

AS DIRECTED BY THE REGULATOR ON THE 3RD OF SEPTEMBER, 2019 THIS IS THE RESULT OF THE TCN REVIEW OF SPINNING RESERVE SOURCING. THIS RE-APPRAISAL HAS CONSIDERED ONLY PAYMENT FOR CAPACITY AND A 10% PREMIUM AS AN INCENTIVE, BELIEVING THAT THE PARTICIPATING GENCOs WILL ACCEPT THE OFFER. THE REFERENCE CAPACITY TARIFFS ARE AS STIPULATED IN THE MYTO. THE HIGHEST QUOTED MYTO CAPACITY TARIFF FROM A GAS PLANT, IN LINE WITH MYTO, IS OFFERED TO ALL GAS PLANTS IRRESPECTIVE OF WHAT THEY HAD QUOTED EXCEPT AZURA PLANT WHICH IS ON PPA. FOR THE HYDRO PLANTS, THEIR MYTO CAPACITY TARIFF IS ALSO TAKEN AS QUOTED. THE ENERGY COMPONENT HAS BEEN SKIPPED TO AVOID DOUBLE COUNTING SINCE THEIR METERED ENERGY WHEN CALLED UPON TO STABILIZE THE GRID WILL ALSO BE PAID FOR.

S/N	GENERATING PLANT	Quoted Tariff for Capacity (n=/MW)	10% of Quoted Tariff for Capacity (n=/MW)	Aggregate Tariff for Spinning Reserve Tariff	Allocation Considering the Machine Units involved. (MW)	Number of Generating Units	Estimated Fin. Implication to the Market (n=)
1	MAINSTREAM PS	9,289.66	928.97	10,218.63	50	2	380,132,887.20
2	TRANSCORP PS	8,929.55	892.96	9,822.51	30	1	219,238,311.60
3	GEREGU GAS PLANT	8,929.55	892.96	9,822.51	30	1	219,238,311.60
4	OMOTOSHO NIPP	8,929.55	892.96	9,822.51	30	1	219,238,311.60
5	GEREGU NIPP	8,929.55	892.96	9,822.51	30	1	219,238,311.60
6	AZURA PLANT	9,201.00	920.1	10,121.10	50	2	376,504,920.00
	TOTAL	54,208.86	5,420.89	59,629.75	220	8	1,633,591,053.60
	TOTAL LESS AZURA						1,257,086,133.60

The above Genco's have been selected given the fact that the earlier idea of sourcing the required capacity from the GENCO PPAs would not work out as envisaged. From the SNO 1 PPAs banked on, only Azura seems to be "available".

- 2 Although it is not quite clear or assured that Azura will provide the allocated 50MW without administrative obstruction from NBET, it appears no much progress has been made with respect to Spinning Reserve Funding. Presently, the MO averagely collects N135M monthly on Ancillary Service bills which includes Black Stark Services by contracted Genco's.
- 3 From the above figures, it is obvious that netting off Azura's component of the charge, the balance of N1.3b still remains a harculean task.
- 4 It should be noted that the Energy component of the tariff has been outrightly removed, hence the use of 10% premium on the capacity charge. We only pray the Genco's would accept the proposal.
- 5 The biggest question remains, how will the monthly bill for Spinning Reserve be settled? Observe again that the quantity of Spinning Reserve capacity had been reduced to 220MW considering possible sources and also trying to reduce the fund involved.
- 6 The Regulator may want to prefer the solution.

Engr. EA EJE - TCN 13th Sept, 2019