



THE ELECTRICITY REGULATOR

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not equate regulatory
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THE EDITOR'S NOTE:

This Newsletter entitled **"The Electricity Regulator"** is an in-house publication of the Public Affairs Department under the Chairman's Division. This edition is the second publication as it is intended to be published on a monthly basis.

The essence of this is to provide helpful and technical articles on how the Commission can help improve customer satisfaction and operational efficiency within the NESI. It also provides high-value information and regular communication channel for staff.

This edition contains insight on the MAP Regulation (2018), Customer Complaints Handling: Standards & Procedures Regulation (2006) amongst other interesting stories.

We take responsibility for the contents and imports of this Newsletter.

**"WE ARE POISED TO BRINGING EFFECTIVE AND EFFICIENT
REGULATION INTO THE INDUSTRY"** - Prof. James Momoh

By Sam Ekeh



Prof. James Momoh (Chairman, NERC)

The Chairman of Nigerian Electricity Regulation Commission (NERC), Prof. James Momoh, during his keynote address at the Nigerian Electricity Management Services Agency (NEMSA) second stakeholders forum in Abuja, applauded the progress made thus far in the Industry (NESI). The Chairman also stated the steps being taken by NERC to ensure constant power supply, in line with the provisions of the Electric Power Sector Reform Act.

According to the Chairman, NERC is poised to bringing effective and efficient regulation into the industry as the regulatory Commission charged with the responsibility of promoting and ensuring stable, affordable and sufficient power supply as well as reduction in electricity related accidents.



“GET ON BOARD”



BE FAIR AND FIRM OBA OF BENIN CHARGES NERC

By Sam Ekeh

The Oba of Benin, His Royal Majesty, Oba Ewuare 11 (Uku Akpolokpolo) has charged the management of the Nigerian Electricity Regulatory Commission (NERC) to be fair and firm in the discharge of their statutory mandate. He made this call when the Chairman – Prof. James Momoh and members of the management team paid him a courtesy call at his Palace in Benin City, Edo State.

Oba Ewuare applauded the Commission for her recent regulations

especially the Meter Asset Provider (MAP) and the Eligible Customer Regulations respectively. According to him, these regulations can best be described as customer friendly as they intend to improve the welfare of the customers, stressing that meter provision is key to customer satisfaction.

In his address to the Oba, the Chairman- Prof. James Momoh informed the Oba that NERC was in Benin for a town hall meeting with customers within the Benin Electricity

Distribution Plc franchise areas with a view to having direct interface on their complaints and challenges. He informed the Oba that the visit was part of the stakeholder engagement as contained in the EPSR Act establishing the Commission and prayed for his cooperation towards the development of the Nigeria Electricity Supply Industry (NESI). According to the Chairman, NERC was poised to address the metering problem hence the introduction of the Meter Asset Provider (MAP) Regulations amongst others.



FG Applauds NERC Over “Energising Economies”

By Michael Faloseyi



The Federal Government has commended the Nigerian Electricity Regulatory Commission for smoothening the implementation of 'Energising Economies' - an initiatives of the Federal Government at providing power for small businesses across commercial hubs of Lagos, Kano and Aba.

Speaking at the commissioning of Sura Power Project Eligibility arrangement both Vice President Yemi Osinbajo, SAN and Minister of Power, Works and Housing, Mr. Babatunde Fashola, SAN commended the Commission for providing necessary regulatory assistance that ensured that the project became a reality.

The Minister of Power, Works and Housing, Mr. Babatunde Fashola said that the strides made with the provision of stable electric power supply in Sura market were achieved through the regulatory framework provided by the Nigerian Electricity Regulatory Commission and understanding shown by Eko Electricity Distribution Plc.

The Minister said that the successful implementation of the project was an indication that the reform in the power sector can work with support from the people and with the necessary policy and regulatory guideline.

Meanwhile, Chairman of NERC, Prof James Momoh at the occasion, expressed the Commission's readiness to provide the needed regulatory framework to increase access to electric power supply by Nigerians.

Sura Power Project, which is the second in the series of independent power projects under the 'Energising Economies' has decommissioned about 700 generators belonging to individual traders in Sura market as it supplies electric power to 1,047 stalls in that market as well as reduces noise and environmental pollution in the environment.

NERC COMPLAINTS REDRESS MECHANISM: THE FORUM PRESPECTIVE

By Arit Uya

The Commission is empowered by the EPSR Act to develop Orders and Regulations for the orderly growth and development of the Nigerian Electricity Supply Industry (NESI). **Section 80 (1)** specifically provides that "The Commission shall develop, the following inter alia, instruments for Customer Protection inclusive but not limited to customer complaint handling standards and procedures. Consequently, the Commission developed the **Customer Complaint**

Handling: Standards and Procedures (CCHSP) Regulation which stipulates the process for handling complaints on electricity services provided by Distribution Companies (DISCOs) to its customers within the NESI. The overall objective is to institutionalise a framework for addressing customer complaints by providing guidance to customers on the various steps for redressing their complaints. The Regulation therefore

introduced a three tier redress mechanism consisting of resolution of complaints initially at the Customer Complaints Units of Distribution Companies (DISCOs). However, when the customer is not satisfied, the resolution of the complaint is escalated to the Forum and when customer is still not satisfied with the outcome at the Forum the decision of the Forum can be appealed to the Commission. Hence, we have resolution of complaints at the Customer Complaints Units of DISCOs,

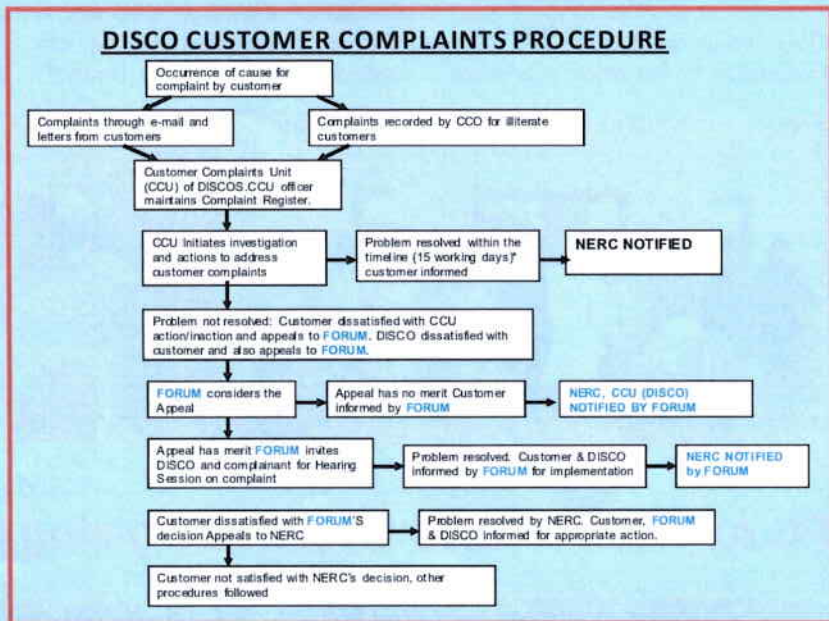
Forum and then Commission: **CFC.**

The Forum acts as an appellate body that is independent from the Disco and is the second level/tier of contact for Complainants that are dissatisfied with the outcome of their complaints at the Disco level. The Forum leverages majorly on the mediation techniques as encapsulated in the Alternative Dispute Resolution(ADR) procedures

based on the Commission's Rules (Regulations, Orders, Codes and Standards). This is important for the purposes of cost reduction and to avoid delays attached to complex litigation processes. It also enables the customer/complainant to readily avail themselves of the redress mechanism since they do not bear the cost associated with other methods of intervention such as arbitration, litigations, etc.

The Forum membership is made up of 5 reputable individuals drawn from professional bodies such as Consumer Protection Council, Manufacturers Association of Nigeria, Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture, Nigerian Society of Engineers (NSE) and Civil Society groups to represent all the customer classes, which include residential, industrial, and commercial as well as professional and advocacy bodies. The Disco is not represented on the panel of the Forum primarily to avoid conflict of interest and the need to ensure that customers are protected. This is because Discos are monopolies within their franchise area.

The procedure for consideration of complaints at the Forum has been simplified to avoid unnecessary encumbrance. The process is initiated by the Complainant addressing a letter of complaint to the Chairman of the forum stating his/her dissatisfaction with the handling of his/her complaint by the DISCO within his/her coverage area. It is important to emphasize that evidence of dissatisfaction and/or delay of resolution of complaints at the CCU of the Discos in



addition to other supporting documents must accompany the submission of complaint by the customer to the Forum. This is because procedurally, in line with the CCHSP Regulation, the Forum cannot consider complaints that have not first gone through the CCU of Discos. The Forum first determines if the case has merit and if it is found that it does, the Disco is given an opportunity to contest the complaint. Following this a date is fixed for Hearing. The Complainant and DISCO Customer Complaints Officer are expected to appear before

the Forum on the said date. The requirement of personal appearance of parties before the Forum is for further elucidation of issues in the event that the Complainant and /or the CCU do not remit all the relevant documents to the Forum. Parties present their cases and the Forum decides based on oral and documentary evidence and after which gives its Ruling.

Presently, the Commission has established thirty (30) Forum Offices spread across twenty-nine (29) States of the Federation and the Federal

Capital Territory. The awareness of the Forum is gradually growing. From 2016, there has been an increase in the number of complaints handled by various Forums. In 2016, a total number of 1696 cases were considered by the Forums and this substantially increased in 2017 to 3594.

It is also worthy of note that even the Courts have started giving recognition to the redress mechanism existing within the NESI as customers who initiate cases in courts of competent jurisdiction are directed to first exhaust the redress process of the NESI and explore the option that the Forum presents. Consequently, the Commission is therefore publicizing the Forums to create awareness of the complaint redress procedure. This is with the objective of improving customer satisfaction with respect to the use of electricity.



IMPLEMENTATION OF THE METER ASSET PROVIDERS (MAP) REGULATION 2018 IN THE NESI

By Dr. Shittu Shaibu

BACKGROUND

The objectives of the MAP Regulation are to enhance metering in the Nigerian Electricity Supply Industry, ensure revenue for the sustainability of Investment, and ultimately ensure customer satisfaction. It came into effect on the 8th of March 2018.

The Procurement Process which triggered the implementation of the MAP Regulation came into effect on Tuesday, April 3, 2018.

The history of metering in Nigeria, shows a consistent gap in customers with meters and total consumers in the Nigerian Electricity Supply Industry from 2012 till December 2018. It is on record that as at May 2012, the total recorded customers connected to the network Nationwide was about 5,172,979 with 2,893,701 (55.94%) metered. (See NERC Metering Committee Report, 2012)

It was expected that with investments by the Discos, the 55% metering baseline will increase and consequently reduce the level of estimated billing being experienced by consumers. However, as at December 2018, data available to the Commission indicated that the total consumers connected to the Distribution networks had grown to 8,984,601 customers which is a growth of 72% from 2012 to 2018 while metered customers grew by only 3,591,168 or a growth of only 24%.

RESPONSIBILITY FOR METERING AND THE INTRODUCTION OF THE METER ASSET PROVIDERS (MAP) REGULATIONS

It should be noted that before the introduction of the MAP Regulations, the responsibility for metering was strictly that of Distribution Companies and the cost was built into the revenue requirement of Discos and therefore they earned returns from the tariff paid by customers in the form of bills. The MAP Regulation is an attempt to create a separate line for metering services and remove it from what Discos earn in the computation of their revenue requirement. The regulation grants a 15-year license to MAP to help the 11 Distribution Companies (DisCos) speed up meter installation for their customers. The MAPs will enter into a long-term agreement with the Discos to provide metering services and get paid over a period of time spanning up to ten years.

The investment for metering services will be provided by the MAPs and it will cover cost of the meter and other accessories. The successful MAPs will also make provisions for installation and the efficient operation of

the metering device to ensure accuracy of billing and collection by Discos.

A notable feature of the regulation is the introduction of a Metering Service Charge (MSC), which will constitute a line item in the individual bills of customers for those to be metered under the MAP Program. This MSC would enable the customer enjoy privileges of the full attention of not only the Disco that provides him with constant electricity services but also of the MAP who will be on constant watch for all issues related to metering, including the provision for replacement of faulty meters within 48 hours of a fault occurring. The MAP Regulation therefore transfers elements of ownership, maintenance and control of the Meter to MAP firms who scale through the very stringent procurement process that lead to their engagement by Discos.

LOCAL CONTENT

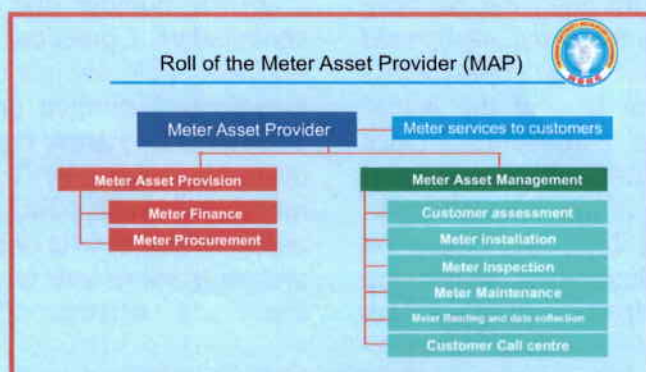
It is instructive to note that a 30% local content mandate has been introduced in the MAP Regulation to encourage the patronage of Local Meter Manufacturers and promote job creation in Nigeria. The Commission will monitor and ensure strict adherence to this provision and all other provisions of the MAP Regulation.

RETURNS ON INVESTMENT FOR MAPS

In an attempt to encourage participation in the MAP program by high net worth institutional investors, the Commission made elaborate provisions in the MAP Regulation to guarantee their returns on investment. The key provision for protection of investors' funds, is the inclusion of securitization clauses in the Regulation. Investors are equally guaranteed a line of sight to payments by customers on the meters deployed and can use this to secure funding through assured monthly cash-flow.

CONCLUSION AND GRANTING OF PERMIT

In order to enhance the credibility of the procurement process leading to the engagement of MAPs by the Discos, the Commission engaged the services of Tender Auditors for the review of the procurement process. The Tender Auditors have worked with the Discos and the prospective MAPs to ensure that the cost of metering is competitively derived and affordable to the final electricity customer who will pay for the service in the form of metering service charge in his bill. The Commission is presently working with the Tender Auditors to conclude the process of granting Permits for the successful bidders expected from the MAP procurement process being implemented by the Discos.



We are Eliminating Estimated Billing - Momoh:

Excerpts from Thisday interview

What should Nigerians do when DISCO officials cut them off power supply without any reason. Can they go to court?

While customers have the right to go to court, I will say it depends on the type of customer. This is because we have three categories of them. There are customers who have money and pay for electricity in Nigeria, there are those who do not have money and they cannot pay. Then there is a third category that has money but does not want to pay for power. So, we are mostly dealing with customers who use electricity and are willing to pay and the challenge is that they are not getting the services commensurate to what they deserve. Such customers have the right to complain. We have Discos who provide the services to our customers. What happens is that sometimes, they don't bill the customers on time and sometimes because of lack of metres, they do a lot of estimated billing, which the customer may not like and which may also be wrong. And sometimes, there may be other logistics problems.

Who should consumers complain to?

The first thing is to complain to the service provider, who ideally should address the complaint. But if such complain is not taken seriously or the customer is not satisfied, it can then be addressed to the Nigeria Electricity Regulations Commission (NERC). NERC is the last resort. Fortunately for everyone, we have created a forum office. Recently, we opened one in Abuja, and we plan to have them across the country. The office is now the liaison between the customer and NERC. Once consumers are not satisfied with providers and they contact the forum office, they will try to resolve it, but if that fails, NERC can be resorted to for justice. Justice will mean doing what the law says. It is in this regard we think

consumers' and DISCOs' interest is being protected. We have in times past said 'go fix their transformer, go fix their circuit breaker', and in other cases we have had to give ultimatum for certain things to be done. Customers have right to power, because we are protecting both the Discos and the customers and on several occasions, we have been able to reconcile both the customers and the Discos, to the extent that we have severally ordered the Discos to go and provide power to its customers. Sometimes, in recent months, I even had to make an order where I gave the Discos certain number of days to restore power in some areas. So, we have oversight over the Discos, Gencos and the Transmission Company of Nigeria, in terms of making sure that they abide by their terms of reference, their licence conditions. So, whereas we have the mandate to execute our laws, we also have the human face to try to try to reconcile these two different groups. So, in a nutshell, customers have rights. After all, it is their right from birth; remember God said let there be light. So, because it has to be paid for, so, it has to be generated, it has to be transmitted and distributed. Sometimes, when one of our supply chain is broken, we have the challenge of fixing it.

Why do Nigerians still experience electrocution when such is no longer happening in many countries, and what is the commission doing to address it?

I am the number one safety officer of the commission. I practised this job as a young engineer; I did not just become the chairman overnight. I climbed poles, worked around sub-stations, got my hands wet and my feet dirty. You may say I am a professor of mathematics and power, but I am a practical expert of power who understands this. Power system is vulnerable to attack everywhere in the world, whether US, UK or Germany,

because huge energy is passing through the wires, and this energy is deadly. When you touch a live wire, electrons will go through your body, and the body will conduct it very quickly and the next thing will be the destruction of the arteries, destroy the bones and other biological system. So, in Nigeria, Europe or America, electrons are the same. They do the same thing all over the world. So, if somebody is careless and touches a live wire, the person would be dead. Secondly, even when the system is so vulnerable and volatile, if you don't protect it, then it is going to blow up and we may just lose millions of investments and lives. As a result of this, first lesson we learnt in Power Engineering 101, is the concept of safety. In fact, when we go to a power laboratory, the first thing we teach our students is adherence to safety. Wearing your gloves, wear your overall, using your glasses, and making sure you put one hand at the back while one is put at the front. You don't use your two hands to touch a life wire. So, we teach that first. When I worked in the laboratory as a power professor, I had to be conscious because safety is a requirement in the power sector anywhere in the world. That is in the sense of safety as a prerequisite of running the power sector anywhere in the world. However, if a Disco, a Genco or a transmission company does not take care of the safety of its people, its customers or citizens, that means we may have broken wires. If Nigerians see two broken wires on the ground, they should not touch them because they could be live wires and are deadly. Customers should not play with electric wires lying on the ground. It can only be de-energised remotely. This is a common issue all over the world and there are procedures, processes and caution, that are given all over the world in terms of safety. Safety is not only of human; safety of the apparatus is also important. So, we have designed a lot of things in case of emergency and these are protection devices that would de-energise the wire from the supply so that we can have one region of the power still safe and the other de-energised, but unconnected. So, we have protection devices. If the protection fails and you go there and think it is de-energised, you will get into trouble. So, we also have warning signals that shows; 'this is high voltage, do not touch, be careful'. If you do opposite, you will

be in trouble. The worst part is that If one person touches such live wire and you think you are safe and some come to assist the person without de-energising the wire, if another person touches the person, the energy will conduct to that person and as many people they touch, would be affected, except the wires touching the person is de-energised. As a young man then in Lagos who loved his work, I remember I was holding instruments that were not properly insulated, and the next thing I knew, I was already conducting and I was holding instruments that were not properly insulated. The human being is a power system. Electrons flow and it goes to all parts of the body. The artery of my body, the brain and all parts of my body. Lucky for me, there were senior engineers there who used a wood to knock the plier off my hands and I found myself on the floor. So, I would have been dead. So, I committed myself to this job, but I told myself that I would learn everything about safety. So, this is the truth. I am so sorry on behalf of our commission and the Discos over those that died by electrocution. Our regulation is in place for safety and we have passed safety regulations. We understand how electrocution works; hence we have put in place regulations for safety. We would be enforcing safety and I would become not only the CEO, but also the safety officer and chief inspecting general, that would send people out in the field to ensure that safety procedures and, maintenance are adhered to. So, safety comes first in our regulation. Safety saves lives.

Many Nigerians are paying for power they are not using. Those who have prepaid meters pay relatively very low compared to those without it. How do you save Nigerians from this exploitation?

Estimated billing is not what we recommend at NERC, but it has been there before we came on board. We have reviewed the issue of estimated billing and we are eliminating it. But for that to happen, we are creating a technology called Meter Asset Provider (MAP). This will allow new businesses for meter manufacturing in Nigeria, meter installation, and meter merchandising, which of course

mean customers who want power can go to any store, not to the DISCOs anymore and buy their own meter. That will ensure it is the power used that is being paid for. So, that is ongoing at the commission. We have received over 100 letters of no objection from those who want to be involved in that franchise business. This will bridge the metering gap currently existing in the country. Currently, DISCOs do not have the resources to meter every house. Recognising that, we took it upon ourselves to also contribute to the solution space. So this is a sure way to addressing issues around it.

But why are the power companies hoarding meters?

That will be a thing of the past. To move forward, I am saying our duty is not just to put rules on paper and there is no strategy to encourage the enforcement. We can't say don't hoard meters when we have not put strategies in place to stop it and enforce the right thing. So to be sure of enforcement, we said let us open the market for new meter providers. If you have access to meter, it means it is no longer a meter challenge. Once that is solved, Nigerians will now know how to manage the energy they consume. I use a prepaid meter in my home. For two weeks I know what it cost me. I know what to turn off when going to bed. Every customer will then be energy wise once they have meters, so it is a win-win situation. By the end of this month (October), our deadline for opening all bids

would have been done. Those who are qualified through the no objection qualification will go to particular disco of their choice and get their details published by that Disco. Soon, you will start seeing announcements of people selling meters. That would help everybody because the Discos are looking forward to a lot. That is because that burden of extra cost, overhead cost, worrying about raising capital to buy meter for all its customers would be over. Customers should also be aware, that if they are residential customers, there is a class of billing that the Discos are supposed to charge you. If you are a commercial customer, you are in a different class and therefore your billing would be different. And residential customers are in a different class. And therefore their billings are different. For instance, when I moved to Abuja, I realised I was paying too much for light, but I didn't call DISCO. I didn't run to NERC. What I did was go check my meter and I realised I was on commercial class (C Class). So, lucky for me, I called an engineering colleague and told him, he then helped me get on to the residential category. I then called my neighbours and told them to go change theirs to 'R class', So Nigerians can do the same.

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