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## NIGERIAN ELECTRICITY REGULATORY COMMISSION

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ORDER NO/NERC/183/2019

**ORDER ON THE MANDATORY MIGRATION OF R3 CLASS OF RESIDENTIAL CUSTOMERS, INDUSTRIAL AND COMMERCIAL CUSTOMERS TO CASHLESS SETTLEMENT PLATFORMS AND OTHER MATTERS RELATING TO REVENUE PROTECTION IN THE NIGERIAN ELECTRICITY SUPPLY INDUSTRY**

**Whereas –**

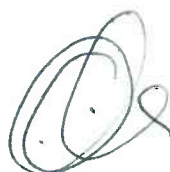
1. The Nigerian Electricity Regulatory Commission (the "Commission" or "NERC") is mandated by section 32(1)(a) of the Electric Power Sector Reform Act ("EPSRA") *"to create, promote, and preserve efficient industry and market structures, and to ensure the optimal utilisation of resources for the provision of electricity services"*.
2. The Commission has continued to pursue the development of a financially sustainable electricity market that serves the needs of end-use customers with adequate, reliable and affordable electricity that is an essential requirement for the socio-economic development of Nigeria.
3. One of the crucial factors underpinning the privatisation of distribution licensees ("DisCos) in the Nigerian Electricity Supply Industry ("NESI") was the aggressive reduction of aggregate technical, commercial and collection losses.
4. The Federal Government issued a policy directive that requires the mandatory transition of certain classes of end-use customers of DisCos from direct cash settlement of bills to cashless settlement platforms in

order to reduce collection leakages/losses and improve overall revenue assurance in NESI.

5. The Commission notes that this policy directive complies with EPSRA and the laws of the Federal Republic of Nigeria as furthers the objective of improving transparency in NESI by introducing greater clarity on collections from end-use customers and prudence in the utilization of market funds.

**THE COMMISSION HEREBY ORDERS as follows –**

6. Without prejudice to the provisions of section 10 of the Meter Reading, Billing, Cash Collections and Credit Management for Electricity Supplies Regulations, 2007 (the "Cash Collection Regulation"); all DisCos shall transit to cashless settlement platforms for the billing/collection of industrial and commercial customers by 31 January 2020.
7. Without prejudice to the provisions of section 10 of the Cash Collection Regulation"; all DisCos shall transit to cashless settlement platforms for the billing/collection of R3 class of residential customers by 31 March 2020.
8. All DisCos shall leverage on available banking channels approved by the Central Bank of Nigeria ("CBN") in complying with the directives in paragraphs 6 and 7 of this Order.
9. All collection agents, super agents, sub-agents, payment solution service providers ("PSSP") and payment terminal service providers ("PTSP") engaged by DisCos in compliance with paragraphs 6 and 7 of this Order shall be duly registered with both the Commission and CBN.
10. All duly registered collection agents and other service providers stated in paragraph 9 shall operate dedicated accounts strictly for the purpose of billing/collection of revenues from customers of DisCos.
11. All DisCos shall ensure the successful transition of customers to cashless settlement platforms by ensuring the completion of the following tasks –
  - a. Promote the adoption of end-to-end electronic payments by all stakeholders in NESI.



- b. Provide customers with appropriate bank account details and other approved channels for receiving/processing payments such as mobile money, electronic wallets etc.
  - c. Process electronic payment instructions in accordance with the rules of subsisting payments and clearing systems.
  - d. Publish details of customer service/contact centers to promptly address electronic payment enquiries along with stipulated timelines for addressing customer complaints.
  - e. Provide details of all CBN authorised payment channels including but not limited to automated teller machines ("ATMs"), quick response ("QR") code, vending platforms, point of sale ("PoS") terminals, unstructured supplementary service data ("USSD") etc.
12. All customer management systems ("CMS"), vending platforms and other technology solutions deployed by DisCos shall be compliant with standards/protocols issued by the Commission in furtherance of the objective of granting the Commission visibility on market revenues.
13. All DisCos shall ensure full accountability of energy flow with the installation of appropriate metering infrastructure that is integrated with the CMS of all industrial, commercial and R3 class of residential customers by 31 December 2020.
14. All DisCos shall comply with the reporting requirements prescribed by the Commission pursuant to this Order.
15. All collection agents shall be registered with the Commission upon compliance with the procedures and fulfillment of the registration conditions specified on the Commission's website ([www.nerc.gov.ng](http://www.nerc.gov.ng)).
16. The Commission and CBN or its delegate shall monitor all third-party dedicated accounts for the billing/collections of funds from industrial, commercial and R3 residential class of customers of DisCos.
17. The CBN or its delegate i.e. the Nigerian Inter-Bank Settlement System ("NIBSS") shall be responsible for monitoring and evaluation of all

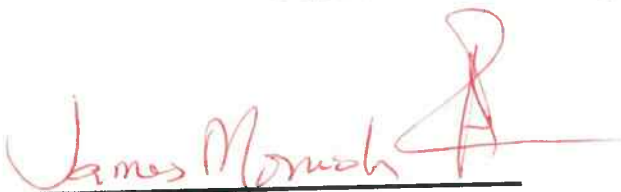




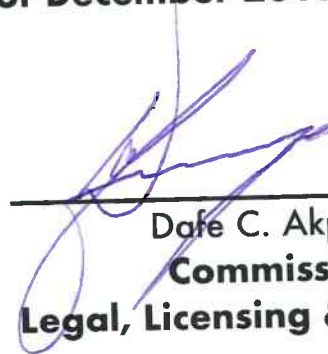
customer payment transactions. All switch operators shall provide required information and access to NIBSS.

18. This Order supersedes, overrides, extinguishes all other forms of billing and collections from industrial, commercial and R3 residential class of customers of DisCos.
19. The Commission notes that DisCos are the designated revenue collection agents for NESI and failure to comply with this Order shall be treated as a breach of the terms and conditions of the distribution licence.
20. This Order and the obligations imposed herein shall take effect on 2 January 2020.

**Dated this 30<sup>th</sup> day of December 2019**



**James A. Momoh**  
**Chairman**



**Dafe C. Akpeneye**  
**Commissioner**  
**Legal, Licensing & Compliance**

