

**NIGERIAN
ELECTRICITY
REGULATORY
COMMISSION**



THIRD QUARTER 2017

NERC QUARTERLY REPORTS

1. EXECUTIVE SUMMARY	4
2. STATE OF THE INDUSTRY	18
2.1 OPERATIONAL PERFORMANCE	19
2.1.1 ELECTRICITY GENERATION	19
2.1.2 AVAILABILITY FACTORS AND AVERAGE GENERATION OF POWER PLANTS	22
2.1.3 SOURCES OF GENERATION	24
2.1.4 GRID PERFORMANCE	25
2.2 COMMERCIAL PERFORMANCE	29
2.2.1 ENERGY RECEIVED AND MYTO LOAD ALLOCATION	29
2.2.2 REVENUE AND COLLECTION EFFICIENCY	32
2.2.3 AGGREGATE TECHNICAL, COMMERCIAL AND COLLECTION (ATC&C) LOSSES	33
2.2.4 REMITTANCE PERFORMANCE	34
3. REGULATORY FUNCTIONS	38
3.1 REGULATIONS AND ORDERS OF THE COMMISSION	39
3.2 LICENSING AND PERMITS	39
3.4 COMPLIANCE AND ENFORCEMENTS	46
3.5 HEALTH AND SAFETY	47
4. CONSUMER AFFAIRS	49
4.1 CONSUMER EDUCATION	50
4.2 METERING OF END-USE CUSTOMERS	50
4.3 CUSTOMER COMPLAINTS	52
4.5 ALTERNATIVE DISPUTE RESOLUTION	55
5. THE COMMISSION	57
5.1 FINANCIAL REPORTS	58
5.2 TRAINING AND PROMOTION	59

LIST OF TABLES

Table 1: Licenses and Permits Issued in 2017Q3	10
Table 2: Health and Safety Reports for 2017Q3	12
Table 3: Energy Received and Billed by DisCos in Q3 2017	30
Table 4: Revenue Performance of DisCos in 2017Q3	33
Table 5: Total Remittances (NBET and MO) in 2017Q3	36
Table 6: Generation Licences and Permits Issued in 2017Q3	40
Table 7: Certification of Meter Service Providers in 2017Q3	41
Table 8: Application Being Evaluated in 2017Q3	42
Table 9: Application for Captive Power Generation in 2017Q3	44
Table 10: Health and Safety Reports in 2017Q3	48
Table 11: Customers Metering Status by DisCos as at Septmber 2017	51
Table 12: Analysis of Complaint Received and Resolved by DisCos in 2017Q3	53
Table 13: Summary of Revenue and Expenditure in 2017Q3&Q2	58

LIST OF FIGURES

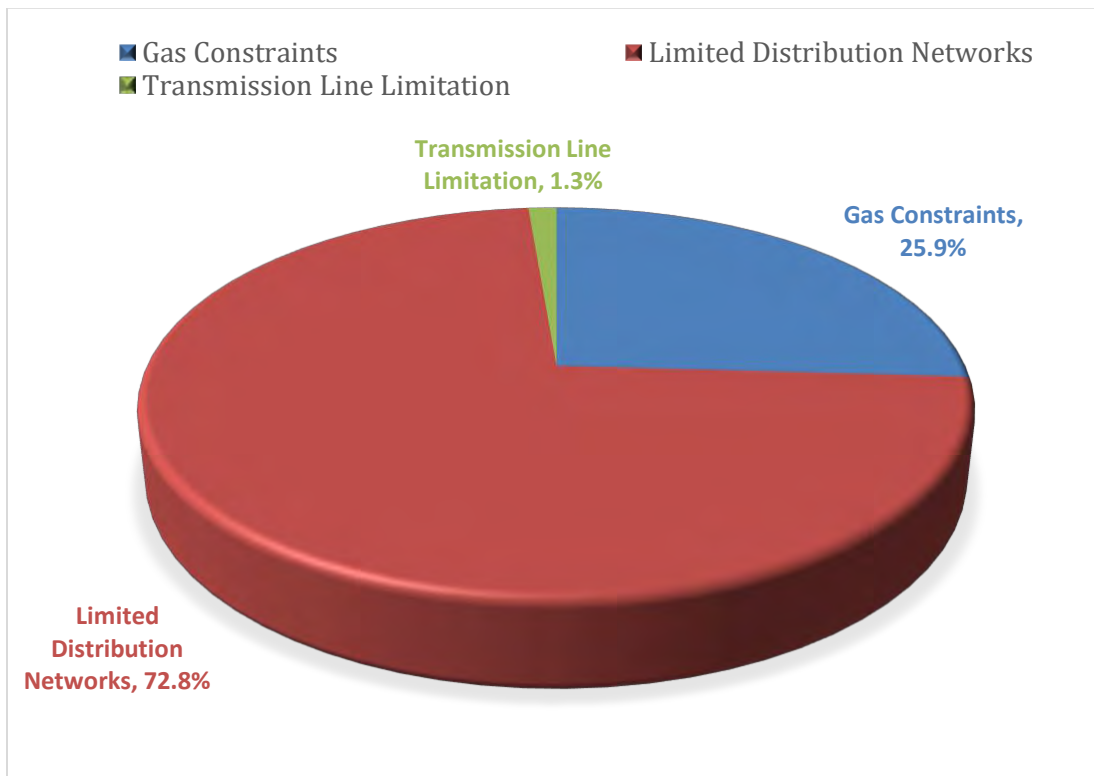
Figure 1: Average Daily Generation Constraints in 2017Q3.....	6
Figure 2: Revenue Billed and Collected in 2017Q3	7
Figure 3: Market Invoice and Remittance by DisCos in 2017Q3	8
Figure 4: Metering Status in NESI as at 2017Q3, by DisCos	14
Figure 5: Categories of Customer Complaints in 2017Q3	15
Figure 6: Commission's Revenue and Expenditure 2017Q1 – Q3	17
Figure 7: Average Daily Generation and Available Capacity (MW) in 2017Q3	20
Figure 8: Constraints to Power Generation in 2017Q3	21
Figure 9: Plant Availability Factor (%) in 2017Q3	23
Figure 10: Share (%) of Output by Plants in 2017Q3	24
Figure 11: Electricity Generation by Sources of Fuel in Q2 and Q3 2017	25
Figure 12: Transmission Loss Factor (%) Between April and September 2017	26
Figure 13: System Collapses in 2017Q3	27
Figure 14: Average Daily System Frequency From January – September, 2017	28
Figure 15: System Voltage From January – September, 2017.....	29
Figure 16: Load Allocation to DisCos in 2017Q3 VS MYTO Allocation	31
Figure 17: DisCos ATC&C Losses for Q2 & Q3 2017	34
Figure 18: Market Invoice and Remittance by DisCo in 2017Q3.....	35
Figure 19: Market Remittance by DisCos in 2017Q3.....	37
Figure 20: Percentage (%) of Customers Metered by DisCos As at September 2017	52
Figure 21: Category of Complaints Received by DisCos in 2017Q3.....	54

1. EXECUTIVE SUMMARY

STATE OF THE INDUSTRY

Operational Performance

The Commission continues to monitor the operational and commercial performances of the industry in line with the mandates derived from the Electric Power Sector Reform (EPSR) Act 2005. During the third quarter of 2017, the total electric energy generated stood at 7,568,489MWh. This was 3.2% less than the generation in the second quarter. For the quarter under review, the industry recorded the peak daily generation of 4,589.70MW on the 6th day of September 2017. Despite the increase in the peak generation in the third quarter, however, the utilisation of the total available generation capacity was still constrained by a combination of factors including inadequate gas supply, transmission bottlenecks and limited distribution networks as indicated in Figure 1. The resolution of these technical and operational constraints of the industry remains a top priority of the Commission. While the government has commenced the implementation of a payment assurance facility for power generators as a means of sustaining generation levels, the Commission has accordingly identified in its 2017-2020 Strategic Plan the actionable items towards addressing constraints in transmission and distribution networks. The planned strategy includes a thorough technical assessment of DisCos' utilisation of its capital expenditure allowances for relevance and cost efficiency and a tariff reset in order to stimulate investments in network infrastructure.

Figure 1: Average Daily Constrained Generation in 2017Q3

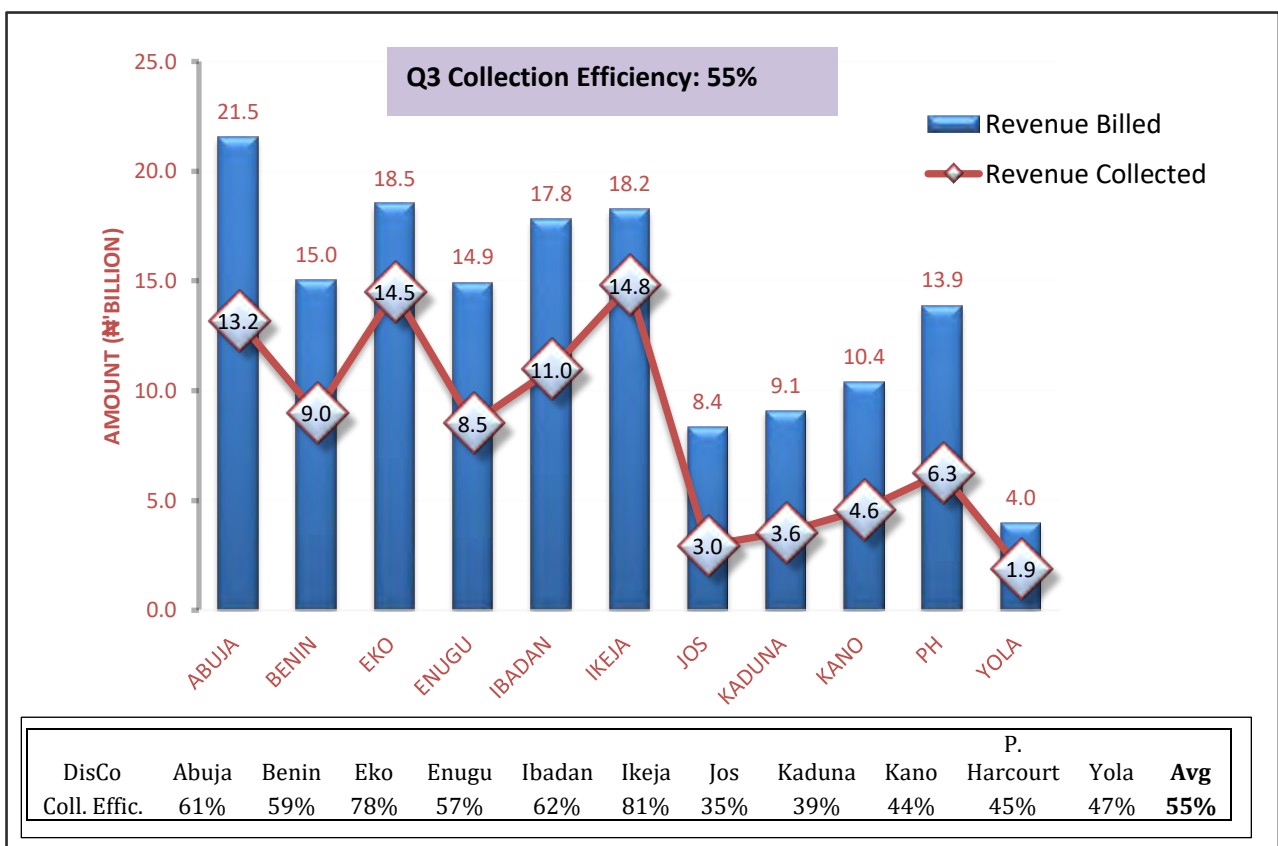
The stability of the grid network improved remarkably during the quarter under review during which the incidence of total system collapse declined from five (5) in Q2 to only one event in the quarter under review. This improvement in grid stability is attributable to the tighter enforcement of the provisions of the grid code that mandate free governor control at grid-connected power plants, as well as increased investment in transmission network.

Commercial Performance

The financial liquidity of the electricity industry remains as the most significant challenge affecting the sustainability of the power sector. The major contributors to the financial crisis in the industry are tariff deficits, high technical and commercial losses exacerbated by customer apathy arising from estimated billing and poor quality of supply in most load centres.

The chart in Figure 2 presents the data on billing and collection by electricity distribution companies (DisCos) during the quarter under review. The DisCos collectively billed a total sum of the ₦151.75 billion during the period under review but only ₦90.30 billion was recovered through collections. This represents an average of 55% collection efficiency thus implying that of every ₦10 worth of electricity sold during the quarter, ₦4.50 remains uncollected from customers. A key initiative towards improving revenue collection in the electricity industry is the provision of meters to all end-use consumers of electricity. In this regard, the Commission has initiated public consultations towards the development of a regulation to address the metering gap in NESI in line with the Commission’s metering target.

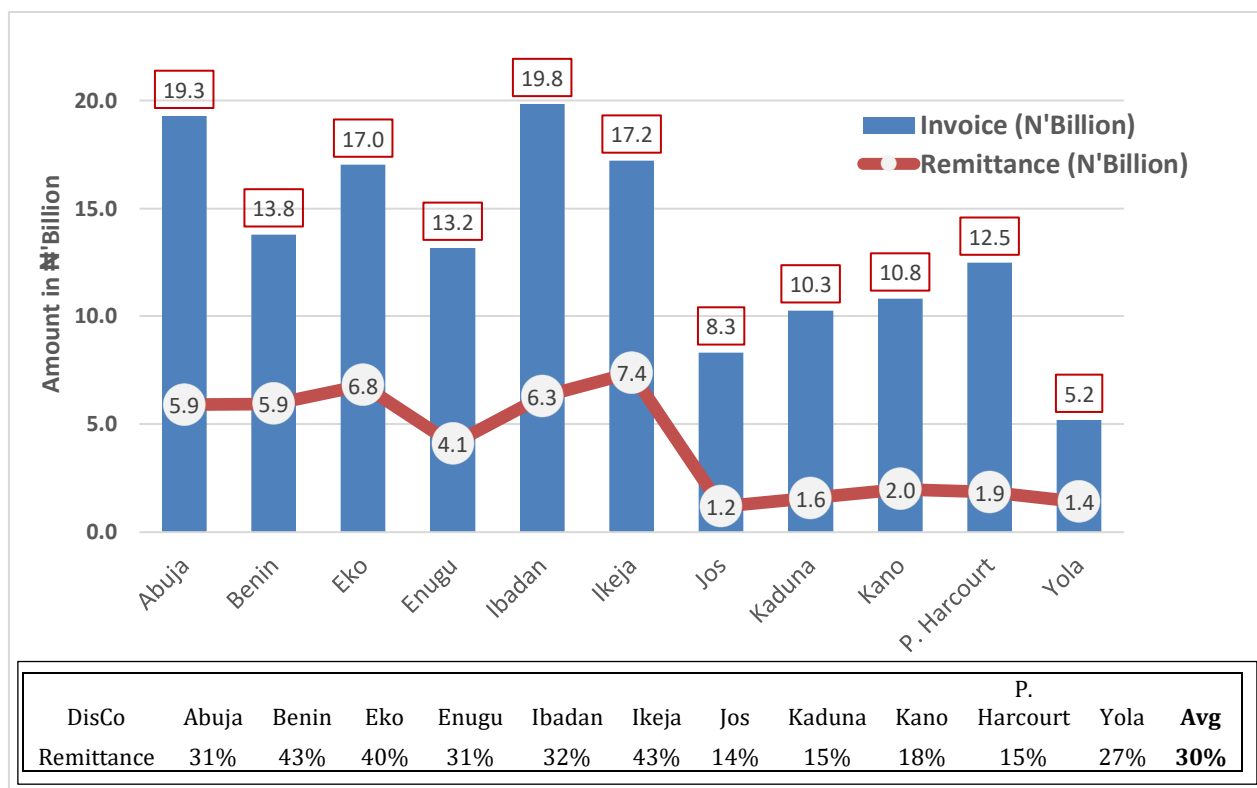
Figure 2: Revenue Billed and Collected in 2017Q3



The liquidity challenge in the industry continued to manifest within the quarter as evidenced in the DisCos’ remittances to the Nigerian Bulk Electricity Trader (NBET) and the Market Operator (MO), relative to invoice. The chart in Figure 3 presents a comparative analysis of upstream remittance by DisCos relative to the invoices issued by NBET in respect of energy delivered as measured at the interface point and the MO in respect of administrative services. During the period under review, DisCos were issued an invoice totalling a sum of ~~N~~147billion for energy received from NBET and for the service charge by the Market Operator (MO) but only ~~N~~44 billion was settled, creating a shortfall of ~~N~~103 billion.

To address the liquidity challenge in the electricity industry, with particular emphasis on the poor remittance by DisCos, the Commission is currently working on a framework to ensure a fair and equitable distribution of market revenues. The framework aims at ensuring transparency and fairness in the utilisation of market funds.

Figure 3: Market Invoice and Remittance by DisCos in 2017Q3



During the third quarter, the total invoice issued to international customers (CEB/SAKETE and NIGELEC) and the special customers (Ajaokuta) stood at ₦21 billion. However, no payment was received from these customers during the quarter under review. On account of the bilateral nature of the export of energy to the Republics of Niger and Benin, efforts are being made at the appropriate levels to ensure that the utilities pay for the energy supplied from Nigeria.

REGULATORY FUNCTIONS

Regulations and Orders of the Commission

The Commission continued with public consultations on the Meter Asset Provider (MAP) Regulations and Regulations on Eligible Customers (EC). Further details on these regulations are provided below under Public Consultation.

During the quarter under review, the Commission revised the existing Order on Illegal Connections, Meter by-Passing and Tampering. The objective of the review was to make the Order more stringent on defaulters thus discouraging illegal connections and energy theft in the electricity industry.

Licensing and Permits

The Commission issued nine (9) ongrid generation licenses with a total nameplate capacity of 2,738MW while three permits were issued for captive power generation with a total capacity of 71.1MW. Table 1 below presents a summary of all licences issued by the Commission during the third quarter of 2017. The total number of On-grid, Off-grid and IEDN licences issued by the Commission since inception up till the end of the third quarter of 2017 amounted to ninety three (93), twenty nine (29) and ten (10) respectively.

Table 1: Licenses and Permits Issued in 2017Q3

	Type of Certification	Number	Total Nameplate Capacity (MW)
1.	ON-GRID LICENCE	9	2,738
2.	CAPTIVE GENERATION PERMITS	3	71.1

Public Consultations

During the quarter under review, the Commission conducted public consultations on four (4) industry issues, in line with its operational procedures.

Review of Tariff Methodology: Given the concerns expressed by some stakeholders about the frequency at which tariff is reviewed and updated by the Commission, the Commission conducted public consultations on the Review of Tariff methodology. The key issues for discussion at the public consultations were:

- a) Assessment of the frequency of undertaking tariff reviews which is currently done semi-annually;
- b) Assessment of the disposition of stakeholders to revenue decoupling under the MYTO model;
- c) Assessment of the current approach used for computing transmission tariff

Subsequent to the consultations, the Commission has since commenced a review of comments received from the participants and the reviewed is expected to be finalised in the fourth quarter.

Business Continuity Regulations (BCR): The BCR Regulation was initiated by the Commission to proactively recognize potential failure events among the Market participants, and promptly resolve them before they cause harm in the NESI. Based on the remediation measures in the regulation, the risks to electricity customers, lenders and regulators are, to a large extent, mitigated. The draft regulation was exposed to

stakeholders in June 2017 subsequent to which public consultations were held in September and October in the six (6) geopolitical zones - Lagos, Enugu, Port-Harcourt, Jos, Yola, Kano and Abuja. The inputs obtained from stakeholders are being analysed and would be considered in drafting the final Regulations.

Regulation On Eligible Customer (EC): In line with provisions of the EPSR Act and the declaration of the Honourable Minister responsible for electric power, the EC regulation allows certain class or classes of electricity consumers (declared as Eligible Customers) to contract for the supply of electric power directly from generation companies. During the third quarter, the draft Consultation Paper was presented to stakeholders at the last public consultation held in September and October in the six (6) geopolitical zones – Lagos, Enugu, Port-Harcourt, Jos, Yola, Kano and Abuja. Final comments were analyzed and the regulation is scheduled for approval by the Commission in October 2017.

Metering Asset Provider (MAP) Regulation: On account of the metering challenges in the NESI, it is to be recalled that the Commission initiated the development of a Meter Asset Provider regulation with the overarching goal of fast tracking a closure of the widening metering gap within three (3) years. The regulation is anchored on opening up the metering opportunities to investors for the roll-out of meters by potential investors under a bankable financing arrangements. A draft consultation paper was presented to stakeholders at the public consultation held in September and October in the six (6) geopolitical zones- Lagos, Enugu, Port-Harcourt, Jos, Yola, Kano and Abuja

Compliance and Enforcements

As part of the Commission's continuous efforts to enforce discipline in the electricity industry, a total of twenty four (24) Notices of Intention to Commence Enforcement (NICE) were issued to licensees for various offences including but not limited to violation of MYTO Order, trading without requisite permit, violation of safety code, violation of Order stopping

CAPMI, and failure to provide to the Commission information on certain class of customers as at due date.

Health and Safety

In the third quarter of 2017, the Commission received a total of forty-seven (47) health and safety reports from licensees. The reports indicated that there were thirty-seven (37) accidents during the period under review. The accidents resulted in twenty five (25) deaths and fifteen (15) injuries of various degrees involving both employees of the companies and third parties. Table 2 provides the summary statistics of the accidents experienced in the industry during the quarter under review. The investigation of the accidents by the Commission led to the commencement of twelve enforcement actions against the licensees whose negligence was found to be responsible for or have contributed to the accidents.

Table 2: Health and Safety Reports for 2017Q3

Item	Frequency
Number of Accidents	37
Number of Deaths	25
Number of people injured	15
Health and safety reports	47
Number of Enforcement actions taken	12

The Commission takes safety of all electricity users and all other Nigerians very seriously and it is concerned about the relatively high number of incidences in NESI. Thus, the Commission has included in its newly drafted Strategic Plan various safety enforcement mechanisms and programmes aiming at tackling recurring accidents in the industry. Among the safety programmes to be implemented by the Commission are the standardisation of Protection Scheme, engagement of Government Agencies on Right of Way violation,

increased public enlightenment on safety, and review of operational procedures for Distribution System Operators (DSOs) on fault clearing.

CONSUMER AFFAIRS

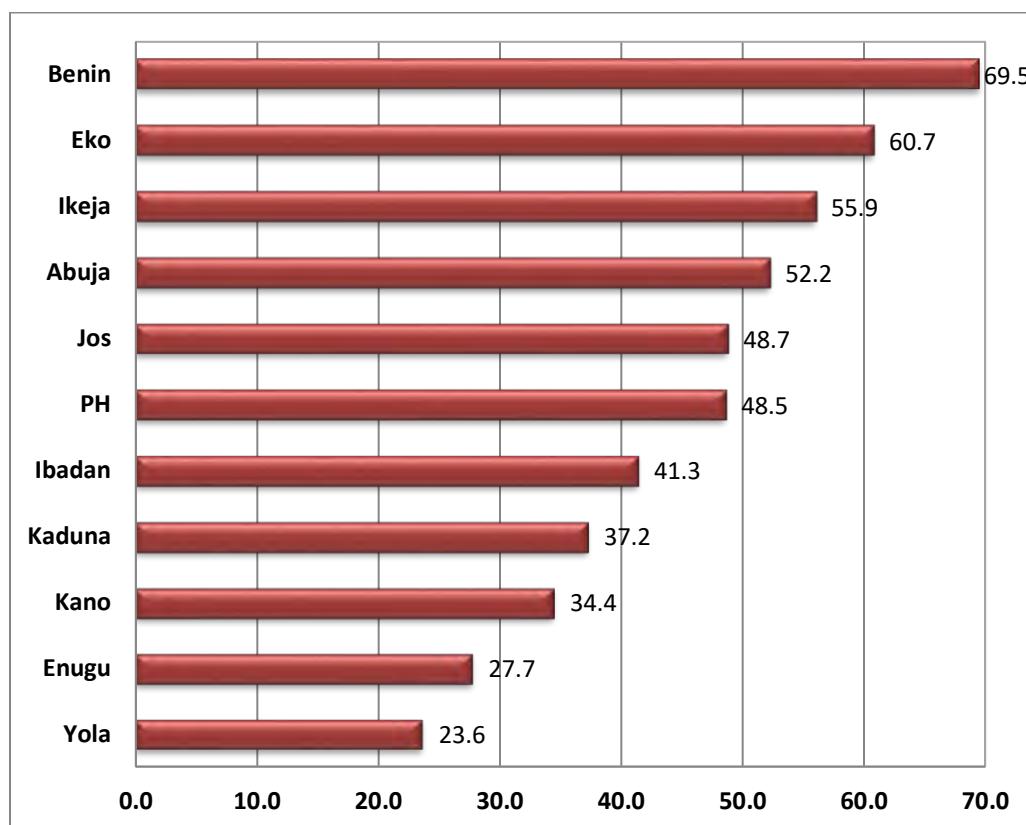
Consumer Education

The Commission directed all DisCos to organise townhall meetings with their customers and monitored the compliance accordingly. In addition, the Commission has developed a schedule of consumer education programmes for the fourth quarter. The proposed subjects of discussion included customer redress mechanism, safety and consumer rights.

Metering of End Use Customers

Noting the importance of metering in revenue assurance and accurate billing of customers, the pace of metering rollout still remains a priority concern of the Commission. The metering performance of electricity distribution companies as at the end of Q3/2017 is clearly indicated in Figure 4. It is noteworthy that only four DisCos have metered up to 50% of the customers on their billing platform. With a total registered customer population of 7,476,856 as at the end of the third quarter of 2017, only 46% have been metered leaving a metering gap of 54%. During the quarter under review, only 25,504 customers were metered. This is grossly lower than the quarterly average of 410,103 meters expected of DisCos as stated in their Performance Agreement with the Bureau of Public Enterprises (BPE).

Figure 4: Metering Status (%) in NESI as at 2017Q3, by DisCos



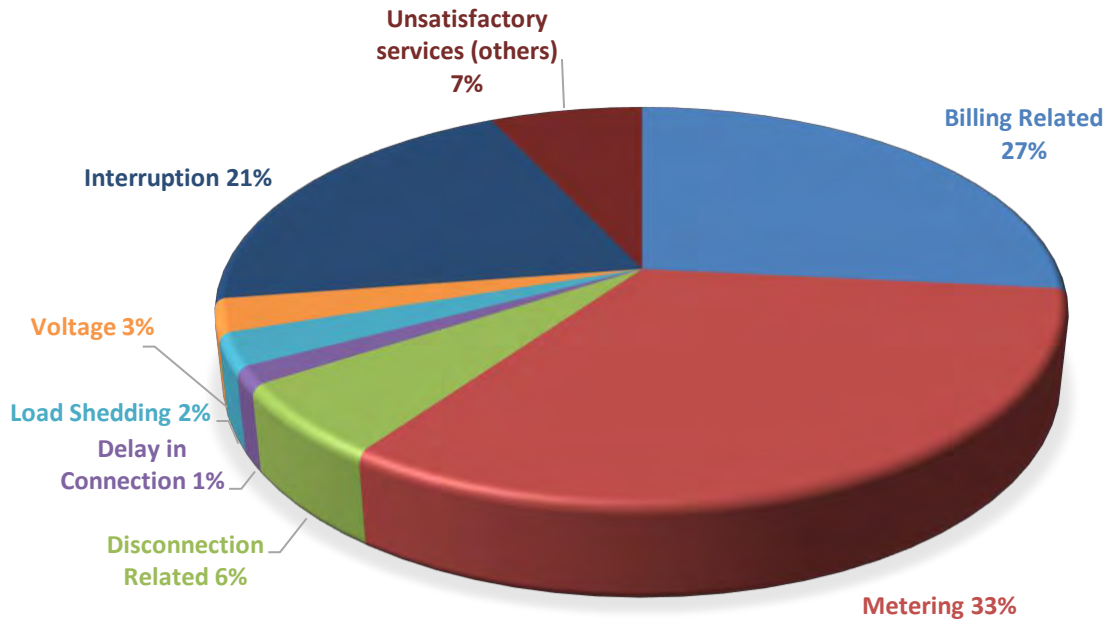
The Commission noted the importance of metering in ensuring transparency in the way energy users are billed. It has therefore initiated a strategy to address the problem. Within the quarter, the Commission commenced the development of a framework to ensuring rapid roll-out of meters by potential investors under a bankable financing arrangements.

Customer Complaints

A total of 109,048 complaints were lodged by customers to the DisCos in the third quarter of 2017. This translates to an average of 1185 complaints per day. Of the total complaints lodged, however, 76% were resolved. Specifically, billing and metering constitute the major concern for electricity customers in Nigeria, accounting for 60% (65,428) of the total complaints received during the quarter under review. Figure 5 below shows the categories

of customer complaints in the third quarter of 2017. The figure indicates that interruption of supply accounts for 21% of the total customer complaints during the quarter, implying that one in every five customers is unsatisfied with the quality of supply from the grid.

Figure 5: Categories of Customer Complaints in 2017Q3



The Commission continued to monitor the complaint handling and resolution process adopted by DisCos. Furthermore, the Commission has, on a continuous basis, monitored the operation of its Forum Offices set up to adjudicate on consumers' complaints that are not adequately resolved to the customers' satisfaction by the customer care unit of the responsible DisCos.

Forum Offices

Forum Offices perform the Commission's quasi-judiciary functions in redressing customers and operators unresolved disputes as enshrined in the NERC's Customer Complaints Handling Standards and Procedures Regulation. As at the end of the quarter under review, the Commission had established a total of twenty (20) Forum Offices and the Commission's Strategic Plan includes several regulatory initiative towards addressing the issues that are of serious concerns to the consumers, including metering and quality of service. During the year 2017, the Forum Offices received an average of 896 complaints per quarter from customers who were unsatisfied with DisCos' decision on their complaints. The Forum Offices nationwide conducted about 40 hearings per quarter based on the petitions received and an average of 547 cases heard per quarter.

LITIGATION

The Commission had no new cases of litigations in the third quarter of 2017, but continued with fourteen (14) cases earlier reported in the first quarter of the year which have remained unresolved.

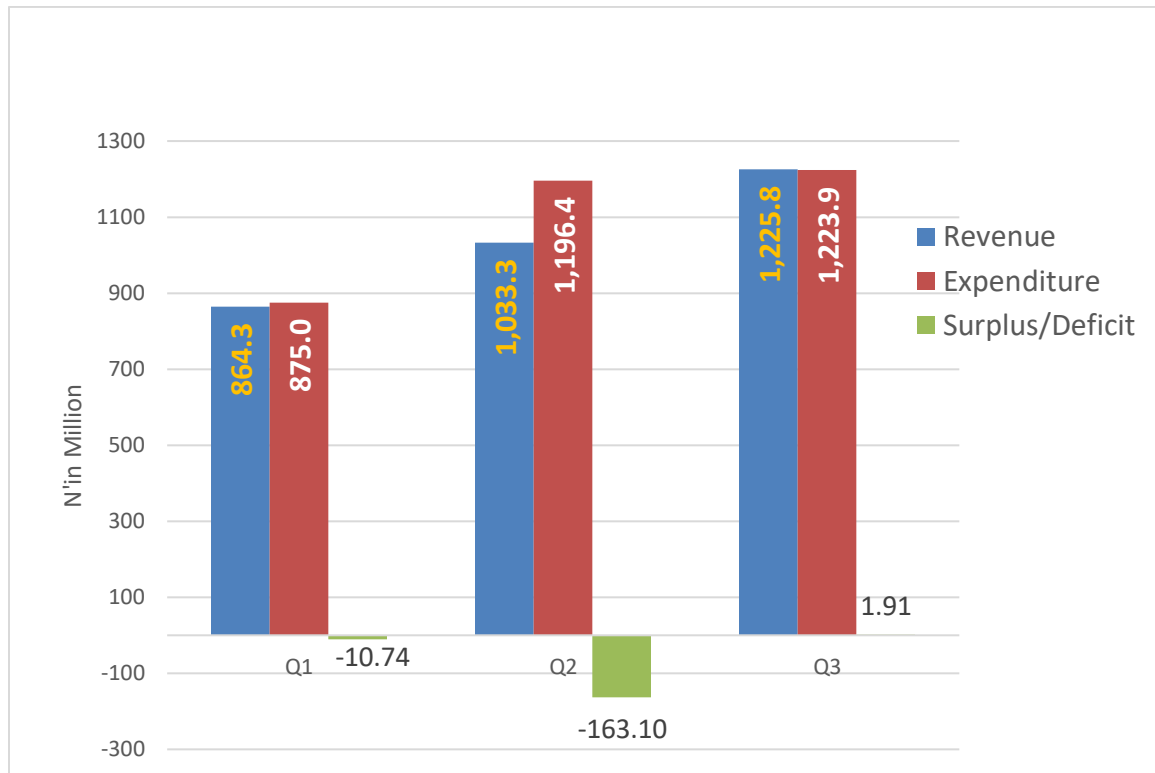
THE COMMISSION

Financial Reports

The revenue accrued to the Commission grew by 19% to ₦1,225 billion in the third quarter, when compared to the previous quarter. On the other hand, the total expenditure of the Commission for the quarter stood at ₦1.22 billion. A comparison of revenue and expenditure shows that the revenue accrued to the Commission during the period under review was barely enough to cover its expenditure. The persistently low revenue generation continues to impact on the Commission's ability to discharge its duties effectively as many

regulatory activities were deferred. Figure 6 shows the summary of the revenue and expenditure of the Commission during the first, second and third quarters of 2017.

Figure 6: Commission's Revenue and Expenditure 2017Q1 – Q3



Training and Promotion

The Commission takes the quality of its staff seriously as the quality of personnel impacts significantly on the operation and success of the Commission. During the third quarter of the year, the Commission prepared the training schedule for its staff for implementation in the fourth quarter of the year. The proposed trainings included but not limited to the Application of Uniform System of Account to Utility Regulation, and Utility Regulation and Strategic Management. However, the Commission deferred the promotion exercise for eligible staff due to paucity of funds.

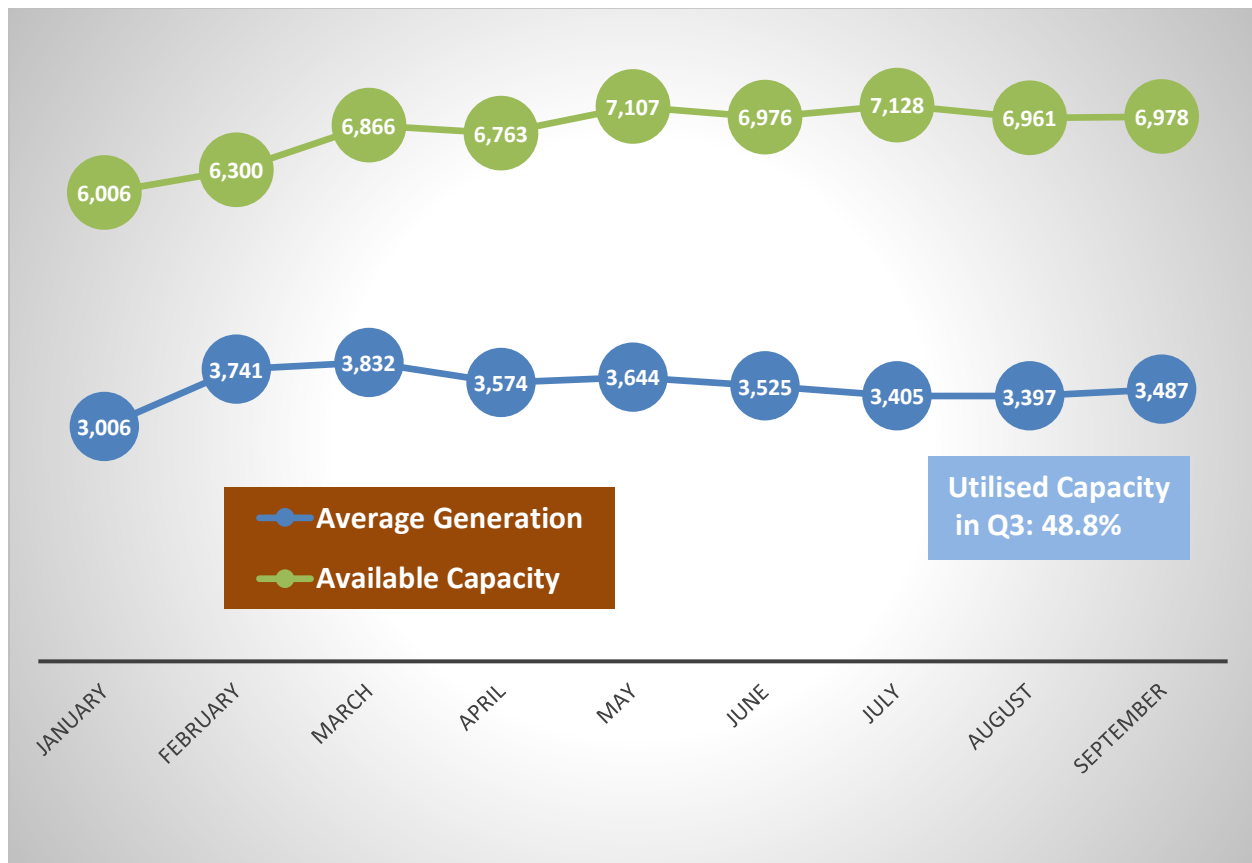
2. STATE OF THE INDUSTRY

2.1 Operational Performance

2.1.1 Electricity Generation

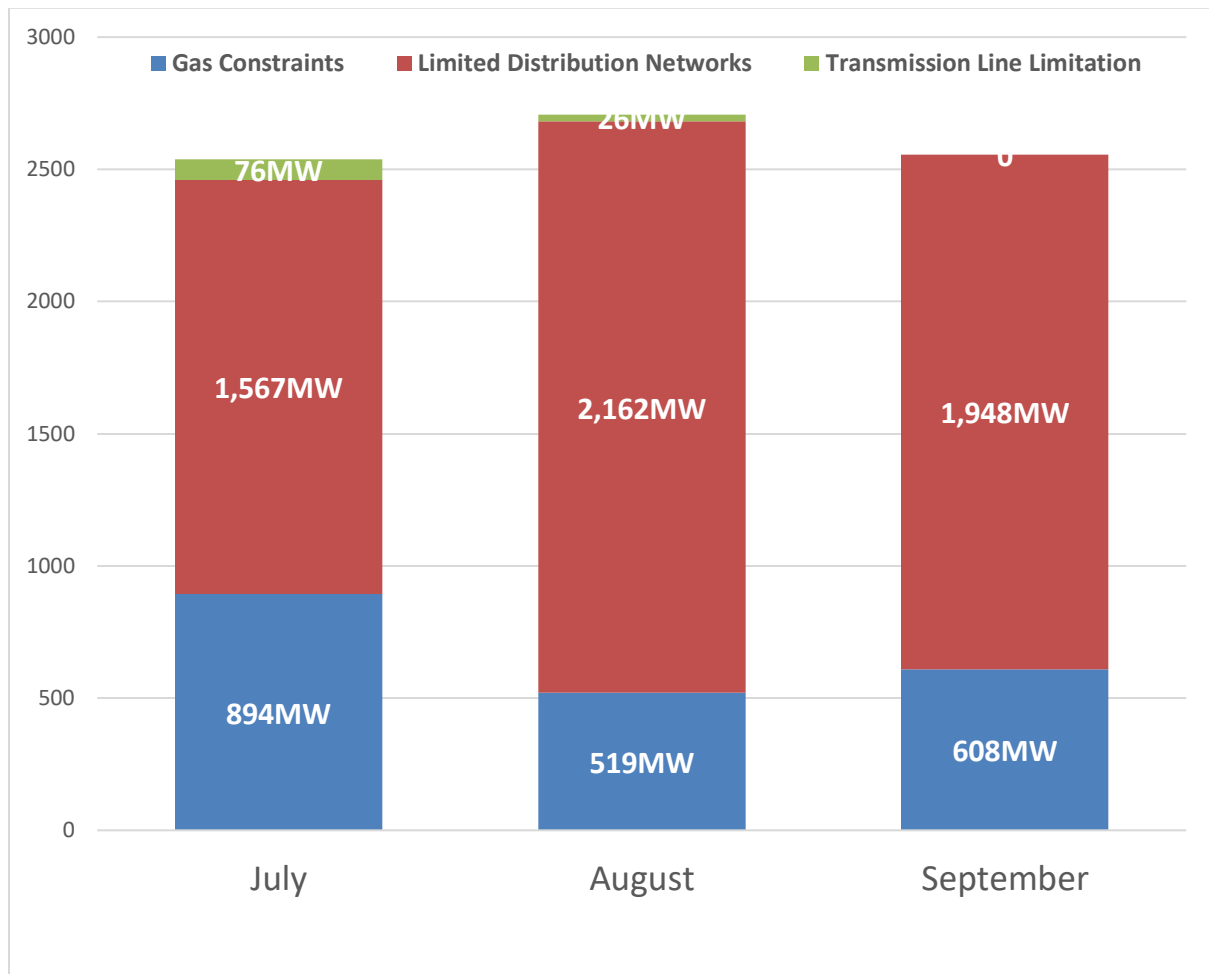
In line with the mandates driven from the Electric Power Sector Reform (EPSR) Act 2005, the Commission continued to monitor the operation and commercial performances of its licensees. During the third quarter of 2017, available generation capacity rose by 1% to 7,014MW relative to the second quarter of the year. This increase in available capacity is attributable to increase in the number of available generation units during the third quarter. On average, 75 plant generation units were available in the third quarter, while 74 generation units were available during the second quarter. However, the increase in the available capacity did not translate into increase in output. The total electric energy generated during the quarter declined by 3.2% from 7,821,182MWh recorded in the second quarter of 2017. For the quarter under review, the industry recorded its highest peak daily generation of 4589.70MW on the 6th day of Septemeber 2017. Figure 7 represents the daily average generation (MW) and average available capacity (MW) from January to September 2017. The Figure indicates that just 49% of the available capacity was utilised during the third quarter. In other words, approximately 51% of the available capacity was stranded due to a combination of inadequate gas supply, and limitation in transmission and distribution networks.

Figure 7: Average Daily Generation and Available Capacity (MW) in 2017Q3



There was a noticeable improvement in gas supply during the period under review as capacity constraints due to gas reduced to 672MW at the end of the third quarter from 1,634MW recorded at the beginning of the quarter as indicated in Figure 8 below. The decline in electricity generation within the quarter is majorly attributable to frequency instability resulting from the inability of DisCos to wheel energy due to limited distribution networks. Other factors contributing to stranded (unutilised) generation capacity during the quarter include gas constraints to the thermal power plants and limited transmission networks.

Figure 8: Constraints to Power Generation in 2017Q3



The resolution of these technical and operational constraints of the industry remains a top priority of the Commission. While the government has commenced the implementation of a payment assurance facility for power generators as a means of sustaining generation levels, the Commission has accordingly identified in its 2017-2020 Strategic Plan the actionable items towards addressing constraints in transmission and distribution networks. The planned strategy includes a thorough technical assessment of DisCos’ utilisation of its capital expenditure allowances for relevance and cost efficiency and a tariff reset in order to stimulate investments in network infrastructure.

2.1.2 Availability Factors and Average Generation of Power Plants

The availability factor, indicating the proportion of expected operational time that a plant actually operated (i.e. the number of hours that a power plant is able to produce electricity over a certain period, divided by the number of hours in that period) recorded a marginal increase of 3% in 2017Q3 from the 64% recorded in the second quarter. On average, generation plants were available 67% of time during the third quarter. Among the power plants in operation during the quarter, Omotosho, Olorunsogo, Odukpani (Calabar) National Integrated Power Project (NIPP) power plants and Paras had the highest availability factor of 100%, while Afam IV-V recorded the least availability factor of 8.6% as indicated in Figure 9. Three of the power plants (i.e., AES, ASCO and Rivers IPP) were completely out of operation during the period under review. Afam IV-V was out of operation for most of the period due to blade failure and burnt generator transformers. Rivers IPP had been short down since 2016 due to several issues including high differential pressure at air inlet.

Figure 9: Plant Availability Factor (%) in 2017Q3

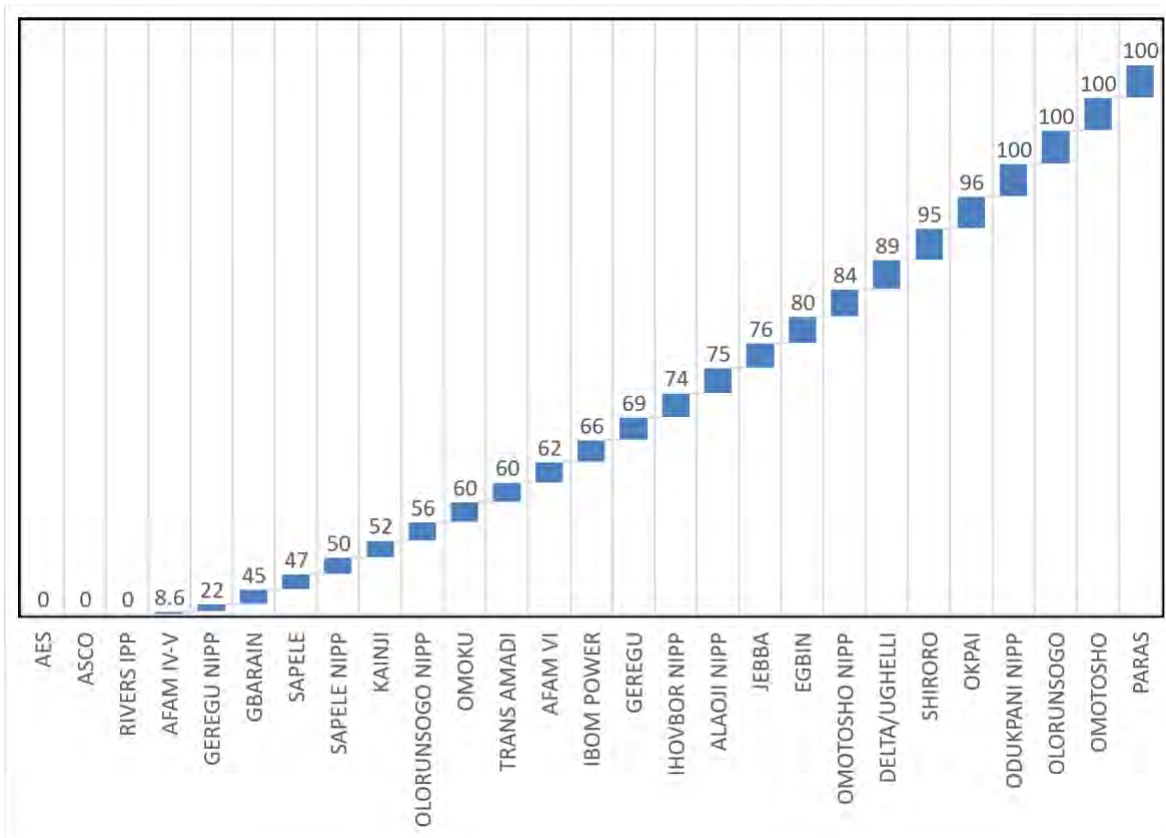
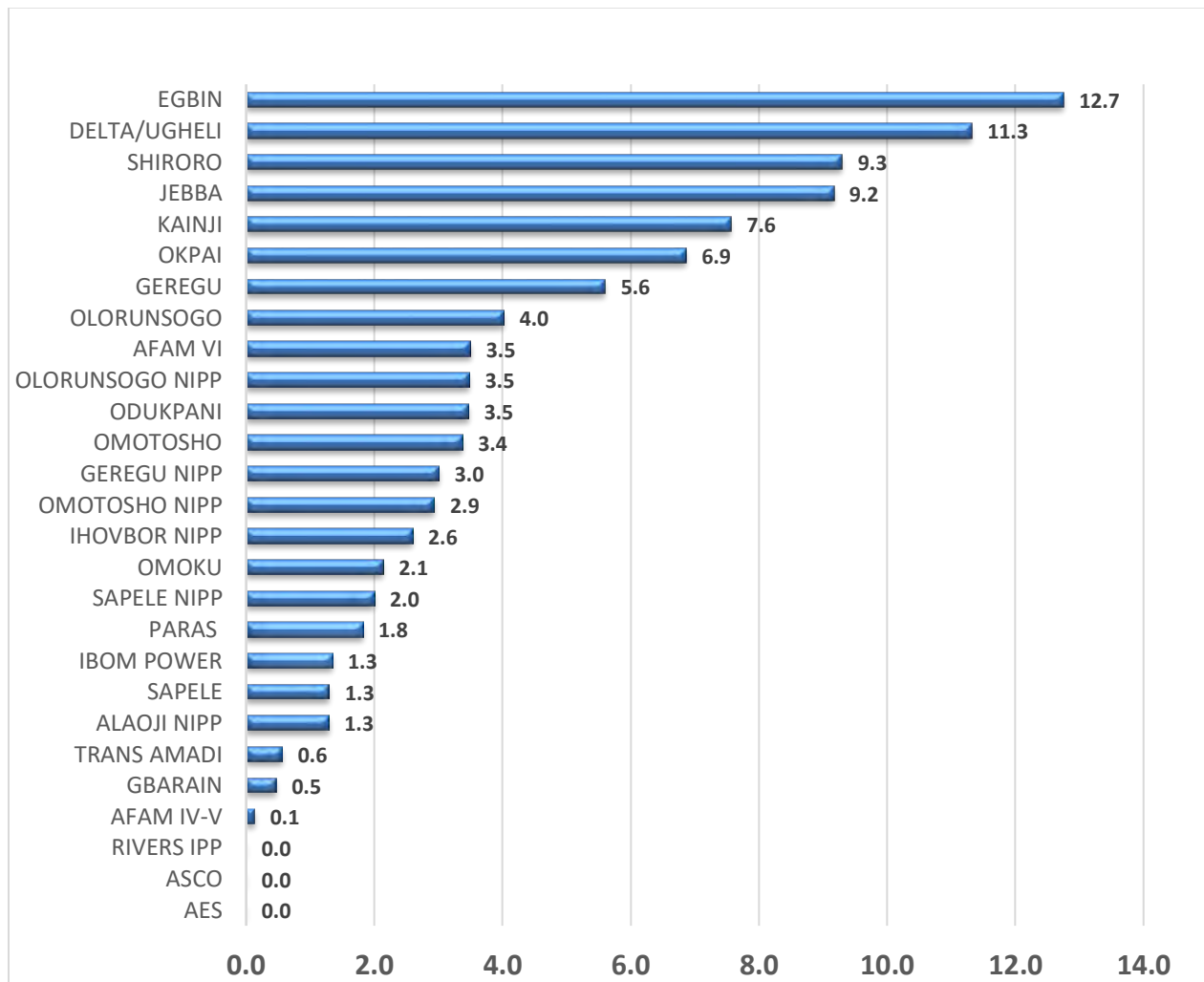


Figure 10 shows the contribution of each power plant to the total energy generated during the third quarter. Three power plants (AES, ASCO and Rivers IPP) out of the 27 power stations did not produce energy during this period. The Figure indicates that the industry is vulnerable to risk of supply as only seven plants accounted for 66% of the total generation output. This shows the vulnerable exposure of the grid to the seven major plants as any downtime in any of them may distabilise the system if there is no adeaqueate proactive measure, e.g., adequate spinning reserves. The Commission is determined to provide all regulatory intervention necessary to ensure that TCN procure sufficient spinning reserves. Thus the Commission is currently evaluating the adequacy of the already procured anciliary services (e.g., spinning reserves) by the transmission company in order to make sufficient provision during the next tariff review.

Figure 10: Share (%) of Output by Plants in 2017Q3

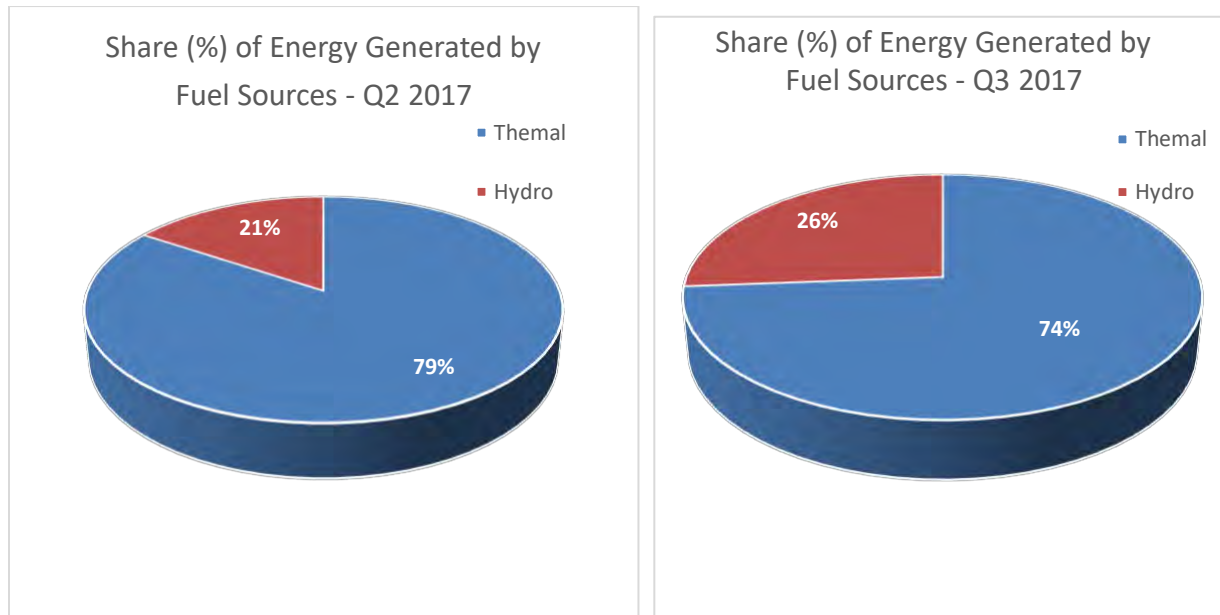


2.1.3 Sources of Generation

Figure 11 shows the generation mix in the second and the third quarter of 2017. Gas fired thermal plants dominated the generation mix accounting for 74% of the energy generated in the third quarter. This implies that approximately four in every 5kWh of electricity generated in Nigeria comes from gas. The Commission has noted that the seemingly over-dependence on thermal plants poses security of supply risk for the country as vandalism of gas pipeline could result in total shutdown of the grid. To address the security of supply challenge, the Commission in collaboration with other sector players is working to unfold

regulatory guidance and propose policy support for the actualisation of coal – to – power generation and on-grid renewables.

Figure 11: Electricity Generation by Sources of Fuel in Q2 and Q3 2017



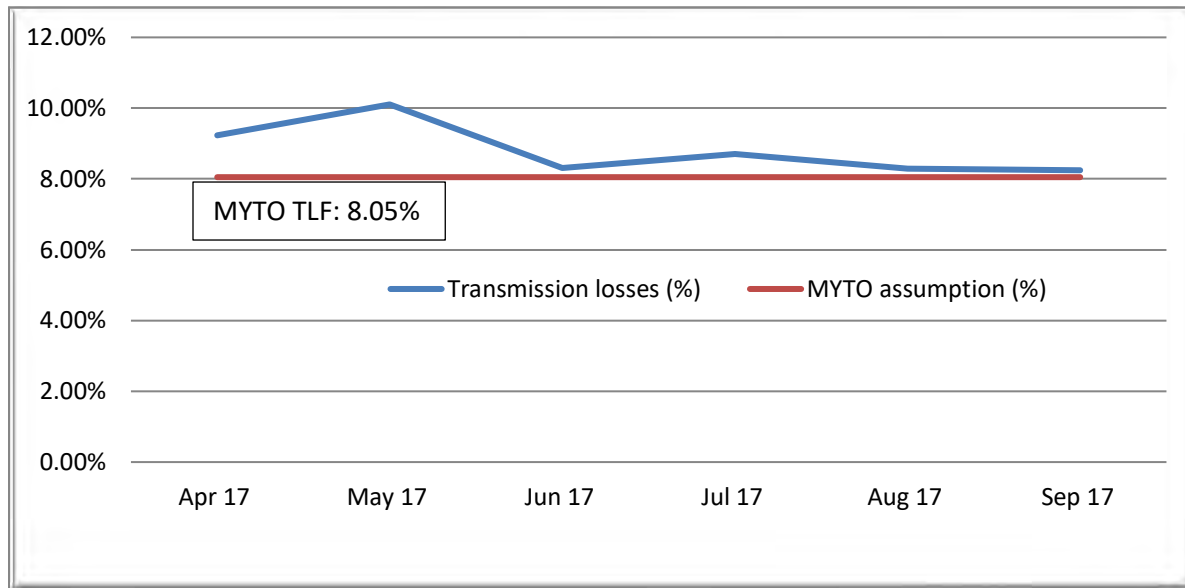
2.1.4 Grid Performance

Transmission Loss Factor

There was a noticeable improvement in the transmission loss factor (i.e., the difference between the total energy sent out by power stations and energy received by all DisCos divided by the total energy sent out) during the period under review. For example, the transmission loss factor which was 10.11% in the month of May had reduced to 8.25% by August as shown in Figure 12. During the quarter under review (i.e., Q3 2017), the average transmission loss factor was 0.37% higher than the 8.05% industry (MYTO) acceptable loss factor. This favourably compares to the second quarter where the average transmission loss factor stood at 9.21%. The remarkable reduction in the transmission losses was attributed

to the improved efficiency in transmission network arising from increased investment in network upgrade and expansion by TCN.

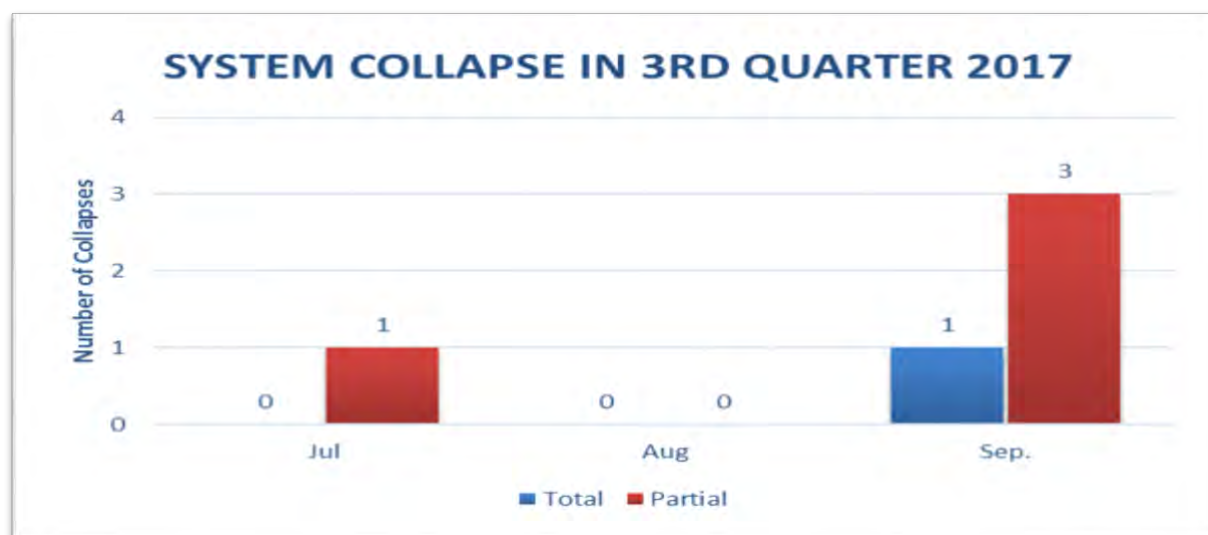
Figure 12: Transmission Loss Factor (%) Between April and September 2017



System Collapse

The stability of the grid network improved remarkably during the quarter under review. Figure 13 shows the number of system collapse experienced in the third quarter of 2017. The industry recorded one (1) total system collapse (i.e total black out nation-wide) and four (4) partial system collapse (i.e failure of a section of the grid) during the period. This indicates a reduction in the number of total system collapse when compared with the second quarter of 2017 where five (5) total system collapse were experienced. This relative improvement in grid stability was attributable to the tighter enforcement of the provisions of the grid code that mandate free governor control at grid-connected power plants, as well as increased investment in transmission network.

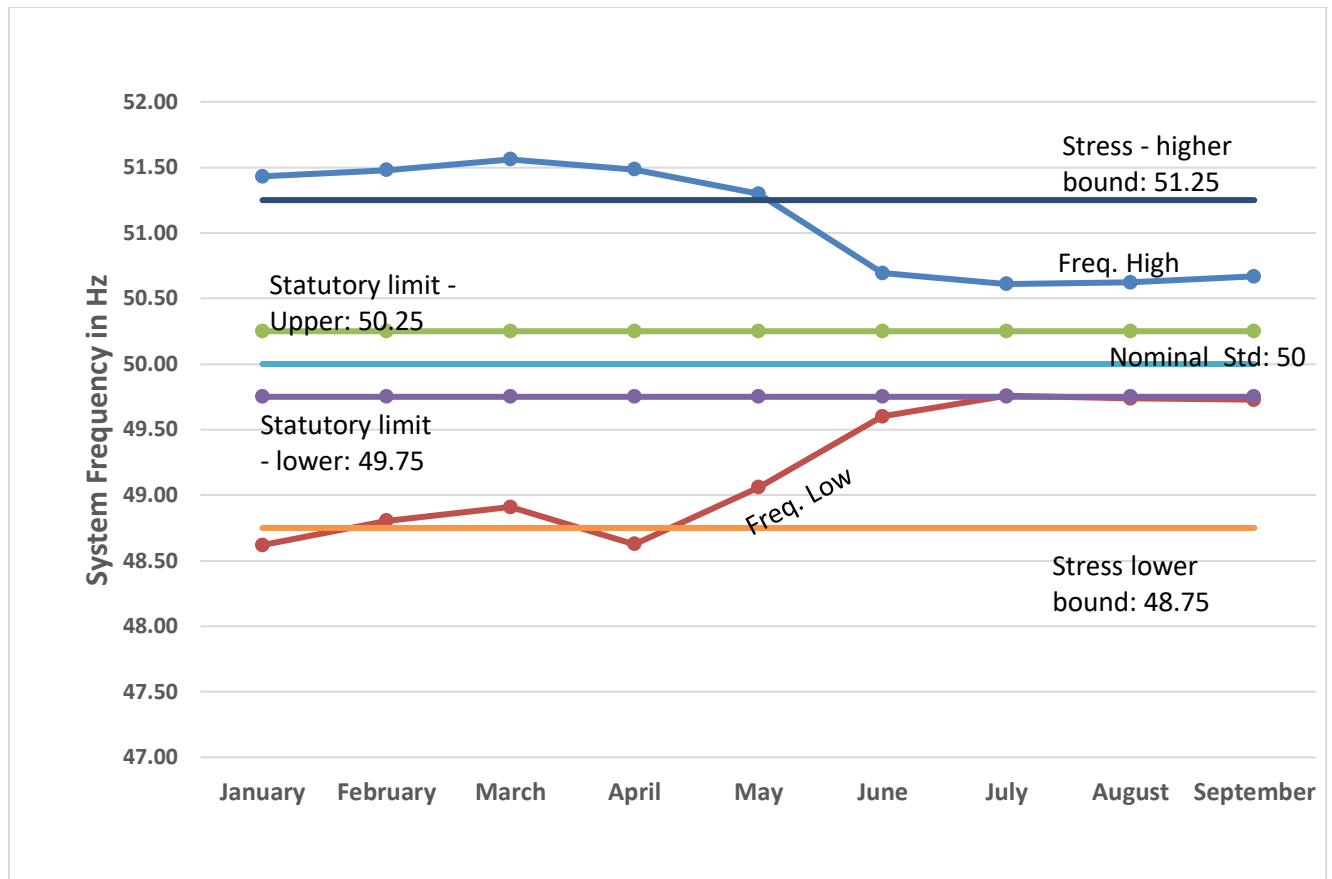
Figure 13: System Collapses in 2017Q3



Grid Frequency and Voltage

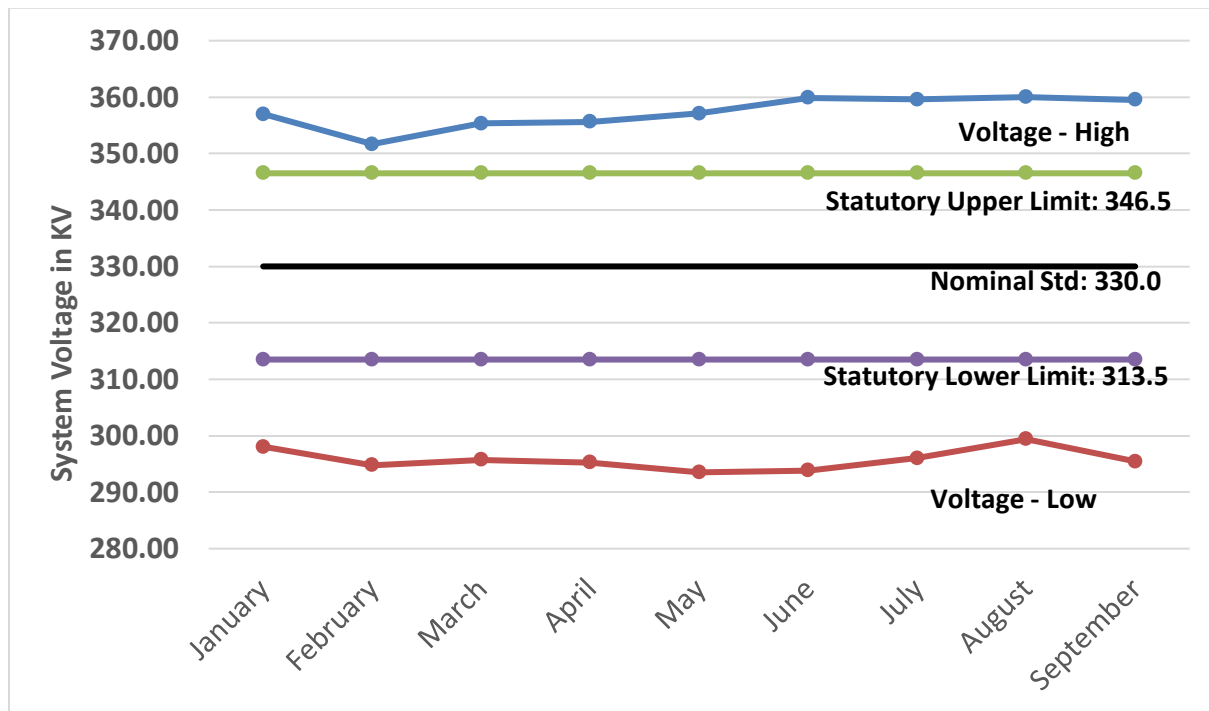
Based on the provisions of the Grid Code, the system frequency, under normal circumstances, is expected to be between a lower limit of 49.75Hz and an upper limit of 50.25Hz, while the range from 48.75 – 49.75Hz and from 50.25Hz – 51.25 are regarded as lower and upper Stress boundaries respectively. Figure 14 below illustrates the system frequency pattern from January to September 2017. Although there were noticeable improvements in the stability of grid frequency during the period (January – September) as the actual system (low and the high) frequency converged towards the statutory levels, system frequency was consistently outside the normal statutory limits. The Commission is well determined to provide the necessary regulatory interventions to ensure that the system frequency is kept within the statutory limits.

Figure 14: Average Daily System Frequency From January – September, 2017



The Industry Grid Code allows for voltage fluctuation between a lower boundry of 313.5kV and an upper boundary of 346.5kV. Similarly to the frequency pattern, the system voltage was consistently outside the normal statutory boundaries throughout the third quarter of 2017 as shown in Figure 15 below. Frequency fluctuation and other harmonic distortion result in poor power quality that could damage sensitive industrial machines that are connected at high voltage level. The Commission is working with the TCN to ensure that system voltage and frequencies operate within the statutory limits.

Figure 15: System Voltage From January – September, 2017



2.2 COMMERCIAL PERFORMANCE

2.2.1 Energy Received and MYTO Load Allocation

Relative to the immediate past quarter, energy received by (or delivered to) DisCos at their trading points declined by 6% in the third quarter and stood at 6,200GWh. This decrease is reflective of the difference between the generation in the two quarters. Table 3 presents the energy received and billed by DisCos during the quarter under review. Out of the total 6,200GWh received by DisCos in the third quarter, only 4,768GWh was billed to the end users. This is lower than 5,009GWh billed in the second quarter of 2017, reflecting the decrease in generation in the third quarter. However, the billing efficiency improved marginally to 77% in the third quarter from 76% recorded in the second quarter. The level of billing efficiency during the third quarter indicates that for every 10kWh of energy received by a DisCo from the transmission company, approximately 2.3kWh is lost due to technical constraint and illegal connection. In other words, for every ₦10 worth of

electricity received by DisCos, ₦2.30 is lost due to poor distribution infrastructure and energy theft.

As regards individual performances, Table 3 shows that Abuja DisCo had the highest billing efficiency of 83%, while Kaduna DisCo recorded the lowest billing efficiency of 66%. On quarter-on-quarter basis, Ikeja DisCo recorded a significant improvement in its billing efficiency moving from 70% in the second quarter to 81% in the third quarter. Other DisCos that recorded improvement in their billing efficiency include Abuja, Benin, Enugu, Ibadan, and Yola.

Table 3: Energy Received and Billed by DisCos in Q3 2017

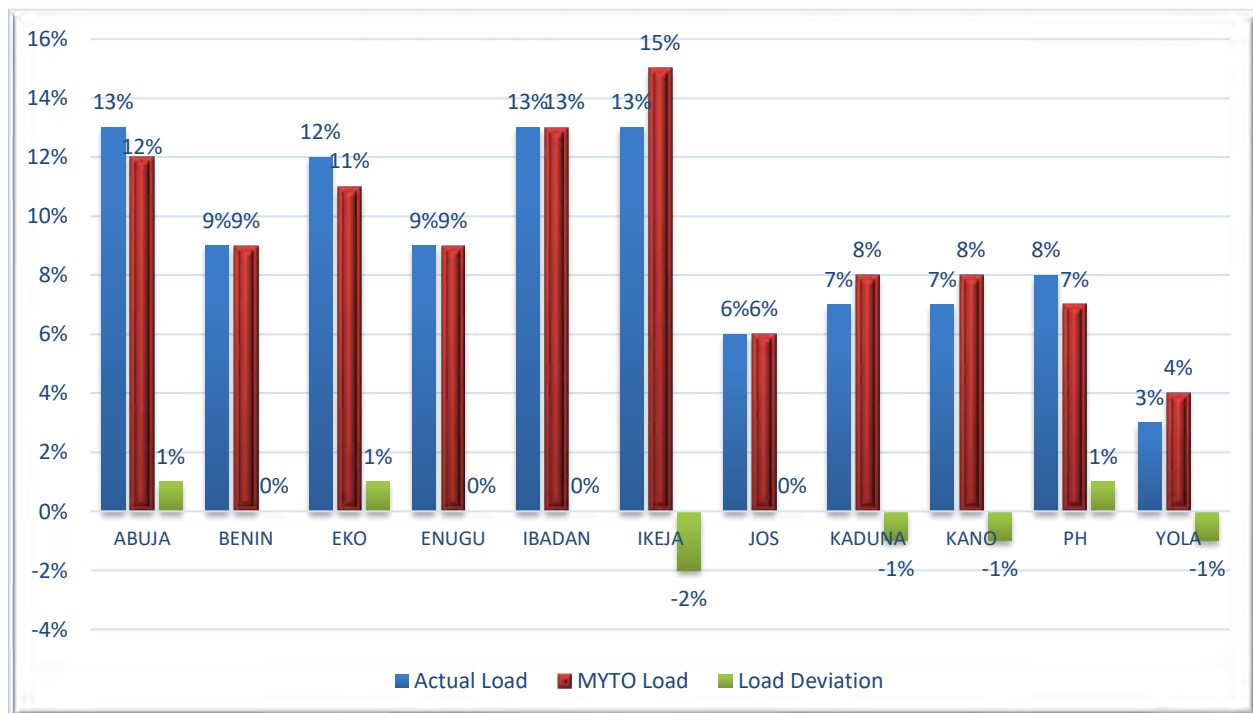
DisCos	Total Energy Received (GWh) Q3	Total Energy Billed (GWh) Q3	Billing Efficiency (%) Q2	Billing Efficiency (%) Q3
Abuja	812	673	78	83
Benin	535	425	78	79
Eko	721	590	86	82
Enugu	548	405	71	74
Ibadan	828	597	71	72
Ikeja	807	654	70	81
Jos	344	239	72	70
Kaduna	440	291	76	66
Kano	445	360	83	81
Port Harcourt	507	387	77	76
Yola	212	148	68	70
Total	6,200	4,768	76	77

To address the seemingly high losses related to technical and commercial performance, the Commission is proposing a system change in tariff review procedures, where actual investments by DisCos would be thoroughly verified, evaluated and compared with the proposed investments on which they had been allowed return. A mechanism is to be developed to recover, in the subsequent tariff review, any return received by DisCos on the

investments ought to have been made but not. This action is expected to improve the DisCos’ commitment to their network improvement and thereby reduce technical losses. To resolve the problem of high commercial losses, DisCos have already been directed by the Commission to do asset mapping and tagging customer enumeration in order to identify illegal connection and bring them onto their billing platform.

Figure 16 compares the MYTO load allocation with the share of the total energy received (or taken) by DisCos during the third quarter of 2017. Only four of the DisCos including Benin, Enugu, Ibadan and Jos received or taken a share of energy equivalent to their MYTO share. On the other hand, Kaduna, Kano and Yola received 1% less energy than their MYTO allocation (%), possibly reflecting technical limitation of their network during the period.

Figure 16: Load Allocation to DisCos in 2017Q3 VS MYTO Allocation



2.2.2 Revenue and Collection Efficiency

The total collection by DisCos from their customers in the third quarter of 2017 stood at ₦90.3 billion out of the total bill of ₦151.8 billion. This represents a 2.8% decrease when compared with ₦92.8 billion collection in the second quarter of the same year. However, it is noteworthy that the decrease in revenue collection in the third quarter might be explained by decrease in generation rather than a reflection of collection efficiency. As shown in Table 4, the collection efficiency in the third quarter stood at 55.3%, indicating a marginal increase of 0.4% over the collection efficiency in the second quarter. The data show that the collection efficiency of DisCos is poor as just a little above the half of the revenue billed was recovered as at when due. On the average, the collection efficiency indicates that for every ₦10 billed to customers, ₦4.50 remains unrecovered as at when due. The implication of this DisCos' poor collection efficiency is inadequate liquidity which is currently affecting the industry.

As regards individual performances, Ikeja DisCo had the highest collection efficiency of 81% followed by Eko DisCo, while Jos DisCo recorded the lowest collection efficiency of 35%. On quarter-on-quarter basis, Eko DisCo recorded the highest improvement in collection efficiency moving from 74% in the second quarter to 78% in the third quarter. Other DisCos that recorded marginal improvement in their collection efficiency between the two quarters are Ikeja, Jos, and Kaduna.

Noting that a major factor contributing to low collection efficiency is customers' dissatisfaction with estimated billing, the Commission has initiated a regulation to fast-track the roll-out of meters by potential investors under a financially viable and bankable arrangements.

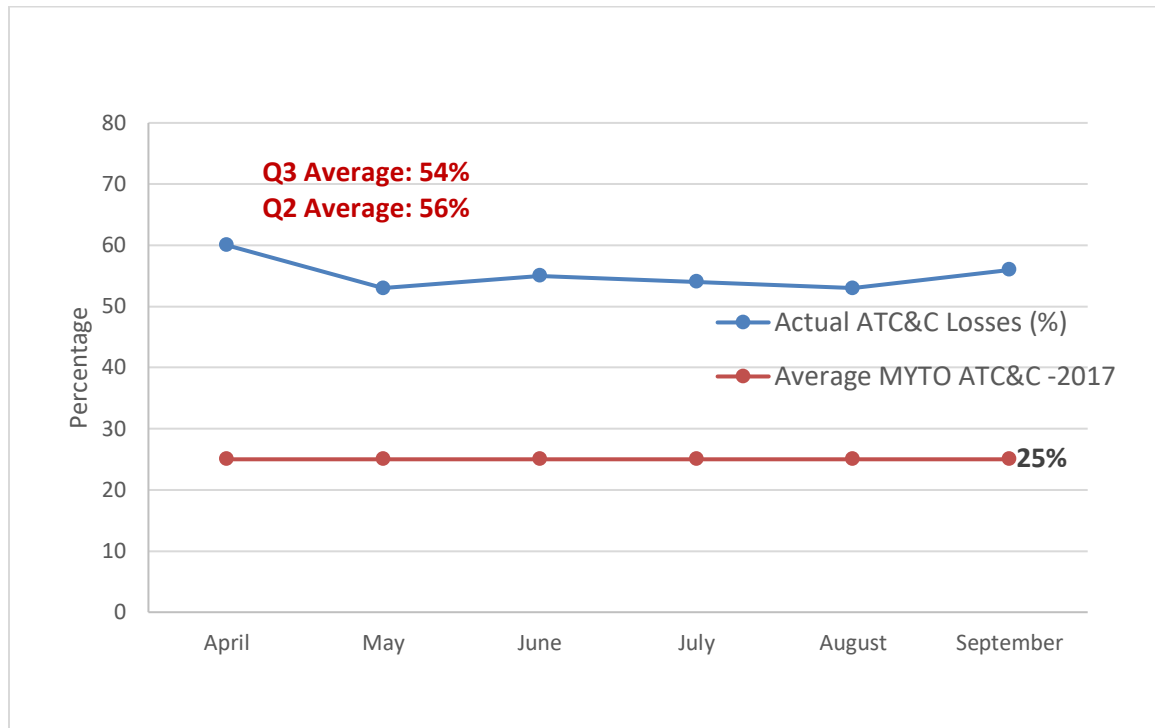
Table 4: Revenue Performance of DisCos in 2017Q3

DisCos	Total Billings (₦'million) Q3	Revenue Collected (₦'million) Q3	Collection Efficiency (%) Q3	Collection Efficiency (%) Q2
Abuja	21,540	13,217	61	66
Benin	15,038	9,000	59	59
Eko	18,514	14,506	78	74
Enugu	14,923	8,516	57	54
Ibadan	17,807	10,980	62	63
Ikeja	18,247	14,810	81	79
Jos	8,351	2,956	35	34
Kaduna	9,083	3,561	39	35
Kano	10,395	4,588	44	45
P.Harcourt	13,874	6,277	45	46
Yola	3,980	1,887	47	49
Total	151,752	90,298	55.3	54.9

2.2.3 Aggregate Technical, Commercial and Collection (ATC&C) Losses

Figure 17 presents the monthly (percentage) Average Technical, Commercial & Collection Losses (ATC&C) – i.e., the combination of losses due to billing and collection inefficiencies – for the third and the second quarters of 2017. The quarterly average ATC&C respectively for the two quarters were 54% and 56% respectively. These losses are significantly higher than the 25% MYTO allowable ATC&C losses for 2017. The high ATC&C losses reflect low investments in distribution networks and pose a liquidity challenge to the industry. The implication of the ATC&C losses in the third quarter of 2017 is that as much as ₦4.60 in every ₦10 worth of energy received by DisCos was either unaccounted for or unrecovered during the period, due to a combination of inefficient distribution networks, illegal connection and non-collection (i.e., low willingness to pay).

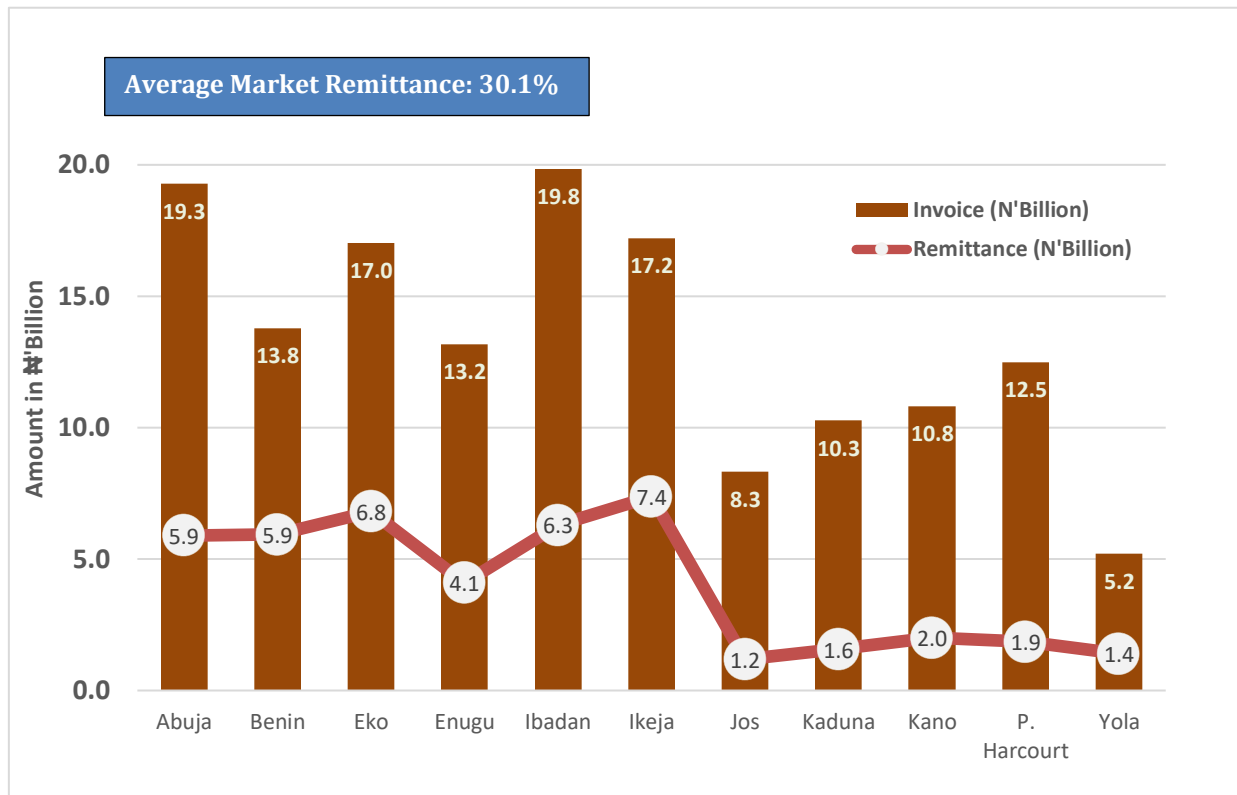
Figure 17: DisCos' ATC&C Losses for Q2 & Q3 2017



2.2.4 Remittance Performance

The liquidity challenges in the industry continued to manifest within the quarter as evidenced in the DisCos' remittances relative to the invoice received for energy purchased from the Nigerian Bulk Electricity Trader (NBET) and the invoice received for administrative services from the Market Operator (MO). In the third quarter of 2017, whereas DisCos were issued an invoice of ₦147 billion for energy received from NBET and for the services provided by the market administrators, only ₦44 billion of the invoice was settled, creating a total shortfall of ₦103 billion. Figure 18 shows the market invoice and remittance by DisCos in the third quarter of 2017. None of the DisCos settled up to half of its market invoice, a phenomenon that is of greater concern to the Commission.

Figure 18: Market Invoice and Remittance by DisCo in 2017Q3



The overall remittance to NBET for the third quarter was just 26.2% of the total energy invoice while the Market Operator received only 38.4% remittance of the invoice for service charge (see Table 5). This shows a serious liquidity challenge in the industry as it impacts on the ability of NBET to honour its obligations to generation companies, while service providers also struggle to meet their statutory obligations due to financial constraints resulting from low upstream remittance by DisCos.

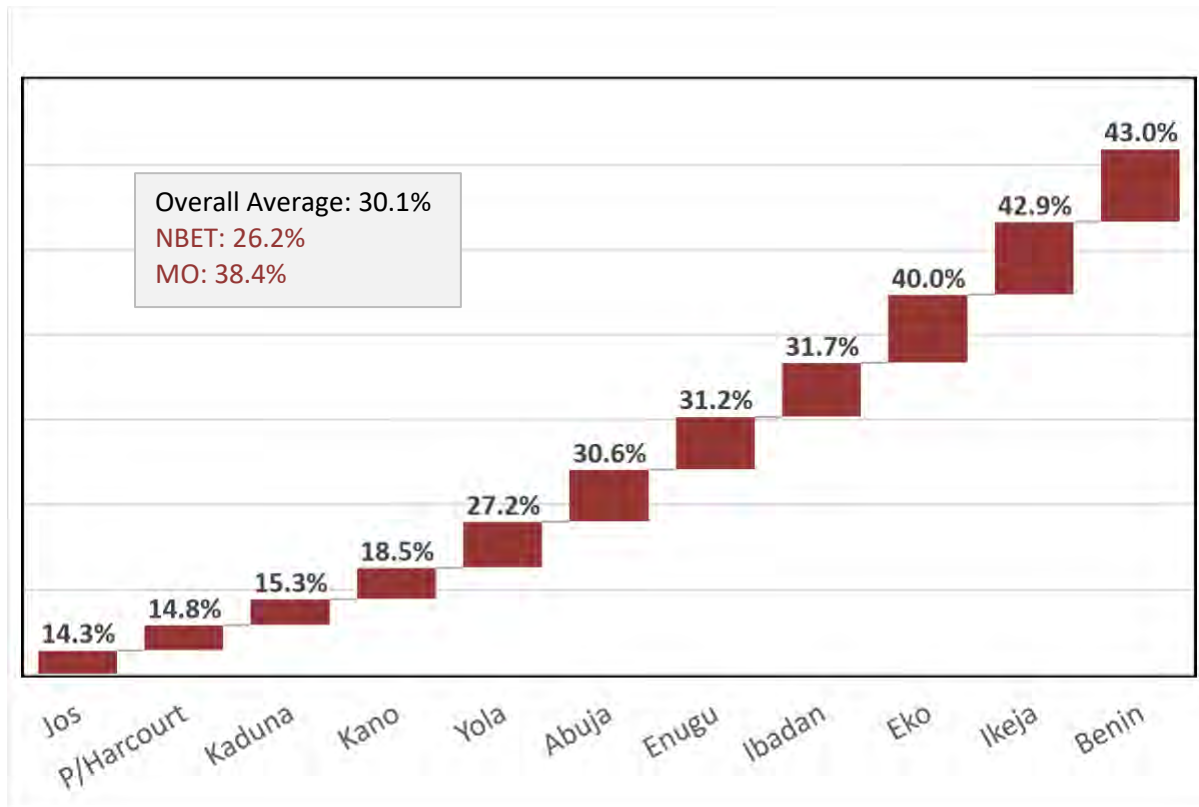
Table 5: Remittances to NBET and MO in 2017Q3

DisCo	NBET: Capacity & Energy - N'Billion				Market Operator - N'Billion			
	Invoice	Remittance	Shortfall	Performance	Invoice	Remittance	Shortfall	Performance
Abuja	16.20	5.00	11.20	30.9%	3.08	0.90	2.18	29.2%
Benin	11.58	4.50	7.08	38.9%	2.21	1.43	0.77	65.0%
Eko	14.29	5.48	8.82	38.3%	2.72	1.33	1.39	48.8%
Enugu	11.06	3.50	7.56	31.6%	2.10	0.60	1.50	28.5%
Ibadan	16.65	5.38	11.27	32.3%	3.18	0.90	2.28	28.4%
Ikeja	14.47	5.79	8.68	40.0%	2.75	1.60	1.15	58.2%
Jos	6.99	0.99	6.00	14.2%	1.33	0.20	1.13	15.2%
Kaduna	8.63	1.30	7.33	15.1%	1.65	0.27	1.38	16.4%
Kano	9.09	1.80	7.29	19.8%	1.73	0.20	1.53	11.6%
P/Harcourt	10.49	1.43	9.06	13.7%	2.00	0.42	1.58	21.0%
Yola	4.36	0.58	3.78	13.4%	0.83	0.83	0.00	100.0%
Total /Average	123.81	35.75	88.07	26.2%	23.58	8.68	14.89	38.4%

Furthermore, the total NBET's and MO's invoices to international and special (Ajaokuta) customers during the third quarter stood at ₦21 billion . However, no payment was received from the international and special customers for the period. On account of the bilateral nature of the export of energy to the Republics of Niger and Benin, efforts are being made at the appropriate levels to ensure that the utilities pay for the energy supplied from Nigeria.

Although there was 5% rise in total (combined) remittance to NBET and MO in the third quarter relative to the preceding period, only 30% of the third quarter's market invoice was settled by DisCos. Figure 19 shows the proportion of market invoice settled by DisCo for the quarter under review. Benin DisCo had the highest remittance at 43%, followed by Ikeja DisCo which remitted 42% of its market invoice. On the other hand, Jos had the lowest payment performance at 14%.

Figure 19: Market Remittance by DisCos in 2017Q3



Although part of the outstanding invoiced amount not paid to the upstream by DisCos is due to tariff deficit, the Commission has noted that some (if not all) DisCos are not incentivised to improve on their revenue collection because they are currently opportuned to appropriate market funds and sometimes keep more than their fair share. To address the poor remittance by DisCos, the Commission is currently developing a framework to ensure fair and equitable distribution of market revenue under a structured regime. This framework aims at ensuring fairness and transparency in the utilisation of market funds, thereby improves the liquidity in the industry.

3. REGULATORY FUNCTIONS

3.1 Regulations and Orders of the Commission

The Commission initiated a number of regulations during the quarter. These include Meter Asset Provider (MAP) regulations, Business Continuity Regulations (BCR) and Regulations on Eligible Customers (EC). Further details on the regulations are provided under Public Consultation below.

During the quarter, the Commission reviewed the existing Order on Illegal Connections, Meter by-Passing and Tampering. The objective of this review was to make the Order more stringent on defaulters thus discouraging energy theft in the industry.

3.2 Licensing and Permits

During the quarter under review, the Commission granted licenses, permits and certificates to a number of qualified applicants. Table 6 below presents a summary of all licences issued by the Commission during the third quarter of 2017. The Commission issued nine (9) on-grid generation licences with a total nameplate capacity of 2,738MW, while five (5) permits were issued for captive power generation with a total capacity of 71.1MW. This brings the total number of On-grid, Off-grid and IEDN licenses issued by the Commission since inception up till the end of the third quarter of 2017 to ninety three (93), twenty nine (29) and ten (10) respectively.

Table 6: Generation Licences and Permits Issued in 2017Q3

	Applicant	Capacity (MW)	Location
ON-GRID LICENCE			
1.	First Independent Power Company Limited	360	Okoloma, Port Harcourt
2.	Walter-Smith Petroman Oil Limited	300	Ohaji, Egbema
3.	The Shell Petroleum Development Company of Nigeria Limited (Renewal)	650	Afam VI Rivers State
4.	MGIG Independent Power Generation Company Limited	528	Adiabor, Calabar
5.	Cecusafe Limited	50	Usho, Ondo
6.	Orocevam Limited	150	Paiko, Niger
7.	Amber Energy & Power Generation Company Limited	100	Obayantor, Edo
8.	Jolomi Engineering Services Limited	500	Ughelli, Delta
9.	Anjeed Kafanchan Solar Limited (Transfer/Change in shareholding)	100	Kaduna
PERMITS			
1.	Federal Airport Authority of Nigeria	9.5	Nnamdi Azikiwe International Airport, Abuja
2.	WACOT Rice Nigeria Limited	3.6	Nnamdi Azikiwe International Airport, Abuja
3.	The Shell PDC of Nigeria Limited	50	Sea Eagle FPSO, Kolo Creek
4.	The Shell PDC of Nigeria Limited	6	Kolo Creek Oil & NAG Manifold, Okoloma
5.	The Shell PDC of Nigeria Limited	2	Okoloma

Certification of Metering Service Providers

During the quarter under review, the Commission issued 12 permits to meter service providers as shown in Table 7. The certified applicants range from meter manufacturers, importers and meter installers.

Table 7: Certification of Meter Service Providers in 2017Q3

	Applicant	Certification Class
1.	MAHFORJ PRODUCTIONS & SERVICES	INSTALLER (A1)
2.	GOLDENGATE OPTIONS NIGERIA LTD	INSTALLER (C1)
3.	TAYE OJO & SONS LIMITED	INSTALLER (C1)
4.	ROYAL BIRTH NIGERIA LIMITED	INSTALLER (A1)
5.	ADROIT METERING SERVICES	INSTALLER (A1)
6.	TURBO ENERGY NIGERIA LIMITED	INSTALLER (A1)
7.	DE HARYOR GLOBAL SERVICES LTD	INSTALLER (A1)
8.	MOJEC INTERNATIONAL LIMITED	INSTALLER (A1)
9.	GOSSLINK ENGINEERING LIMITED	INSTALLER (A1)
10.	DE HARYOR GLOBAL SERVICES LIMITED	IMPORTER
11.	G5 UTILITIES SOLUTIONS LIMITED	IMPORTER
12.	MOJEC INTERNATIONAL LIMITED	MANUFACTURER

Licence Application Under Evaluation

Application Under Evaluation

The Commission carried out the evaluation of *evacuation study reports* submitted by 99 Effects Energy Limited and Pacific Energy Company Nigeria Limited as part of their respective applications for licence to establish a generation plant with a nameplate capacity

of 200MW solar plant in Abuja and 1500MW gas fired plants at Ajebandele Ondo State respectively. Other applications under evaluation by the Commission for issuance of licences and permits as may be applicable are shown in Table 8.

Table 8: Application Being Evaluated in 2017Q3

Applicant	Category	Nameplate Capacity (MW)
Banner Energy Abasi Power Plant Limited	On-grid - Gas	500
APLED Power Limited	On-grid -Gas	100
Nigerian Agip Company Limited	On-grid - Gas	530
Lexcel Energy Limited	Off-grid - Gas	7.5
Otakikpo Independent Electricity Distribution Company Limited.	IEDN	

New Application

During the quarter under review, the Commission received new applications for licences and permits. The following are the new applications received during the quarter:

Independent Electricity Distribution Network (IEDN)

The Commission reviewed IEDN applications from the following applicants:

- I. **Babcock Consulting Limited:** This application was made in the second quarter of 2017 in respect of Babcock University (BU) to distribute 1.5MW within the Babcock University generated by BU Power as reported in the previous quarter. Technical evaluation of the application has been completed and site inspection carried out in September.

- II. **LADOL Integrated Logistic Services FZE:** This application was made in the second quarter of 2017 for the distribution of 29.1MW to be generated by LADOL Integrated Logistic Services. Technical evaluation of the application has been completed and physical inspection of the facility was carried out in September, 2017. A draft report on the application is being prepared by the Commission.
- III. **Eko Atlantic Utility:** The application is in respect of Eko Atlantic City, Lagos for Generation and Distribution of 75MW. The Commission has requested additional information from the applicant.
- IV. **Ossiomo Offsites & Utility Company** submitted an application requesting an amendment of its IEDN licence to distribute 30MW. The applicant also intends to extend its area of coverage to supply electricity within the Ossiomo I park in Edo state, as well as Eligible Customers located along the Benin Sapele Road from Ossiomo Industrial Park Junction to Ring Road, Benin City. A review of the application is on-going.
- V. **Hydro City Nigeria Limited** submitted an application for IEDN to distribute 26MW of electricity to be generated from the Ofeji Hydro Power Plant by Winners Power Gardens Limited. The Commission has requested for additional documents for complete evaluation .

Captive Power Generation

The Commission received 15 applications for the grant of permits for captive power generation in the third quarter of 2017 from different applicants. Table 9 presents the details of the proposed captive power generation plants whose applications were received during the quarter under review. Nine of these applications (i.e., number 1 – 9) were

received from the Rural Electrification Agency (REA). The Commission has since requested that the respective universities under the REA's project submit their application.

Table 9: Application for Captive Power Generation in 2017Q3

	Applicant	Nameplate Capacity (MW)
1.	Tafawa Balewa University	0.50
2.	Bayero University	3.00
3.	Usman Danfodio University	2.00
4.	Federal University of Agriculture Umudike	3.50
5.	Federal University Ndufu Alike Ikwo	1.00
6.	Nnamdi Azikiwe University	2.00
7.	University of Lagos	8.03
8.	Federal University of Petroleum	0.50
9.	Obafemi Awolowo University Teaching Hospital	8.03
10.	E&P Nigeria limited	14.4
11.	Tunu CPF	15.8
12.	Shell Petroleum Development Company of Nigeria	4.972
13.	Benisede AG Booster station	5.482
14.	Opkushi AG Booster Station	5.482
15.	Engee Petroleum Manufacturing Company Nigeria Ltd	4.5

3.3 Public Consultation on Regulations

During the quarter under review, the Commission conducted a number of public consultations in line with its operational procedures. Among the public consultation conducted are:

Review of Tariff Methodology: Given the concerns expressed by some stakeholders about the frequency at which tariff is reviewed and updated by the Commission, the Commission conducted public consultations on the Review of Tariff methodology. Key issues of discussions at the public consultations are:

- a) Assessment of the frequency of undertaking tariff reviews which is currently done semi-annually
- b) Assessment of the disposition of stakeholders' to revenue decoupling under the MYTO model.
- c) Assessment of the current approach used for computing transmission tariff

Subsequent to the consultations, the Commission has since commenced a review of comments received from the participants; the review is expected to be finalised in the fourth quarter.

Business Continuity Regulation (BCR): The Commission reviewed a draft regulation on Business Continuity and subject same to public consultation. The regulation is to proactively recognize and pre-empt events of failure in business operations among Market participants and industry operators, and promptly resolve them before they cause harm in the NESI. In this way, using institutional means, the interests of electricity customers, lenders and regulators are fully addressed.

The draft regulation was presented to stakeholders at the public consultation held from September to October in six (6) geopolitical zones: Lagos, Enugu, Port-Harcourt, Jos, Yola, Kano including the Federal Capital Territory, Abuja. The Commission is analysing comments forwarded by the public in the course of consultation.

Regulation On Eligible Customer (EC): Following the publications of the Consultation Paper on Eligible Customer as reported in the previous quarter, the Commission conducted

Public consultations with stakeholders within the Third Quarter. The consultations took place in all the six geopolitical zones: including Lagos, Enugu, Port-Harcourt, Jos, Yola, Kano, and the Federal Capital Territory, Abuja. Views and comments received are being analysed by the Commission to develop a regulation that will be representative of industry interest and public good.

Meter Asset Provider (MAP) Regulation: Concerned by large metering gap and the inability of DisCos to aggressively finance meter roll-out, the Commission conducted public consultations on Meter Asset Provider Regulation (MAP). The regulation seeks to open up the metering business to potential private and independent third parties under a bankable arrangement, where meters are seen as asset that can be financed over a long time . It seeks to mandate DisCos to procure Meter Asset Providers (MAP) using a competitive bidding process to be audited by a tender auditor appointed by the Commission. The focus of discussion at the consultations include but not limited to how MAP can recover its investment, how customers who get meters through MAP could be differentiated from those with legacy meters, and what the ideal repayment period should be. The comments received from the consultations are currently being analysed.

3.4 Compliance and Enforcements

The Commission continued to investigate violations, breaches and infractions recorded against a number of operators, such as violations of regulations, failure to provide required data within a timeline, accidents and electrocution cases among others. Upon completion of investigation and verification of claims, Notice of Intention to Commence Enforcement (NICE) was issued to:

- a) Abuja DisCo for violation of MYTO 2015 Order,
- b) British American Tobacco Company and Ibadan DisCo for trading electricity without authorisation.

- c) Enugu DisCo for violation of Forum decisions, excessive billing of Mirage Hotels, Enugu and non compliance with NERC directives.
- d) Abuja DisCo for breach of Safety Code – part 1, 1(i) & 1(iii).
- e) Enugu DisCO, Yola DisCo and Jos DisCo for failure to provide data (progress report?) on customer enumeration

At the close of the third quarter, there were a total of twenty one (21) enforcement cases including those carried forward from previous quarters before the Commission.

3.5 Health and Safety

In the third quarter of 2017, the Commission received a total of forty-seven (47) accident notification reports from twenty nine (29) licensees. These Reports were used for monitoring and evaluation of Health & Safety performance of licensees in order to ensure that operators keep up to their responsibility of delivering safe electricity services to consumers in line with the Provisions of Section 32 1(e) of the Electric Power Sector Reform (Act), 2005. The accidents resulted in twenty five (25) deaths and fifteen (15) injuries of various degrees involving both employees of the companies and third parties. Comparatively, there was an improvement in health and safety performance of the operators during the third quarter relative to the second quarter of the same year, where the industry recorded thirty seven (37) deaths and twenty six (26) injuries. Enforcement actions are being taken on twelve (12) incidences involving various health and safety breaches during the quarter under review.

Table 10 provides the summary statistics of the accidents experienced in the industry during the quarter under review.

Table 10: Health and Safety Reports in 2017Q3

Item	Frequency
Number of Accidents	37
Number of Deaths	25
Number of people injured	15
Health and safety reports	47
Number of enforcement actions taken	12

The Commission takes safety of all electricity users and all Nigerians very seriously. Thus the Commission has included in its newly drafted 2017-2020 Strategic Plan various safety programmes aiming at eliminating accidents in the industry. Among the safety programmes to be implemented by the Commission include but not limited to standardisation of Protective Schemes, engagement of Government Agencies on Right of Way violation, public enlightenment on safety, and a review of operational procedures for Distribution System Operators (DSOs) on fault clearing.

4. CONSUMER AFFAIRS

4.1 Consumer Education

As part of its efforts to ensure that consumers are well informed of their rights, the Commission directed DisCos to organise townhall meetings and sponsor a number of sensitisation programmes for their customers, and monitored the compliance accordingly. The Commission also developed a schedule of consumer education/sensitisation programmes it planned to execute during the fourth quarter. The subjects for discussion at the proposed programmes include but not limited to customer redress mechanism, metering and estimated billing, safety and consumer rights.

4.2 Metering of End-use Customers

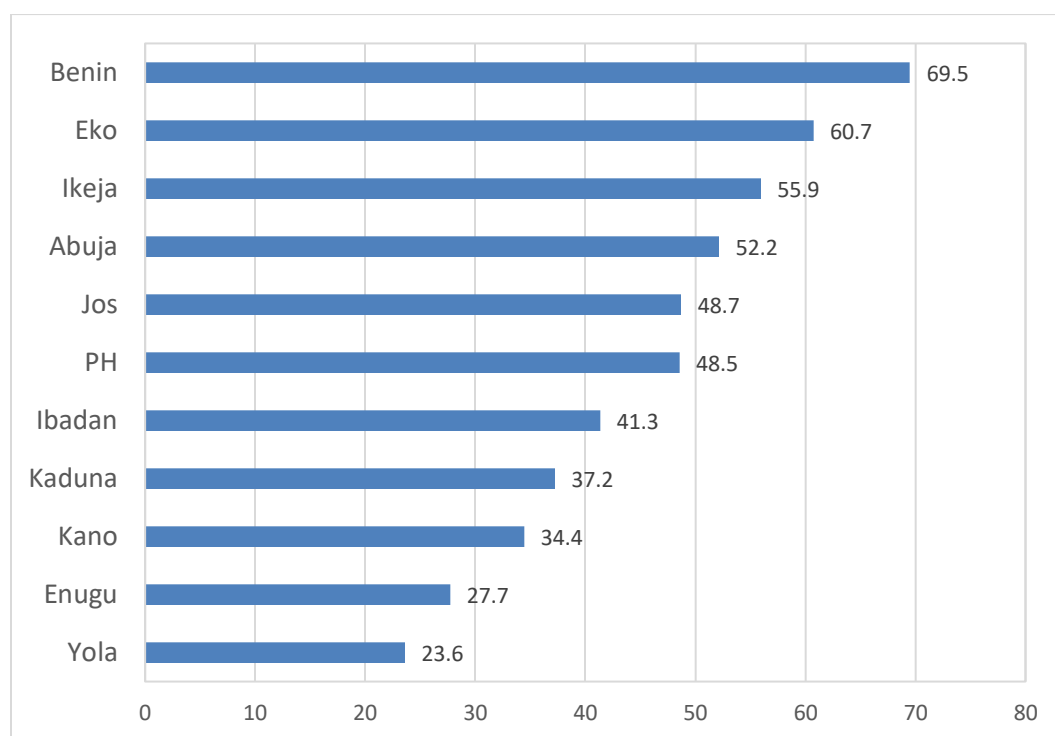
Table 11 shows the summary statistics of metering status as at the end of the third quarter of 2017. With 7,476,856 total registered electricity customers, only 3,451,611 (46%) have been metered. This implies that the majority of customers are on estimated billing. During the quarter under review, DisCos installed only 25,504 meters. This incremental meter deployment is grossly lower than the expected quarterly meter deployments as stated in their performance agreement. The Commission will continue to work with the DisCos to ensure total compliance with their respective metering plan as contained in their Performance Agreement with the Bureau of Public Enterprises (BPE), while also fast-tracking the completion of the Meter Asset Provider (MAP) Regulations initiated by the Commission.

Table 11: Customers Metering Status by DisCos as at September 2017

Discos	Registered Customers as at September 2017	No of Metered Customers as at June 2017	No of Metered Customers as at September 2017	Metering Gap
Abuja	862,696	448,971	450,041	412,655
Benin	771,226	535,935	535,935	235,291
Eko	442,201	259,051	268,558	173,643
Enugu	809,829	223,575	224,445	585,384
Ibadan	1,474,364	609,605	609,605	864,759
Ikeja	835,734	467,578	467,578	368,156
Jos	384,691	187,415	187,415	197,276
Kaduna	641,582	224,844	238,901	402,681
Kano	472,453	162,664	162,664	309,789
PH	488,600	237,188	237,188	251,412
Yola	293,478	69,282	69,282	224,196
Total	7,476,856	3,426,107	3,451,611	4,025,242

Figure 20 shows the share (%) of metered customers by DisCos as at the end of the third quarter. It is evident that only four DisCos had metered up to 50% of their customers as at the third quarter, which is grossly below the progress expected of them (the DisCos) as stated in the performance agreement. As stated previously, the Commission has initiated a regulation (the Meter Asset Provider Regulation) to fast-track meter roll-out in order to quickly close the metering gap.

Figure 20: Percentage (%) of Customers Metered by DisCos As at September 2017



4.3 Customer Complaints

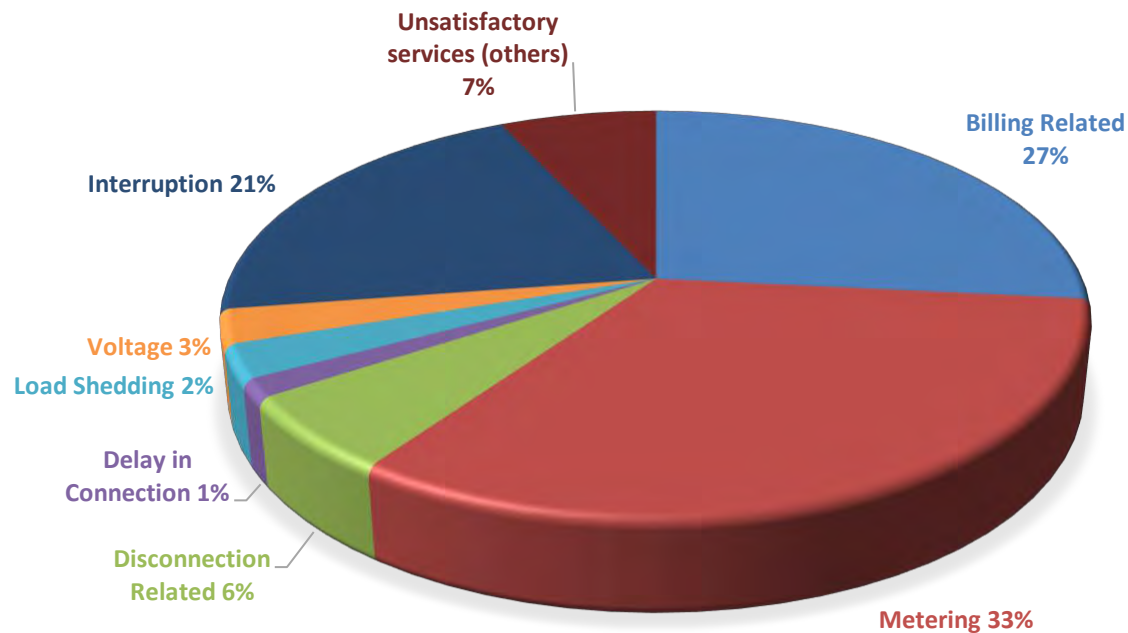
Table 12 shows the analysis of complaints received by DisCos in the third quarter. The DisCos received a total of 109,048 complaints as against 116,761 complaints received in the second quarter of 2017. Apart from the decline in the number of complaints, the proportion of the number of complaints resolved by DisCos also improved to 76% relative to 61% in the second quarter. Benin DisCo had the highest number of complaints followed by Ikeja DisCo. On the other hand, Yola recorded the lowest number of complaints, reflecting better quality of service by Yola compared to other distribution companies.

Table 12: Analysis of Complaint Received and Resolved by DisCos in 2017Q3

DisCo	Total Complaints Received	Total Complaints Resolved	Total Complaints Unresolved	% Resolved
ABUJA	13221	11504	1717	87
BENIN	34238	20553	13685	60
EKO	9117	6700	2417	73
ENUGU	4723	4666	57	98
IBADAN	6925	5797	1128	83
IKEJA	21082	17383	3699	83
JOS	3060	2875	185	93
KADUNA	6333	5561	772	87
KANO	3745	2829	916	75
PORT HARCOURT	3443	2870	573	83
YOLA	3161	3046	115	96
TOTAL	109,048	83784	25264	76

Figure 21 presents the categories of complaints received by DisCos in the third quarter of 2017. Metering and billing dominated the customer complaints, accounting for 60% (i.e., 65,429) of the total complaints received during the period under review. This implies that, on average, 711 people complained about metering and billing per day. Another issue of serious concern to customers is quality of supply, accounting for 21% of the total customer complaints.

Figure 21: Category of Complaints Received by DisCos in 2017Q3



The Commission has continued to monitor the complaint handling and resolution process adopted by DisCos. The Commission has also continuously improved on the operation of its Forum Offices which are set up to adjudicate on complaints that are not adequately resolved to the satisfaction of customers by the responsible DisCos. As at the end of the third quarter, the Commission had established twenty (20) Forum Offices for effective customer appeal complaints redress. In line with its Strategic Plan, the Commission have commenced the development of several frameworks to improve customer care in NESI including metering and quality of service. For example, the Meter Asset Provider (MAP) Regulation currently being developed is expected to address metering challenges in the industry.

4.4 Forum Offices

In line with the Commission's mandate on Customer Protection, Forum Offices are set up pursuant to section 80(1) (d) of the EPSR Act 2005 to hear and resolve customer complaints not satisfactorily resolved at the DisCos' Customer Complaints Units. Forum Offices perform the Commission's quasi-judiciary functions in redressing customers and operators unresolved disputes as enshrined in the NERC's Customer Complaints Handling Standards and Procedures Regulation. As at the end of the third quarter, the Commission had opened twenty (20) Forum Offices in twenty states of the federation while effort was being made to meet the Commission's goal to establish at least one Forum Office in each state of the federation. In 2017, the Forum Offices received 896 complaints per quarter from customers who were unsatisfied with DisCos' decisions on their complaints. Out of the Complaints lodged at Forum Offices, 21% were resolved without a hearing. On average, 40 hearings were conducted per quarter on the submission received and 547 cases heard and resolved.

4.5 Alternative Dispute Resolution

The Commission considered two outstanding disputes between operators and customers within the third quarter of 2017 as indicated below:

1. Subject Matter: Electrocutation of three (3) persons and injury to six (6) others in TundunWada, Lugbe, Abuja
Date: 2nd July 2016.
Disputant: Greyfields v AEDC
Resolution: As at September 2017, the Commission received update from AEDC confirming compensations paid to families of the three deceased and four injured persons. AEDC is about to complete payment to one other injured victim while the last person has proceeded to the court.

- Status: AEDC is in compliance with the agreed term of settlement
2. Subject Matter: Case of alleged obstruction and denial of access to Eko Disco personnel on meter installation
- Date: 24th April, 2017
- Disputant: VGC, Lekki Vs EKO DISCO.
- Resolution: NERC invited the parties involved (VGC, LEKKI, EKO Disco and NEMSA) to an alternate dispute resolution session in the second quarter of 2017. It was resolved that NEMSA should carry out a routine test on all the meters to be installed, while VGC grants access to EKEDC to carry out installation of meters as recommended
- Status: The Commission has been notified of complete compliance by the involved parties with the resolution reached since the second quarter of 2017.

5. THE COMMISSION

5.1 Financial Reports

Table 13 shows the summary of the Commission's revenue and expenditure in the third and second quarters of 2017. During the third quarter, the Commission recorded total revenue of ₦1,225 billion comprising ₦1.065 billion from operational levy (market charges) and ₦160 million from other sources. The accrued revenue was 19% higher than the revenue recorded in the the second quarter. On the other hand, the total expenditure of the Commission stood at ₦1.22 billion in the third quarter against ₦1.2 billion in the second quarter. A comparison of revenue and expenditure shows that the revenue accrued to the Commission during the period under review was barely enough to cover its expenditure. The persistent inadequate revenue generation continues to impact negatively on the Commission's ability to discharge its duties effectively, as some regulatory activities were postponed due to paucity of fund.

Table 13: Summary of Revenue and Expenditure in 2017Q3&Q2

S/N	DESCRIPTION	JULY ₦'Million	AUGUST ₦'Million	SEPTEMBER ₦'Million	TOTAL Q3 ₦'Million	TOTAL Q2 ₦'Million
A	Revenue					
	Operating Levy (MC)	356.28	352.12	356.76	1065.16	881.90
	Other IGR	18.42	79.66	62.60	160.68	151.40
	Total Revenue	374.69	431.79	419.36	1225.85	1033.30
B	Expenditure					
	Personnel Cost	332.81	473.67	181.33	987.80	941.92
	Regulatory Expenses	37.61	60.06	10.15	107.82	53.70
	Admin & General Maintainance	25.91	67.34	35.06	128.32	200.77
	Total Expenditure	396.33	601.07	226.54	1223.94	1196.40
	Surplus/Deficit (A-B)	(21.63)	(169.28)	192.82	1.91	(163.10)

5.2 Training and Promotion

Although no staff went for training during the third quarter, the Commission prepared the schedules of trainings for the following quarter. The planned trainings include various specialised regulatory trainings such as Application of Uniform System of Account (USoA) to Utility Regulation, Utility Regulation and Strategy, and the Strategic Management of Regulation and Enforcement.

Due to paucity of funds during the quarter under review, the Commission deferred its promotion exercise.



NIGERIAN ELECTRICITY REGULATORY COMMISSION

PLOT 1387 | CADASTRAL ZONE A00 | CENTRAL BUSINESS DISTRICT |

P.M.B. 136 | GARKI | ABUJA

www.nerc.gov.ng