,558	60.73%	(173,643)
4	Enugu	809,829	224,445	27.72%	(585,384)
5	Ibadan	1,474,364	609,604	41.35%	(864,760)
6	Ikeja	835,736	467,578	55.95%	(368,158)
7	Jos	384,691	187,415	48.72%	(197,276)
8	Kaduna	641,582	238,901	37.24%	(402,681)
9	Kano	472,453	162,664	34.43%	(309,789)
10	PHC	488,600	237,188	48.54%	(251,412)
11	Yola	293,478	69,282	23.61%	(224,196)
		7,476,856	3,451,611	46.16%	(4,025,245)



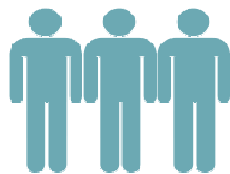
Metering Statistics as at August 2017

7,476,856



Total Number of Customers as at August 2017

3,451,611



Total Metered Customers as at August 2017

4,025,611

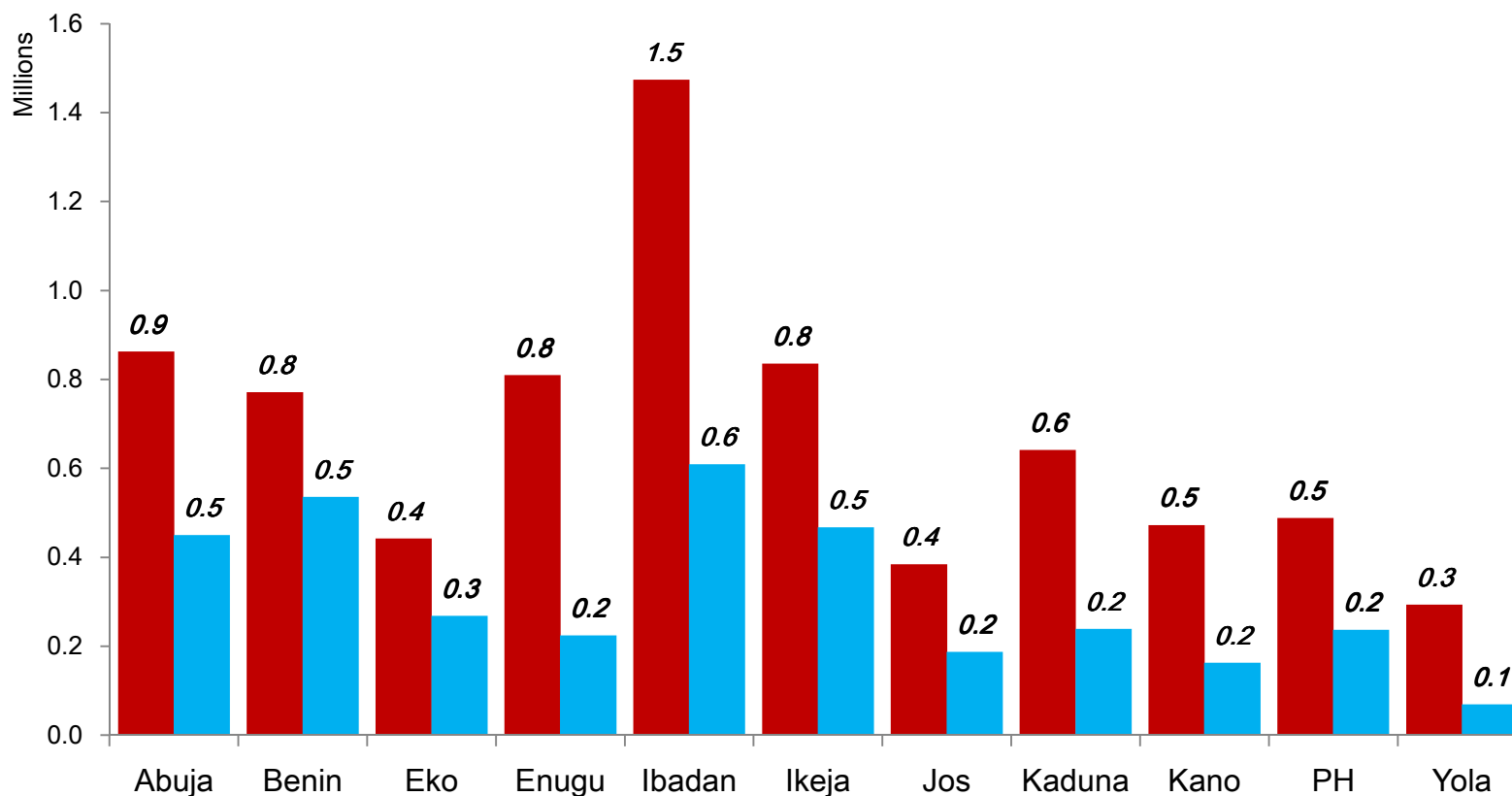


Total Metering GAP as at August 2017



Metering Statistics as at August 2017

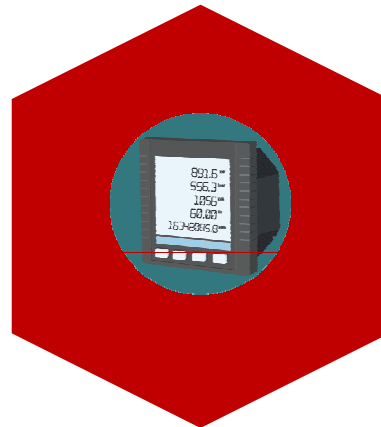
■ Customer Number as at August 2017 ■ TOTAL METERED AS AT August 2017



Opportunities For Consideration



Meter Service
Providers



Modified
CAPMI



Franchising (Rural,
Urban)



Meter Service Providers – (Leasing)

Key features...

01

MSPs are financial institutions, Venture financiers or even OEMs (Meter Manufacturers)

02

Capacity to provide comprehensive Meter services to customers

03

Own the Metering infrastructure on a lease basis including replacement of faulty and obsolete meters

04

Enter into Medium to long term Meter Service Agreements with Discos


05

Integrated vending system that allows MSPs to get deductions from customer vending


06

Guarantees for this financing option could come from the World Bank or the N39 Billion FGN Metering Loan recently made available to Ziglassis

Roles Of Key Parties

A white icon of a power line with three towers, set against a blue background.

DISCOS would provide customer base for the scheme

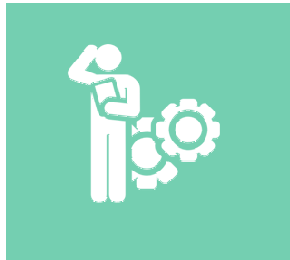
A white icon of a person standing next to three gears, set against a green background.

MSPs to provide financing (procurement, installation and maintenance of metering infrastructure)

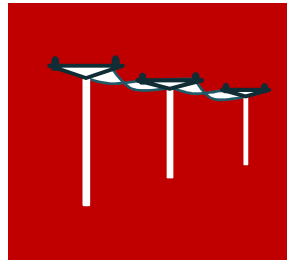
The NERC logo, featuring a lightbulb icon and the text "NIGERIAN ELECTRICITY REGULATORY COMMISSION" and "NERC", set against a dark green background.

NERC to approve all metering agreements between Discos and MSPs

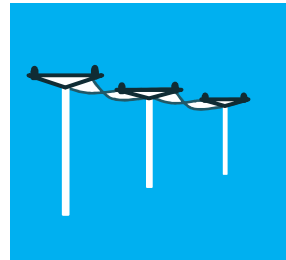
Meter Service Providers



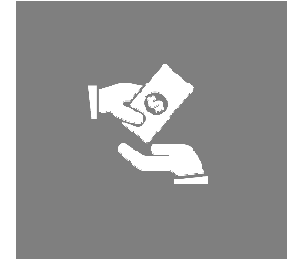
MSPs supply Meters to Discos based on Supply and Installation contract



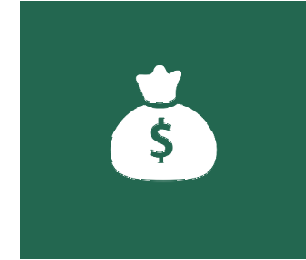
Discos own and maintain the Meters



Discos to retain billing and collection activities

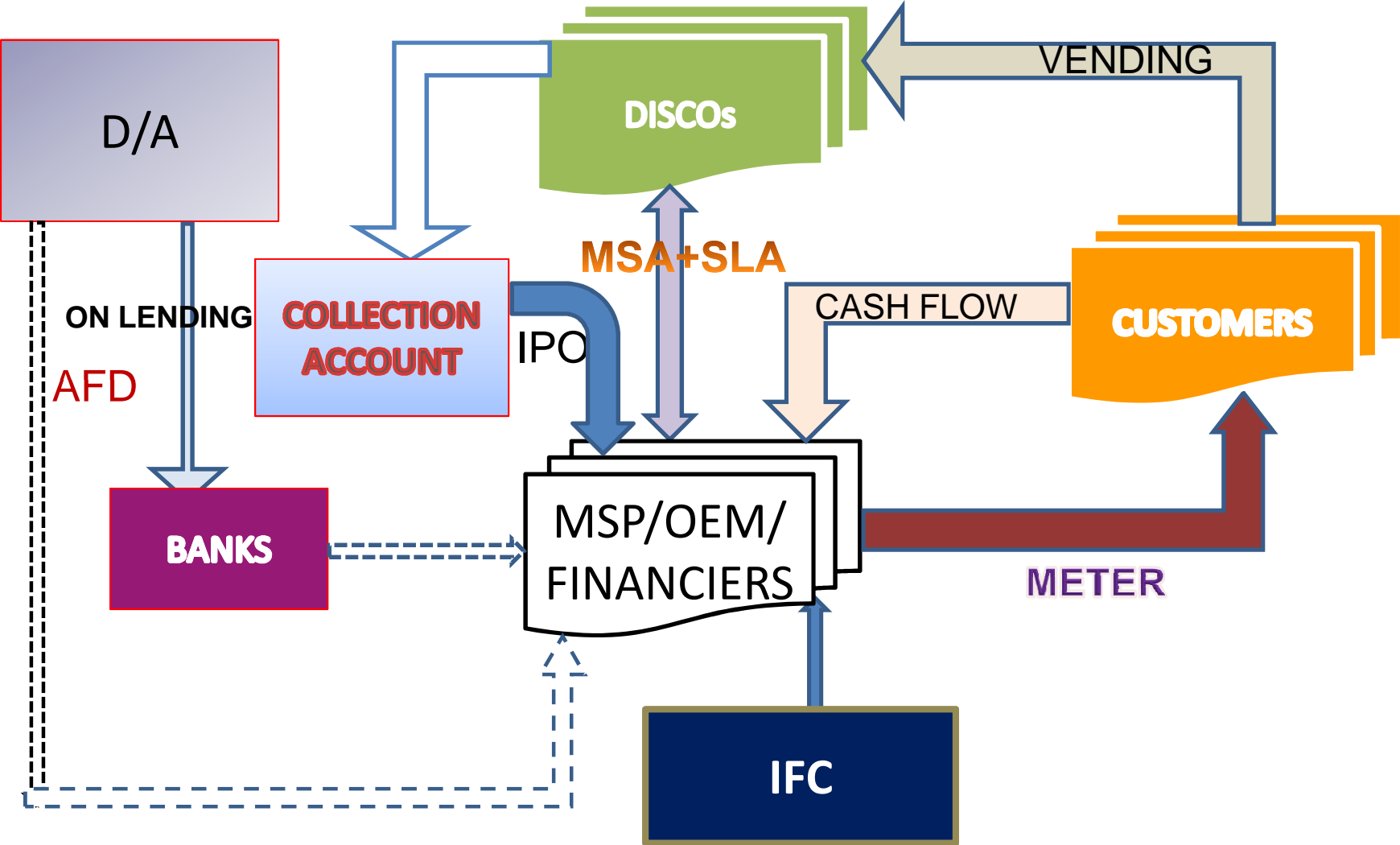


Collection Accounts backed up by irrevocable payment orders are activated



Financial burden to meter is removed from Discos

MSP TRANSACTION FLOW



Meter Service Providers

Benefits

A large number of customers will be metered quickly in NESI



Issues of electricity theft and meter bypass will be eliminated due to enhanced vigilance by MSPs



Increased revenue protection for Discos due to focus on billing and collection



Guaranteed repayment arrangement will encourage financiers to support MSPs



Key Considerations

01

Discos may be reluctant to cede control over the Meter as part of their assets

02

Financiers may require more stringent guarantees and conditions for participation in the scheme

Modified CAPMI



Attractive and familiar to Discos and customers on a willing buyer and willing seller basis



MSPs are Certified by the Commission



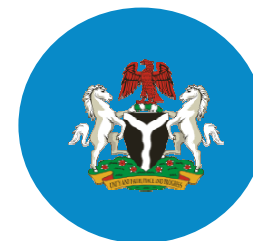
Customers pay to designated Meter centres



MSP install meters within 10 days



Refunds are programmed to revert to customers as they vend



Funding for the scheme can be augmented by the N39 Billion out of court settlement loan granted Ziggassis by the FGN

Modified CAPMI

Benefits

Direct financing of Meters for willing customers



Transparency in monitoring payment made by customers



Opportunity for Local Meter Manufacturers



Enhanced metering of customers



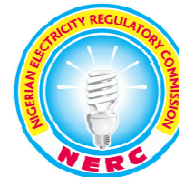
Key Considerations

01

Need to put measures to guard against delays in meter installation and making of refunds

02

Need to explore avenues for competition in order to guard against high cost of meters to make the scheme accessible to wider number of customers

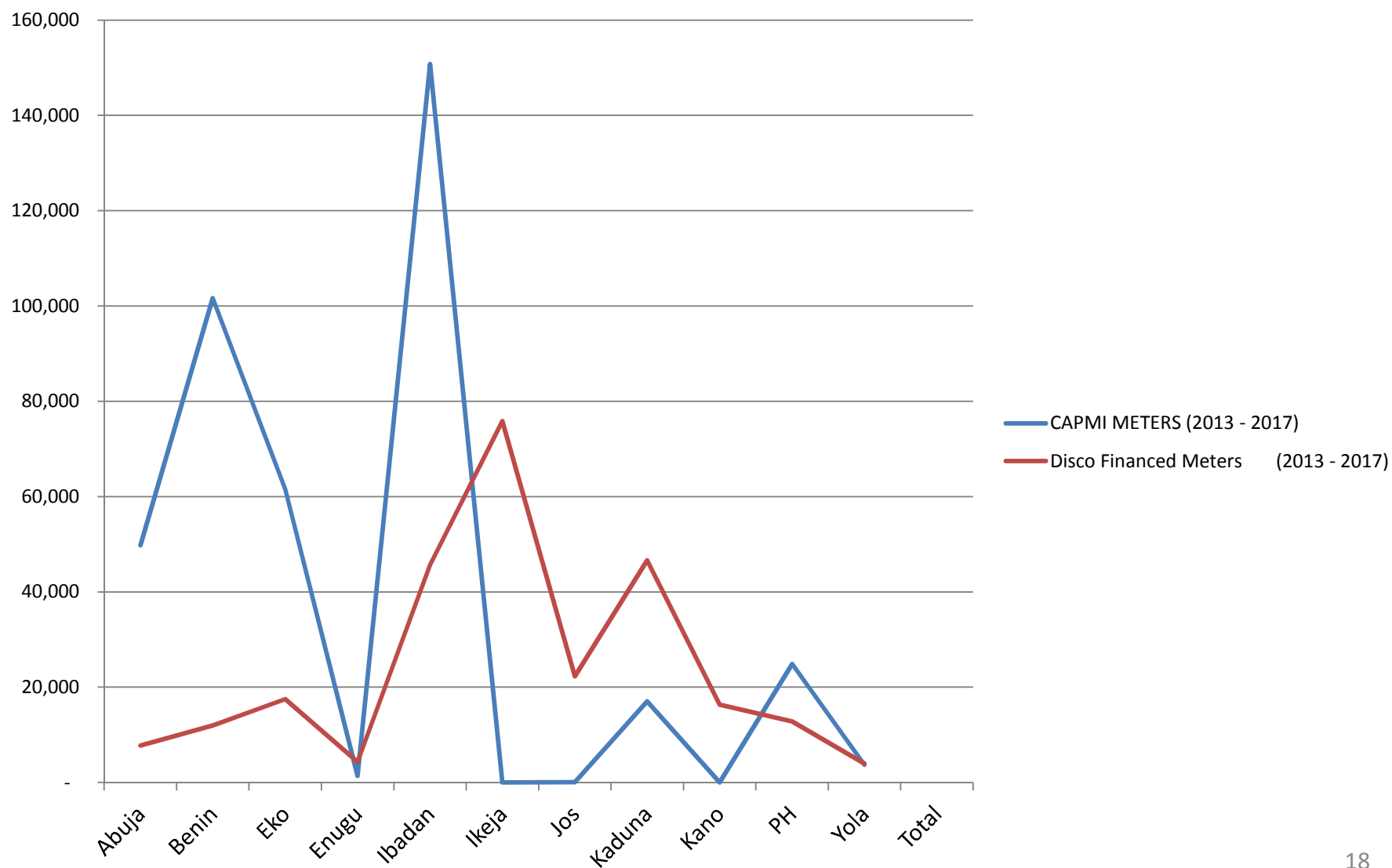


Comparative Analysis

DISCOS	CAPMI METERS (2013 - 2017)	Disco Financed Meters (2013 - 2017)
Abuja	49,775	7,778
Benin	101,640	11,987
Eko	61,527	17,489
Enugu	1,396	4,331
Ibadan	150,766	45,668
Ikeja	-	75,854
Jos	63	22,306
Kaduna	17,016	46,610
Kano	-	16,335
PH	24,888	12,799
Yola	3,725	3,958
Total	410,796	265,115

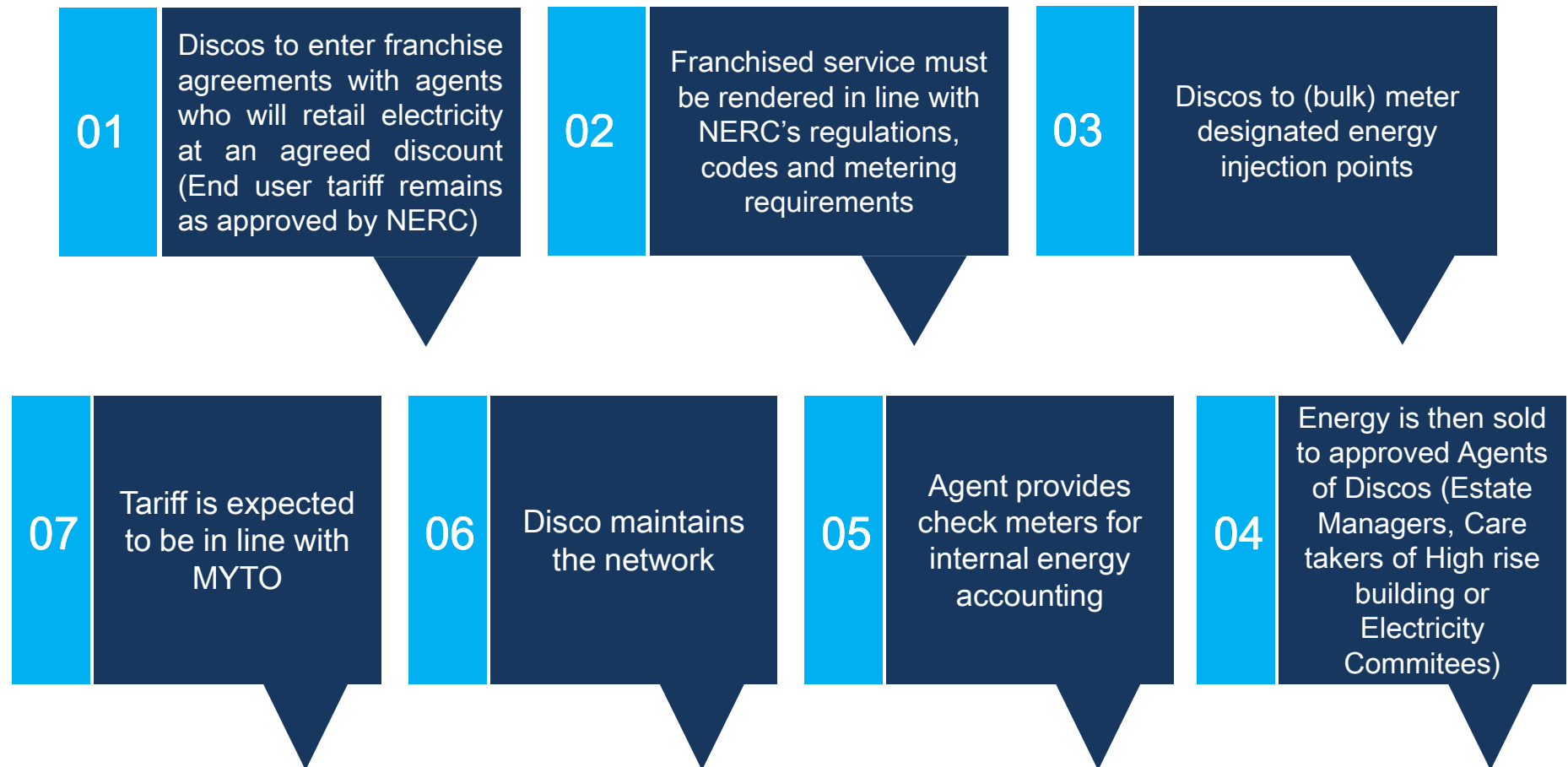


Comparative Analysis





Franchising (Rural/Urban)



Franchising

Benefits

Faster meter roll-out



More cost-effective



Ease of revenue collection in the designated area



Less prone to incidence of theft



Key Considerations

01

Need to guard against wrong classification of customer tariffs within franchise area

02

May lead to complacency on the part of Discos to meter customers individually

Conclusion

“

It should be reiterated that the opportunities discussed in this presentation are to be considered alongside other metering strategies presently being implemented by the discos

What is most imperative is the eventual cessation of estimated billing and the adoption of 100% metering as basis for billing all electricity customers in Nigeria

”



THANK YOU

Contact us at:

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

Website: www.nerc.gov.ng

E-mail: info@nerc.gov.ng