NIGERIAN
ELECTRICITY
REGULATORY
COMMISSION

Electricity on Demand

2017 Annual Report & Accounts

31 December 2017

NIGERIAN ELECTRICITY REGULATORY COMMISSION
PLOT 1387 | CADASTRAL ZONE A00 | CENTRAL BUSINESS DISTRICT |
P.M.B. 136 | GARKI | ABUJA, NIGERIA
www.nerc.gov.ng

NIGERIAN
ELECTRICITY
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COMMISSION

Electricity on Demand

2017
Annual Report & Accounts

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NERC annual report & accounts is prepared in compliance with Section 55(1) of the Electric Power Sector Reform (EPSR) Act 2005, which mandates the Commission to keep proper accounts and other records relating to such accounts in respect of all the Commission's activities, funds and property, including such particular account and records as the Minister may require. The report presents the corporate activities, audited statements of accounts of the Commission and the analyses of the state of the Nigerian electricity industry (covering both the operational and commercial performance), regulatory functions, consumer affairs. The Commission being accountable to the public presents this report to a wide spectrum of stakeholders including financial and market analysts, potential investors, government institutions and the private sector.

NERC annual report & accounts is freely available to the stakeholders of the Nigerian Electricity Supply Industry, government agencies and corporations. Individuals, on request, can also obtain any particular issue without a charge. Please direct all inquiries, comments and suggestions on the report to

The Commissioner, *Planning, Research and Strategy*
Nigerian Electricity Regulatory Commission
Corporate Head Office
Plot 1387 Cadastral Zone A00
Central Business District
P.M.B 136, Garki Abuja
Nigeria
NERC Website: www.nerc.gov.ng

Contact Centre:
Tel: +234 (09) 462 1400, +234 (09) 462 1410
Email: info@nerc.gov.ng

The Nigerian Electricity Regulatory Commission was established by the Electric Power Sector Reform (EPSR) act of 2004, with the principal objects outlined under section 32 to:

1. Create, promote, and preserve efficient industry and market structures, and ensure the optimal utilisation of resources for the provision of electricity services;
2. Maximise access to electricity services, by promoting and facilitating consumer connections to distribution systems in both rural and urban areas;
3. Ensure that an adequate supply of electricity is available to consumers;
4. Ensure that the prices charged by licensees are fair to consumers and are sufficient to allow the licensees to finance their activities and to allow for reasonable earnings for efficient operation
5. Ensure the safety, security, reliability, and quality of service in the production and delivery of electricity to consumers;
6. Ensure that regulation is fair and balanced for licensees, consumers, investors, and other stakeholders and;
7. Present quarterly reports to the President and National Assembly on its activities.

*Electricity industry

Mission

Promote and ensure an investor-friendly industry and efficient market structure to meet the needs of Nigeria for safe, adequate, reliable and affordable electricity.

Vision

"Electricity on demand"

Motto:

"Keeping the lights on"

*Accountability

Values

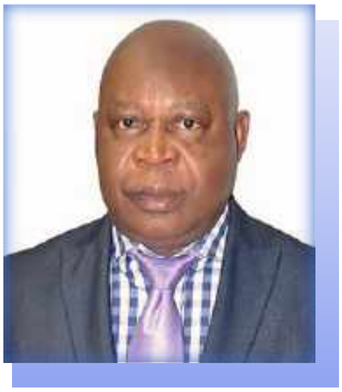
Our Core Guiding Values are:

1. ***Leadership***: excellence, transparency, courage and discipline;
2. ***Professionalism***: proficiency, diligence, respect, fairness and accountability;
3. ***Teamwork:*** creating an environment of loyalty, trust, collaboration, and stakeholder engagement;
4. ***Good Governance***: making decisions in a fair, transparent and consistent manner, in compliance with the laws of Nigeria and our regulation.

A. Board of Commissioners[1]

PROF. JAMES A. MOMOH
Chairman/Chief Executive Officer

ENGR. SANUSI GARBA
Vice Chairman, & Commissioner, Market Competition & Rates



PROF. FRANK N. OKAFOR
Commissioner, Engineering, Performance & Monitoring

MOSES ARIGU, PhD
Commissioner. Consumer Affairs

NATHAN R. SHATTI
Commissioner, Finance & Management Services

MUSILIU O. OSENI, PhD
Commissioner, Planning, Research & Strategy

DAFE C. AKPENEYE
Commissioner, Legal, Licencing & Compliance

[1] Mr Sanusi Garba, Vice Chairman and Commissioner Market Competition & Rates, was the head of the Commission in 2017.

B. Heads of the Divisions

While the overall effective performance and management of the divisions rest with the Commissioners, each division is headed by a General Manager, and where not available, a Deputy General Manager who coordinates the *day-to-day* activities of the division and also acts for the Commissioner in his absence. The under-listed members of staff are the heads of the Divisions as at 31st December 2017.

1. Dr Anthony Akah, *mni*	GM & Head, *Consumer Affairs (CA)*
2. Mustapha Bukar, *mni*	GM & Head, *Finance & Management Services (FMS)*
3. Olufunke Dinneh	GM & Head, *Legal, Licencing & Compliance (LLC)*
4. Dr Usman Abba-Arabi	DGM & Head, *Office of the Chairman (OC)*
5. Bassey Ayambem	DGM & Head, *Planning, Research & Strategy (PRS)*
6. Haliru Dikko*	DGM & Head, *Market Competition & Rates (MCR)*
7. Sharfuddeen Mahmud+	DGM & Head, *Market Competition & Rates (MCR)*
8. Abdul B. Mohammed	DGM & Head, *Engineering, Performance & Monitoring (EPM)*

C. Members of Management Staff

In addition to heads of the divisions, the under-listed members of staff made up the Management Staff of the Commission as at 31st December 2017

9. Azuwike B. Azu*	DGM, *CA*
10. H.D Blue-Jack*	DGM, *CA*
11. Chijioke N. Obi	DGM, *Consumer, Enlightenment & Education, CA*
12. Abdulkadir Shettima	DGM, *Finance & Account, FMS*
13. Imamudden Talba	DGM, *Legal Advisory Services, LLC*
14. Chinedu Ukabiala	DGM, *Research, PRS*
15. Maryam Y. Abubakar	AGM, *Procurement, OC*
16. Razak Y. Afolayan	AGM, *Generation, EPM*
17. Majiro O. Ahaneku	AGM, *Human Resources & Administration, FMS*
18. Zubairu T. Ahmadu	AGM, *Compliance, LLC*
19. R. E. Bassey*	AGM, *LLC*
20. James O. Ewah	AGM, *Internal Audit, OC*
21. Vivian O. Mbonu	AGM, *Public Affairs, OC*
22. Shittu Shaibu	AGM, *Customer Service Standards, CA*
23. Dr Chikwerem U. Obi	AGM, *Research, PRS*
24. Dr Abdussalam Yusuf	AGM, *Research, PRS*
25. Tasiu G. Wudil	AGM, *Networks, EPM*

* Retired before 31st December 2017;

+ Upon retirement of Haliru Dikko, Sharfuddeen Mahmud took over as the Head of MCR;
GM, DGM and AGM denote General Manager, Deputy General Manager and Assistant General Manager respectively;
OC, CA, PRS, FMS, LLC, EPM and MCR are abbreviations for Office of the Chairman, Consumer Affairs, Planning, Research & Strategy, Finance & Management Services, Legal, Licencing & Compliance, Engineering, Performance & Monitoring, and Market Competition & Rates respectively.

D. Coordinators of the Forum Offices

The *day-to-day* activities of the Commission's Forum Offices across Nigeria are coordinated by the under-listed members of staff posted as Forum Secretaries as at 31st December 2017.

1. Ezeocha Patrick	Abakaliki Forum Office, *Ebonyi State*
2. Grace Ekpenyong	Abuja Forum Office, *Federal Capital Territory*
3. Onu Sampson Onu	Asaba Forum Office, *Delta State*
4. Agwu Princess	Awka Forum Office, *Anambra State*
5. Eboehi Benjamin	Benin Forum Office, *Edo State*
6. Engr. Adamu H. Ibrahim	Birnin Kebbi Forum Office, *Kebbi State*
7. Peter Dickson	Calabar Forum Office, *Cross River State*
8. Temitope Odubiyi	Eko Forum Office, *Lagos State*
9. Ene Henrietta	Enugu Forum Office, *Enugu State*
10. Adamu Ibrahim	Gombe Forum Office, *Gombe State*
11. Jamilu Ado	Gusau Forum Office, *Zamfara State*
12. Abe Olaiya	Ibadan Forum Office, *Oyo State*
13. Ibiola Olanihun	Ikeja Forum Office, *Lagos State*
14. Umar A. Bashir	Jigawa Forum Office, *Jigawa State*
15. Andzenge Samuel	Jos Forum Office, *Plateau State*
16. Sa'adatu Zaria	Kaduna Forum Office, *Kaduna State*
17. Ibrahim Ja'afar	Kano Forum Office, *Kano State*
18. Kurna Abubakar Esq	Katsina Forum Office, *Katsina State*
19. Pamela Ishaya	Makurdi Forum Office, *Benue State*
20. Afaoma Ubani	Owerri Forum Office, *Imo State*
21. Akubue Ukongim	Port-Harcourt Forum Office, *River State*
22. Ashiru Abdu Na Abdu	Sokoto Forum Office, *Sokoto State*
23. Okechukwu C. Maryann	Umuahia Forum Office, *Abia State*
24. Engr. Dickson P Akpan	Uyo Forum Office, *Akwa Ibom State*
25. Aliyu Mutari	Yola Forum Office, *Adamawa State*

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LIST OF ABBREVIATIONS

ADR	Alternative Dispute Resolution
AEDC	Abuja Electricity Distribution Company Plc
ANAN	Association of National Accountants of Nigeria
ATC&C	Aggregate Technical, Commercial & Collection
BCR	Business Continuity Regulations
BEDC	Benin Electricity Distribution Company Plc
BPE	Bureau of Public Enterprises
CA	Consumer Affairs
CAPEX	Capital Expenditure
CAPMI	Credited Advance Payment for Metering Implementation
CEB	Beninois Electricity Community
CPC	Consumer Protection Council
DisCo	Distribution Company
DSO	Distribution System Operator
ECN	Electricity Corporation of Nigeria
EEDC	Enugu Electricity Distribution Company Plc
EKEDC	Eko Electricity Distribution Company Plc
EPM	Engineering Performance and Monitoring
EPSR	Electric Power Sector Reform
FCT	Federal Capital Territory
FMS	Finance and Management Services
GCFR	Grand Commander of the Order of the Federal Republic
GenCos	Generation Companies
GWh	Gigawatt-hour
IBEDC	Ibadan Electricity Distribution Company Plc
ICAN	Institute of Chartered Accountants of Nigeria
IEDN	Independent Electricity Distribution Network
IKEDC	Ikeja Electricity Distribution Company Plc
JEDC	Jos Electricity Distribution Company Plc
KDEDC	Kaduna Electricity Distribution Company Plc
KNEDC	Kano Electricity Distribution Company Plc
LLC	Legal Licencing and Compliance
MAN	Manufacturers Association of Nigeria
MAP	Meter Asset Provider
MCR	Market Competition and Rates
mni	Membership of the National Institute
MO	Market Operator
MW	Megawatt
MWh	Megawatt-hour
MYTO	Multi-Year Tariff Order
NACCIMA	Nigerian Association of Chambers of Commerce Industry, Mines and Agriculture
NAEE	Nigerian Association for Energy Economics

NBA	Nigerian Bar Association
NBET	Nigerian Bulk Electricity Trading Plc
NDA	Niger Dams Authority
NEPA	National Electric Power Authority
NEPP	Nigerian Electric Power Policy
NERC	Nigerian Electricity Regulatory Commission
NESCO	Nigerian Electricity Supply Company Limited
NESI	Nigerian Electricity Supply Industry
NICE	Notices of Intention to Commence Enforcement
NIGELEC	Nigerien Electricity Society
NIM	Nigerian Institute of Management
NIPP	National Integrated Power Project
NSE	Nigerian Society of Engineers
PHCN	Power Holding Company of Nigeria Plc
PHEDC	Port Harcourt Electricity Distribution Company Plc
PRS	Planning Research and Strategy
ECR	Eligible Customer Regulations
TCN	Transmission Company of Nigeria Plc
TLF	Transmission Loss Factor
YEDC	Yola Electricity Distribution Company Plc

FOREWORD BY VICE CHAIRMAN

Engr. Sanusi Garba

We are pleased to present to stakeholders the annual report on the performance of the Nigerian Electricity Supply Industry (NESI) for the year ended 31 December 2017. The power sector reform agenda initiated by the Federal Government has very clear objectives with the expected outcome that requisite investments would be undertaken by the private sector and consumers would derive the benefits through the provision of reliable, affordable and adequate supply of electricity.

The third set of Commissioners since the establishment of the Nigerian Electricity Regulatory Commission (the "Commission") took office in February 2017 thus closing the concern of all market participants about the absence of regulatory authority to make final decisions. We have pledged at our inauguration that the Commission would ensure that we strike a delicate balance between protecting consumers from abuse of monopoly power while promoting the much-needed investments in the industry.

The electricity market is currently challenged by inadequate revenues occasioned by the inability of the electricity distribution companies to fully recover the associated prudent cost of operation and return on investments made to provide service. Other identified challenges include infrastructural deficit in the electricity distribution companies (DisCos) and the Transmission Company of Nigeria Plc that would allow the optimal deployment of all available generation capacity to the national grid.

In the light of the above, the Commission had during the year developed a 3-year Strategic Plan with the key objectives of *improving quality of service to consumers, enhancing corporate governance in the utilities, increasing access to electricity and resolving the liquidity challenge in the NESI*. The quarterly reports of the Commission would, in due course, communicate to stakeholders the progress so far made on this effort.

In Conclusion, we consider our nomination by His Excellency President Muhammadu Buhari, GCFR and subsequent confirmation by the Senate to serve as Commissioners as a call to serve our country. We commit to so doing with utmost sincerity of purpose and protecting public good.

Engr. Sanusi Garba
Vice Chairman, & Commissioner, *Market Competition & Rates*
Nigerian Electricity Regulatory Commission

PART 1: EXECUTIVE SUMMARY

SUMMARY

CORPORATE ACTIVITIES:

As at 31st December 2017, members of the Commission consist of 6 Commissioners and a secretary to the Commission

The Commission: Following the appointment of Commissioners by the Federal Government of Nigeria in February 2017, the Board of the Nigerian Electricity Regulatory Commission (the "Commission") as at 31st December 2017 consists of Mr Sanusi Garba (*Vice Chairman and Commissioner, Market Competition & Rates),* Prof. Frank N. Okafor (*Commissioner, Engineering Performance & Monitoring)*, Nathan R. Shatti (*Commissioner, Finance & Management Services)*, Dr Moses Arigu (*Commissioner, Consumer Affairs)*, Dafe C. Akpeneye (*Commissioner, Legal, Licensing & Compliance)* and Dr Musiliu. O. Oseni (*Commissioner, Planning, Research & Strategy).* Mrs Ada Ozoemena (*Principal Manager)* served as the Secretary to the Commission. On resumption, the Commissioners developed a three (3) year Strategic Plan covering 2017-2020 and anchored on ten key strategic goals aimed at creating a financially sustainable electricity industry. In pursuit of the management buy-in, the draft strategic plan was shared and discussed with the staff of the Commission for input before approval. During the year under review, the Commissioners had fifteen (15) formal meetings in 2017 to discuss both regulatory and management issues for the effective operation of the Nigerian Electricity Supply Industry (NESI). These formal meetings exclude scores of meetings with the Commission's staff, industry operators, the government representatives, consumers and potential investors.

The Commission had continued to reposition itself to provide robust regulatory interventions as the sector consolidates on the gains and challenges of a private sector led industry. During the year under review, a number of private investors were licensed to operate alongside the existing companies with clear terms and conditions aimed at improving the quality of service in the country.

The Commission currently has 7 divisions sub-divided into 24 units

Structure of the Commission: Sequel to the resumption of the new set of Commissioners in February 2017, the Commission was repositioned to promote efficiency and ensure improved staff performance to enable the Commission meets its mandates to appropriately regulate the electricity industry. The Commission is currently made up of seven (7) divisions comprised of the *Office of the Chairman, Consumer Affairs, Finance & Management Services, Engineering Performance & Monitoring, Market Competition & Rates, Planning, Research & Strategy, and Legal, Licensing & Compliance*. The divisions are sub-divided into 24 units for efficient performance. Each division is overseen by a commissioner with a mandate to ensure the effective performance and management of the division.

To ensure the efficient operation of the Commission, each division is headed by a General Manager and, where not available, a Deputy General Manager who, under the guidance of the commissioner, coordinates the *day-to-day* activities of the division and reports to the Commissioner.

Our Strategy

Performance Monitoring System: A key approach to keeping track of the progress of an institution's activities is to develop performance monitoring and measurement systems. To this end, the Commission has developed a Strategic Plan covering the period 2017-2020. The plan provides for the realisation of ten (10) critical goals with effective monitoring systems while ensuring a fair and firm regulatory environment devoid of inconsistencies. The Commission's effort towards achieving the ten goals progressed rapidly in 2017. Similarly, the Commission has standardized the evaluation systems for divisions, units, and staff for performance monitoring within the Commission. The performance assessments will be carried out twice in a year for all the units and staff, and the outcome will form part of the basis for the promotions, rewards and recognition awards.

Staff Composition: At the end of 2017, the Commission consists of 6 Commissioners, 22 Management staff, 119 Non-Management staff and 24 Junior staff spread across seven divisions. The staff areas of specialisation consist of a mix of experienced professionals from diverse discipline ranging from Engineering, Legal, Economics, Accounting and Finance, and other fields relevant to the needs of the Commission. The Finance and Management Services division, due to the nature of the activities and the number of units it oversees, has the highest manpower with the Market Competition and Rates division having the lowest.

As at the end of 2017, members of staff of the Commission consist of 6 Commissioners, 22 Management, 119 Non-Management, & 24 junior-staff spread across various divisions.

The staff disposition of the Commission as comprised of Management Staff (i.e., General Manager, Deputy and Assistant General Manager) and Senior Staff Cadres (Principal Manager, Senior Manager and Manager) accounted for 56% of the total workforce. On the contrary, Analyst I – III and Assistant Manager and Junior Staff respectively accounted for 29% and 15% of the Commission's workforce. However, there is fair gender representation across the cadres as indicated by Table 1.1. Overall, excluding the Junior Staff who are largely drivers, female staff accounted for 32% of the professional staff of the Commission. Nonetheless, the Commission shall continue to inspire female representation and gender balance.

Table 1.1: Distributions of NERC's Staff by Cadre and Gender

S/N	Cadre	Male	Female	Ratio	S/N	Cadre	Male	Female	Ratio
1	General Manager	2	1	0.50	*7*	Asst. Manager	18	11	0.61
2	Dep. General Manager	9	0	-	*8*	Analyst I	12	0	1.00
3	Asst. General Manager	7	3	0.43	*9*	Analyst II	2	1	0.50
4	Principal Manager	14	6	0.43	*10*	Analyst III	0	4	-
5	Senior Manager	19	12	0.63		**Sub-Total**	**32**	**16**	**0.50**
6	Manager	13	7	0.54	*11*	Junior Staff	23	1	0.04
	Sub-Total	**64**	**29**	**0.45**		**Sub-Total**	**23**	**1**	**0.04**

Notes of the table: The staff's distribution presented in Table 1.1 excludes the Commissioners and their 6 Aides; the estimated ratio is for female staff to male staff in each cadre

In 2017, the Commission sponsored some members of staff to attend trainings on subjects that are beneficial to its statutory responsibilities.

Capacity Development: To bridge the skill gap within the Commission, some members of staff were trained during the year 2017. Some of the areas of focus for the training include the application of Uniform System of Accounts for utilities, Utility Regulation, Strategic Management, Fundamentals of utility regulation and leadership. The Commission also sponsored staff to several annual conferences based on their respective professional associations, including but not limited to ICAN, ANAN, NIM, NSE, NAEE and NBA.

Promotion and Exit: There was no staff promotion exercise during the year under review due to paucity of funds. The Commission, however, scheduled the promotion exercises for the eligible staff for the first quarter of 2018. Three (3) members of staff left the Commission based on the attainment of the statutory age limit and early retirement.

Quarterly Reporting Obligation of the Commission: In compliance with Section 55(3) of the Electric Power Sector Reform (EPSR) Act, the Commission has submitted the 2017 quarterly reports of its activities to the President and the National Assembly. The reports contained an analysis of the state of the Nigerian electricity supply industry (covering operational and commercial performances), regulatory functions, consumer affairs *as well as* the Commission's state of affairs in respect of finances and staff development.

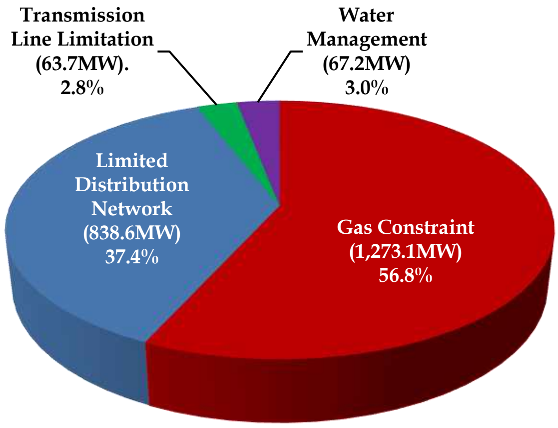
Financial Reporting Obligation of the Commission: In compliance with sections (55) and (56) of the EPSR Act, which mandate the Commission to keep proper accounts and other records relating to its' activities, funds and property, the Commission's external auditors have prepared its audited financial reports for the year ended 31st December 2017.

STATE OF THE INDUSTRY:

In 2017, the total electric energy generated was 31,696,622MWh and the average capacity utilisation rate increased by 8% points from the year 2016.

Operational Performance: The Commission continued the monitoring of the operational and commercial performance of the Nigerian Electricity Supply Industry in line with the mandates derived from the EPSR Act. During the year 2017, the total electric energy generated was 31,696,622MWh representing a 10.2% improvement over the preceding year. The industry recorded a new record in daily peak generation of 5,222MW on 18th December 2017. The overall generation performance represents a capacity utilisation of 52%, a significant improvement from the 44% utilisation rate recorded in 2016. However, 48% of the total available generation capacity was still constrained by a combination of factors comprised of insufficient gas supply, water management at hydropower stations and limitations on distribution and transmission lines. As indicated in Figure 1.1, insufficient gas supply constitutes the biggest constraint (~ 56.8%) responsible for stranded generation capacity during the year 2017 and followed by poor distribution networks and load rejection accounting for about 37.4%.

Figure 1.1: Daily Stranded Capacity by Type of Constraints in 2017



Poor distribution network accounted for approximately 37% of the stranded generation capacity in 2017.

The resolution of the aforementioned technical and operational constraints in the industry continues to be the top priority of the Commission. The Commission continued to monitor the execution of the payment assurance facility for generation companies by the Nigerian Bulk Electricity Trading Plc to fulfil its gas payment obligation. In this regard, the Commission's 2017-2020 Strategic Plan contains actionable items towards addressing these issues constraining the technical and operational performance of the industry. The strategy includes utilising a more robust process for the thorough technical assessment of DisCos' utilisation of capital expenditure allowances for relevance and cost-efficiency. This process is in line with the regulatory imperative of ensuring that consumers do not pay for inefficiencies of the utilities.

The total system collapse declined by 32% in 2017 relative to 2016. The Commission shall continue to work with TCN to sustain the recorded improvement in grid stability in subsequent years.

Grid Performance: A summary of the performance of the national grid during 2016 and 2017 is reported in Table 1.2. The report indicates that the Nigerian electricity industry recorded improvements in the stability of the grid network in 2017 with fifteen (15) incidence of total system collapse (i.e., total blackout nationwide), unlike the preceding year where twenty-two (22) total incidences of system collapse were recorded. However, nine (9) partial system collapse (i.e., failure of a section of the grid) were recorded in 2017 compared to six (6) in 2016. The greater improvement in grid stability in 2017 is attributable to the Commission's support to TCN towards the enforcement of the provisions of the grid code that mandates free governor control at all generation companies, as well as the increased investment in transmission network. To sustain the improvement in grid stability recorded in subsequent years, the Commission will further intensify its monitoring effort to ensure strict compliance with the System Operator's directives to GenCos on free governor and frequency control mode in line with the provisions of the technical operating codes in the industry. Furthermore, the Commission shall continue to work with TCN on the efficient and competitive procurement of adequate ancillary services to ensure effective stability management of the grid system.

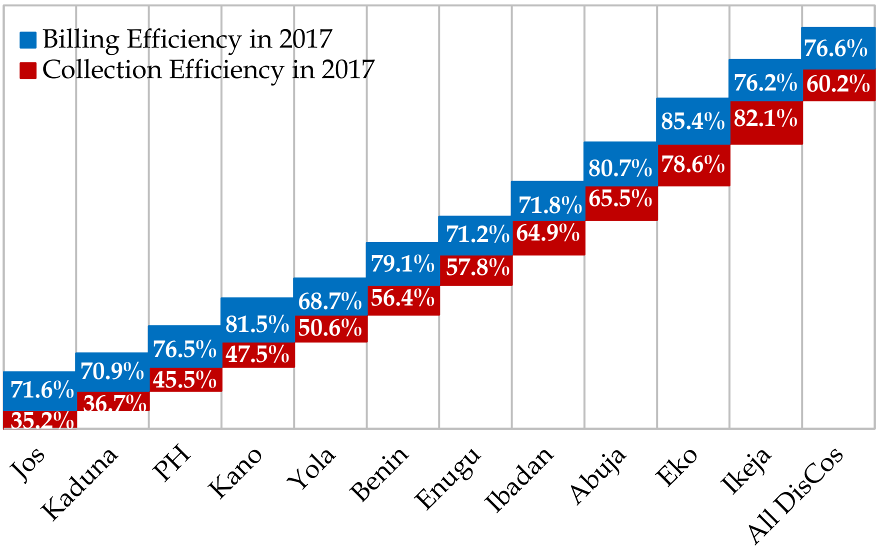
Table 1.2: System Collapse in 2017 Compared to 2018

	2017				2017	2016
	/Q1	/Q2	/Q3	/Q4	Total	Total
No. of Partial Collapse	2	0	4	3	9	6
No. of Total Collapse	8	5	1	1	15	22
No. of Partial & Total Collapse	**10**	**5**	**5**	**4**	**24**	**28**

In 2017, DisCos' Billing efficiency of electricity consumers stood at 76.6% while collection efficiency was 60.2%.

Commercial Performance: Financial liquidity remains one of the most significant challenges threatening the sustainability of the power industry. The liquidity challenge is partly attributed to the non-implementation of cost-reflective tariffs, high technical and commercial losses exacerbated by energy theft, and consumers' apathy to payment for electricity under the widely prevailing practice of estimated billing. The total billing to electricity consumers by the eleven (11) DisCos was ₦615.3billion in 2017 but only a sum of ₦370.5billion was the aggregate collection. As represented in Figure 1.2, these represent 76.6% and 60.2% billing and collection efficiency respectively. The level of collection efficiency during the year under review indicates that as much as ₦3.98 out of every ₦10 worth of electric energy sold in 2017 remained uncollected from consumers as and when due.

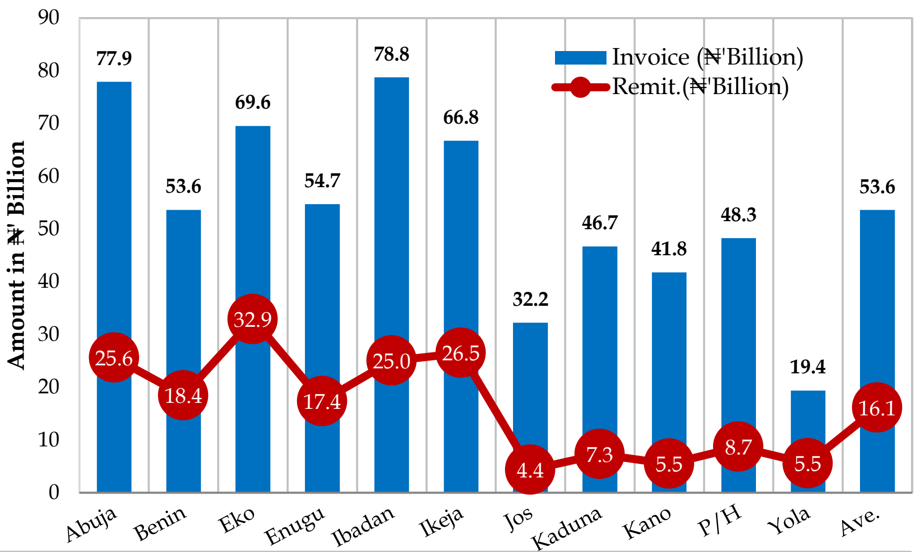
Figure 1.2: Billing and Collection Efficiency by DisCos in 2017



In 2017, DisCos' collection efficiency stood at 60% while remittance to NBET and MOs was 30%.

The liquidity challenge in the NESI was further reflected in the DisCos' remittances to NBET and MO relative to associated energy invoices. In 2017, the eleven (11) DisCos were issued a total invoice of ₦589.8billion for energy received from NBET and for the service charge by MO, but only ₦177.2billion (30%) was settled by DisCos, creating a deficit of ₦412.5billion. A review of the DisCos market invoice and remittance in 2017 is represented in Figure 1.3. Although the low settlement rate by DisCos to NBET and MO is partly attributable to tariff shortfall, the DisCos must improve on their technical and commercial efficiencies for an improvement on their payment remittance thereby improving sector liquidity.

Figure 1.3: Market Invoice and Remittance Performance



DisCo	Abuja	Benin	Eko	Enugu	Ibadan	Ikeja	Jos	Kaduna	Kano	P/H	Yola	**Ave.**
Remittance	33%	34%	47%	32%	32%	40%	14%	16%	13%	18%	29%	**28%**

A key initiative towards improving revenue collection in the industry is the provision of meters to all end-use consumers of electric energy. Noting that about 55% of end-use customers are without meters, the Commission has developed a Regulation on Meter Asset Provider (MAP) to address the metering gap in the Nigerian electricity supply industry. The regulation seeks to open up the metering opportunity for independent third parties to finance meters under a bankable framework. In pursuit of addressing the liquidity challenge and the fragile financial state of the market with particular emphasis on the poor remittance by DisCos, the Commission has further initiated the development of a framework that would ensure a fair and equitable distribution of market revenues.

REGULATORY FUNCTIONS:

Regulations and orders: In 2017, the Commission developed a number of regulations for implementation following extensive public consultations and stakeholders' meetings, in line with the rulemaking procedures. The finalised regulations include Eligible Customer Regulations, Meter Asset Provider (MAP) Regulations and the Uniform System of Accounting (USoA) Regulations. The Commission also reviewed the existing Orders on illegal connections, meter bypassing and tampering with the aim of making the penalties more stringent thus discouraging the incidences of illegal connection and energy theft in the industry.

In 2017, the Commission issued 15 new generation licences with a total nameplate capacity of 2,280.80MW while 34 Meter Service Providers applications were approved.

Licensing and Permits: In 2017, the Commission, after the requisite satisfactory evaluation process, issued a total of fifteen (15) new generation licences and approved the change in shareholding for two (2) existing generation licensees. The new licences include on-grid, off-grid, embedded generation and Independent Electricity Distribution Network with a total nameplate capacity of 2,280.80MW. A total of eleven (11) new permits were issued for captive power generation with a total nameplate capacity of 153.10MW. The Commission also approved the certification of thirty-four (34) meter service providers comprised of eighteen (18) meter installers, thirteen (13) meter importers, two (2) meter vendors and one (1) meter manufacturer. However, in 2017, the Commission after due diligence withdrew the licence issued to Trombay Power Generation Company (TPGC) Ltd for a 500MW power plant in Gombe, Gombe State following the submission of a new 100MW generation application by the project developers and the Commission's evaluation of its financial capacity to execute the two projects concurrently.

The Commission imposed ₦134Million fines on the licensees and has since remitted the amount to REA

Compliance and Enforcement: The Commission investigated and commenced enforcement actions against violations, breaches and infractions recorded against a number of operators. These include violations of Regulations and Orders of the Commission, failure to provide required data within a stipulated timeline, electric accidents and cases of electrocution. At the end of the year 2017, there were 21 enforcement cases pending before the Commission which include new and ongoing enforcement cases commenced in the preceding year. A total of ₦134million was collected as fines and same remitted to the Rural Electrification Agency (REA) in line with the provisions of the EPSR Act.

There were reported 116 deaths and 55 injuries of various degrees involving both employees of utilities and third parties.

Health and Safety: During the year 2017, the Commission received a total of 268 accident reports from industry operators. The accidents resulted in 116 deaths and 55 injuries of various degrees involving both employees of the utility companies and the third parties. In the preceding year, a total of 151 deaths and 77 injuries were recorded indicating a slight improvement in the health & safety performance of the operators in 2017. The Commission, nonetheless, did not relent in the implementation of various safety programmes aimed at drastically reducing electrical accidents in the industry. The safety programs being implemented by the Commission include standardisation of protective equipment, public enlightenment on the safe use of electricity, review of operational procedure for Distribution System Operators on fault clearing and engagement of Government agencies on Right of Way violation (RoW).

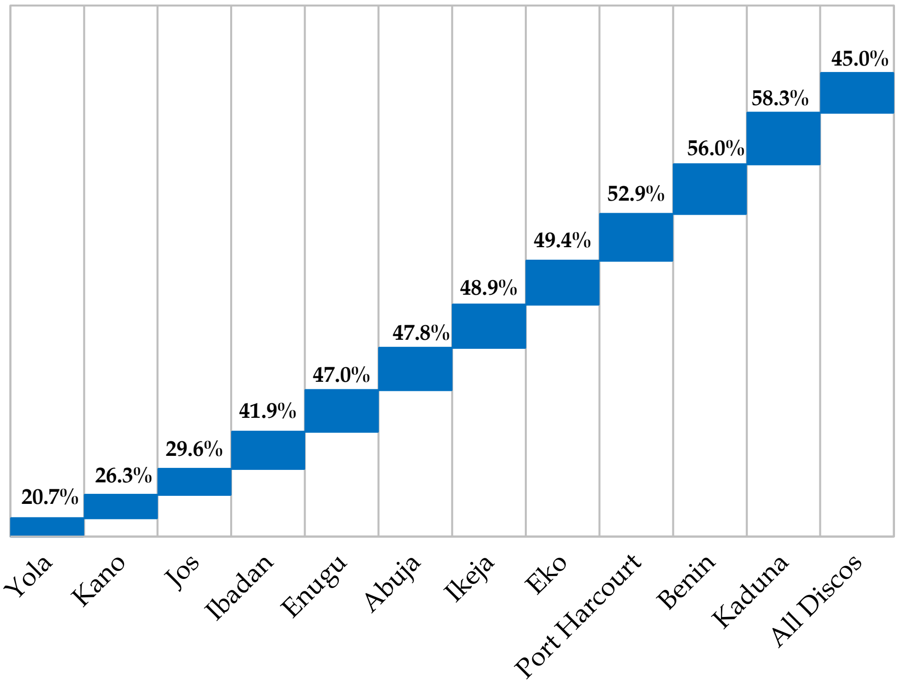
CONSUMER AFFAIRS:

Consumer Education and Enlightenment: As part of the effort to continuously educate customers on their rights, obligations, and other general service delivery issues, the Commission monitored the DisCos' compliance to the directives issued to organise periodic customer enlightenment programs. On its part, the Commission continued airing its weekly dedicated programs on radio (FRCN), addressing key issues affecting customers. The Commission hosted Power Consumer Assembly and Town Hall Meetings in many states of the federation including Lagos, Kano, Asaba, among many others. The participants were educated on customer rights and obligations, complaint redress mechanism, health & safety, estimated billing and the efforts being made to address the metering gap. In recognition of the role of the Commission in consumer education, the MacArthur Foundation awarded the Commission a grant of US$600,000.00 to further strengthen its customer enlightenment programme. The grant is scheduled for disbursement to the Commission over three years.

Only 45% of the registered electricity customers have been metered as at the end of 2017.

Metering remains a key challenge facing the electricity industry both for customer satisfaction and revenue protection. The records of the Commission as indicated in Figure 1.4 indicate that, of the 7,947,121 registered electricity customers, only 3,573,657 (about 45%) have been metered as at the end of 2017. Thus, the majority of customers (55%) are still on estimated billing thus contributing to the significant level of customer apathy in paying for electricity consumption. When compared to the year 2016, the number of metered customers increased by 5.47% in 2017 but the incremental meter deployment by DisCos (i.e., the additional 185,405 meters) is significantly lower than the annual meter deployment target of 1,640,411 contained in the Performance Agreement signed between the core investors and the Bureau of Public Enterprises (BPE).

Figure 1.4: Metering Status in NESI as at Dec. 2017



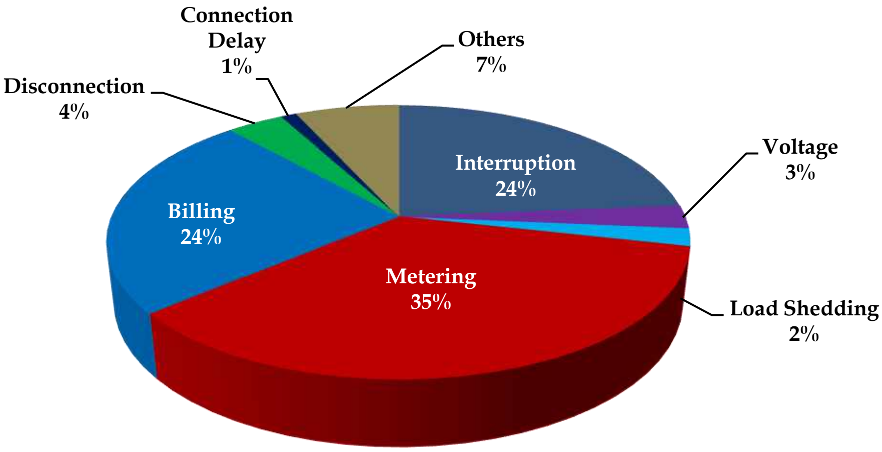
Only 3 DisCos had metered up to 50% of its registered electricity customers as at the end of 2017.

Customer Enumeration: The Commission has mandated all the electricity distribution companies to complete the enumeration of customers with a view to rapidly improving billing and collection activities. The outcome of the exercise is important for tariff design by the utilities. The customer enumeration data in Figure 1.3 indicates that only Kaduna, Benin and Port Harcourt DisCos had metered up to 50% of their customers as at the end of 2017. The metering gap stood at 4,373,464 as at the end of 2017 with a prospect of higher customer population upon completion of the enumeration. However, the target for a closure of the metering under the MAP regulations is three (3) years.

Metering and billing dominated the customer complaints - accounting for 59.8% of the total complaints received in 2017.

Customer Complaints: In the year 2017, the eleven (11) DisCos received a total of 445,640 complaints from customers (97% more than complaints recorded in 2016) and resolved a total of 332,129 (~ 84.29%) with Benin and Eko DisCos recording the worst performance in resolving customers' complaints. Whereas other DisCos resolved more than 80% of their customer complaints in 2017, Benin and Eko DisCos resolved only 56% and 49% of complaints received respectively. The customers' complaints are typically on low voltage, service-interruption, load shedding, disconnection, metering, billing and delay in connection. A review of customer complaints data presented in Figure 1.5 indicates that metering and billing were the most significant concerns of consumers, among others, both accounting for 59.8% (i.e., 269,681) of the total complaints received during the year 2017.

Figure 1.5: Category of Complaints Received by DisCos in 2017



In 2017, Seven (7) additional Forum Offices were set up by the Commission in order to improve customer complaint handling and resolutions.

In an effort to address customer care issues, the Commission has, during the year under review, set up seven (7) additional Forum Offices making a total of twenty-five (25) in twenty-four (24) States and Federal Capital Territory. The Commission further continued the monitoring and auditing of the complaint handling and resolution actions by DisCos and the operation of Forum Offices set up to adjudicate on consumers' complaints that have not been adequately resolved to the satisfaction of customers by the Customer Care Unit (CCU) of the responsible DisCos.

Alternative Dispute Resolution: The Commission handled the under-listed seven (new and existing) disputes between operators and customers during the year 2017. Resolutions have been passed on some of the disputes while others were still on-going.

1. Victims & family of electric accidents at Lugbe vs. AEDC;
2. Mr Yakubu Waziri vs. AEDC;
3. Family of the electrocuted victim (B. Okanlawan) vs. IKEDC;

4. VGC, Lekki vs. EKEDC;
5. Crown Estate, Lekki vs. EKEDC;
6. BEDC vs. Agbon Kingdom of six communities; and
7. Osun State Government, BEDC vs. IBEDC.

AUDITED FINANCIAL STATEMENT:

The revenue realised by the Commission in 2017 was below target thus impacting on the Commission's ability to discharge some of its plans and projects.

Financial Position: The abridged audited income and expenditure statement of the Commission in Table 1.3 indicates that the total income generated by the Commission from operations increased from ₦8.467billion in 2016 to ₦10.145billion in 2017 indicating an improvement of about 20%. The increase in income largely resulted from the increase in electricity generation, higher energy sales, and improved collection which consequently increased administrative charges payable to the Commission in 2017. However, just a fraction of this income was realised due to the liquidity challenges facing the industry. With improved revenues, the total spending of the Commission increased from ₦4.299billion in 2016 to ₦5.061billion. A comparison of revenue and expenditure (excluding the outstanding liabilities) indicates a surplus cash flow of ₦1.717billion in 2017 relative to ₦0.129billion in 2016. Due to the liquidity challenges in the sector, however, the total revenue realised by the Commission fell below target and impacted negatively on the Commission's ability to discharge its statutory duties more effectively, as some regulatory activities were deferred due to paucity of funds.

Table 1.3: Commission's Revenue and Expenditure in 2017

NIGERIAN ELECTRICITY REGULATORY COMMISSION
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RESULTS AT A GLANCE

	2017 N'000	2016 N'000	% change
Income generated from operations	10,145,482	8,460,853	20
Total expenditure	(5,061,731)	(4,299,379)	18
Surplus for the year	1,716,651	128,630	1,235
Total comprehensive income for the year	1,450,354	308,625	370
Retained earnings	2,098,678	1,357,501	55
Total reserves	16,014,313	14,563,959	10
	Number	Number	
Number of employees (number)	171	166	3

PART 2: CORPORATE ACTIVITIES OF THE COMMISSION

2.1. The Commission

2.1.1. Principal Objects of the Commission

The Nigerian Electricity Regulatory Commission ("the Commission") was established pursuant to the Electric Power Sector Reform Act (2004) and was officially inaugurated on October 31, 2005. The Commission was established as an independent watchdog and regulatory body to drive the power sector reform by ensuring fairness, transparency and a level playing field for all investors. The principal objects of the Commission outlined under section 32 (1) of the EPSR Act are listed below

- to create, promote, and preserve efficient industry and market structures, and ensure the optimal utilisation of resources for the provision of electricity services;
- to maximise access to electricity services, by promoting and facilitating consumer connections to distribution systems in both rural and urban areas;
- to ensure that an adequate supply of electricity is available to consumers;
- to ensure that the prices charged by licensees are fair to consumers and are sufficient to allow the licensees to finance their activities and to allow for reasonable earnings for efficient operation
- to ensure the safety, security, reliability, and quality of service in the production and delivery of electricity to consumers;
- to ensure that regulation is fair and balanced for licensees, consumers, investors, and other stakeholders and;
- to present quarterly reports to the President and National Assembly on its activities.

Furtherance to the objective highlighted above, the Commission performs the following functions outlined in Section 32 (2) of the EPSR Act as follows:

- promote competition and private sector participation, when and where feasible;

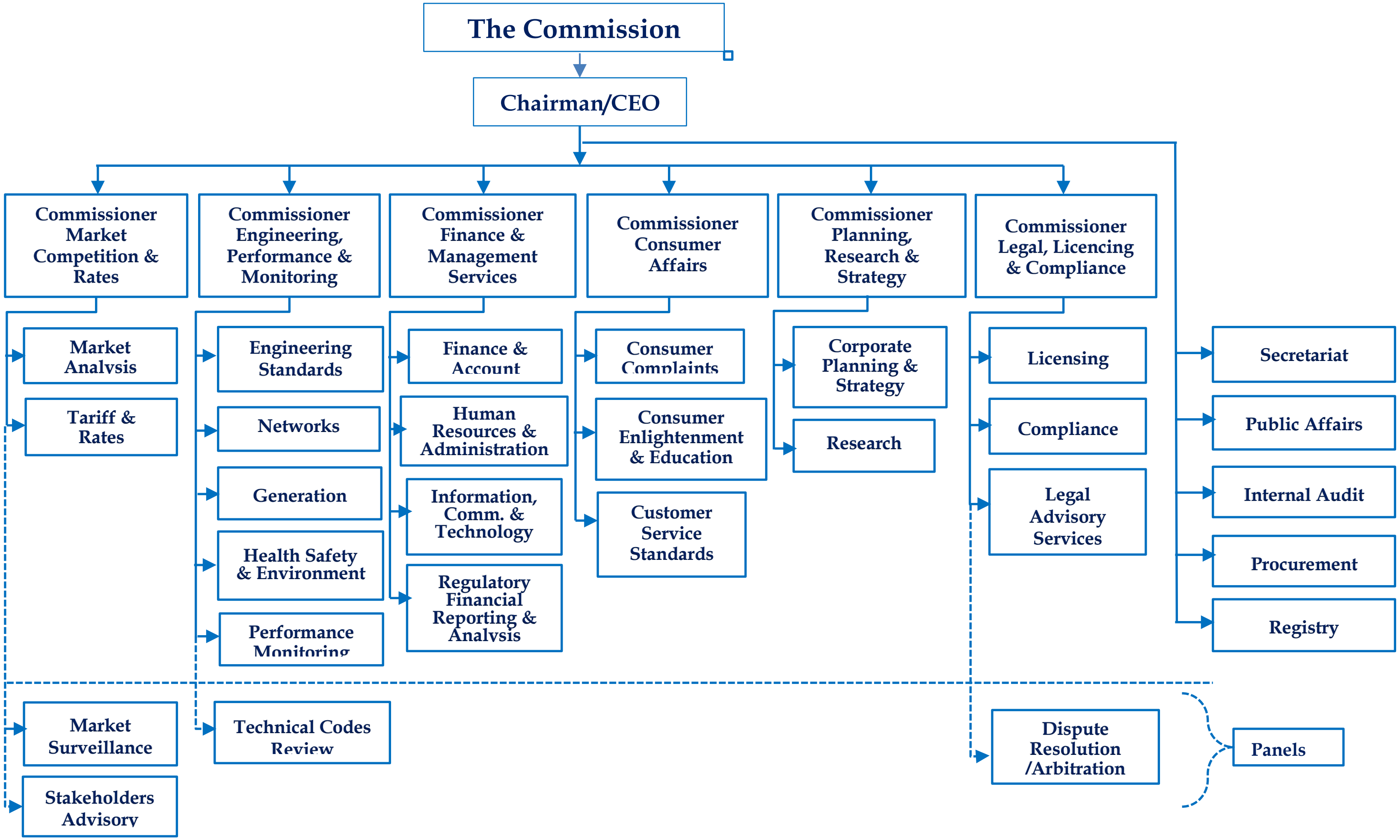
- establish or, as the case may be, approve appropriate operating codes and safety, security, reliability, and quality standards;
- establish appropriate consumer rights and obligations regarding the provision and use of electricity services;
- license and regulate persons engaged in the generation, transmission, system operation, distribution, and trading of electricity;
- approve amendments to the market rules;
- monitor the operation of the electricity market; and
- undertake such other activities, which are necessary or convenient for the better carrying out of or giving effect to the objects of the Commission.

Since inception, the Commission has continued to position itself to give robust regulatory intervention as the sector transit from a state-owned monopoly to a more competitive market structure. In this regard, a number of independent power producers have been licensed and permitted to operate alongside privatised successor companies.

2.1.2. Structure of the Commission

Sequel to the resumption of the new set of Commissioners on February 7, 2017, the structure of the Commission has been redesigned to empower staff to deliver on their responsibilities and ensure the Commission meets its mandate to appropriately regulate the industry. Furthermore, the current structure seeks to allow adequate flow of responsibility and authority along functional lines and staffing with professionally qualified staff that have the requisite skills and experience to carry out their functions appropriately. The current structure of the Commission represented in Figure 2.1 is made up of seven (7) divisions which are sub-divided into twenty-four (24) units.

Figure 2.1: Organisational Structure of the Commission as at 31st December 2017



1. Office of the Chairman/CEO: This Division is made of five (5) units that provide overall governance and coordination of the Commission's activities. These Units are the Secretariat, Public Affairs, Internal Audit, Procurement, and Registry.

2. Engineering Performance and Monitoring: This Division is tasked with developing and monitoring of compliance with technical codes and standards by all operators. In addition, they are involved in the technical evaluation of all licence applications submitted to the Commission.

3. Legal, Licensing and Compliance: This Division is responsible for coordinating licensing. It provides legal support and advisory services to the Commission and is in charge of Hearings, resolution of disputes through alternative dispute resolution mechanisms, and the enforcement of all Commission's Orders and decisions.

4. Market Competition and Rates: This Division is responsible for the determination of end-user tariffs. It also monitors the electricity market in order to prevent abuse of market power and conducts commercial evaluations of all licence applications.

5. Consumer Affairs: This Division has the responsibility of developing consumer regulation and ensuring that operators meet the minimum standards of services provided in the Regulations. Moreover, it is responsible for consumer enlightenment programmes, has the mandate of ensuring the speedy resolution of consumer disputes, and responsible for the management of Forum Offices.

6. Planning, Research and Strategy: This Division is responsible for collating and analysing industry data to help the Commission make informed decisions. It is also responsible for the overall planning and strategy of the Commission and monitors the status and emerging trends in the electricity industry. This is with a view to developing and updating regulatory regimes and policies that would increase and promote investments and access to electricity. The Division also prepares the Commission's quarterly and annual reports and provides the Commission with the required database and policy instrument to carry out its various activities.

7. Finance and Management Services: This Division provides support services to the Commission in critical areas that include human capital development, asset administration, finance and accounts, and information technology. Furthermore, it is responsible for the analysis of the financial position of the licensees.

2.2. Strategic Plan and Performance Monitoring

Putting performance measurement systems in place is an important way to monitor the progress of an institution such as NERC. Apart from giving vital information about what is happening now, it provides the starting point for a system of target-setting that will encourage strategies for achieving such targets and other activities. To this end, the Commission put in place a strategic plan that covers the 2017-2020 planning horizon. The plan provides for the realisation of ten (10) critical goals with effective performance monitoring systems while ensuring a fair and firm regulatory environment devoid of inconsistencies.

The Commission's performance with regard to achieving the ten (10) critical goals has been progressive during 2017. Specifically, the goal of Metering for all customers by 2020 progressed apace with DisCos continuing to comply with guidelines of the Commission on Customer Enumeration to identify the metering gap. On its part, the Commission after wide industry and public consultation developed Meter Asset Provider (MAP) regulations to address metering gaps in the industry. The Meter Asset Provider (MAP) regulations provide a framework where independent third parties can participate in metering business under a commercially viable and bankable arrangement.

Further to the minister's policy directive pursuant to section (27) of the EPSR Act and extensive consultations, the Commission issued Eligible Customer (EC) regulations. The regulations provide for direct sales of electricity by GenCos to a certain class of electricity consumers on a bilateral arrangement. The regulations are expected to address the twin and related goals of achieving *Sustained growth in availability and quality of supply* as well as the *Enhancement of the nation's security of supply for electricity*. Details on MAP and EC and other regulations that the Commission is working on to achieving its strategic plan 2017-2020 are presented in Section four (4) of this report.

2.3. Staff Composition

With the appointment of commissioners by the President in the year under review, the manpower levels of the Commission as at 31st December 2017 stood at 171 consisting of six (6) Commissioners, 22 Management Staff, 119 Non-Management staff and 24 Junior staff. The staff, which collectively have been able to discharge the needed regulatory duties, are made up of experienced professionals from diverse discipline ranging from Engineering, Legal, Economics, Accounting and Finance, among others. The distributions of staff by Divisions, Cadre, Gender, Positions and Age are presented below.

- ***Distribution by Division:*** Following the restructuring of the Commission's Divisions, the distribution of staff across the divisions are presented in Table 2.1. The Finance and Management Services Division, due to the nature of its activities and the number of units it consists, has the highest number of staff followed by the Consumer Affairs Division. The Market Competition and Rates division has the lowest number of staff.

Table 2.1: Distribution of NERC's Staff by Divisions

S/N	Divisions	Number of staff	Percentage (%)
1	Chairman's office	27	16.4
2	Finance & Management Services	47	28.5
3	Market, Competition & Rates	8	4.8
4	Consumer Affairs (including Forum Offices)	42	25.5
5	Legal Licensing & Compliance	12	7.3
6	Engineering, Performance & Monitoring	15	9.1
7	Planning, Research & Strategy	14	8.5
	Total	**165**	**100**

Notes of the table:
The staff's distribution highlighted excludes the 6 Commissioners and their 6 Aides.

- ***Distribution by Cadre:*** As shown in Table 2.2, the Commission appears to be top-heavy with Management (General, Deputy and Assistant General Manager) and Senior Staff cadres (Principal Manager, Senior Manager and Manager) accounting for a combined share of 44% of the Commission's workforce. On the contrary, there is less concentration of staff in the middle and bottom cadres consisting of Manager and Assistant Manager (30%), and Analyst I – III (~12%).

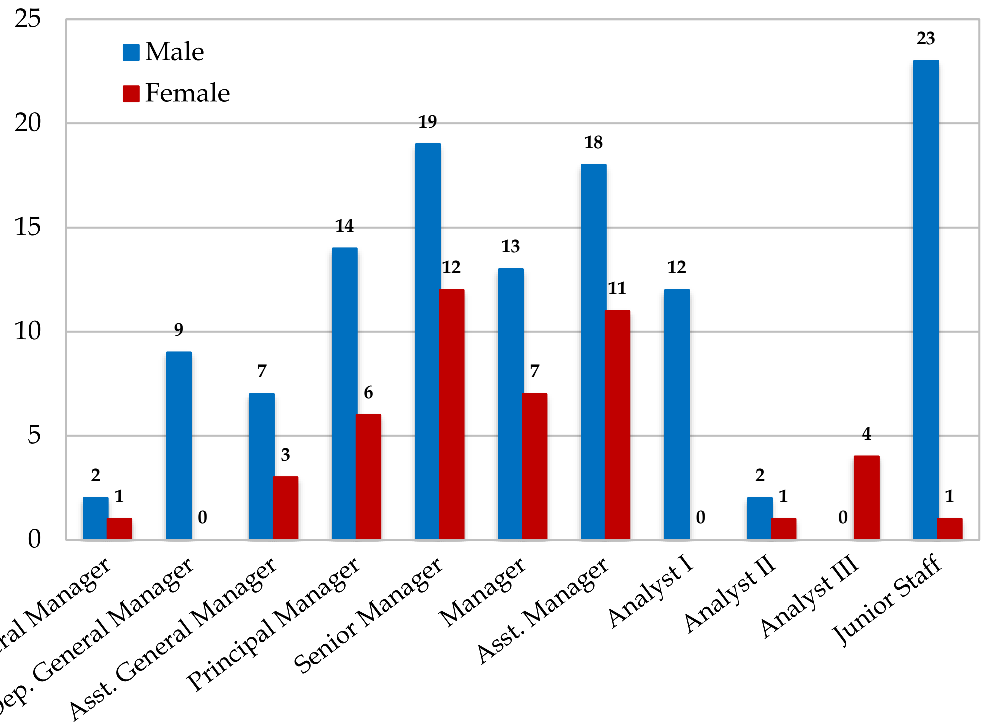
Table 2.2: Distribution of NERC's Staff by Cadre

S/N	Position	Number of Staff	Cadre	Percentage share
1	General Manager	3	Management	13%
2	Deputy General Manager	9		
3	Assistant General Manager	10		
4	Principal Manager	20	Senior Staff	31%
5	Senior Manager	31		
6	Manager	20	Mid-Level	30%
7	Assistant Manager	29		
8	Analyst I	12	Lower-Level	11.5%
9	Analyst II	3		
10	Analyst III	4		
11	Junior Staff	24	Non-professional	14.5%
	Total	**165**		**100**

Notes of the table:
The staff's distribution highlighted excludes the 6 Commissioners and their 6 Aides.

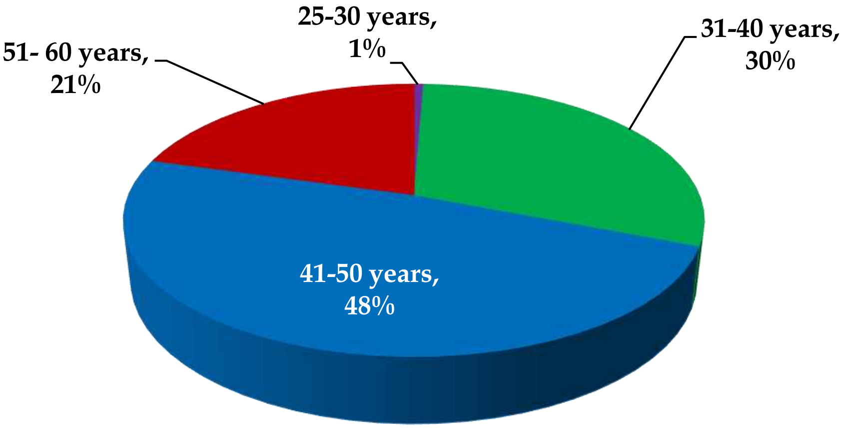
However, there are fair gender representations across the cadres as represented in Figure 2.3, the exception being the Junior staff position which is mainly for drivers. Excluding the Junior staff (i.e. the drivers), 32% and 68% of the Commission's workforce are female and male respectively. The Commission is committed to continuing to inspire female participation.

Figure 2.3: Distributions of NERC's Staff by Cadre & Gender as at Dec. 2017



The review of the age group of the staff represented in Figure 2.4 indicates that the Commission has only one (1) staff below the age of 30 years and more than 69% of the staff is above 40years with at least fifty-one (51) of them to retire within the next 10years. The Commission is committed to a succession plan anytime it decides to conduct recruitment exercise.

Figure 2.4: Age Distribution of NERC's Staff in 2017



2.4. Capacity Development

The Commission takes training and development of its staff seriously as the quality of personnel impacts significantly on its operation and success. To this end, the Commission has entrenched a staff capacity building culture that empowers its staff carry out its mandates. During the year 2017, the Commission sponsored some members of staff to attend trainings relevant to the core activities of the Commission. The training focused on Energy Regulation, Managing Power Sector Reform and Regulation, the Application of Uniform System of Accounting (USoA) to Utility Regulation, Utility Regulation and Strategy, and the Strategic Management of Regulation and Enforcement. Table 2.3 presents the details of the trainings attended by staff of the Commission during the year under review.

Table 2.3: Staff Training and Development in 2017

S/N	Training
1	Strategic Management of Regulation and Enforcement
2	Application of Uniform System of Account (USoA) to Utility Regulation
3	Advanced Facility Management
4	Managing Power Sector Reform and Regulation
5	Introduction to Energy Regulation

In addition to the above, the Commission organised a number of in-house trainings and workshops for staff development. Members of staff of the Commission were also sponsored to attend annual conferences of their different professional bodies, including but not limited to the Nigerian Institute of Management (NIM), Institute of Certified Chartered Accountant of Nigeria (ICAN), Association of National Accountants of Nigeria (ANAN), Nigerian Society of Engineers (NSE) and Nigerian Bar Association (NBA). A robust training plan for the year 2018 has also been mapped out based on the identified skill gaps of the Commission.

2.5. Promotion and Exit

The Commission acknowledges that promotions help to boost morale and enhance the performance of staff. However, due to paucity of funds in the year under review, the Commission deferred the promotion exercises for the eligible staff to 2018. Three (3) members of staff left the Commission. One (1) of the members of staff retired based on the attainment of the 60 years mandatory retirement age for public officers while two (2) other staff left to further their career in other organisations.

2.6. Reporting Obligations

2.6.1. Quarterly Reports

Section 55(3) of the Electric Power Sector Reform Act mandates the Commission to submit quarterly reports on the performance of the electricity industry and the Commission's activities to both the President and the National Assembly. To this end, the Planning, Research and Strategy (PRS) division of the Commission is saddled with the responsibility of preparing the reports using the industry data and input from other divisions. Specifically, the reports contain the analyses of the state of the Nigerian electricity industry (covering both the operational and commercial performance), regulatory functions, consumer affairs, the Commission's finances and staff development during a given quarter. In compliance with the afore-mentioned section of the EPSR Act, the Commission has submitted its quarterly reports for 2017 to the President and the National Assembly.

2.6.2. Financial Reports

The Commission's financial report for the year ended 31st December 2017 is prepared in compliance with Section 55(1) of EPSR Act which mandates the commission that proper accounts and other records relating to its financial statement are kept in respect of all the Commission's activities, funds and property, including such particular accounts and records as the Minister may require. And in compliance with Section 56(3) of EPSR Act which mandates an appointed auditor within six (6) months after the end of each financial year for the purposing of auditing the account of the Commission, Deloitte and Touche Ltd was appointed to audit the account of the Commission for the 2017 financial year. The details of audited financial statements of the Commission for the year ended 31 December 2017 prepared by the firm are presented in part 6 of this report.

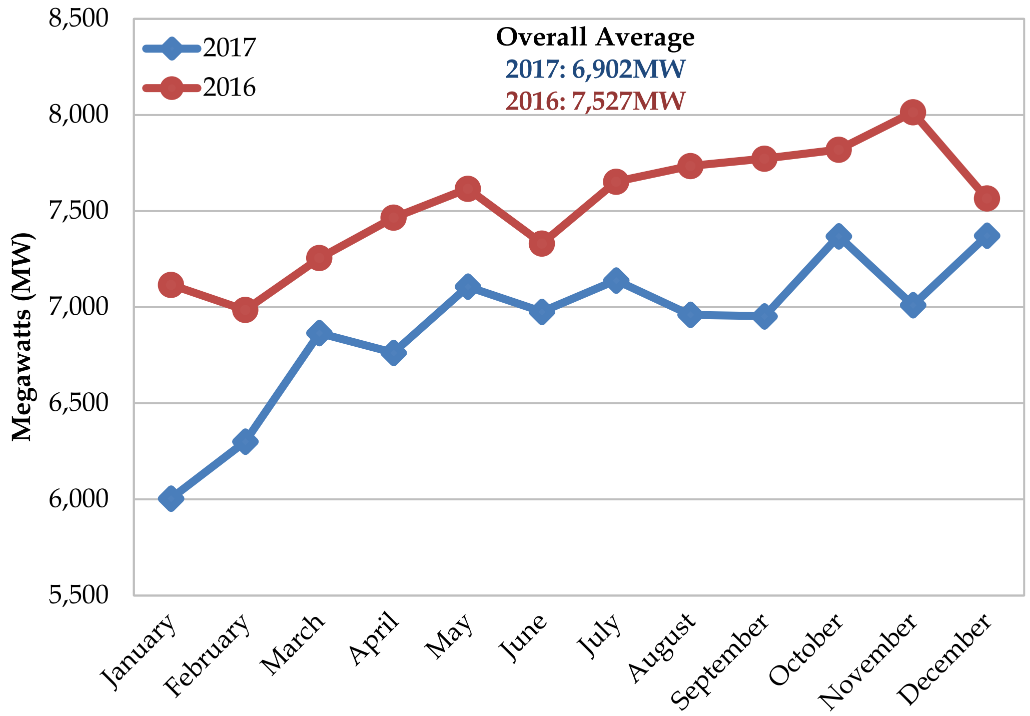
PART 3: STATE OF THE NIGERIAN ELECTRICITY SUPPLY INDUSTRY

3.1. Operational Performance

3.1.1. Electricity Generation

In line with the mandate derived from the Electric Power Sector Reform (EPSR) Act, the Commission, on a continuous basis, monitors the operational and commercial performance of the industry. During the year under review, the average monthly available generation capacity grew by approximately 23% from 6,006MW in January to 7,373MW in December 2017. Figure 3.1 shows the summary statistics of the average monthly available capacity (MW) for the years 2017 and 2016. On year on year basis, the average available capacity decreased from 7,527MW in 2016 to 6,902MW in 2017. The decrease in available capacity is attributable to the decrease in the number of available generation units in 2017 relative to the year 2016. On average, while 79 plant generation units were available in the year 2016, 74 generation units were available during the year 2017.

Figure 3.1: Average Monthly Available Capacity in 2017 and 2016



Despite the decrease in the available capacity, however, there was a significant increase in the electricity generated in 2017 relative to 2016. The industry highest peak daily generation of 5,222MW for the year 2017 was recorded on the 18th day of

December. Figure 3.2 presents summary statistics on the average electricity generation (MW) in 2016 and 2017. The total electric energy generated in the year 2017 rose by 10.2% from 28,768,741MWh recorded in the year 2016. The increase in electric energy generated indicates an increased utilisation of the available capacity, as shown in Figure 3.3 below. The utilisation of the available capacity in 2016 was largely constrained by insufficient gas supply due largely to vandalism of gas pipelines in the Niger-Delta.

Figure 3.2: Average Monthly Generation (MW) in 2017 and 2016

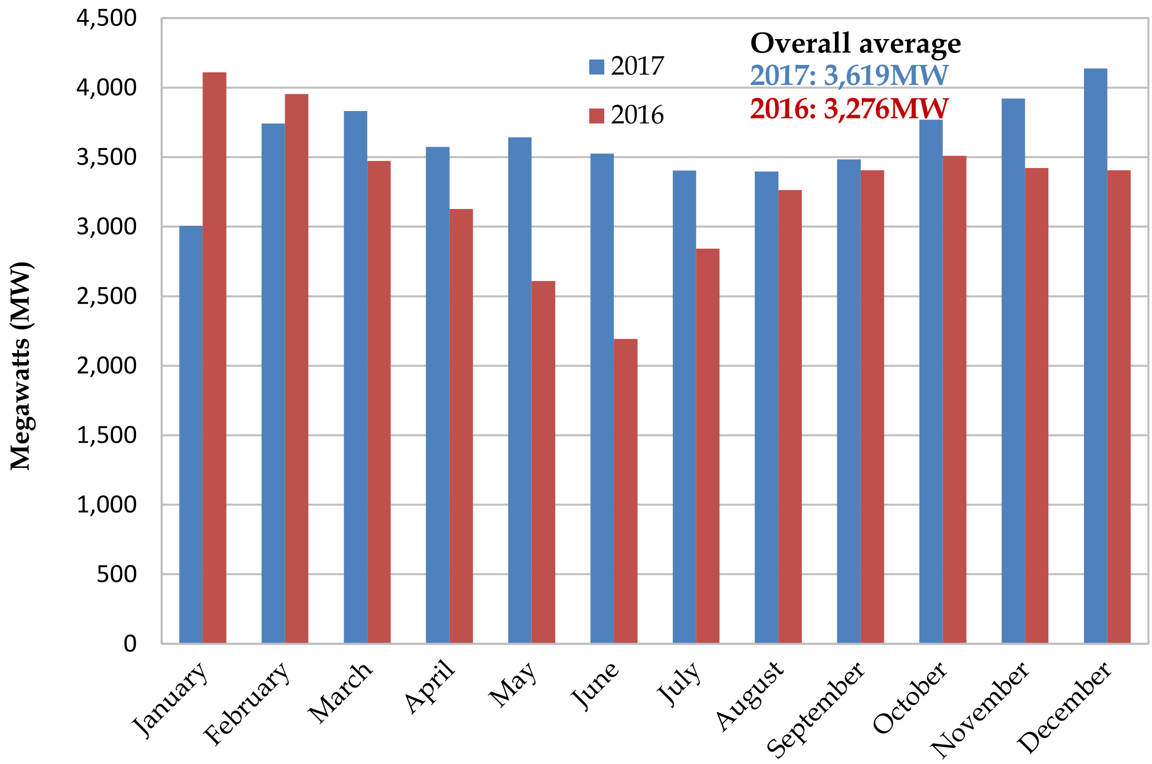
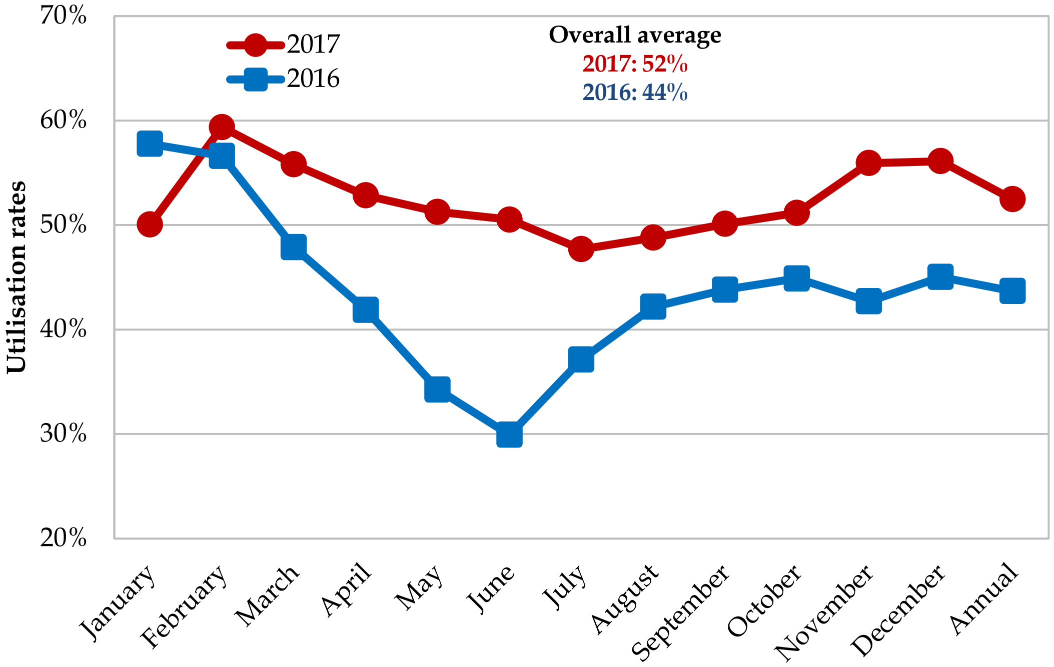


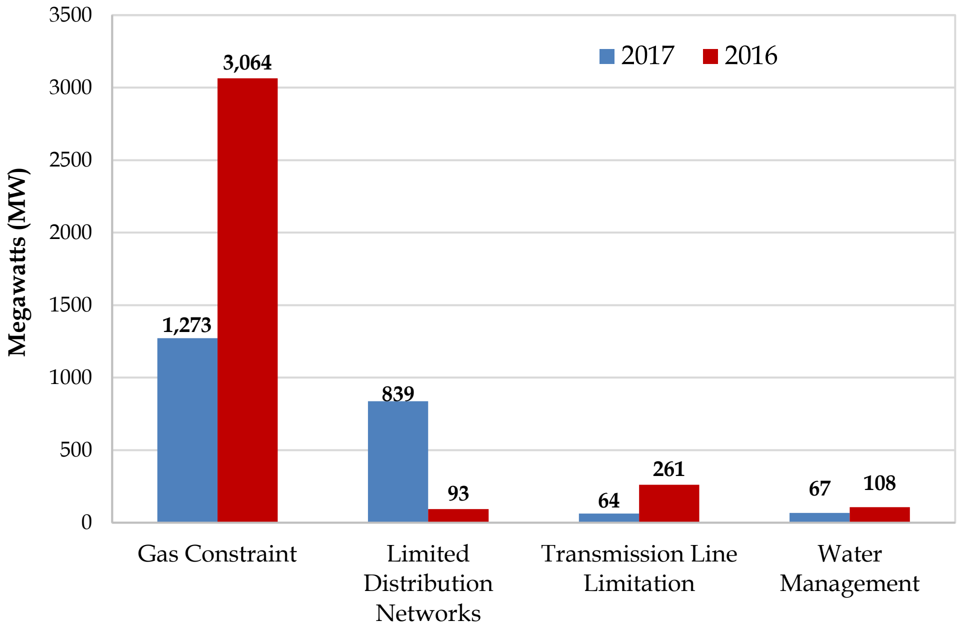
Figure 3.3 shows the average capacity utilisation rates in 2016 and 2017. The average utilisation rate of available capacity in the year 2017 stood at 52% compared to 44% recorded in 2016. Despite the significant improvement in capacity utilisation rate, however, approximately 48% of the available capacity during the year 2017 was redundant owing to a combination of factors including inadequate gas supply, limited transmission line, water management at hydropower stations and limited distribution networks affecting the ability of DisCos to wheel out energy to the consumer.

Figure 3.3: Average Capacity Utilisation Rates in 2017 and 2016



Relative to 2016, gas supply, transmission line and water management constraints improved during the year 2017. As indicated in Figure 3.4, the stranded generation capacity due to gas supply constraint declined to 1,273MW in 2017 from 3,064MW in 2016. Nonetheless, relative to other factors, gas constraint still accounted for the largest share of the stranded electricity generation capacity in 2017.

Figure 3.4: Average Daily Stranded Capacity by Type of Constraint



Resolving both the technical and operational challenges in electricity generation remains as a top priority for the Commission. While continuing to monitor the implementation of the payment assurance facility for power generators to resolve the issue related to insufficient gas supply, the Commission is also finalising plans to implement a number of actionable items identified in its 2017-2020 Strategic Plan towards addressing constraints related to transmission limitation and distribution networks. The planned strategy includes a thorough technical assessment of DisCos' utilisation of its capital expenditure allowances for relevance and cost efficiency, evaluation of the investments required by TCN and DisCos at all TCN/DisCos interface points and a tariff review in order to stimulate investments in network infrastructure and ensure customer get value for money.

3.1.2. Availability Factor and Average Generation of Power Plants

The availability factor, defined as the number of hours that a power plant is able to produce electricity over a certain period relative to the number of hours in the period under consideration, recorded an increase of 6 percent points by December 2017 from the 64.9% recorded in January 2017. Similarly, generation plants were available 70% of the time in the last quarter of 2017 compared to 65.3% recorded in the first quarter of 2017, indicating a slight increase in the proportion of time that a typical plant operated during the year 2017.

As represented in Figure 3.5, among the power plants in operation in the year 2017, three (3) of them namely Paras Energy, Olorunsogo, Omotosho and Calabar NIPP (Odukpani) power plants recorded the highest average availability factor of 100%. Due to several factors, however, AFAM I-IV power plant recorded availability factors of 15% while two (2) power plants (i.e., AES and ASCO) were not available during the year under review. Specifically, AES had been short down since 2016 due to several issues including high differential pressure at air inlet, thus was not in operation during the year 2017. Similarly, ASCO units were out of operation for most of the period under review on various issues including low gas pressure, leakages in the furnace, and operational maintenance.

Figure 3.5: Average Plant Availability Factor (%) in 2017

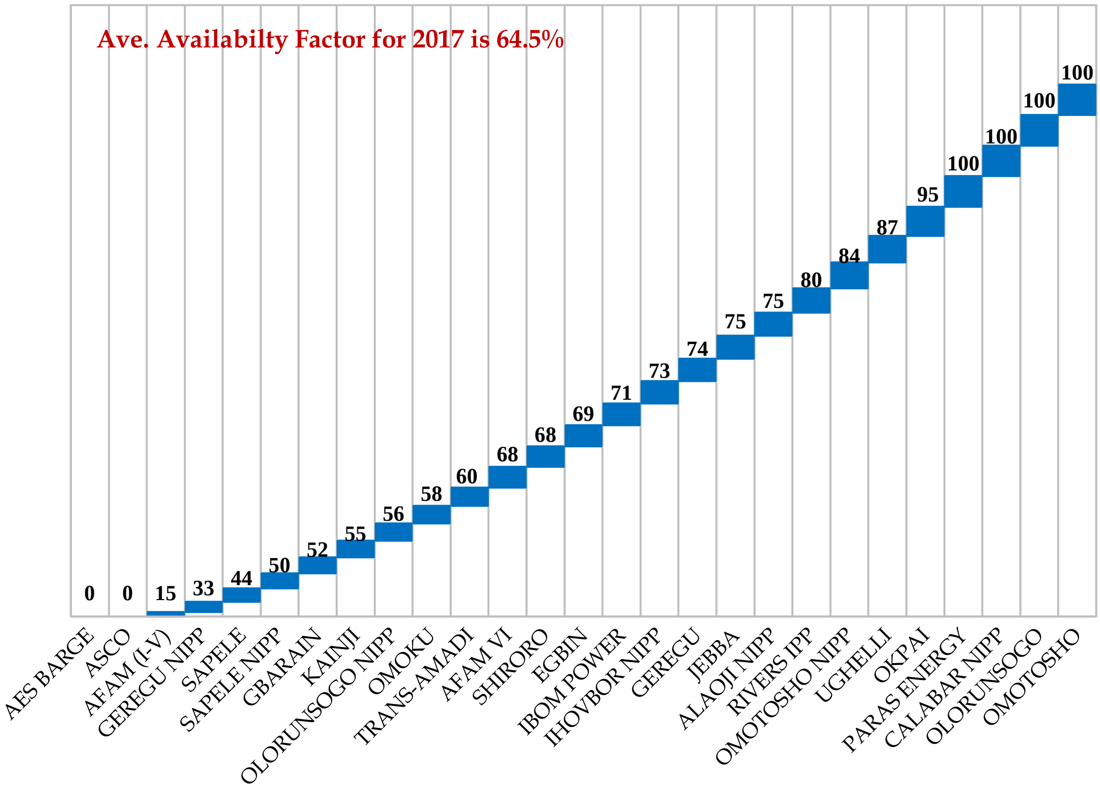
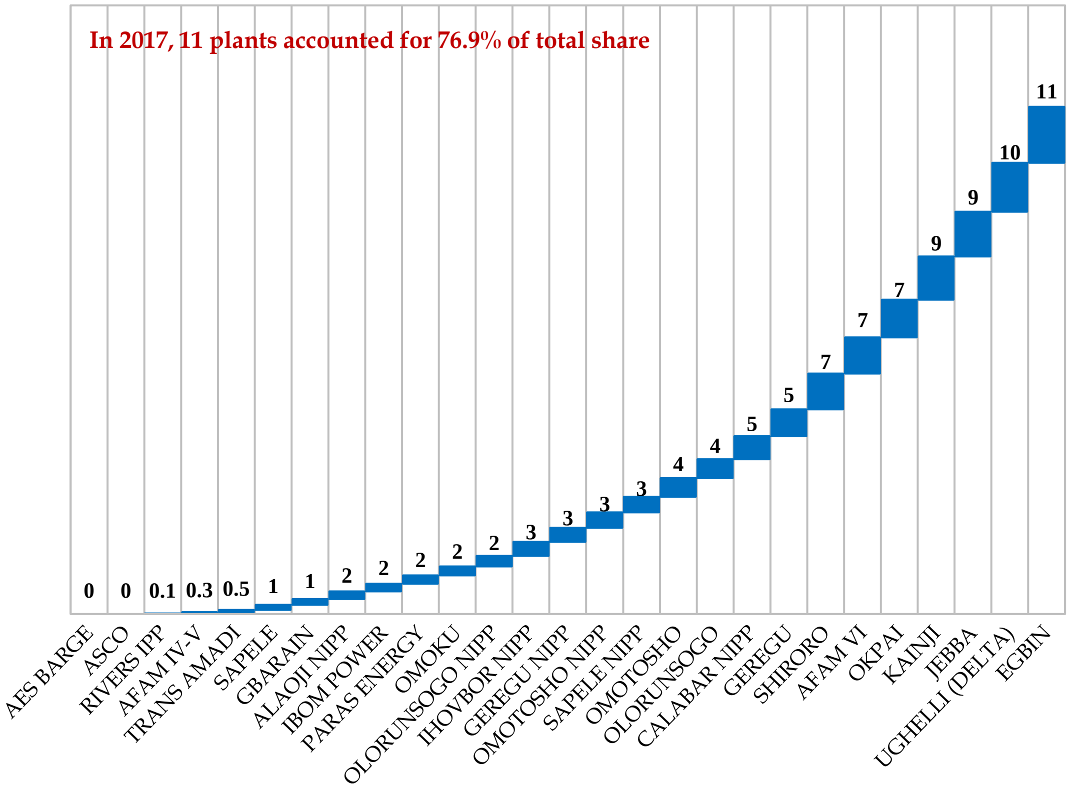


Figure 3.6 presents the relative contribution of an individual power plant to the total energy output for the year 2017. Since AES and ASCO power plants were not available, both plants stations did not produce energy during the year 2017. Nine (9) of the twenty-seven (27) power plants accounted for 70% of the total energy generated during the year. This suggests that the industry may be vulnerable to the risk of electricity supply as the reliability of the grid depends on the performance of the nine (9) plants. Specifically, the (over)reliance of the grid on the energy supplied from just nine (9) power plants may pose a risk to the industry because downtime in any of them may result in grid instability if there are no adequate proactive measures such as adequate spinning reserves. In order to mitigate the risk of grid instability that may arise from inadequate generation from any of the nine major plants, the Commission is currently evaluating the adequacy of the already procured ancillary services (e.g., spinning reserves) by TCN. Similarly, the Commission has granted approval to TCN to competitively procure spinning reserves in order to ensure effective management of the grid by the System Operator.

Figure 3.6: Average Share (%) of Generation Output by Plants in 2017

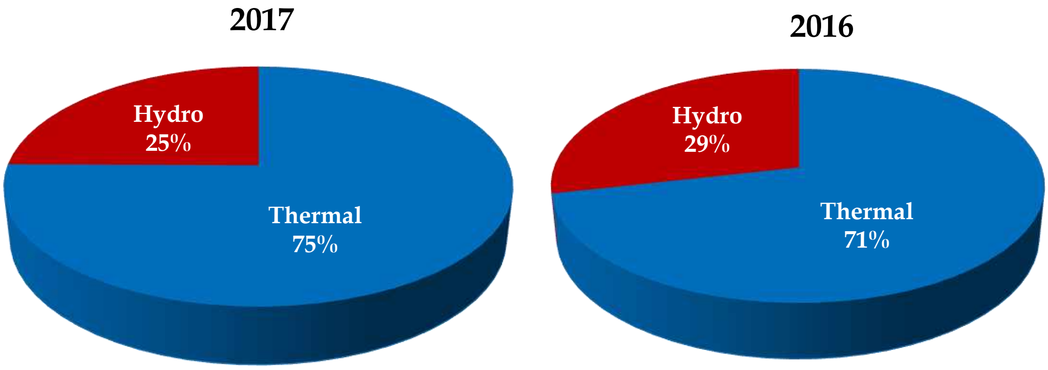


3.1.3. Generation Mix

The shares of electricity generation by sources of fuel for the year 2017 as compared to the year 2016 are represented in Figure 3.7. As expected, gas-fired plants dominated the electricity generation mix, accounting for 75% of the energy generated in 2017 – an increment of 5.6% (i.e., 4 percentage points) from the 71% recorded in 2016. This implies that about 7.5kWh of every 10kWh of electricity generated in Nigeria during the year 2017 comes from gas-fired plants. The recorded decline in electricity generated from hydropower plants between the year 2016 and 2017 is attributed to both increased energy output from gas and decreased in generation from hydro due to seasonal factor – a relative decrease in rainfall. Whereas the electric energy output from gas rose by 15% between 2016 and 2017, the total output from hydro declined by 5%. The Commission note with concern the security of supply implication of over-dependence on gas-fired plants as acts of vandalism of gas pipelines could result in serious grid instability, as witnessed in 2016.

To increase generation fuel mix, the Commission has developed a strategic plan to work with other key stakeholders in NESI to unfold regulatory and policy interventions for the actualisation of improved energy mix through coal–to–power generation and on-grid renewables.

Figure 3.7: Share of Output (%) Generated by Fuel Sources



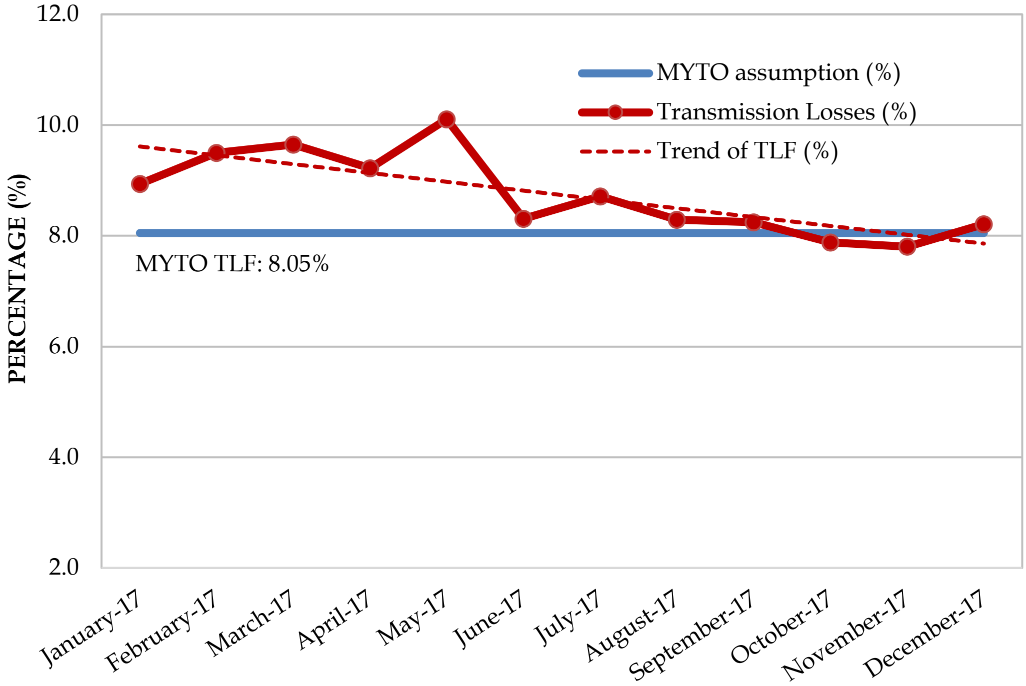
3.1.4. Grid Performance

To assess the grid performance of the Nigerian Electricity Supply Industry, the Commission focuses on four key performance indicators (KPIs) that relate to power transmission. These include the transmission loss factor, incidence of system collapse, the performance of grid frequency and voltage fluctuation.

- **Transmission Loss Factor**

During the year 2017, there was a noticeable improvement in the transmission loss factor (TLF). TLF is measured as the proportion of the difference between the total energy sent out by power stations and energy received by DisCos (adjusting for energy exports) relative to the total energy sent out. The transmission loss factor maintained a downward trend in 2017. As shown in Figure 3.8, the transmission loss factor which was 8.94% in January 2017 had reduced to 8.21% by December 2017. Moreover, the TLF during the fourth quarter (October-December) of the year under review stood at 7.96% (less than the 8.05% industry (MYTO) acceptable loss factor), indicating a significant improvement in the transmission network. This compares favourably to the first, second and third quarters grid performance where the transmission loss factors were 9.36%, 9.21% and 8.42% respectively. The remarkable reduction in the transmission losses is attributed to improved efficiency in transmission network arising from increased investments in network reinforcement and expansion by TCN.

Figure 3.8: Transmission Loss Factor in 2017

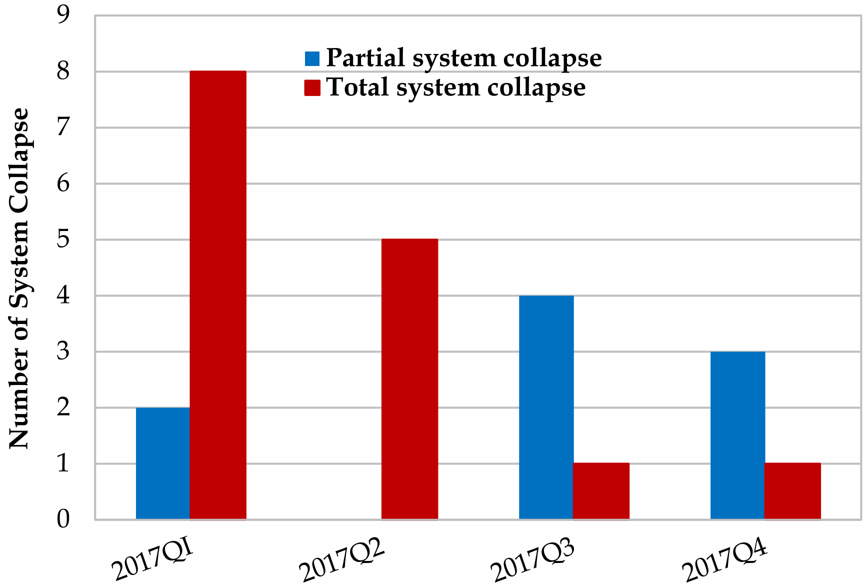


- ### System Collapse

There was a noticeable improvement in the stability of the grid network during 2017. The total system collapse (i.e., total blackout nation-wide) decreased from twenty-two (22) in 2016 to fifteen (15) in 2017. The summary statistics on the incidences of system collapse experienced during the year 2017 is represented in Figure 3.9. The industry recorded fifteen (15) total system collapse (i.e., total blackout nation-wide) and nine (9) partial system collapse (i.e., failure of a section of the grid) during 2017. There was a relative improvement in the grid performance in 2017. Three (3) partial and one (1) total system collapse were recorded in 2017/Q4 compared to 2017/Q1 of the same year where two (2) partial and (8) total system collapses were experienced.

The improvement in the grid stability achieved in 2017 is attributed to the Commission's and TCN's commitment to ensuring stable electricity supply. This is done through tighter enforcement and adherence to the provisions of the grid code which mandates free governor control at grid-connected power plants. To sustain the improvement in grid stability recorded in the subsequent year and beyond, the Commission shall intensify its monitoring and supervision efforts to ensure total compliance to extant industry rules.

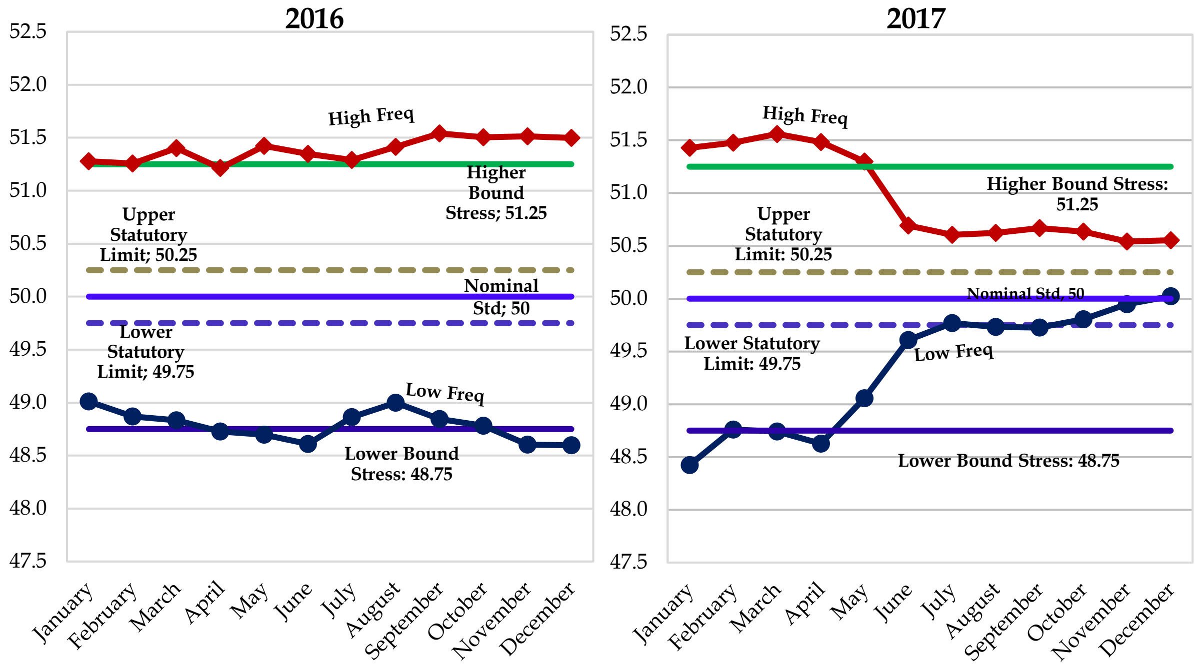
Figure 3.9: Total and Partial System Collapses in 2017



- **Grid Frequency and Voltage**

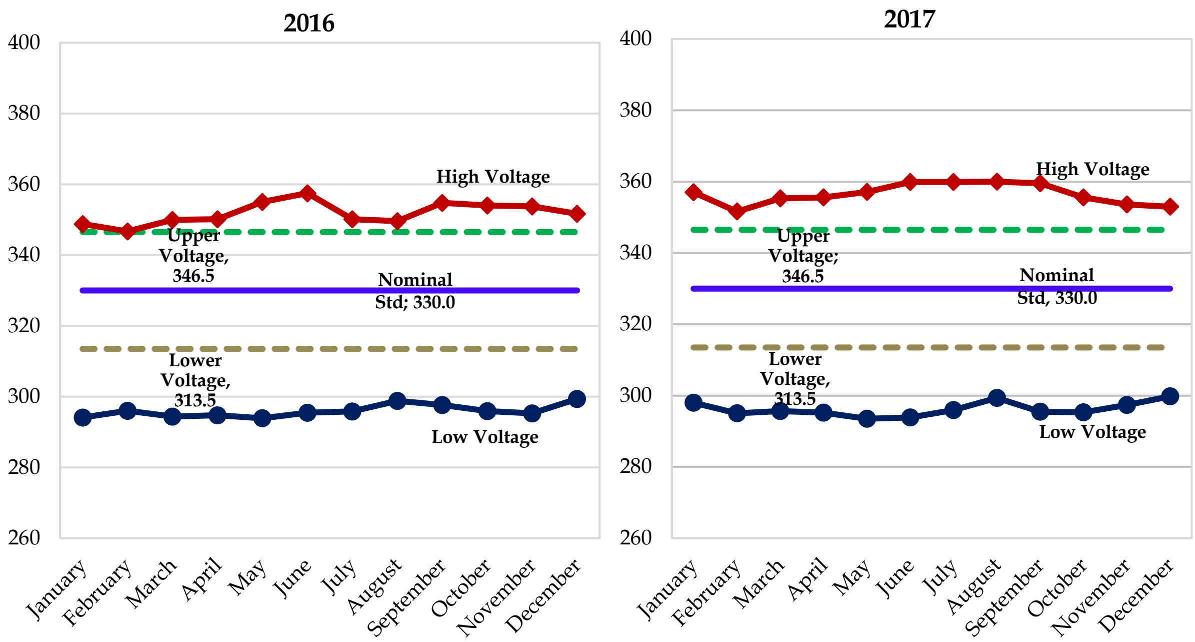
Based on the provisions of the Grid Code, the system frequency, under normal circumstances, is expected to be between a lower limit of 49.75Hz and an upper limit of 50.25Hz. The Grid Code, however, provides for grid frequency to operate between 48.75 – 49.75Hz (lower stress boundary) and 50.25Hz – 51.25 (upper-stress boundaries) when the grid is stressed. A review of the system frequency pattern of the Nigerian electricity supply industry in 2016 and 2017 is represented in Figure 3.10. The system frequency (low and the high) was considerably and consistently outside the normal statutory limits in 2016. In contrast, there were noticeable improvements in the stability of frequency in 2017 as the actual system (low and the high) frequency converged to the statutory levels. Notwithstanding the progress achieved in 2017, the Commission is committed to providing the necessary regulatory interventions to ensure that the system frequency is kept within the statutory limits.

Figure 3.10: Average Monthly System Frequency (in Hz) in 2017 and 2016



Similar to the frequency pattern, the industry Grid Code allows for voltage fluctuation between a lower boundary of 313.5kV and an upper boundary of 346.5kV. A review of the system voltage in the year 2016 and 2017 is represented in Figure 3.11. It is evident that the system voltage was recurrently outside the normal statutory boundaries during the year 2016 and 2017.

Figure 3.11: System Voltage (in KV) in 2017 and 2016



Frequency fluctuation and other harmonic distortion will result in poor power quality that could damage sensitive industrial machinery and equipment that are connected at a high voltage level. To minimise the frequency fluctuation, the Commission is working with TCN and other relevant stakeholders to ensure that system voltage and frequencies operate within the statutory limits in order to ensure safe and reliable electricity supply.

3.2. Commercial Performance

3.2.1. Energy Received and MYTO Load Allocation

The amount of energy received by the distribution companies (DisCos) at their trading points increased in the year 2017. Specifically, the energy received by DisCos in 2017 increased by 6.9% from the 23,377GWh recorded in the year 2016. This increase is a reflection of the increase in the total electric energy generated in 2017 as compared to 2016. Table 3.1 presents the amount of energy received and billed by DisCos during the year 2016 and 2017. Of the 25,377GWh total energy received by DisCos in 2017, 19,432GWh (77%) was billed to the end-users, implying technical losses of approximately 23%. Although this is an improvement from the 18,895GWh energy billed in the year 2016, the billing efficiency declined by 3 percentage points in 2017 standing at 77% relative to the 80% recorded in 2016.

Table 3.1: Annual Energy Received and Billed by DisCos

DisCos	Total Energy Received (GWh)		Total Energy Billed (GWh)		Billing Efficiency (%)	
	2017	2016	2017	2016	2017	2016
Abuja	3,329	3,120	2,686	2,515	81	81
Benin	2,285	2,129	1,807	1,790	79	84
Eko	2,951	2,401	2,520	2,154	85	90
Enugu	2,338	2,620	1,664	1,699	71	65
Ibadan	3,335	2,862	2,394	2,295	72	80
Ikeja	3,257	3,180	2,482	2,539	76	80
Jos	1,319	1,268	945	912	72	72
Kaduna	1,995	2,008	1,415	1,470	71	73
Kano	1,748	1,471	1,425	1,194	82	81
Port Harcourt	2,020	2,060	1,545	1,878	76	91
Yola	801	623	551	449	69	72
DisCo Average	**2,307**	**2,158**	**1,767**	**1,718**	**76**	**79**
All DisCos	**25,377**	**23,742**	**19,432**	**18,895**	**77**	**80**

Note: DisCos are the electricity distribution companies

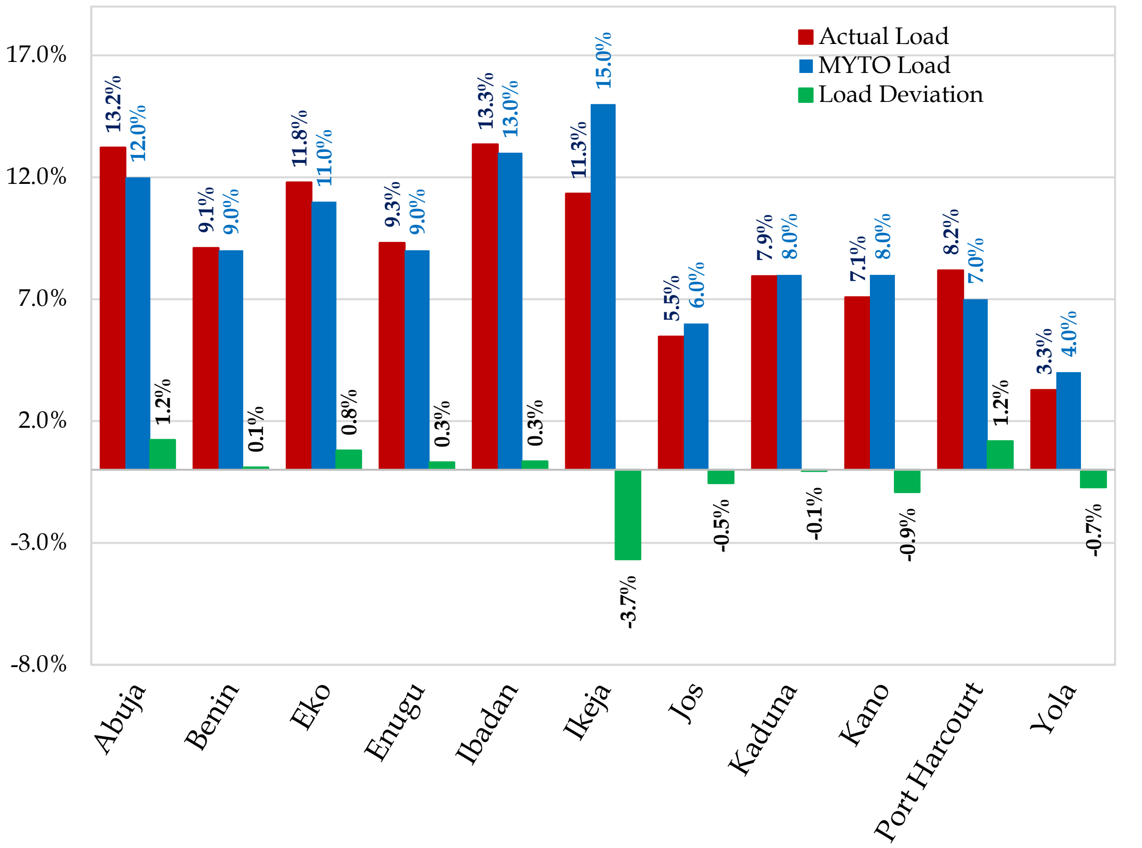
With the decline in billing efficiency in 2017, the Commission note with concern the continuous deterioration in distribution networks and its consequent effect of high technical losses. The level of billing efficiency recorded in 2017 shows that for every 10kWh of energy received by DisCos from the Transmission System Provider (TSP), approximately 2.3kWh are lost due to technical constraint and energy theft. In other words, for every ₦10 worth of electricity received by all DisCos, ₦2.30 is lost due to poor distribution infrastructure.

The performance of the DisCos reported in Table 3.1 shows that Eko DisCo had the highest billing efficiency of 85% in 2017 while Yola DisCo recorded the lowest billing efficiency of 69%. Based on relative improvement from the year 2016, Enugu has the highest improvement in billing efficiency, moving from 65% in 2016 to 71% in 2017, followed by Kano DisCo which had 1 percent point improvement in billing efficiency in the same period. Other DisCos, excluding Abuja and Jos, recorded a relative decline in their billing efficiency.

Pursuant to the commitment of the Commission to address technical inefficiency, a capital expenditure review process is being proposed whereby DisCos' investments would be thoroughly reviewed and optimised for prudence and relevance to achieving goals of the utility. A revenue adjustment mechanism is to be adopted where allowable returns on formerly proposed investments that were not eventually executed by DisCos will be clawed back during subsequent tariffs. This action is expected to improve the DisCos' commitment to network upgrade and subsequently reduce technical losses. To eliminate commercial losses, the Commission has already directed the DisCos to do asset mapping and tagging customer enumeration in order to identify illegal customers and bring them onto the billing platform.

The comparison of the MYTO load allocation with the share (%) of the total energy received by DisCos in 2017 is represented in Figure 3.12. Five (5) DisCos, namely Abuja, Benin, Eko, Enugu and Ibadan, received more energy than their MYTO share. On the other hand, Ikeja, Jos, Kaduna, Kano, Port Harcourt and Yola received less energy than their MYTO allocation in the same year, possibly reflecting the technical limitation of their distribution network or load rejection.

Figure 3.12: Energy Off-take by DisCos vs. MYTO Load Allocation in 2017



3.2.2. Revenue and Collection Efficiency

The total revenue collection by the eleven (11) DisCos from customers in the year 2017 stood at ₦370.5billion out of the total billing of ₦615.3billion, indicating 15.2% increase in the total collection when compared to ₦534.3 billion collected in the year 2016. The increase in revenue collection in 2017 is attributed to both the increase in energy sales due to higher generation and collection efficiency. As shown in Table 3.2, the collection efficiency for all DisCos in 2017 increased to 60% representing a 3 percent points (or 5.3%) rise in collection efficiency in 2016. Nonetheless, the data show that the collection efficiency of DisCos is still poor as just a little above the half of the revenue billed is recovered as and when due. The collection efficiency indicates that for every ₦10 billed to customers, ₦4.0 remains unrecovered as and when due. The poor collection efficiency by the DisCos has adversely impacted the financial liquidity of the industry, which in turn, has led to reduced investment in the Nigerian Electricity Supply Industry.

Table 3.2: Annual Revenue Performance of DisCos

DisCos	Total Billings (₦'Million)		Revenue Collected (₦'Million)		Collection Efficiency (%)	
	2017	2016	2017	2016	2017	2016
Abuja	86,366	71,831	56,539	46,592	65	65
Benin	62,893	51,387	35,482	26,988	56	53
Eko	75,303	62,178	59,193	45,685	79	73
Enugu	60,764	52,314	35,114	30,157	58	58
Ibadan	71,424	64,457	46,382	39,872	65	62
Ikeja	70,351	67,494	57,777	45,629	82	68
Jos	33,062	27,429	11,631	10,034	35	37
Kaduna	43,596	41,836	15,988	14,874	37	36
Kano	41,945	31,210	19,930	14,972	48	48
Port Harcourt	54,847	52,641	24,939	22,712	45	43
Yola	14,784	11,514	7,481	5,409	51	47
DisCo Average	**55,940**	**48,572**	**33,678**	**27,539**	**56**	**53**
All DisCos	**615,335**	**534,292**	**370,456**	**302,925**	**60**	**57**

In appraising individual performances, Ikeja DisCo had the highest collection efficiency of 82% followed by Eko DisCo with 79%. On the contrary, Jos DisCo recorded the lowest collection efficiency of 35%. It is noteworthy that Jos DisCo retained the same ranking in the preceding year.

On a year-on-year basis, Ikeja DisCo recorded the highest improvement in collection efficiency moving from 68% in the year 2016 to 82% in 2017. Other DisCos that recorded an improvement in their collection efficiency between the two years are Benin, Eko, Ibadan, Kaduna, Port Harcourt and Yola. Noting that a major factor contributing to low collection efficiency is customers' dissatisfaction with estimated billing which often worsens willingness to pay, the Commission commenced the development of regulation on Meter Asset Providers. This regulation aims to fast-track the roll-out of meters by potential investors under a financially viable and bankable arrangement.

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

Table 3.3 reports the Aggregate Technical, Commercial and Collection (ATC&C) losses in NESI in 2017. ATC&C is the combined index of losses due to technical, billing (commercial) and collection inefficiencies of the utilities. The average ATC&C for all the DisCos in 2017 declined by 1 percentage point (or 1.8%) from the 55% recorded in 2015 and 2016. Although the decrease in the ATC&C is an indication of marginal improvement in the performance of the DisCos, the ATC&C losses are still substantially greater than the expected industry average of 26% allowable ATC&C losses in the MYTO for the year 2017.

The high ATC&C losses reflect low investments in distribution networks aggravated by the low level of metering of end-use customers thus creating the current liquidity challenge to the industry. The implication of the level of ATC&C losses during the year 2017 is that, on average, as much as ₦5.40 in every ₦10 worth of energy received by DisCos was unaccounted for or unrecovered due to a combination of energy theft, inefficient distribution networks, poor management effort in revenue collection and low willingness to pay by customers.

Table 3.3: ATC&C Losses for DisCos from 2015 to 2017

DisCos	MYTO assumption for 2017	Annual ATC&C		
		2017	2016	2015
Abuja	24%	47%	48%	50%
Benin	31%	55%	56%	57%
Eko	14%	33%	34%	35%
Enugu	29%	59%	63%	61%
Ibadan	25%	53%	50%	49%
Ikeja	15%	37%	46%	43%
Jos	44%	74%	74%	67%
Kaduna	20%	74%	74%	66%
Kano	29%	61%	61%	58%
Port Harcourt	37%	65%	61%	54%
Yola	28%	64%	66%	60%
DisCos Average:				
MYTO Level	**25%**	**-**	**-**	**-**
All DisCos Average	**-**	**54%**	**55%**	**55%**

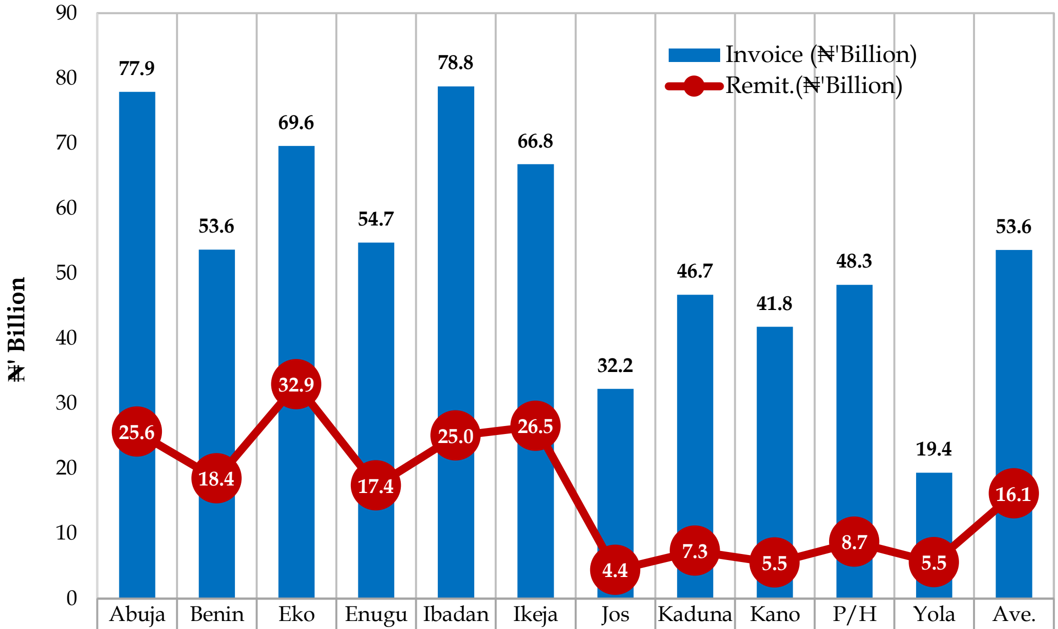
Notes of the table:
1. DisCos are the electricity distribution companies
2. MYTO is Multi-Year Tariff Order

The individual performance of the distribution companies as presented in Table 3.3 shows that Eko DisCo had the lowest ATC&C losses (33%) during the year 2017. The worst performing DisCos were Jos and Kaduna DisCos with the highest ATC&C losses of 74% each. Based on relative improvement from the year 2016, Ikeja DisCo recorded the highest progress in reducing the ATC&C losses, decreasing from 46% in 2016 to 37% in 2017. Other DisCos that recorded relative improvements in its ATC&C loss reduction are Abuja, Benin, Eko, Enugu and Yola DisCos.

3.2.4. Market Remittance

The liquidity challenges in the industry continued to manifest during the year 2017. This is evidenced in the DisCos' level of remittances to NBET and the Market Operator (MO), as compared with the invoices received for energy purchased from NBET and those received for administrative services from MO. Whereas DisCos were issued a combined invoice of ₦589.8billion for energy received from NBET and for the administrative services by MO, only a sum of ₦177.2billion of the invoice was settled, indicating an average settlement rate of 28% and a total deficit of ₦412.5billion. The chart in Figure 3.13 shows a comparative analysis of the market performance by DisCos in 2017. It is evident that none of the DisCos settled up to 50% of its market invoice in 2017. Kano DisCo recorded the worst remittance performance (13%) followed by Jos DisCo (14%). Relative to 2016, DisCos' market remittance rate increased from 28.9% to 30% in 2017.

Figure 3.13: Market Invoice and Remittance by DisCos in 2017



	Abuja	Benin	Eko	Enugu	Ibadan	Ikeja	Jos	Kaduna	Kano	P/H	Yola	Ave.
Invoice (₦'Billion)	77.9	53.6	69.6	54.7	78.8	66.8	32.2	46.7	41.8	48.3	19.4	53.6
Remit.(₦'Billion)	25.6	18.4	32.9	17.4	25.0	26.5	4.4	7.3	5.5	8.7	5.5	16.1
Remit. Ratio	33%	34%	47%	32%	32%	40%	14%	16%	13%	18%	29%	28%

The individual remittance to NBET and Market Operators are summarised in Table 3.4. Overall remittance to NBET for the year 2017 was just 27.9% of the total energy invoice, a marginal increase of 0.5 percentage point from the 27.4% remittance performance in 2016. Similarly, the Market Operator received only 41.2% of the invoice payable for service charge during the year 2017.

Table 3.4: Annual Remittance Performance to NBET and MO by DisCos

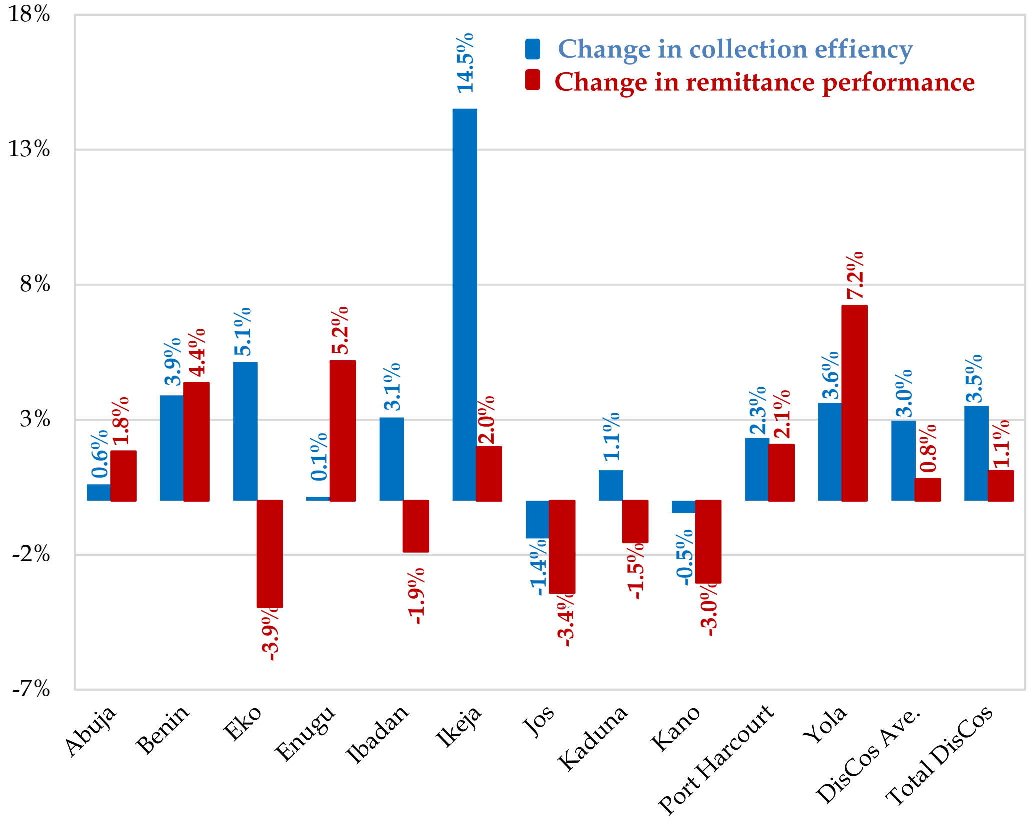
DisCos	NBET (₦' Billion)			Remittance Performance (%)		Market Operators (₦' Billion)			Remittance Performance (%)	
	Invoice	Remit.	Bal.			Invoice	Remit.	Bal.		
	2017	2017	2017	2017	2016	2017	2017	2017	2017	2016
Abuja	65.13	22.14	43.00	33.99	30.52	12.77	3.47	9.30	27.15	33.32
Benin	44.84	13.72	31.12	30.60	24.50	8.79	4.71	4.08	53.59	54.45
Eko	58.17	22.79	35.38	39.19	45.93	11.40	10.12	1.29	88.71	71.04
Enugu	45.76	14.65	31.11	32.01	27.20	8.98	2.70	6.28	30.07	23.56
Ibadan	65.82	21.06	44.76	32.00	31.56	12.95	3.98	8.97	30.72	42.95
Ikeja	55.84	19.78	36.06	35.42	35.08	10.92	6.72	4.20	61.55	48.31
Jos	26.95	3.56	23.39	13.21	19.60	5.29	0.80	4.49	15.20	5.57
Kaduna	39.04	5.89	33.16	15.07	18.10	7.69	1.42	6.27	18.47	13.13
Kano	34.93	4.40	30.53	12.60	16.58	6.84	1.08	5.76	15.80	14.26
P/Harcourt	40.34	6.87	33.46	17.03	16.05	7.92	1.81	6.11	22.84	15.28
Yola	16.19	2.48	13.72	15.29	13.70	3.18	3.06	0.12	96.19	54.94
DisCos Ave.	**44.82**	**12.48**	**32.33**	**25.13**	**25.35**	**8.79**	**3.62**	**5.17**	**41.84**	**34.26**
All DisCos	**493.02**	**137.33**	**355.68**	**27.86**	**27.36**	**96.73**	**39.87**	**56.86**	**41.22**	**35.79**

Notes of the table:
DisCos, NBET and MOs, are electricity Distribution Companies, Nigeria Bulk Electricity Trader and Market Operators respectively; ₦'Billion is billions of Nigeria Currency.

The challenge of poor remittance remained a serious concern to the Commission as it is one of the main causes of the liquidity crisis facing the Nigerian electricity supply industry. Low remittance adversely affects the ability of NBET to honour its obligations to GenCos while service providers (including TSP, MO, NBET and NERC) struggle with a paucity of funds impacting their capacity to perform their statutory obligations.

Figure 3.14 shows the changes in collection and remittance performance of DisCos between 2016 and 2017. It is noteworthy to say that Six (6) of the nine (9) DisCos that recorded improved collection efficiency between 2016 and 2017 recorded an increase in remittance rates during the same period. More specifically, Abuja, Benin, Enugu and Yola DisCos improved their remittance performance with a margin higher than the increase in their collection efficiency. On the contrary, Eko, Ibadan and Kaduna DisCos recorded a decline in their remittance performance despite the improvement in their collection efficiency.

Figure 3.14: 2017-2016 Changes in DisCos' Collection and Remittance Performance



Although the Commission notes that tariff deficit partly contributes to liquidity challenges facing the industry, all DisCos are being steered to rapidly improve on their revenue collection from customers in order to fulfil their remittance obligations and mitigate the financial distress in the industry. To address the poor remittance by DisCos, the Commission has commenced enforcement actions against DisCos found to have engaged in unacceptably low remittances to NBET and MO, factoring in all the parameters embedded in the tariff model. In this regard, the Commission is currently working on a framework which ensures transparency and equity in the disbursement of market funds for the benefit of all market participants in the industry. This framework aims at ensuring transparency in the utilisation of market funds, thereby improving the liquidity in the Nigerian electricity supply industry.

PART 4: REGULATORY FUNCTIONS

4.1. Regulations and Orders Issued

- **Regulations**

During the year, 2017, the Commission issued two (2) new regulations. Highlights of these regulations are provided below.

- ***Eligible Customer Regulations, 2017 (NERC-R-111):*** Following the Minister's policy declaration in line with Section 27 of the EPSR Act, the Commission developed and issued after due consultations. The regulations, issued on 1 November 2017, allow for bilateral transactions between the generator (supplier) and a customer or group of customers classified as an eligible customer. In line with the minister's policy declaration, the regulations provide for a mandatory consumption threshold of 2MWh/h for such a customer or a group of customers, as one of the key conditions to attain eligible customer status.
- ***Mini-Grid Regulations, 2016 (NERC/-R-110/17):*** The regulations, which were formally approved by the Commission on 24 May 2017, provide guidelines for the development and operation of Mini-Grids with capacities below 1MW with the aim of attracting private sector investment into rural electrification. The regulations provide for the installation and operation of Mini-Grids in both unserved and underserved communities. They provide for a simplified permit and tariff approval process to ease the burden on the Mini-Grid operators while ensuring timeliness in the process of obtaining permits. The regulations also ensure that the interests of the DisCo licensed to operate within areas for the prospective Mini-Grid are not overly impacted and communities to be served by the prospective Mini-Grid, prior to their construction and installation, are effectively engaged. The regulations also confer protection on mini-grid investments and provide clear guidelines on how mini-grid investor can be compensated for their assets by DisCos in the event of an extension of the grid network to their operation area.

Other regulations that the Commission either commenced the development and/or consulted on during the year 2017 are highlighted below.

- ***Business Continuity Regulations (BCR):*** The Commission conducted nationwide public consultations on Business Continuity Regulations across the six geopolitical zones. The regulations proactively recognise and pre-empt events of failure in business operations among market participants and industry operators, and provide measures to promptly resolve them before they cause harm in the industry. This is to ensure continuity of utilities as a going concern and ensure that the interests of electricity customers, lenders and other stakeholders are adequately protected. The submissions from the consultations were analysed to further enrich the regulations.

- ***Meter Asset Provider Regulations (MAP):*** Noting the large metering gaps and sensing the inability of DisCos to adequately meter their customers in face of liquidity challenges, the Commission developed a consultation paper on MAP and conducted public consultations during the year under review. MAP regulations provide guidelines for DisCos to competitively procure independent third party (Meter Asset Providers) to procure, install and maintain end-user meters under a bankable arrangement, where meters are seen as assets that can be financed over a long time. Following the stakeholders' consultations and in line with the Commission's rulemaking procedures, all comments or submissions from various consultations were analysed and incorporated in the final draft of the regulation. The regulations were drafted and finalised during the last quarter of 2017. However, the Commission resolved to subject the regulations to further professional stakeholders' consultation in the first quarter of 2018 to further enrich the regulation before formal approval.

- ***Uniform System of Accounting (USoA):*** The Commission developed the Uniform System of Accounting Regulations in the year under review. The regulations provide guidelines for all licensees about their financial reporting to the Commission. The regulations seek to ensure uniformity in the way the utilities prepare and present their regulatory accounting.

- **Orders**

The Commission issued two (2) new Orders during the year under review. Highlights of these Orders are presented as follows:

- *NERC Order/REG/21/2017*: Pursuant to the powers conferred by the EPSR Act and Regulations 12(1) of the Connection and Disconnection Procedures for Electricity Services, the Commission issued *Order on unauthorised access, Meter Tampering and By-Pass*. The objective of the Order is to review the conditions for reconnecting unauthorised connection to the distributions networks provided in section 12(1)(c) of the Connection & Disconnection Procedures for Electricity Serves (CDPES) Regulations of 2007 and make it more stringent in order to discourage energy theft in the Nigerian Electricity Industry (NESI).
- *NERC Order/172/2017*: Pursuant to Section 81(a) of the EPSR Act, the Commission reviewed an existing Order and issued an *Order on the Timelines to Facilitate Distribution Grid Connection*. The Order seeks to reduce the timelines for the connection of customers by distribution licensees in line with the President's *Executive Order on Ease of Doing Business (EO1)*.

The copies of the (*new and existing*) Regulations and Orders of the Commission are freely available on the Commission's website www.ner.gov.ng.

4.2. Licencing and Permits

To achieve the objective of the Commission of ensuring adequate supply of electricity to consumers, the Commission granted licences to qualified applicants after due evaluation. The summary of generation licences issued by the Commission in the year 2017 is represented in Table 4.1. The Commission, after due consideration, issued fourteen (14) new generation licences, one new Independent Electricity Distribution Networks (IEDN) and approved the transfer/change of shareholding for two (2) generation licensees – further details on the new licensees are given in the Appendix. The new generation licences include on-grid, off-grid, and embedded generation, and the nameplate capacities of those generation licences summed up to 2,280.80MW.

Table 4.1: Summary of New Licences Granted in 2017

S/N	Licence Category	Quantity	Nameplate Capacity (MW)
1.	On-grid Licence	11	2,218.00
2.	Off-grid Licence	1	17.80
3.	Embedded Licence	2	45.00
4.	IEDN Licence	1	Not applicable
	All Categories	**15**	**2,280.80**

In the same year, however, the Commission after due diligence withdrew the licence previously issued to Trombay Power Generation Company (TPGC) Limited to generate 500MW in Wajari, Yamaltu Deba, Gombe State. The withdrawal was based on the TPGC's request and preference for another generation licence for a proposed 100MW capacity plant to be located in *Gwer East Makurdi, Benue State* and the Commission's evaluation of its financial strength which revealed that the applicant did not have adequate financial capacity to own two licences.

During the year under review, a total of eleven (11) permits were issued for captive power generation with a total nameplate capacity of 153.10MW. The complete lists of the new permit holders are given in the Appendix.

4.3. Certification of Metering Service Providers

The Commission certified thirty-four (34) Meter Service Providers (MAP) following the satisfactory evaluation of their applications. The summary of the certified applicants, reported in Table 4.2, comprises of eighteen (18) meter installers, thirteen (13) meter importers, two (2) meter vendors and one (1) meter manufacturer. The comprehensive lists of the successful Meter Service Providers (MSP) applicants and their certification class are presented in Table C.3 of the Appendix.

Table 4.2: Category of the Certified Meter Service Providers Issued in 2017

S/N	Meter Service Providers Category	Number
1.	Meter Vendors	2
2.	Meter Manufacturer	1
3.	Meter Importers	13
4.	Meter Installers	18
	All Categories	**34**

4.4. Applications under Evaluation

Apart from the licences and permits that were granted during the year 2017, there were applications under evaluation by the Commission for renewal and issuance of new licences and permits as may be applicable. The complete list of applications under evaluation and their certification class are presented in Table C.4 of the Appendix while the summary is highlighted below.

4.4.1. Applications for Captive Power Generation Permits under Evaluation

As at the end of 2017, there were twenty-five (25) applications for captive generation permits before the Commission. Nine (9) of these applications were received from the Rural Electrification Agency (REA) during the third quarter of 2017 on behalf of 9 Nigerian Universities, as part of the REA's Energising Education Program. The Commission had since advised the REA to inform the universities to submit their respective applications in compliance with the existing industry rules. The details of the proposed captive power generation plants whose applications were under review in the year 2017 are given in the Appendix.

4.4.2. Applications for Generation Licences under Evaluation

There were twelve (12) on-grid, off-grid and embedded generations applications under evaluation by the Commission for issuance of licences and permits as may be applicable. The Commission also continued the technical evaluation of Independent Electricity Distribution Network (IEDN) applications from the under-listed prospective investors.

I. ***Babcock Consulting Limited***: The application was in respect of Babcock University (BU) to distribute 1.5MW within the Babcock University by BU Power. Technical evaluation of the application has been completed and site inspection carried out in September. The Legal, Licensing and Compliance Division of the Commission is reviewing the evaluation report for the final decision to be communicated in 2018/Q1.

II. *LADOL Integrated Logistic Services FZE*: The application was made for 29.1 MW to be generated by LADOL Integrated Logistic Services. Technical Evaluation of the application has been completed and physical inspection of the facility carried out. The Legal, Licensing and Compliance Division of the Commission is reviewing the evaluation report for the final decision.

III. *Eko Atlantic Utility*: The application is in respect of Eko Atlantic City, Lagos for Generation and Distribution of 75MW to the Eko Atlantic city. The application has been reviewed and additional documentation was requested from the applicant for completeness. The Commission is still awaiting the extra information requested from the applicant.

IV. *Ossiomo Offsite & Utility Company*: The application is in respect of the amendment of its Independent Electricity Distribution Network (IEDN) licence to distribute 30MW. The applicant intends to extend its area coverage to supply electricity within the Ossiomo I park in Edo state, as well as to Eligible Customer Located along the Benin Sapele Road from Ossiomo Industrial Park Junction to Ring Road, Benin City. Technical evaluation of the application has been completed. The Legal, Licensing and Compliance Division of the Commission is reviewing the final report for necessary action.

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 application has been reviewed and additional documentation requested from the applicant for completeness. The Commission is still awaiting the extra information from the applicant.

VI. *Otakikpo Independent Electricity Distribution Network* applied for IEDN licence to enable it distributes electricity within Otakikpo Industrial Park in Adoni Local Government area of Port Harcourt, Rivers State. The application is being reviewed and the applicant has been requested to provide additional information on the project. The Commission is still awaiting the required information from the applicant.

VII. *Ariaria Market IEDN*: This is incorporated for the sole purpose of providing complete energy solution to the Ariaria Market in Aba, Abia state. The IEDN licence is to enable the company to evacuate 9.5MW power to be generated by Ariaria Market Limited IPP. The Application has been reviewed and the applicant requested to provide additional information on the project. The Commission is still awaiting the required information from the applicant.

VIII. *Tadabo Electricity Distribution Company*: The Company is a subsidiary of Kano Hydro and Energy Development Company (KHEDCO), an SPV for the evacuation of generated power from Tiga and Challawa hydropower plants. The power will be distributed to Kano Water Board and water treatment plants at Tamurwa and Challawa to power the heavy-duty water pumps. The applicant has been requested to submit more documents to enable complete technical evaluation of the application.

4.5. Public Consultations on Regulations

The Commission, in line with its operational procedures, conducted a number of public consultations on regulations (including the under-listed) in the year 2017.

- *Consultations on the Review of Tariff Methodology*: Given the concerns expressed by some stakeholders about the frequencies 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 include; assessment of the frequency of undertaking tariff review which is currently done semi-annually; assessment of the disposition of stakeholders' to revenue decoupling under the MYTO model; and assessment of the current approach used for computing transmission tariff. Subsequent to the consultations, the Commission had since commenced a review of comments received from the participants and is expected to be finalised soon.

- *Consultations on Business Continuity Regulations*: The Commission reviewed a draft regulation on Business Continuity and subjects same to public consultation. The draft regulation was presented to stakeholders at the public consultations held from September to October 2017 in six (6) geopolitical zones: *Lagos, Enugu, Yola, Jos, Kano, Port-Harcourt* and the *Federal Capital Territory, Abuja*. The Commission has completed the review of the comments forwarded by the public in the course of consultation and the draft regulations are being subjected to experts' opinion for further comments.

- ***Consultations on Eligible Customer Regulations***: Following the publications of the Consultation Paper on Eligible Customer, the Commission conducted public consultations on Eligible Customer Regulation with stakeholders. The consultations took place in six (6) geopolitical zones: *Lagos, Enugu, Port-Harcourt, Jos, Yola, Kano, and the Federal Capital Territory, Abuja*. Views and comments received were analysed by the Commission following which the regulation was drafted. Pursuant to the Commission's approval, the regulations became effective on 1st day of November 2017.
- ***Consultations on Meter Asset Provider Regulations***: Concerned by the large metering gap and the inability of DisCos to finance meter roll-out, the Commission conducted public consultations on Meter Asset Provider (MAP) Regulations during the year. The focus of discussion at the consultations includes but not limited to how MAP can recover its investments, 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 were reviewed by the Commission and subjected to experts' opinion for further inputs.

4.6. Compliance Monitoring and Enforcements

To ensure compliance to the industry rules and regulations, the Commission continued its enforcement actions against a number of operators for violations of rules and infractions. These include the violations of Regulations and Orders, failure to provide required data within a timeline, accidents and electrocution cases, failure to adhere to Forums' decision, among others. During the year, the Commission sanctioned some licensees following a complete review of their infractions. As reported in Table 4.3, a total sum of ₦134.1Million was realised from fines.

Table 4.3: Lists of Operators Fined with Amount in 2017

S/N	Name of Licensee Fined	Amount of Fines (₦)
1	Abuja Power Company Plc	100,000
2	First Independent Power Limited	6,915,000
3	Transmission Company of Nigeria Plc	7,320,000
4	Ikeja Electricity Distribution Company Plc	1,710,000
5	Port Harcourt Electricity Distribution Company Plc	5,112,000
6	Ibadan Electricity Distribution Company Plc	1,710,000
7	Eko Electricity Distribution Company Plc	2,460,000
8	Enugu Electricity Distribution Company Plc	7,914,000
9	Benin Electricity Distribution Company Plc	5,010,000
10	Port Harcourt Electricity Distribution Company Plc	37,520,000
11	Ibadan Electricity Distribution Company Plc	50,000,000
12	Ibadan Electricity Distribution Company Plc	4,170,000
13	British American Tobacco Nigeria Limited	4,170,000
	Total	**134,111,000**

The Commission has remitted the total amount realised from fines to the Rural Electrification Agency in compliance with Section 88(12d) of the Electric Power Sector Reform (EPSR) Act.

During the year under review, the Commission also commenced new and follow-up on the existing enforcement action against the following licensees:

- Eko, Yola, Enugu and Abuja DisCos for failure to fully and effectively meter all their Maximum Demand (MD) customers within the timeline issued by the Commission.
- Enugu, Jos, and Yola DisCos for failure to provide data (progress report) on customer enumeration.
- Abuja, Benin, Eko, Enugu, Ibadan, Kano and Port Harcourt DisCos for failure to provide information on customers supplied on 33KV line and above within the stipulated timeline.
- Abuja Disco for violation of MYTO 2015 order.
- British American Tobacco Company and Ibadan DisCo for trading electricity without authorisation.
- Enugu Disco for violation of Forum decision in the case of Aronu.

- Enugu DisCo for violation of Forum decisions, excessive billing of Mirage Hotels in Enugu and noncompliance with the Commission's directives.
- Abuja DisCo for breach of safety Code – part 1, 1(i) & 1(iii).
- Enugu Disco for breaches that led to the electrocution of late Mr Patrick Okechukwu at Nsukka.

While final decisions have been made on some of the cases during the year, others are yet to be concluded. As at the end of the year 2017, there were a total of twenty-one (21) enforcement cases before the Commission.

4.7. Health and Safety

The delivery of safe and reliable electricity remains a key priority for the Commission. Pursuant to this priority, the Commission periodically receive safety reports from all licensees. During the year 2017, the Commission received a total of two hundred and sixty-eight (268) health and safety reports from twenty-nine (29) licensees. The reports were used for monitoring and evaluation of health and 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. The summary statistics of the accidents experienced in the industry between 2014 and 2017 are presented in Table 4.4. The health and safety performance of the operators improved in the year 2017, as the number of injuries and deaths (involving both employees and the third parties decreased by twenty-two (22) and thirty-five (35) respectively from the numbers recorded in the preceding year.

Table 4.4: Electrical Accident in NESI between 2014 and 2017

Item	Year			
	2017	2016	2015	2014
Number of H&S Reports Submitted	268	317	316	281
Number of Injuries Recorded	55	77	117	50
Number of Death Recorded	116	151	120	73
Number of Enforcement Actions Taken	40	n/a	n/a	n/a

To further improve health and safety in NESI not minding the recorded improvement, the Commission commenced enforcement actions on forty (40) incidences involving various health and safety breaches during the year. Moreover, in line with its 2017-2020 strategic goals, the Commission has developed key safety programmes aiming at eliminating accidents in NESI. Among the safety programmes being implemented by the Commission include but not limited to the standardisation of Protective Schemes, engagement of Government Agencies on Right of Way (ROW) violation, public enlightenment on health and safety, and a review of operational procedures for Distribution System Operators on fault clearing.

PART 5: CONSUMER AFFAIRS

5.1. Consumer Education and Enlightenment

To ensure continuous sensitisation of consumers on their rights and obligations, the Commission directed all the eleven (11) DisCos to organise town hall meetings and sponsor a number of sensitisation programmes for their customers during the year under review. This directive was monitored by the Commission for compliance. As part of its efforts also, the Commission hosted several Power Consumer Assemblies and Town Hall meetings in many states of the federation including *Lagos, Kano and Asaba*, among others. The turnout for the programmes was very impressive and participants were educated on but not limited to; customers' rights and obligations, customer' complaint redress mechanism, estimated billing and the Commission's strategy on metering. The Commission also continued its dedicated weekly radio program to engage and enlighten electricity consumers.

In support of the Commission's effort at improving consumer enlightenment, the Mac Arthur Foundation awarded a grant of US$600,000.00 to the Commission to further strengthen the customer enlightenment programme. The grant is to be released over three years. For effective utilisation of the fund, the Commission has developed a schedule of consumer enlightenment programmes to be organised in 2018. The subjects for discussion at the proposed programmes include but not limited to customer right, customer complaint redress mechanism, metering, estimated billing and safety.

5.2. Metering of End-use Customers

Metering of end-use customers remains as a top priority of the Commission. The status of metering in NESI reported in Table 5 indicates that only 3,573,657 (45%) 7,947,121 total registered active electricity customers have been metered as at the end of 2017. Thus, 55% of end-use customers are still on estimated billing. Relative to the preceding year, the number of metered customers in 2017 grew by 5.47%. However, the 185,405 meters deployed by DisCos in 2017 are grossly lower than the annual average of 1,640,411 meters committed to by DisCos in their performance agreements signed with the Bureau of Public Enterprises.

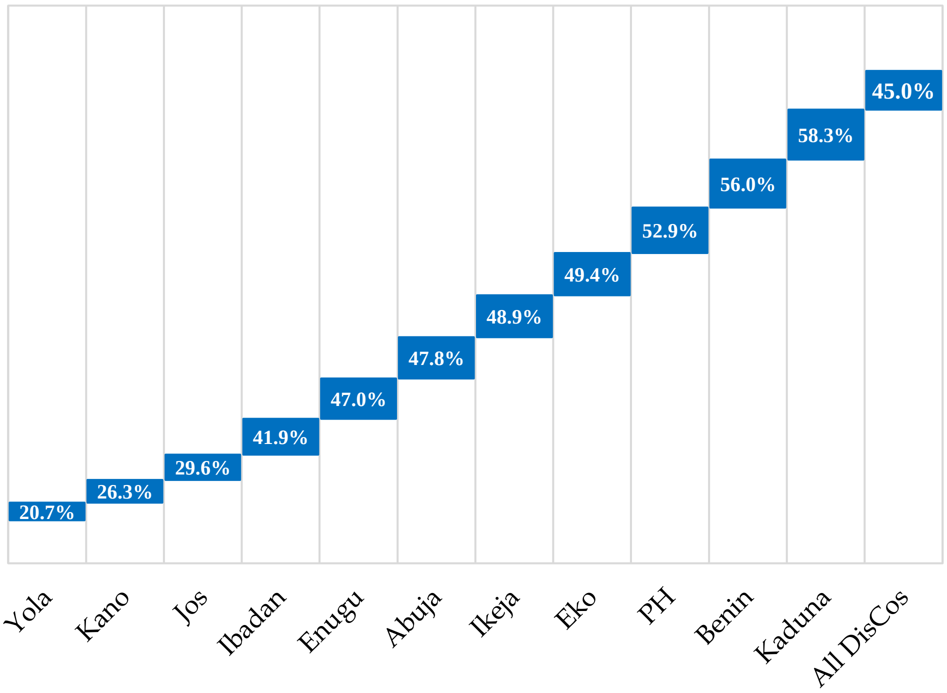
Table 5.1: Customers Metering Status by DisCos as at Dec. 2017

DisCos	Registered Customer as at Dec. 2017	Metered Customer as at Dec. 2017	Metered Customer as at Dec. 2016	Metering Gap as at Dec. 2017
Abuja	966,192	462,048	444,769	504,144
Benin	853,587	478,318	535,935	375,269
Eko	471,013	232,852	260,563	238,161
Enugu	840,208	394,497	220,490	445,711
Ibadan	1,613,635	676,560	599,936	937,075
Ikeja	927,672	453,382	452,576	474,290
Jos	478,698	141,772	168,687	336,926
Kaduna	500,476	291,592	224,844	208,884
Kano	506,638	133,315	148,511	373,323
Port Harcourt	453,818	239,871	265,257	213,947
Yola	335,184	69,450	66,684	265,734
Total	**7,947,121**	**3,573,657**	**3,388,252**	**4,373,464**

Notes:
DisCos are the electricity distribution companies, MD is Market Operators

The percentage of metered customers by each DisCo as at the end of 2017 is presented in Figure 5.1. It is evident that only three of the DisCos (namely Benin, Kaduna and Port-Harcourt) had metered not less than 50% of their registered customers as at the end of the year under review. Conversely, Yola, Kano and Jos have not metered up to 30% of their customers.

Figure 5.1: Share of Customers Metered by DisCos as at Dec. 2017



Metering of end-user remains as a top priority to the Commission. To this end, the Commission developed the Meter Asset Provider Regulations to fast-track meter roll-out in order to quickly close the metering gap. The Commission will also continue to work with the DisCos to ensure total compliance with their respective metering commitment as contained in their Performance Agreement with the Bureau of Public Enterprises (BPE) pending the approval and enforcement of the Meter Asset Provider (MAP) Regulations slated for implementation in 2018/Q1.

5.3. Customers Complaints

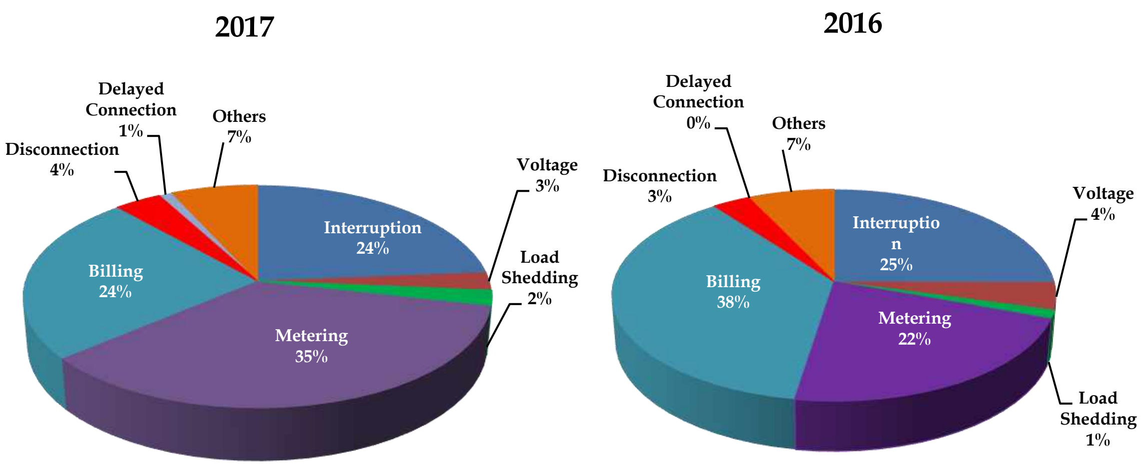
The complaints received by DisCos during the year 2017 are presented in Table 5.2. The eleven (11) DisCos nationwide received a total of 445,640 complaints as against 226,348 complaints received in the year 2016. With the increase in the number of complaints received, the proportion of the number of complaints resolved by DisCos reduced to 74.53% from 84.29% recorded in the year 2016. In terms of individual performance, Benin DisCo had the highest number of complaints followed by Ikeja DisCo. On the other hand, Yola DisCo recorded the lowest number of complaints. Enugu, Yola and Jos DisCos, in that order, recorded a higher rate (over 90%) of complaints resolved, reflecting better performance in dealing with customer complaints. On a *year-on-year* basis, Enugu and Jos also performed better in resolving customers' complaints in 2017 compared to 2016. Further details of the categories of complaints received by DisCos 2016 – 2017 are shown in Table D.5 of the Appendix.

Table 5.2: Complaints Received and Resolved by DisCos, 2016-2017

DisCos	2017: Complaints				2016: Complaints	
	Total Received	Total Resolved	Total Pending	% Resolved	Total Resolved	% Resolved
Abuja	47,958	41,968	5,990	87.51	26,037	94.92
Benin	129,649	72,552	57,097	55.96	45,369	60.26
Eko	46,747	22,953	23,794	49.10	4,666	97.19
Enugu	18,905	18,526	379	98.00	14,227	82.52
Ibadan	29,596	25,438	4,158	85.95	19,354	91.99
Ikeja	94,754	82,204	12,550	86.76	76,031	87.13
Jos	12,086	11,393	693	94.27	10,280	93.85
Kaduna	27,997	23,629	4,368	84.40	8,876	89.96
Kano	11,751	10,047	1,704	85.50	5,130	96.24
Port Harcourt	17,519	15,052	2,467	85.92	14,235	96.40
Yola	8,678	8,367	311	96.42	2,143	98.55
All DisCos	**445,640**	**332,129**	**113,511**	**74.53**	**226,348**	**84.29**

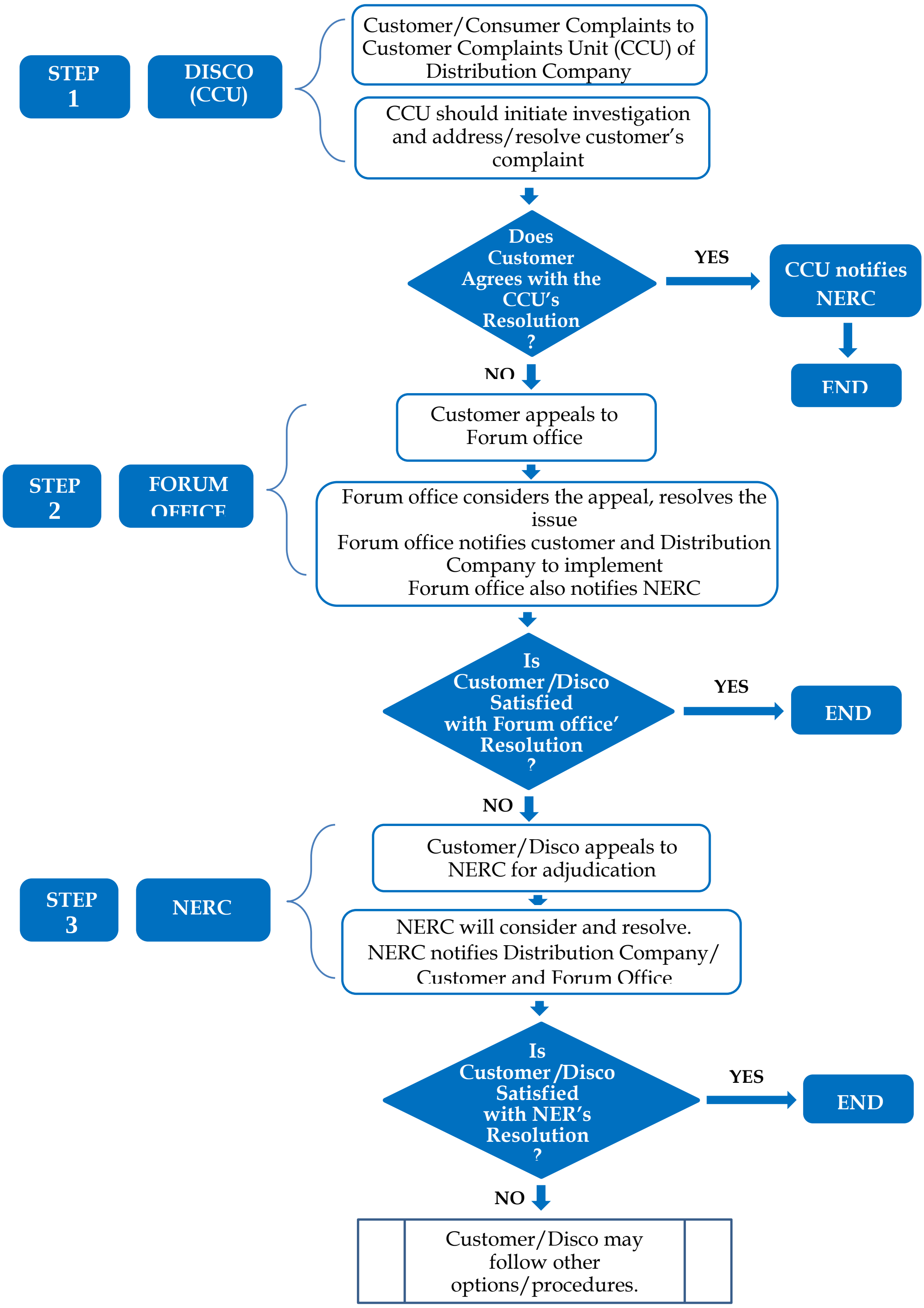
The summary of customer complaints by categories presented in Figure 5.2 indicates that the customer complaints centred on service interruption, poor voltage, delayed connection, load shedding, metering, estimated billing, and disconnection, among others. Metering and billing dominate the customer complaints, accounting for 59.8% (i.e., 269,681) of the total complaints received by DisCos in 2017. This implies that an average of 739 customers complained about metering and billing per day. Another issue of serious concern to customers is service interruption, accounting for 23.7% (i.e., 106,764) of the total customer complaints received during the same period. On a *year-on-year* basis, however, complaints on billing, service interruption, and low voltage declined in 2017.

Figure 5.2: Categories of Complaint Received by DisCos



To improve consumer service standard, the Commission on a continuous basis monitors the complaint handling and resolution process adopted by DisCos. During the year under review, the Commission reviewed the customer complaints handling standards and procedures as depicted in Figure 5.3. This was done to ensure speedy and effective resolution of customer complaints. Similarly, the Commission continuously reviewed the operation of its Forum Offices which are set up to adjudicate on consumers' complaints that are not adequately resolved to the satisfaction of consumers by the responsible DisCos – further details on the Forum Offices are provided in sub-section 5.3. As previously stated, the Commission is finalising the MAP regulations which is designed to address the metering gap and eliminate estimated billing.

Figure 5.3: NERC's Customer Complaint Flow Chart



5.3. Forum Offices

In line with the Commission's mandate on Customer Protection, the NERC Forum Offices are set up pursuant to section 80(1) of the EPSR Act adjudicate on 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 Regulations. Members of the Forum are drawn from professional bodies such as Consumer Protection Council (CPC), Nigerian Society of Engineers (NSE), Manufacturers Association of Nigeria (MAN), Nigerian Association of Chambers of Commerce Industry, Mines and Agriculture (NACCIMA), and Civil Society groups.

The Commission established seven (7) additional Forum Offices in Birnin Kebbi, Sokoto, Gusau, Umuahia, Asaba, Calabar and Uyo during the year 2017. This increased NERC's Forum Offices from Eighteen (18) in 2016 to twenty-five (25). The Forum Offices are located in twenty-four (24) states and the Federal Capital Territory Abuja while an effort is being made to meet the Commission's objective of establishing at least one Forum Office in each state of the federation. The list of the Commission's Forum Offices with addresses and contacts is presented in Table 5.3.

The number of complaints received by the Forum Offices from customers who were unsatisfied with DisCos' decisions on their complaints increased by 37% in 2017. Whereas one thousand three hundred and twelve (1,312) complained to Forum Offices in 2016, three thousand five hundred and eighty-four (3,584) complaints were reported to Forum Offices in 2017. The increase is attributed to increasing customer awareness of the existence of Forum Offices as well as the creation of additional forum offices in some other states. Out of the complaints lodged at Forum Offices, about 21% were resolved with or without hearings. On average, 40 hearings were conducted per quarter on the submission received and 547 cases heard and resolved. The Commission is committed to quick and diligent resolution of complaints and has continuously reviewed the operation and performance of the Forum Offices.

Table 5.3: Lists and Addresses of NERC Forum Offices as at December 2017

S/N	Forum Office	Location	Telephone	Email
1	Abakaliki	3, Ezekuna Crescent, Off Nsugbe Street, Abakaliki Ebonyi State	09037808590	abakalikiforum@nerc.gov.ng
2	Abuja	14, Road 131, Gwarinpa, Federal Capital Territory, Abuja	08146862225	abujaforum@nerc.gov.ng
3	Asaba	Denis Osadebe Way, Beside Mobil Filling Station, Asaba, Delta State	09062277247	asabaforum@nerc.gov.ng
4	Awka	Plot 80, Aroma Junction Layout, Opp. CBN, Awka, Anambra State	09037808594	awkaforum@nerc.gov.ng
5	Benin	34, Akpakpava Street, Benin City, Edo State	09037808592	beninforum@nerc.gov.ng
6	Birnin Kebbi	8, Ahmadu Bello Way, Opp. Kebbi State Government House, Kebbi State	09062863161	birninkebbiforum@nerc.gov.ng
7	Calabar	Plot 109, MCC Road by Ibok Street, Calabar, Cross River State	09062863159	calabarforum@nerc.gov.ng
8	Eko	61, Odunlami Street, Off Marina, Lagos Island, Lagos State	08106807261	ekoforum@nerc.gov.ng
9	Enugu	John Anichukwu Close, Plot 7 Mkpokiti Pocket Layout, Enugu, Enugu State	08146862230	enuguforum@nerc.gov.ng
10	Gombe	Government Layout GDP/2, Along Ministry of Education Road, Gombe State	08140440079	gombeforum@nerc.gov.ng
11	Gusau	2 Canteen Daji, J. B. Yakubu Road, Gusau, Zamfara State	09062863163	gusauforum@nerc.gov.ng
12	Ibadan	Jibowu Street, Opp. Magara Police Station, Iyaganku, G.R.A, Ibadan, Oyo State	08146862252	ibadanforum@nerc.gov.ng
13	Ikeja	199, Obafemi Awolowo Way, Alausa, Ikeja, Lagos State	08106807298	ikejaforum@nerc.gov.ng
14	Jigawa	Dutse G.R.A, Dutse, Jigawa State	07031704827	jigawaforum@nerc.gov.ng
15	Jos	5a, Ray-field Road, Jos, Plateau State	09037808597	josforum@nerc.gov.ng
16	Kaduna	22, Ahmadu Bello Way, Opposite NNDC Building, Kaduna, Kaduna State	08106807299	kadunaforum@nerc.gov.ng
17	Kano	2, Miller Road, Bompai, Nassarawa G.R.A, Kano, Kano State	08146862222	kanoforum@nerc.gov.ng
18	Katsina	7, Abuja Crescent, Off Hassan Usman Katsina Road, Katsina, Katsina State	07031704821	katsinaforum@nerc.gov.ng
19	Makurdi	Hephzibah Plaza, Atom Kpera Road, Opp. Makurdi Int'l School, Benue State	09062277249	makurdiforum@nerc.gov.ng
20	Owerri	1, C.B Anyanwu Road, Housing Area B, Exclusive Garden, Owerri, Imo State	09062277245	owerriforum@nerc.gov.ng
21	Port Harcourt	The Vhelberg Imperial Hotel, Plot 122 and 122a, Bank Anthony Avenue Off Ordinance Road, Port Harcourt, River State	0814686223	phforum@nerc.gov.ng
22	Sokoto	1, Garba Duba Road, Sokoto, Sokoto State	09062863157	sokotoforum@nerc.gov.ng
23	Umuahia	80, Aba Road, Umuahia, Abia State	09062277251	umuahiaforum@nerc.gov.ng
24	Uyo	63, Osongama Road, Off Oron/Uyo Airport Road, Uyo, Akwa Ibom State	09062863165	uyoforum@nerc.gov.ng
25	Yola	5, Nguroje Street, Karewa Extension, Jimeta, Yola, Adamawa State	09037808535	yolaforum@nerc.gov.ng

5.4. Alternative Dispute Resolution

The Commission handled a total of seven (7) new and ongoing dispute resolutions between operators and customers during the year of 2017 indicated as follow:

1. ***Subject matter***: Electrocution of three (3) persons and injury to six (6) others at Tundun Wada, Lugbe, Abuja.

   Date: Spilled over from 2nd July 2016.

   Disputant: Victims and family members, the community vs. AEDC

   Resolution: Following a series of NERC's interventions, AEDC made compensation to families of the three (3) dead persons and four (4) injured persons in various denominations. Payment is being processed for one (1) more injured person as he was not available when the payments were disbursed while the last injured person had proceeded to court and the matter is still ongoing.

   Status: AEDC is in compliance with the agreed term of settlement.

2. ***Subject Matter***: Electrical fire incident at the residence of Mr Yakubu Waziri.

   Date: Spilled over from 23rd September 2016

   Disputant: Mr Yakubu Waziri vs. AEDC

   Resolution: Following the findings from the Commission's Accident Investigation Report (AIR), AEDC was directed to pay compensation to the victim.

   Status: AEDC appealed for a hearing in order for the Commission to review its' decision.

3. ***Subject matter***: Electrocution of Mrs Blessing Okanlawan

   Date: Spilled over from 1st November 2016

   Disputant: Family of the deceased vs. Ikeja DisCo

Resolution: After due consultations with both parties involved, the Commission issued directives to Ikeja DisCo to pay an agreed compensation to the deceased family.

Status: Ikeja DisCo via a letter written to the Commission is in compliance with the directives.

4. ***Subject matter***: Case of alleged obstruction and denial of access to Eko Disco personnel to install meters.

Date: From 24th April 2017

Disputant: VGC, Lekki vs. Eko DisCo.

Resolution: Parties were invited including NEMSA and a session of ADR was held. It was resolved that NEMSA conducts routine tests on all meters to be installed, VGC to grant access to EKEDC when the installation is to recommence and NERC to be notified on all actions carried out.

Status: The relevant tests have been conducted by NEMSA and EKEDC has notified VGC of its intention to recommence meter installation at VGC. Exercise is ongoing.

5. ***Subject matter***: Case of illegal disconnection of an estate by Eko Disco

Date: From 29th April 2017.

Disputant: Crown Estate, Lekki vs. EKEDC.

Resolution: ADR hearing was fixed and communicated to parties. Crown Estate (via its solicitors – Terra Marine Attorneys) reverted with an appeal to the Commission to allow parties to settle albeit with conditions classified as "without prejudice". The Commission accepted and requested a report which is still awaited. Crown estate wrote to EKEDC with regards the need to keep the Commission informed about the terms of the settlement.

Status: Terms of the settlement between parties are still awaited.

6. ***Subject matter***: Disconnection of Agbon Kingdom for six years

Date: From 11th May 2017

Disputant: BEDC vs. Agbon Kingdom of six communities (Orhoakpo, Oviorie, Isiokolo, Kokori, Ovu inland and Okpara inland) all in Warri, Delta State.

Resolution: The parties reached an agreement to the effect that BEDC is to restore the community to the grid after improving the network while the Agbon community was to pay the outstanding balance of ₦8.2M owed BEDC within the equivalent period of restoring the community to the grid.

Status: A visit initiated by the Commission to monitor compliance between both parties found that BEDC has reinforced the network and restored 80% of the entire community, all hazards initially identified and issues of right of way have been largely addressed and the Agbon Kingdom has paid ₦7.5M pending full restoration of power.

7. ***Subject matter***: Request by Osun State government to migrate Owena–Ilesa Area from BEDC to IBEDC's networks and control.

Date: From 14th June 2017.

Disputant: Osun State government, BEDC & IBEDC.

Resolution: An ADR session was held and IBEDC was mandated to improve service delivery to the communities agitating to be ceded away from its network. IBEDC to engage Osun State govt. on how to deal with the investments they have already made towards improving the networks.

Status: Exercise is still ongoing.

PART 6: AUDITED FINANCIAL STATEMENTS

6.1. Corporate Information

NIGERIAN ELECTRICITY REGULATORY COMMISSION
Annual Report and Financial Statements -31 December 2017

CORPORATE INFORMATION

Corporate Headquarters:	Plot No. 1387, Cadastral Zone, A00, Central Business District, Abuja.

Members of the Board of the Commission:

Professor James Momoh	- Chairman/Chief Executive Officer
Sanusi Garba	- Vice Chairman/Commissioner (Market Competition and Rates)
Moses Arigu	- Commissioner (Consumer Affairs)
Dafe Akpeneye	- Commissioner (Legal, Licensing and Compliance)
Nathan Rogers Shatti	- Commissioner (Finance and Management Services)
Frank Okafor	- Commissioner (Engineering, Performance and Monitoring)
Musiliu Oseni	- Commissioner (Planning, Research and Strategy)

Auditors:	Deloitte & Touche Chartered Accountants 4th Floor, Bank of Industry Building Plot 256, Zone A0 Cadastral, Off Herbert Macaulay Way Central Business District, Abuja
Bankers:	Central Bank of Nigeria
Mortgage Fund Administrators:	Aso Savings and Loans Plc

6.2. Results at a Glance

NIGERIAN ELECTRICITY REGULATORY COMMISSION
Annual Report and Financial Statements - 31 December 2017

RESULTS AT A GLANCE

	2017 N'000	2016 N'000	% change
Income generated from operations	10,145,482	8,460,853	20
Total expenditure	(5,061,731)	(4,299,379)	18
Surplus for the year	1,716,651	128,630	1,235
Total comprehensive income for the year	1,450,354	308,625	370
Retained earnings	2,098,678	1,357,501	55
Total reserves	16,014,313	14,563,959	10
	Number	**Number**	
Number of employees (number)	**171**	**166**	3

6.3. Report of the Commissioners

NIGERIAN ELECTRICITY REGULATORY COMMISSION
Annual Report and Financial Statements - 31 December 2017

REPORT OF THE COMMISSIONERS
FOR THE YEAR ENDED 31 DECEMBER 2017

The Commission hereby submit its report together with the audited financial statements of **Nigerian Electricity Regulatory Commission (NERC)** for the year ended 31 December 2017.

The Commission is to ensure that proper accounts and other records relating to its financial statements are kept in respect of all the Commission's activities, funds and property including such particular accounts and records as the Minister may require in line with Section 55(1), Electric Power Sector Reform Act, 2005.

STATEMENT OF THE COMMISSIONERS' RESPONSIBILITIES

The Commission is to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Ensure proper accounts and other records relating to such accounts are kept in respect of all Commission's activities, funds and property, including such particular accounts and records as the Minister may require.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission will continue in operation.

The Commissioners confirm that they have complied with the above requirements in preparing the financial statements of the Commission.
The Commissioners are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Commission and to ensure that the financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and the provisions of the Electric Power Sector Reform Act 2005. The Commissioners are also responsible for safeguarding fraud and other irregularities.

REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS

The level of activities during the year and the financial position as at 31 December 2017 were satisfactory. The Commission expects that the present level of activities will be sustained for the foreseeable future.

RESULTS

The statement of income and expenditure and other comprehensive income, statement of financial position, statement of changes in accumulated funds and statement of cash flows for the year ended 31 December 2017 are as set out on pages 10 to 13.

EQUAL EMPLOYMENT OPPORTUNITY

The Commission pursues an equal employment opportunity policy. It does not discriminate against any person on the ground of race, religion, colour, or physical disability.

EMPLOYMENT OF PHYSICAL DISABLED PERSONS

The Commission maintains a policy of giving fair consideration to applications from physically disabled persons, bearing in mind their respective aptitudes and abilities. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Commission continues and that the appropriate training is arranged.

INDUSTRIAL /EMPLOYEES RELATIONS

The Commission places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and the various factors affecting the performance of the Commission. This is achieved through Management's open door policy and improved communication channels. These channels include, email and an intranet, the revised in-house magazine, the entrenchment of regular Divisional and Executive Management Meetings, interaction with the Joint Consultative Committee (JCC) and Power Consumers Assemblies. The relationship between management and other stakeholders, power consumer assemblies in various States and Local Governments, National Assembly, Industry groups, media, etc remains very cordial. Regular dialogue with the various stakeholders takes place at informal and formal levels.

NIGERIAN ELECTRICITY REGULATORY COMMISSION
Annual Report and Financial Statements - 31 December 2017

TRAINING AND DEVELOPMENT

The Commission places great emphasis on the training and development of its staff and other stakeholders and believes that its employees are its greatest assets. Training courses are geared towards the development needs of staff and the improvement in their skill sets to face the increasing challenges in the industry. The commission will continue to invest in its human capital to ensure that employees are well motivated and positioned to compete in the industry.

COMMISSIONERS

For the year ended 31 December 2017, the Commission was led by 6 Commissioners who resumed on 11 February 2017. During this period, the Vice-Chairman was the Acting Chairman of the Commission.

CURRENT COMMISSIONERS

The following Commissioners were appointed by the Federal Government of Nigeria and were in office when this financial statements were presented, approved and signed:

Professor A. James Momoh	-	Chairman/Chief executive officer (Appointed 25 April 2018)
Sanusi Garba	-	Vice Chairman/Comm. (Market Competition and Rates) – Appointed 23 January 2017
Moses Arigu	-	Commissioner (Consumer Affairs) - Appointed 23 January 2017
Dafe Akpeneye	-	Commissioner (Legal, Licensing and Compliance) – Appointed 23 January 2017
Nathan Rogers Shatti	-	Commissioner (Finance and Management Services) – Appointed 23 January 2017
Frank Okafor	-	Commissioner (Engineering, Performance and Monitoring) – Appointed 23 January 2017
Musiliu Oseni	-	Commissioner (Planning, Research & Strategy) – Appointed 23 January 2017

TRANSACTIONS INVOLVING COMMISSIONERS

There were no contracts in relation to the business of the Commission in which any of the Commissioners had any interest at any time during the year ended 31 December 2017.

EXTERNAL AUDITORS

The Auditors, Messrs. Deloitte & Touche (Chartered Accountants) have indicated their willingness to continue in office. A resolution will be proposed authorising the Commissioners to determine their remuneration.

By Order of the Commission.

....
Dafe Akpeneye
Commissioner (Legal, Licencing & Compliance).
FRC/2017/NBA/00000017445

6.4. Statement of Commissioners Responsibilities

NIGERIAN ELECTRICITY REGULATORY COMMISSION
Annual Report and Financial Statements - 31 December 2017

STATEMENT OF COMMISSIONERS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

The Commissioners of **Nigerian Electricity Regulatory Commission** are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Commission as at 31 December 2017 and the results of its operations, cash flows and changes in accumulated funds for the year then ended, in compliance with the applicable financial reporting framework and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Commissioners are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the commission's financial position and financial performance; and
- making an assessment of the commission's ability to continue as a going concern.

The Commissioners are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the commission;
- maintaining adequate accounting records that are sufficient to show and explain the commission's transactions and disclose with reasonable accuracy at any time the financial position of the commission and which enable them to ensure that the financial statements of the commission comply with International Financial Reporting Standards;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and International Financial Reporting Standards;
- taking such steps as are reasonably available to them to safeguard the assets of commission; and
- preventing and detecting fraud and other irregularities.
- Ensure proper accounts and other records relating to such accounts are kept in respect of all Commission's activities, funds and property, including such particular accounts and records as the Minister may require.

Going concern:
The Commissioners have made an assessment of the Commission's ability to continue as a going concern and have no reason to believe the Commission will not remain a going concern in the year ahead.

The financial statements of the Commission for the year ended 31 December 2017 were approved by the Commissioners on 1|11|18, 2018.

Signed on behalf of the Commission

Sanusi Garba
Vice Chairman
FRC/2017/COREN/00000017444

Dafe Akpeneye
Commissioner(Legal, Licensing and Compliance
FRC/2017/NBA/00000017445

Nathan Rogers Shatti
Commissioner (Finance and Management services)
FRC/2015/ICAN/00000013331

6.5. Report of Independent Auditors

Deloitte.

P.O. Box 3710
Garki
Abuja
Nigeria

Deloitte & Touche
4th Floor Bank of Industry Building
Plot 256 Zone AO Cadastral
Off Herbert Macaulay Way
Behind Unity Bank Headquarters
Central Business District
Abuja
Nigeria

Tel: +234 (9) 278 0200
Fax: +234 (9) 461 4931
www.deloitte.com/ng

INDEPENDENT AUDITOR'S REPORT

TO THE COMMISSIONERS OF NIGERIAN ELECTRICITY REGULATORY COMMISSION

Opinion

We have audited the accompanying financial statements of **Nigerian Electricity Regulatory Commission** which comprise the statement of financial position as at 31 December 2017, the statement of income and expenditure and other comprehensive income, statement of changes in accumulated funds, statement of cash flows for the year then ended, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of **Nigerian Electricity Regulatory Commission** as at 31 December 2017 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act, Cap C20, LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. The key audit matters below relate to the audit of the financial statements.

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition	
Operating fees on electricity relates to income accruing to the Commission in line with the Electric Power Sector Reform Act. The Commission is entitled to 1.5% of tariff charge/kWh from the generation companies and 1.5% of licensee's charges/kWh net of the cost of generation and transmission on energy wheeled on a monthly basis. The income is recognised based on monthly market credit advice received from the Operator of the Nigerian Electricity Market (ONEM) at the end of each month. This income is recognised regardless of the past trend on the partial recoverability of the invoice amount. Accordingly, we focused on this area due to the size of the income (2017: N8.661 billion, 2016: N8.078 billion) and the fact that a significant portion of the income may not be realisable. Also, management's assessment of impairment involves judgement about the recoverable value of the associated receivable arising from the income recognised.	To determine the appropriateness of the income recognition criteria, we considered the provision of the Electric Power Sector Reform Act and checked its compliance with the revenue recognition criteria as per IAS 18. Also, a review was performed on management's assessment of impairment of receivable arising from the income recognised. Our procedures included the following: • Review of the income recognition criteria used by the entity and challenging its appropriateness and compliance with the revenue recognition criteria as per IAS 18. • Review of supporting documentation, including market advice from ONEM, breakdown of energy wheeled per location and remittance advice. • Evaluating the reasonableness of the methods and assumptions management used to estimate the allowance/impairment for receivables due from Operator of the Nigeria Electricity Market (ONEM) and whether the methods for calculating such allowances are applied consistently. • Performing a trend analysis for relevant years using the revenue recognised vis-a-vis the related receipts for each period. • Using professional judgment, assess the recoverability rate and determine whether current receivable balance is still likely/probable. We conclude that the income recognition criteria used by the entity is appropriate. However, given the trend analysis and history of recovery of the receivable portion of the revenue at the year end, an impairment charge of N3.862 billion (2016: N4.499 billion) to the income recognised was recorded in the financial statements.

Other Information

The Commissioners are responsible for the other information. The other information comprises the Commissioners' Report which we obtained prior to the date of this Auditor's report. The other information does not include the financial statements and our Auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this Auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Commissioners for the Financial Statements

The Commissioners are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, Financial Reporting Council Act, 2011 and for such internal control as the Commissioners determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioners are responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Commissioners either intend to liquidate the Commission or to cease operations, or have no realistic alternative but to do so, ensuring proper accounts and other records relating to such accounts are kept in respect of all Commission's activities, funds and property, including such particular accounts and records as the Minister may require.

Deloitte.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioners.
- Conclude on the appropriateness of the Commissioners' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Commissioners regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Commissioners with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Commissioners, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of the Companies and Allied Matters Act, CAP C20, LFN 2004 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Commission has kept proper books of account, so far as appears from our examination of those books.

iii) The Commission's financial position and its statement of income and expenditure and other comprehensive income are in agreement with the books of account and returns.

Folorunso Hunga, FCA
FRC/2013/ICAN/00000001709
For: **Deloitte & Touche**
Chartered Accountants
Abuja, Nigeria
19 November **2018**

A1526376

6.6. Statement of Financial Position

NIGERIAN ELECTRICITY REGULATORY COMMISSION
Annual Report and Financial Statements - 31 December 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Notes	31-Dec-17	31-Dec-16
		N'000	N'000
Assets			
Non-current assets			
Property, plant and equipment	13	12,921,569	12,961,186
Retirement benefit	20	-	103,426
Total non-current assets		**12,921,569**	**13,064,612**
Current assets			
Receivables	14	2,655,357	1,953,603
Other assets	15	1,031,030	1,091,190
Cash and bank balances	16	1,509,285	447,629
Total current assets		**5,195,672**	**3,492,422**
Total assets		**18,117,241**	**16,557,034**
Accumulated funds and liabilities			
Reserves			
Grant allocation	17	10,374,785	9,429,035
Other reserves	18	3,540,850	3,777,423
Retained earnings	19	2,098,678	1,357,501
Total reserves		**16,014,313**	**14,563,959**
Non-current liabilities			
Retirement benefit obligation	20	33,727	-
Total non-current liabilities		**33,727**	**-**
Current liabilities			
Trade and other payables	21	2,069,201	1,993,075
Total current liabilities		**2,069,201**	**1,993,075**
Total liabilities		**2,102,928**	**1,993,075**
Total accumulated funds and liabilities		**18,117,241**	**16,557,034**

The financial statements were approved by the board of Commissioners and authorised for issue on 1/11/18, 2018 and signed on its behalf by:

Sanusi Garba
Vice Chairman
FRC/2017/COREN/00000017444

Dafe Akpeneye
Commissioner
(Legal, Licensing and Compliance)
FRC/2017/NBA/00000017445

Nathan Rogers Shatti
Commissioner
(Finance and Management services)
FRC/2015/ICAN/00000013331

The accompanying notes on pages 13 to 42 and other national disclosures on pages 44 and 45 form an integral part of these financial statements.

6.7. Statement of Changes in Accumulated Funds

NIGERIAN ELECTRICITY REGULATORY COMMISSION
Annual Report and Financial Statements - 31 December 2017

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

	Federal Government capital grant allocations	World bank grant allocation	MacAurthur Foundation grant allocation	Internally generated revenue capital fund	Employee benefit reserve	Retained earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2016	**9,400,511**	**28,524**	**-**	**3,630,042**	**-**	**1,196,257**	**14,255,334**
Surplus for the financial year	-	-	-	-	-	128,630	**128,630**
Net amount appropriated in/(out) of reserves. (See note 19)	-	-	-	(32,614)	-	32,614	-
Other comprehensive income	-	-	-		179,995	-	**179,995**
Balance at 31 December 2016	**9,400,511**	**28,524**	**-**	**3,597,428**	**179,995**	**1,357,501**	**14,563,959**
Surplus for the financial year	-	-	-	-	-	1,716,651	1,716,651
Net amount appropriated in/(out) of reserves. (See note 19).	900,000	-	45,750	29,724	-	(975,474)	-
Other comprehensive loss	-	-	-	-	(266,297)	-	(266,297)
Balance at 31 December 2017	**10,300,511**	**28,524**	**45,750**	**3,627,152**	**(86,302)**	**2,098,678**	**16,014,313**

6.8. Statement of Cash Flows

NIGERIAN ELECTRICITY REGULATORY COMMISSION
Annual Report and Financial Statements - 31 December 2017

STATEMENT OF CASH FLOWS

	Notes	31-Dec-17 N'000	31-Dec-16 N'000
Cash flows from operating activities			
Receipts from customers		9,732,389	8,848,066
Payment to suppliers and employees		(8,641,009)	(8,441,207)
Net cash generated from operating activities	12	**1,091,380**	**406,859**
Cash flow from investing activities			
Payments for purchase of property plant and equipment		(29,724)	-
Net cash (used in) investing activities		**(29,724)**	**-**
Net increase in cash and cash equivalents		**1,061,656**	**406,859**
Cash and cash equivalents at beginning of the year		**447,629**	**40,770**
Cash and cash equivalents at the end of the year	16	**1,509,285**	**447,629**

The accompanying notes on pages 13 to 42 and other national disclosures on pages 44 and 45 form an integral part of these financial statements.

6.9. Notes to the Financial Statements

NIGERIAN ELECTRICITY REGULATORY COMMISSION
Annual Report and Financial Statements - 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Nigerian Electricity Regulatory Commission is an independent body, established by the Electric Power Sector Reform Act of 2005 to undertake technical and economic regulation of the Nigerian Electricity Supply Industry. The Commission is to, among others license operators, determine operating codes and standards, establish customer rights and obligations and set cost reflective industry tariffs. The Commission has its head-quarters in Abuja. Being an independent regulator of the Nigerian Electricity Industry, the entity is a "Not for profit organisation" but is expected to be a self-financing regulator. There are no shares issued as it is 100% owned by the Government. The key stakeholders are the Federal Government (National Assembly and the Office of the President), the public and the other key operators in the market (i.e. generating companies, transmission companies and distribution companies). The address of its registered office and principal place of operations are disclosed in the corporate information page.

Composition of financial statements

The financial statements comprise:

- Statement of income and expenditure and other comprehensive income
- Statement of financial position
- Statement of changes in accumulated funds
- Statement of cash flows
- Notes to the financial statement

Basis of preparation and measurement

The Financial Statements have been prepared under the historical cost convention except for certain assets that are measured at revalued amounts or fair values as stated in the accounting policies. (For example – Retirement benefit planned asset). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Commission takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The accounting policies have been applied consistently unless stated otherwise.

Financial period

These financial statements cover the financial year from 1 January 2017 to 31 December 2017, with comparative figures for the financial year from 1 January 2016 to 31 December 2016.

Functional and presentation currency

The financial statements are drawn up in Naira (N) which is the functional currency of Nigerian Electricity Regulatory Commission and the figures are rounded to the nearest thousands except when stated otherwise.

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards.

Going concern considerations

The Commissioners are of the opinion that the Commission will continue to be in operation in the nearest future without the need or intention on the part of management to liquidate the entity or to significantly curtail its operational activities.

NOTES TO THE FINANCIAL STATEMENTS

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 Accounting standards and interpretations issued and effective

The following revisions to accounting standards and pronouncements were issued and effective at the reporting period.

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Disclosure Initiative (Amendments to IAS 7)	This amends Statement of Cash flow (IAS 7) to clarify that entities shall provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities.	1 January 2017
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	The amendment to IAS 12 on Income Taxes clarifies the following aspects: Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.	1 January 2017
Annual improvements 2014-2016 cycle (Amendments to IFRS 12)	The amendments clarify that the disclosure requirements of IFRS 12 apply to interests in entities that are classified as held for sale, except for the summarised financial information.	1 January 2017

The Commissioners have determined that the application of these standards and amendments do not have a significant impact on the financial statements.

NIGERIAN ELECTRICITY REGULATORY COMMISSION
Annual Report and Financial Statements - 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

2.2 Accounting standards and interpretations issued but not yet effective
The following revisions to accounting standards and pronouncements were issued but not effective at the reporting period.

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Amendments to IFRS 9 Financial Instruments	IFRS 9 Financial Instruments issued in July 2014 is the IASB'S replacement of IAS 39 Financial Instruments: Recognition and Measurement. The IASB completed its project to replace IAS 39 in phases, introducing a fair value through other comprehensive income measurement category for certain simple debt instruments. The completed IFRS 9 as revised in 2014 contains the requirements for:IFRS 9 Financial Instruments issued in July 2014 is the IASB'S replacement of IAS 39 Financial Instruments: Recognition and Measurement. The IASB completed its project to replace IAS 39 in phases, introducing a fair value through other comprehensive income measurement category for certain simple debt instruments. The completed IFRS 9 as revised in 2014 contains the requirements for: The classification and measurement of financial assets and liabilities Impairment methodology General hedge accounting The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after January 1, 2018 with early adoption permitted. For periods beginning before January 1, 2018, previous versions of IFRS 9 may be adopted provided the relevant date of initial application is before February 1, 2015.	1 January 2018
IFRS 15 Revenue from Contract with Customers	This IFRS establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It is intended to supersede the following standards: IAS 18 Revenue IAS 11 Construction Contracts IFRIC 13 Customer Loyalty Programs IFRIC 15 Agreements for the Construction of Real Estate IFRIC 18 Transfer of Assets from Customers Standard Interpretation Committee (SIC) 31 Revenue Barter Transactions Involving Advertising Services The new standard introduces a 5-step approach to revenue recognition and measurement with more prescriptive guidance and requirements for extensive disclosures:	1 January 2018

NIGERIAN ELECTRICITY REGULATORY COMMISSION
Annual Report and Financial Statements - 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

2.2 Accounting standards and interpretations issued but not yet effective (cont'd)

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
IFRS 16 Lease	This IFRS specifies how a reporter will recognise, measure, present and disclose leases. The Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all lease unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating and finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor. Early application of IFRS 16 Leases is permitted only for companies that also apply IFRS 15 Revenue from Contracts with Customers.	1 January 2019
Classification and Measurement of Share based payment Transactions (Amendment to IFRS 2)	This clarifies the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.	1 January 2018
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments to IFRS 4)	In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forthcoming new insurance contracts standard. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. IFRS 4 (including the amendments) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standards becomes effective.	1 January 2018
Annual improvements (2014-2016 cycle)	The following improvements were finalised in December 2016: • IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant. • IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

2.2 Accounting standards and interpretations issued but not yet effective (cont'd)

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Transfers of Investment Property – (Amendments to IAS 40)	The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples to help illustrate the principle. The Board provided two option for transition: • Prospectively, with any impact from the reclassification recognised as adjustment to opening retained earnings as at the date of initial recognition, or • Retrospectively - only permitted without the use of hindsight. Additional disclosures are required if an entity adopts the requirements prospectively	1 January 2018
Interpretation 22 Foreign Currency Transactions and Advance Consideration	The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. Entities can choose to apply the interpretation: • Retrospectively for each period presented • Prospectively to items in scope that are initially recognised on or after the beginning of the reporting period in which the interpretation is first applied, or • Prospectively from the beginning of a prior reporting period presented as comparative information.	1 January 2018

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2.2 Accounting standards and interpretations issued but not yet effective (cont'd)

The following revisions to accounting standards and pronouncements were issued but not effective at the reporting period.

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
IFRS 17 Insurance Contracts	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of: • Discounted probability-weighted cash flows • An explicit risk adjustment, and • A contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.	1 January 2018
Sale or contribution of assets between an investor and its associate or joint venture – (Amendments to IFRS 10 and IAS 28)	The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively. ** In December the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.	1 January 2018

The Commissioners of Nigerian Electricity Regulatory Commission do not anticipate that applications of these standards and amendments will have a significant impact on the financial statements.

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2.3 Impact analysis: IFRS 15 Revenue from Contracts with Customers

IFRS 15 which was issued in May 2014, and amended in April 2016, establishes a five-step model to account for revenue arising from contracts with customers. IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.
The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Commission plans to adopt the new standard on the required effective date using the Modified retrospective approach. Based on the impact assessment carried out, the potential impact of adoption of the standard is disclosed below.

Impact on the statement of Income, expenditure and other comprehensive income	Notes	Previous GAAP ₦'000	Effects of transition ₦'000	31/12/2017 ₦'000
INCOME				
Income generated from operations		10,145,482	(4,807,648)	5,337,834
Subventions from Federal Government	1		(900,000)	
Grants received from MacArthur Foundation	1		(45,750)	
Operating fees on electricity	3		(3,861,898)	
Other income		14,867	945,750	960,617
Reclassification of subvention from Federal Government	1		900,000	
Reclassification of grants received from MacArthur Foundation	1		45,750	
Impairment charge	2	(3,861,898)	3,861,898	-
Net income		**6,298,451**	-	**6,298,451**
EXPENDITURE				
Total expenditure		(5,109,896)		(5,109,896)
Other gains		479,931		479,931
Net impact on profit or loss		**1,668,486**	-	**1,668,486**

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2.4 Notes on the impact of adoption of IFRS 15: Revenue from Contracts with Customers

1. Presentation of items in the financial statements

   IFRS 15 outlines a comprehensive model of accounting for revenue arising from contracts with customers. The objective of the standard is to establish the principles that should be applied by an entity in order to report useful information to users of financial statements about the nature, amount and timing of revenue and cash flows arising from a contract with a customer. IFRS 15 applies to revenue from contracts with "Customers". Based on IFRS 15, the subvention from Federal Government and grants received from Donors e.g. MacArthur foundation did not arise from contractual arrangements with customers hence it must be presented separately from income from customers. The amounts have been reclassified as "other income".

2. Presentation of impairment losses

   Impairment losses have been re-presented and netted off against revenue. As par 9e of IFRS 15, revenue is to be recognised to the extent of the collectability of the consideration.

3. Operating Fees- Collectability of consideration

   IFRS 15 is expected to have an impact on the manner operating fees are recognised. Based on par 9e of IFRS, we are required to assess whether the collection of the entitled consideration, is probable. The collectability criterion requires assessment of customers' willingness and ability to pay the amount of fees charged when it is due. Based on current facts and circumstance, it is anticipated that in applying IFRS 15, we will need to assess the implicit price concession in the transaction price stated in the contract and develop an IFRS 15 compliant estimation model for determining revenue for which will be entitled to. This will require us to review historical, current and forecast data and apply the methodology of "constraining estimates of variable consideration".

4. Presentation and disclosure requirements

   The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Commission's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Commission has assessed that the impact of some of them may be significant. In particular,

   a. The significant judgement exercised in estimation of operating fees.
   b. Revenue from other sources apart from customers will be separately disclosed.
   c. More detailed disaggregation of revenue sources from licenses and fees.
   d. Explain how the timing of satisfaction of its performance obligations relates to the typical timing of payment obligations (see paragraph 119(a)) relates to the typical timing of payment.
   e. How estimate of variable consideration relating to operating fees have been constrained.
   f. The method used in recognising revenue.

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3 Significant account policies

3.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

3.1.1 Operating fees

Operating fees are income accruing to the Commission in line with the Electric Power Sector Reform Act. The Commission is entitled to 1.5% of tarrif charge/kWh from the generation companies and 1.5% of licensee's charges/kWh net the cost of generation and transmission on energy wheeled on a monthly basis. The income and receivable are recorded based on monthly market credit advice received from Operator of the Nigerian Electricity Market (ONEM)- market operators at the end of each month.

3.1.2 Licenses and permits

Income from licenses and permits represents fees charged by the Commission for the issuance of authorisation/rights to customers to carry out certain functions and services. The amount is recognised upon receipt of cash as that is the point at which such income can be deemed receivable/received.

3.1.3 Federal Government subventions

Federal government subventions represent funds allocated to the Commission by the National Assembly, pursuant to a request by the Commission for additional funds required to meet its reasonable expenditures. Subventions are recognised as income in the period it is received.

3.1.4 Grants obtained from other donors

Grant income represents the grants received from donors. Grants are recognised as income in the period it is received. Grant income is recognised as the fair value of consideration received. Cash grants are credited to the statement of income and expenditure when received.

3.2 Foreign currencies

In preparing the financial statements of the Commission, transactions in currencies other than the Commission's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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3 Significant account policies (cont'd)

3.3 Employee benefits

3.3.1 Retirement benefit costs and termination benefits

The Commission operates defined contribution retirement benefit plans for all qualifying employees in accordance with the Pension Reform Act, 2014. Under this plan, the Commission contributes (20% of gross salary) to the retirement benefit scheme to fund the benefits. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in other reserves and will not be reclassified to the statement of income and expenditure. Past service cost is recognised in the statement of income and expenditure in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Commission presents the first two components of defined benefit costs in the income and expenditure statement in the line item post-employment benefits expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Commission's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

3.3.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.
Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.
Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Commission in respect of services provided by employees up to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant account policies (cont'd)

3.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:
it is probable that future economic benefits associated with the item will flow to the Commission;
and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.
Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.
Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Class of assets	Useful life	Depreciation rate %
Freehold land	Nil	Nil
Building	50	2
Motor Vehicles	4	25
Furniture and Fittings	5	20
Computer Equipment	3	33.33
Office equipment	5	20

Land is not depreciated.
The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss. Gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

3.5 Intangible assets

3.5.1 Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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NOTES TO THE FINANCIAL STATEMENTS

3 Significant account policies (cont'd)

3.5.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.6 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Commission reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Commission estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Commission of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

3.7 Financial instruments

Financial assets and financial liabilities are recognised when the Commission becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition, except for transaction costs relating to financial assets or financial liabilities at fair value through profit or loss, which are recognised immediately in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

3 Significant account policies (cont'd)

3.8 Financial assets

Financial assets are classified into: (a) loans and receivables, (b) held-to-maturity investments (c) Available-for-sale and (d) financial assets at fair value through profit or loss (FVTPL). Financial assets are subsequently measured based on their nature and purpose as determined at initial recognition. The Commission does not have financial assets classified as held-to-maturity, available for sale and at fair value through profit or loss.

3.8.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including (trade and other receivables, bank and balances) are subsequently measured at amortised cost using the effective interest method, less any impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the profit or loss in finance costs. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.8.2 Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

3.8.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recognised at fair value and subsequently measured at amortised cost.

3.8.4 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

3.8.5 Derecognition of financial assets

The Commission derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Commission neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Commission recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Commission retains substantially all the risks and rewards of ownership of a transferred financial asset, the Commission continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant account policies (cont'd)

3.9 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss (FVTPL) or 'other financial liabilities'. The Commission does not have financial liabilities classified as at fair value through profit or loss.

3.9.1 Other financial liabilities

Other financial liabilities (including trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.9.2 Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

3.9.3 Derecognition of financial liabilities

The Commission derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.10 Taxation

The surplus of the Commission is exempted from taxes in line with section 23 of the Companies Income Tax Act, CAP. 60 LFN; 2004.

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4 Critical accounting judgement and key sources of estimation uncertainty

Preparing the financial statements requires the management of the Commission to make estimates and assumptions that can affect the valuation of the assets and liabilities and the outcomes of surplus or deficit. The actual outcomes may differ from these estimates and assumptions. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Retirement benefits

The present value of the retirement obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for retirement benefit obligation include the discount rate. Any changes in these assumptions will affect the carrying amount of the obligations. The Commission determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the Commission retirement benefit obligations. When determining the appropriate discount rate, the Commission considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligations. Other key assumptions for retirement benefit obligations are based in part on current market conditions.

5 Income

The following is an analysis of the Commission's revenue for the year from continuing operations.

	31-Dec-17 N'000	31-Dec-16 N'000
Operating fees on electricity (Note 5.1)	8,661,513	8,078,145
Licenses and Fees (Note 5.2)	538,219	382,708
Subventions from Federal Government (Note 5.3)	900,000	-
Grants received from MacAurthur Foundation (Note 5.4)	45,750	-
	10,145,482	**8,460,853**

5.1 Income from operating fees on electricity relates to operating levies paid by generation and distribution companies on a monthly basis based on energy wheeled. The commission is entitled to 1.5% of tariff charge/kWh from the generation companies and 1.5% of licensee's charges/kWh net of the cost of generation and transmission. Income is recorded based on monthly market credit advice received from Operator of the Nigerian Electricity Market (ONEM).

5.2 Income from licenses and fees relates to income generated from payments on the provision of services such as metering service, generating sets import permits, captive generation fees, generating and distributing companies processing, application, renewal extension fees.

5.3 Income from Federal Government represents subvention received from the Federal Government of Nigeria. In 2017, the entity received subvention of N900,000,000 for capital expenditure.

5.4 Income from grants represent monies received from donors in support of the Commission's mission. The purpose of the grant is in support of improving accountability and public knowledge about the power sector in Nigeria. In 2017, the Commission received the sum of N45,750,000 ($150,000) from MacArthur Foundation.

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		31-Dec-17 N'000	31-Dec-16 N'000
6	**Other income**		
	Interest income on bank deposits	11,749	13,256
	Insurance claims, ITF claims and sundry income	3,118	11,078
		14,867	**24,334**
7	**Impairment charges**		
	Impairment loss on trade receivables (Note 14.2)	**3,861,898**	**4,499,101**
8	**Regulatory expenses**		
	The following items are included within regulatory expenses		
	Project and consultancy related services	209,337	139,780
	Survey, research and development expense	1,201	17,741
	Regulatory related training	462,325	156,306
	Legal related services	33,488	26,682
		706,351	**340,509**

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		31-Dec-17 N'000	31-Dec-16 N'000
10	**Administrative expenses**		
	The following items are included within administrative expenses:		
	Maintenance services	21,906	31,401
	Consumables and supplies	51,796	29,809
	Office running expenses	41,861	38,008
	Travels and transport	9,353	91,953
	Utilities	48,885	41,269
	Financial and other management services	88,742	89,227
	Recruitment and promotion activities	350	263
	Subscription, sponsorship and levies	4,350	23,306
	Refreshments and entertainment	9,644	13,451
	Rental cost	78,239	81,261
		355,126	**439,948**
11	**Other gains and losses**		
	Return on retirement benefit plan asset (see Note 20)	479,931	399,198
	Exchange gain	-	42,725
		479,931	**441,923**
12	**Reconciliation of surplus for the year to net cash flows from operating activities:**		
	Surplus for the year	1,450,354	308,625
	Adjustments for		
	Depreciation	69,341	89,510
	Loss on disposal	-	4,755
	Changes in assets and liabilities:		
	(Increase)/decrease in trade and other receivable	(701,754)	307,279
	Decrease/(increase) in other assets	60,160	(571,073)
	Increase/(decrease) in retirement benefit obligation	137,153	(301,188)
	Increase in trade and other payables	76,126	568,951
	Net cash provided by operating activities	**1,091,380**	**406,859**

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13 Property, plant and equipment

	Freehold Land N'000	Construction work in progress (Building) N'000	Motor Vehicles N'000	Computer Equipment N'000	Office Equipment N'000	Furniture & Fittings N'000	Total N'000
Cost:							
At 1 January 2016	134,940	12,654,251	225,638	310,694	213,733	119,821	13,659,077
Disposal	-	-	(32,614)	-	-	-	(32,614)
At 31 December 2016	**134,940**	**12,654,251**	**193,024**	**310,694**	**213,733**	**119,821**	**13,626,463**
Additions	4,220	6,879	-	5,106	8,981	4,538	29,724
At 31 December 2017	**139,160**	**12,661,130**	**193,024**	**315,800**	**222,714**	**124,359**	**13,656,187**
Accumulated depreciation and impairment:							
At 1 January 2016	-	-	(192,464)	(199,488)	(108,528)	(103,146)	(603,626)
Charge for the year	-	-	(22,865)	(38,739)	(18,933)	(8,973)	(89,510)
Disposal	-	-	27,859	-	-	-	27,859
At 31 December 2016	**-**	**-**	**(187,470)**	**(238,227)**	**(127,461)**	**(112,119)**	**(665,277)**
Charge for the year	-	-	(5,554)	(38,243)	(20,365)	(5,179)	(69,341)
At 31 December 2017	**-**	**-**	**(193,024)**	**(276,470)**	**(147,826)**	**(117,298)**	**(734,618)**
Carrying amount							
At 31 December 2017	**139,160**	**12,661,130**	**-**	**39,330**	**74,888**	**7,061**	**12,921,569**
At 31 December 2016	**134,940**	**12,654,251**	**5,554**	**72,467**	**86,272**	**7,702**	**12,961,186**

13.1 Impairment losses recognised in the year

There are no indicators of impairment at the end of the reporting period. Thus, the Commissioners are of the opinion that allowance for impairment is not required. As such, no impairment is recognised during the year (31/12/2016: Nil).

13.2 Contractual commitments

At 31 December 2017, the Commission had a contractual commitment for the acquisition of property, plant and equipment valued at N600 million (31/12/2016: N600 million).

13.3 Assets pledged as security

The Commission did not charge any of its assets to secure liabilities of third parties.

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		31-Dec-17 N'000	31-Dec-16 N'000
14	**Receivables**		
	Receivables from Operator of the Nigeria Electricity Market (Note 14.1)	17,460,418	12,734,195
	Allowances for doubtful debts (Note 14.2)	(16,596,093)	(12,734,195)
		864,325	-
	Revolving Mortgage Receivable (Note 14.3)	1,791,032	1,953,603
		2,655,357	**1,953,603**

14.1 Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period.

Age of receivables that are past due but not impaired	31-Dec-17 N'000	31-Dec-16 N'000
0 - 90 days	864,325	-
91 - 180 days	-	-
181 - 365 days	-	-
Above 365 days	-	-
	864,325	-
Age of receivables that are past due and impaired		
0 - 90 days	699,648	1,045,628
91 – 180 days	1,008,050	1,163,449
181 - 365 days	2,154,200	2,290,024
Above 365 days	12,734,195	8,235,094
	16,596,093	12,734,195
Total	**17,460,418**	**12,734,195**

14.2 Movement in allowance for doubtful debts		
Balance at the beginning of the year	12,734,195	8,235,094
Impairment losses recognised on receivables	3,861,898	4,499,101
Amount recovered during the year	-	-
Balance at end of the year	**16,596,093**	**12,734,195**

In determining the recoverability of a trade receivable, the Commission considers any change in the credit quality of the trade receivable from the date the receivable was established up to the end of the reporting period. The concentration of credit risk is high due to the fact that 100% of the receivable is related to unpaid revenue from the Operator of the Nigerian Electricity Market (ONEM).

14.3 Mortgage receivable

The Commission (the funding client) operates a mortgage scheme for its staff members with ASO Savings and Loans acting as the Mortgage fund administrator (the servicer) of the scheme. The servicer holds the mortgage Portfolio in trust in favour of the funding client for the benefit of qualified staff of the funding client.

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14.3 Mortgage receivable (cont'd)

		31-Dec-16 N'000	31-Dec-15 N'000
	Mortgage assets held by Mortgage fund administrator (Note 14.3.1)	151,875	371,256
	Mortgage receivable from staff (Note 14.3.2)	1,639,157	1,582,347
		1,791,032	**1,953,603**
14.3.1	**Mortgage assets held by Mortgage fund administrator**		
	At 1 January	371,256	352,289
	Payment remitted to the fund	-	72,786
	Interest received	11,749	13,256
	Mortgage fund provided to staff	(231,130)	(67,075)
	At 31 December	**151,875**	**371,256**
14.3.2	**Mortgage receivable from staff**		
	At 1 January	1,582,347	1,908,593
	Mortgage fund provided to staff	231,130	67,075
	Repayments made by staff	(174,320)	(393,321)
	At 31 December	**1,639,157**	**1,582,347**
15	**Other assets**		
	Prepayments (see Note 15.1)	971,651	1,034,395
	Staff related loans and advance	51,208	48,408
	Other third party advances/assets	8,171	8,387
		1,031,030	**1,091,190**
15.1	**Prepayments**		
	Prepayments have been categorised based on their nature as listed below:		
	Prepaid education allowance	167,840	159,152
	Prepaid house maintenance allowance, insurance, rent and internet access charge	35,042	24,368
	Prepaid housing allowance	432,564	401,827
	Prepaid furniture allowance	264,375	347,495
	Prepaid vehicle allowance	71,830	101,553
		971,651	**1,034,395**

16 Cash and bank balances

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	31-Dec-17 N'000	31-Dec-16 N'000
Bank balances (Unrestricted)	1,173,830	222,716
Bank balances (Restricted-see Note 16.1)	335,452	224,208
Cash in hand	3	705
	1,509,285	**447,629**

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16 Cash and bank balances (cont'd)

16.1 Restricted bank balances relate to unremitted surplus due to Rural Electrification Fund and deposit made for settlement of fines by third parties into the commission's bank account for which the commission was yet to remit to the Rural Electrification Fund as at the reporting date. In line with the Electric Power Sector Reform Act, all fines collected by the commission are to be remitted to the Rural Electrification Fund. Also, the auditor is to determine the surplus at every reporting year end date and such amount established should be refunded to the Rural Electrification Agency (REA).

		31-Dec-17 N'000	31-Dec-16 N'000
17	**Grant allocation**		
	Federal Government capital grant allocations (Note 17.1)	10,300,511	9,400,511
	World bank grant allocation	28,524	28,524
	MacArthur Foundation grant	45,750	-
		10,374,785	**9,429,035**
17.1	**Federal Government capital grant allocations**		
	Balance at 1 January	9,400,511	9,400,511
	Additions in the year	900,000	-
	Balance at 31 December	**10,300,511**	**9,400,511**
18	**Other reserves**		
	Capital fund from internally generated revenue (Note 18.1)	3,627,152	3,597,428
	Employee defined benefit reserve (Note 18.2)	(86,302)	179,995
		3,540,850	**3,777,423**
18.1	**Capital fund from internally generated revenue**		
	Balance at 1 January	3,597,428	3,630,042
	Additions in the year (Note 13)	29,724	-
	Release	-	(32,614)
	Balance at 31 December	**3,627,152**	**3,597,428**
18.2	**Employee defined benefit reserve**		
	Balance at 1 January	179,995	-
	Additions in the year	(266,297)	179,995
	Balance at 31 December	**(86,302)**	**179,995**

Additions in the year represents actuarial (gains) and losses arising from changes in financial and demographic assumptions.

		31-Dec-17 N'000	31-Dec-16 N'000
19	**Retained earnings**		
	Balance at 1 January	1,357,501	1,196,257
	Net surplus for the year	1,716,651	128,630
	Appropriation to Grant allocation reserve	(945,750)	-
	Net amount appropriated to IGR capital fund	(29,724)	32,614
	Balance at 31 December	**2,098,678**	**1,357,501**

Appropriation to Grant allocation reserve represents the Federal Government Capital grant and the MacArthur foundation grant received during the year.

NOTES TO THE FINANCIAL STATEMENTS

20 Retirement benefit plans

20.1 Defined contribution plans

The Commission operates defined contribution retirement benefit plans for all qualifying employees. The Commission is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The obligation of the Commission with respect to the retirement benefit plan is to make the specified contributions and remit the amount to the respective Pension Fund Administrator nominated by each employee. The assets of the plans are held separately from those of the Commission in funds under the control of trustees (Pension Fund administrators).

The total expense recognised in profit or loss of N581.9 million (2016: N498.4 million) represents contributions payable to these plans by the Commission at rates specified in the rules of the plans.

As at 31/12/2017, the Commission was yet to remit pension liability totalling the sum of N436.8 million (2016: N391 million) to the respective Pension Fund Administrators (see Note 21).

20.2 Defined benefit plans

The Commission sponsors funded defined benefit plans for qualifying employees. The defined benefit plans are administered by a separate Fund that is legally separated from the entity. Under the plans, the employees are entitled to post-retirement benefits based on the below scale.

Gratuity Benefits

Years of Service	**Gratuity Benefit**
<5 years	Nil
5 – 15 years	120% of Annual Gross remuneration
15 – 25 years	160% of Annual Gross remuneration
25 – 35 years	200% of Annual Gross remuneration

Normal retirement age

60 years of age or 35 years of service, whichever is earlier.
The defined benefit scheme typically exposes the Commission to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Federal Government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

Currently, the assets of the plan are managed by three fund administrators namely (ARM Pension Managers limited, Stanbic IBTC Pension Managers Limited, and Legacy Pension Manager Limited). The fund has a relatively balanced and secured investment in treasury bills, Federal Government of Nigeria bonds, and Corporate bonds. Due to the long-term nature of the plan liabilities, the fund administrators consider it appropriate that the investment strategy of the planned asset is appropriate in order to leverage the return generated by the fund.

Interest risk:

A decrease in the interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

Longevity/mortality risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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20 Retirement benefit plans

20.1 Defined contribution plans

The Commission operates defined contribution retirement benefit plans for all qualifying employees. The Commission is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The obligation of the Commission with respect to the retirement benefit plan is to make the specified contributions and remit the amount to the respective Pension Fund Administrator nominated by each employee. The assets of the plans are held separately from those of the Commission in funds under the control of trustees (Pension Fund administrators).

The total expense recognised in profit or loss of N581.9 million (2016: N498.4 million) represents contributions payable to these plans by the Commission at rates specified in the rules of the plans.

As at 31/12/2017, the Commission was yet to remit pension liability totalling the sum of N436.8 million (2016: N391 million) to the respective Pension Fund Administrators (see Note 21).

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Gratuity Benefits

Years of Service	Gratuity Benefit
<5 years	Nil
5 – 15 years	120% of Annual Gross remuneration
15 – 25 years	160% of Annual Gross remuneration
25 – 35 years	200% of Annual Gross remuneration

Normal retirement age

60 years of age or 35 years of service, whichever is earlier.
The defined benefit scheme typically exposes the Commission to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Federal Government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

Currently, the assets of the plan are managed by three fund administrators namely (ARM Pension Managers limited, Stanbic IBTC Pension Managers Limited, and Legacy Pension Manager Limited). The fund has a relatively balanced and secured investment in treasury bills, Federal Government of Nigeria bonds, and Corporate bonds. Due to the long-term nature of the plan liabilities, the fund administrators consider it appropriate that the investment strategy of the planned asset is appropriate in order to leverage the return generated by the fund.

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A decrease in the interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

Longevity/mortality risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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20 Retirement benefit plans (cont'd)

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 December 2017 by Alexander Forbes Consulting Actuaries Nigeria Limited. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.
The principal assumptions used for the purposes of the actuarial valuations were as follows.

	Valuation at	
	31-Dec-17	**31-Dec-16**
Discount rate	14.50%	16.60%
Expected rate(s) of salary increase	1.50%	1.50%

Discount rate

The rate used to discount post-employment benefit obligations is determined by reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the balance sheet date) on government bonds should be used. There is no deep market in corporate bonds in Nigeria, thus we have set our discount rate with reference to the yields on Nigerian Government bonds with the nearest expected duration as compiled by the FMDQ. This converts into a yield of 14.50% as at 31 December 2017. In terms of the accounting standards historical yields are less important and we consequently consider it appropriate to use the discount rate 14.50% per annum. The expected duration of the liabilities was calculated to be 3 years.

Salary Increase Rate

The level of salary increases to be awarded in the long-term will, on average, be 1.50% as advised by the Commission.

Demographic Assumptions

The following demographic assumptions have been used in performing the valuation.

Mortality

Pre-retirement: A1949/52 Ultimate Table

Withdrawal and Retirement

It was assumed that withdrawals and retirements would be in accordance with the following table:

Age Group	**Annual rate of Withdrawal and Retirement**
18 – 59	10%
60	100%

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows

	31-Dec-17	**31-Dec-16**
	N'000	**N'000**
Current service cost	128,654	139,476
Past service cost and gain/(loss) from settlements	-	-
Net interest expense	176,798	120,445
Components of defined benefit costs recognised in income and expenditure statement	305,452	259,921
Remeasurement on the net defined benefit liability:		
Actuarial loss/(gains) arising from changes in demographic and financial assumptions	266,297	(179,995)
Components of defined benefit costs recognised in other comprehensive income	266,297	(179,995)
Total recognised in the statement of income and expenditure and other comprehensive income	**571,749**	**79,926**

NOTES TO THE FINANCIAL STATEMENTS

20 Retirement benefit plans (cont'd)

The current service cost and the net interest expense for the year are included in the employee benefits expense in the income and expenditure statement. The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the statement of financial position arising from the Commission's obligation in respect of its defined benefit plans is as follows.

	31-Dec-17 N'000	31-Dec-16 N'000
Present value of funded defined benefit obligation	(1,429,080)	(1,015,480)
Defined benefit obligation of exited staff	(1,743,473)	(1,724,409)
Fair value of plan assets	3,138,826	2,843,315
Funded status	**(33,727)**	**103,426**
Restrictions on asset recognised	-	-
Net (liability)/asset arising from defined benefit obligation	**(33,727)**	**103,426**
Movements in the present value of the defined benefit obligation in the current year were as follows.		
At 1 January		
Opening defined benefit	1,015,480	979,998
Current service cost	128,654	139,476
Interest cost	176,798	120,445
Actuarial losses and (gains) arising from changes in financial and demographic assumptions	266,297	(179,995)
Benefit paid	(158,149)	(44,444)
At 31 December	**1,429,080**	**1,015,480**
Movements in the fair value of the plan assets in the current year were as follows.		
At 1 January		
Opening gross value of plan assets	2,888,653	2,523,417
Return on plan assets (excluding amounts included in net interest expense)	479,931	399,198
Contributions from the employer	-	-
Benefits paid	(151,412)	(33,962)
At 31 December		
Closing gross value of plan asset	**3,217,172**	**2,888,653**
Current asset based fees	(78,346)	(45,337)
Closing fair value of plan assets	**3,138,826**	**2,843,316**
The fair value of the plan assets at the end of the reporting period for each category, are as follows		
Treasury bills	1,775,786	851,632
FGN bonds	1,108,597	1,609,610
Corporate bonds	74,617	75,729
Money market instruments	251,831	349,613
Un-invested cash/Money on call	6,341	2,068
	3,217,172	**2,888,652**

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NOTES TO THE FINANCIAL STATEMENTS

20 Retirement benefit plans (cont'd)

Current asset based fee as at the reporting date

	31-Dec-17	31-Dec-16
	N'000	N'000
Pension Fund Administrator	52,563	30,416
Pension Fund Custodians	15,769	9,125
National Pension Commission (PENCOM)	10,014	5,796
	78,346	**45,337**

The fair values of the above instruments are determined based on quoted market prices in active markets

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

We recalculated the liability to show the effect of:

- the discount rate assumption on the defined benefit obligation by adding and subtracting 1% to the discount rate;
- the salary increase assumption on the defined benefit obligation by adding and subtracting 1% to the salary increase rate; and
- the mortality assumption on the defined benefit obligation by adding and subtracting 1 year to the age rating.

Discount rate	**Main Result (₦)**	**1% (₦)**	**-1% (₦)**
Defined benefit Obligation	(1,429,080)	(1,393,500,000)	(1,467,046,000)
Change		**-2.50%**	**2.70%**

Salary increase rate	**Main Result (₦)**	**1% (₦)**	**-1% (₦)**
Defined benefit Obligation	(1,429,080)	(1,471,363,000)	(1,388,998,000)
Change		**3.0%**	**-2.80%**

Mortality rate	**Main Result (₦)**	**+1 year (₦)**	**-1 year (₦)**
Defined benefit Obligation	(1,429,080)	(1,432,549,000)	(1,425,938,000)
Change		**0.20%**	**-0.20%**

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

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		31-Dec-17 N'000	31-Dec-16 N'000
21	**Trade and other payables**		
	Service charge on mortgage loan	36,483	25,143
	Accruals (Note 21.1)	848,904	976,119
	Surplus and Fines to REA (Note 21.2)	335,452	224,208
	Salary payables	311	845
	Pension payable (Note 21.3)	436,830	391,180
	Pay As You Earn (PAYE) payables	396,825	334,991
	VAT and WHT payables	14,392	34,795
	Other sundry payable	4	5,794
		2,069,201	**1,993,075**
21.1	**Accruals**		
	Accrued liability arising from the purchase of Property, plant and equipment	600,000	600,000
	Audit fees	37,133	33,210
	Employee and other third party	38,949	197,394
	Accrued ITF and NSITF charges	172,822	145,515
		848,904	**976,119**

21.2 In line with section 88[12b] of the Electric Power Sector Reform Act, all fines collected by the Commission are to be remitted to the Rural Electrification Fund.

Also in accordance with section 53 of the Electric Power Sector Reform Act, the auditor is to determine the surplus at every reporting year end date and such amount established should be paid to the Rural Electrification Fund (REF).

As at the end of the year, the total amount due to the Rural Electrification Fund was N335.4 million (2016: 224.2 million).

Shown below:

	31-Dec-17 N'000	31-Dec-16 N'000
Fines and surplus		
Surplus due to REF	201,341	201,341
Fines due to REF	134,111	22,867
	335,452	**224,208**
Movement in surplus due to REF		
Balance at 1 January	201,341	201,341
Additions in the year (Note 21.2.1)	-	-
Balance at 31 December	**201,341**	**201,341**
Movement in fines due to REF		
Balance at 1 January	22,867	-
Additions in the year	134,111	22,867
Remittances in the year	(22,867)	-
Balance at 31 December	**134,111**	**22,867**

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NOTES TO THE FINANCIAL STATEMENTS

21.1 Accruals (cont'd)

21.2.1 Statement of reconciliation of the surplus shown in the statement of income and expenditure and other comprehensive income and the surplus (if any) payable to the Rural Electrification Fund

	31-Dec-17 N'000	31-Dec-16 N'000
Surplus as per statement of income and expenditure and other comprehensive income	1,450,354	308,625
Add back non-cash items		
Depreciation	69,341	89,510
Less other exceptional items		
Returns from retirement benefit asset	(479,931)	(399,198)
Remeasurement of defined benefit obligation	266,297	(179,995)
MacArthur Foundation grant	(45,750)	-
Federal Government grant	(900,000)	-
Less deficit in prior years	(566,417)	(385,359)
Reconciled surplus/(deficit) for the year	**(206,106)**	**(566,417)**

21.3 Staff pension

	31-Dec-17 N'000	31-Dec-16 N'000
Balance at 1 January	391,180	18,162
Contributions for the year	581,868	498,407
Remittances to the Pension fund administrator	(536,218)	(125,389)
Balance at 31 December	**436,830**	**391,180**

22 Financial instruments

22.1 Categories of financial instruments

	31-Dec-17 N'000	31-Dec-16 N'000
Financial assets		
Cash and cash equivalents	1,509,285	447,629
Receivables	2,655,357	1,953,603
	4,164,642	**2,401,232**
Financial liabilities		
Trade and other payables	2,069,201	1,993,075

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Commissioners, which has established an appropriate liquidity risk management framework for the management of the Commission's short-, medium- and long-term funding and liquidity management requirements. The Commission manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Foreign currency risk management

The Commission undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. Also the entity ensures that foreign currency payments are made directly for foreign currency denominated assets. The carrying amounts of the Commission's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Assets	
	31-Dec-17 N'000	31-Dec-16 N'000
Bank balances denominated in foreign currency	227,210	443,878

NOTES TO THE FINANCIAL STATEMENTS

22 Financial instruments (cont'd)

Foreign currency sensitivity analysis

The Commission is exposed to the foreign currency of the US dollars. The following table details the Commission's sensitivity to a 10% increase and decrease in the Naira against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in surplus or equity where the Naira strengthens 10% against the relevant currency. For a 10% weakening of the Naira against the relevant currency, there would be a comparable impact on the surplus or equity, and the balances below would be negative.

	31-Dec-16 N'000	31-Dec-15 N'000
Impact on reported profit		
Naira strengthens by 3% against USD	6,816	13,316
Naira weakens by 3% against USD	(6,816)	(13,316)

23 Compensation of Commissioners and other key management personnel

The remuneration of Commissioners and other members of key management personnel during the year was as follows:

	31-Dec-16 N'000	31-Dec-15 N'000
Short-term benefits	550,641	112,089
Post-employment benefits	110,128	22,418
	660,769	**134,507**

The remuneration of Commissioners are financed from the funds of the Commission. The Commission is responsible for determining the remuneration of the Commissioners having regard to the provision of section 42 of the Electric Power Sector Reform Act, 2005. Remuneration for other key executives (General managers) is determined by the Commission.

Events after the reporting period

There were no significant or material adjusting events after the reporting period (31/12/2016: Nil).

6.10. Other Disclosures

6.10.1 Financial Summary

NIGERIAN ELECTRICITY REGULATORY COMMISSION
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FINANCIAL SUMMARY

31 DECEMBER	**2017 N'000**	**Restated 2016 N'000**	**Restated 2015 N'000**	**2014 N'000**	**2013 N'000**
Statement of Financial Position					
Assets/Liabilities					
Non-current asset	12,921,569	13,064,612	13,055,451	10,772,016	2,088,477
Current assets	5,195,672	3,492,422	2,821,769	7,016,954	5,559,267
Total assets	**18,117,241**	**16,557,034**	**15,877,220**	**17,788,970**	**7,647,744**
Accumulated Funds and liabilities					
Liabilities					
Current liabilities	2,069,201	1,993,075	1,424,124	872,585	879,942
Non-current liabilities	33,727	-	197,762	2,365,293	4,898,755
Total liabilities	**2,102,928**	**1,993,075**	**1,621,886**	**3,237,878**	**5,778,697**
RESERVES					
Grant allocation	10,374,785	9,429,035	9,429,035	9,429,035	-
Other reserves	3,540,850	3,777,423	3,630,042	1,716,302	1,869,047
Retained earnings	2,098,678	1,357,501	1,196,257	3,405,755	-
Total reserves	**16,014,313**	**14,563,959**	**14,255,334**	**14,551,092**	**1,869,047**
Total accumulated funds and liabilities	**18,117,241**	**16,557,034**	**15,877,220**	**17,788,970**	**7,647,744**
Statement of activities					
Income	10,640,280	8,927,110	9,751,101	5,464,040	6,744,775
Expenditure	(8,923,629)	(8,798,480)	(10,046,859)	(5,464,040)	(6,744,775)
	1,716,651	**128,630**	**(295,758)**	**-**	**-**

APPENDIX: KEY STATISTICS

A. Electricity Generation and Grid Performance

Table A.1: Monthly Stranded Generation Capacity by Type of Constraints

Period	Gas Constraint		Limited Distribution Network		Transmission Line Limitation		Water Management	
	2017	2016	2017	2016	2017	2016	2017	2016
January	2061.84	1750.55	18.68	10	0	196	122	83
February	1491.11	1752.03	75.89	14	26	208	139	18
March	2111.71	2276.06	211.45	131	12	340	68	5
April	2257.87	2915.40	91.03	25	58	270	38	300
May	2053.45	3555.55	204.71	4	221	334	213	492
June	1662.13	3992.77	666.23	15	175	266	0	233
July	893.52	4126.74	1567.35	11	76	288	0	0
August	515.06	3606.58	2137.55	237	25	300	0	90
September	608.30	2910.60	1947.53	319	0	455	0	4
October	465.45	3076.48	1620.00	195	2	336	0	0
November	842.63	3462.50	853.20	93	144	132	140	0
December	313.74	3339.23	669.35	67	24	1	87	65
Average Annual	**1273.07**	**3063.71**	**838.58**	**93**	**64**	**261**	**67**	**108**

Table A.2: Monthly Plant Availability Factor (%) in 2017

GENCOs	2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AES BARGE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AFAM (I-V)	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2
AFAM VI	67.6	70.7	85.0	58.7	38.9	86.9	28.3	63.1	42.2	80.9	92.1	71.8	92.5
ALAOJI NIPP	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
ASCO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CALABAR NIPP	100	100	100	100	100	100	100	100	100	100	100	100	100
EGBIN	69.3	41.3	51.5	55.5	46.9	64.8	73.8	82.5	88.0	69.8	80.8	76.8	99.7
GBARAIN	52.1	38.7	100	90.3	50.0	19.4	23.3	51.6	48.4	33.3	74.2	56.7	38.7
GEREGU	73.7	100	100	68.9	68.9	68.9	68.9	68.9	68.9	68.9	68.9	68.9	64.3
GEREGU NIPP	32.6	13.0	21.1	20.2	22.7	18.5	29.0	24.3	21.7	20.7	66.7	66.7	66.7
IBOM POWER	70.9	78.5	78.5	78.5	78.5	78.5	78.5	78.5	60.2	60.2	60.2	60.2	60.2
IHOVBOR NIPP	73.0	75.0	75.0	61.6	75.0	67.1	75.0	72.6	75.0	75.0	75.0	75.0	75.0
JEBBA	74.8	74.2	59.4	67.1	72.7	71.2	70.8	67.4	77.8	84.3	84.3	84.3	84.4
KAINJI	54.7	57.9	57.9	57.9	57.9	57.9	45.6	45.7	51.9	57.8	49.9	57.6	57.9
OKPAI	95.2	93.8	93.8	93.8	95.7	95.6	95.7	95.6	95.7	95.6	95.7	95.6	95.6
OLORUNSOGO	100	100	100	100	100	100	100	100	100	100	100	100	100
OLORUNSOGO NIPP	55.8	55.8	55.8	55.8	55.8	55.8	55.8	55.8	55.8	55.8	55.8	55.8	55.8
OMOKU	57.5	63.3	63.3	63.3	63.3	63.3	63.3	63.3	63.3	53.3	40.0	40.0	50.0
OMOTOSHO	100	100	100	100	100	100	100	100	100	100	100	100	100
OMOTOSHO NIPP	84.3	92.0	92.0	92.0	92.0	92.0	92.0	92.0	92.0	69.0	69.0	69.0	69.0
PARAS ENERGY	100	100	100	100	100	100	100	100	100	100	100	100	100
RIVERS IPP	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0
SAPELE	43.9	35.0	35.0	35.0	35.0	60.0	46.7	46.7	46.7	46.7	46.7	46.7	46.7
SAPELE NIPP	50.0	25.0	50.0	50.0	50.0	25.0	25.0	25.0	50.0	75.0	75.0	75.0	75.0
SHIRORO	67.6	70.2	64.3	50.8	44.0	45.5	49.8	85.3	100.0	100.0	75.0	75.0	51.7
TRANS-AMADI	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0
UGHELLI	87.3	90.0	86.3	91.0	86.9	85.4	88.7	91.0	86.4	90.1	85.6	83.1	83.1
ALL GENCOs	66.5	64.9	67.0	63.8	62.3	65.5	62.5	65.6	67.3	69.1	69.9	69.1	70.9

Table A.3: Annual Total Electricity Output and Plant Shares, 2015-2017

	Total Electricity Output (MW)			Share of Total Output (%)		
GENCOs	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**
AES BARGE	0.00	0.00	0.00	0.00	0.00	0.00
AFAM (I-V)	90518.00	0.00	8555.10	0.29	0.00	0.03
AFAM VI	2262878.34	2241815.48	3037725.80	7.14	7.80	9.61
ALAOJI NIPP	479049.29	875267.80	763966.18	1.51	3.05	2.42
ASCO	0.00	4477.00	3456.00	0.00	0.02	0.01
CALABAR NIPP	1443152.15	472242.30	228370.45	4.55	1.64	0.72
EGBIN	3504415.00	4416369.64	5465114.00	11.06	15.37	17.30
GBARAIN	344839.33	174701.65	0.00	1.09	0.61	0.00
GEREGU	1677515.22	704228.30	1105424.27	5.29	2.45	3.50
GEREGU NIPP	875606.96	701032.08	1170053.25	2.76	2.44	3.70
IBOM POWER	490883.17	483633.04	490665.13	1.55	1.68	1.55
IHOVBOR NIPP	869628.75	742841.85	1120365.17	2.74	2.58	3.55
JEBBA	2808216.80	3045326.00	2204615.00	8.86	10.60	6.98
KAINJI	2701736.00	2433103.90	1601855.99	8.52	8.47	5.07
OKPAI	2349953.50	2623046.80	2663761.00	7.41	9.13	8.43
OLORUNSOGO	1180600.08	877333.43	1546036.54	3.72	3.05	4.89
OLORUNSOGO NIPP	669798.10	170470.60	1163756.24	2.11	0.59	3.68
OMOKU	550164.85	210494.15	0.00	1.74	0.73	0.00
OMOTOSHO	1153332.90	938171.00	1466577.70	3.64	3.26	4.64
OMOTOSHO NIPP	969670.11	887228.60	1317074.70	3.06	3.09	4.17
PARAS ENERGY	521375.20	202102.80	0.00	1.64	0.70	0.00
RIVERS IPP	30782.90	142940.74	0.00	0.10	0.50	0.00
SAPELE	321116.80	386552.40	588131.22	1.01	1.34	1.86
SAPELE NIPP	974803.12	798926.59	911172.41	3.08	2.78	2.88
SHIRORO	2236807.00	2693169.10	1845780.00	7.06	9.37	5.84
TRANS AMADI	144749.74	43724.80	0.00	0.46	0.15	0.00
UGHELLI (DELTA)	3045025.26	2471903.85	2893172.56	9.61	8.60	9.16
ALL GENCOs	**31696618.57**	**28741103.90**	**31595628.71**	**100.00**	**100.00**	**100.00**

Table A.4: Annual Electricity Output and Share by Fuel Type, 2015-2017

Period	Fuel Type	Total Electricity Output (MW)			Share of Total Output (%)		
		2017	**2016**	**2015**	**2017**	**2016**	**2015**
Q1	Thermal	6,743,998.69	5,226,086.74	6,618,472.87	77.47	68.69	76.14
	Hydro	1,961,607.00	2,381,928.90	2,073,717.99	22.53	31.31	23.86
	Aggregate	8,705,605.69	7,608,015.64	8,692,190.86	100.00	100.00	100.00
Q2	Thermal	5,433,026.07	4,575,352.89	7,437,546.92	71.78	65.88	85.55
	Hydro	2,135,465.80	2,369,873.00	1,255,942.00	28.22	34.12	14.45
	Aggregate	7,568,491.87	6,945,225.89	8,693,488.92	100.00	100.00	100.00
Q3	Thermal	6,244,816.82	4,245,477.16	5,748,962.31	79.84	74.36	85.92
	Hydro	1,576,365.00	1,463,518.00	942,106.00	20.16	25.64	14.08
	Aggregate	7,821,181.82	5,708,995.16	6,691,068.31	100.00	100.00	100.00
Q4	Thermal	5,528,017.19	6,438,480.07	6,138,395.62	72.72	76.70	81.64
	Hydro	2,073,322.00	1,956,279.10	1,380,485.00	27.28	23.30	18.36
	Aggregate	7,601,339.19	8,394,759.17	7,518,880.62	100.00	100.00	100.00
Annual	Thermal	23,949,858.77	20,485,396.86	25,943,377.72	75.56	71.48	82.11
	Hydro	7,746,759.80	8,171,599.00	5,652,250.99	24.44	28.52	17.89
	Aggregate	31,696,618.57	28,656,995.86	31,595,628.71	100.00	100.00	100.00

Table A.5: Transmission Loss Factor in 2017

Period	Energy Injected into Grid (GWh)	Energy Delivered to DisCos & Exports (GWh)	Transmission Losses (%)	MYTO Assumption (%)
January	2,121	1,932	8.94%	8.05%
February	2,460	2,227	9.50%	8.05%
March	2,818	2,546	9.65%	8.05%
April	2,531	2,297	9.22%	8.05%
May	2,594	2,332	10.11%	8.05%
June	2,495	2,288	8.31%	8.05%
July	2,501	2,283	8.71%	8.05%
August	2,492	2,286	8.29%	8.05%
September	2,471	2,267	8.25%	8.05%
October	2,753	2,536	7.88%	8.05%
November	2,782	2,565	7.80%	8.05%
December	2,782	2,565	7.80%	8.05%
Average in 2017	2,567	2,343	8.70%	8.05%

Table A.6: Average Monthly System Frequency, 2016-2017

Period	Upper Statutory Limit	Lower Statutory Limit	Higher Bound Stress	Lower Bound Stress	Nominal Standard	High Frequency		Low Frequency	
						2017	2016	2017	2016
January	50.25	49.75	51.25	48.75	50	51.43	51.28	48.75	49.01
February	50.25	49.75	51.25	48.75	50	51.48	51.26	48.75	48.87
March	50.25	49.75	51.25	48.75	50	51.56	51.40	48.75	48.83
April	50.25	49.75	51.25	48.75	50	51.48	51.21	48.75	48.73
May	50.25	49.75	51.25	48.75	50	51.30	51.42	48.75	48.70
June	50.25	49.75	51.25	48.75	50	50.69	51.35	48.75	48.61
July	50.25	49.75	51.25	48.75	50	50.60	51.29	48.75	48.86
August	50.25	49.75	51.25	48.75	50	50.62	51.41	48.75	49.00
September	50.25	49.75	51.25	48.75	50	50.67	51.54	48.75	48.84
October	50.25	49.75	51.25	48.75	50	50.63	51.50	48.75	48.78
November	50.25	49.75	51.25	48.75	50	50.54	51.51	48.75	48.60
December	50.25	49.75	51.25	48.75	50	50.55	51.50	48.75	48.60
Annual Average	50.25	49.75	51.25	48.75	50	50.96	51.39	48.75	48.79

Table A.7: Monthly System Voltage (kV), 2016-2017

Period	Upper Voltage (KV)	Lower Voltage (KV)	Nominal Standard (KV)	High Voltage (KV)		Low Voltage (KV)	
				2017	2016	2017	2016
January	346.5	313.5	330.0	357.0	348.8	298.0	294.2
February	346.5	313.5	330.0	351.6	346.7	295.0	296.0
March	346.5	313.5	330.0	355.3	349.9	295.7	294.4
April	346.5	313.5	330.0	355.6	350.2	295.2	294.7
May	346.5	313.5	330.0	357.1	355.1	293.5	293.9
June	346.5	313.5	330.0	359.9	357.5	293.8	295.5
July	346.5	313.5	330.0	359.9	350.1	296.0	295.8
August	346.5	313.5	330.0	360.0	349.6	299.4	298.8
September	346.5	313.5	330.0	359.5	354.8	295.5	297.7
October	346.5	313.5	330.0	355.6	354.o	295.3	296.0
November	346.5	313.5	330.0	353.6	353.7	297.3	295.3
December	346.5	313.5	330.0	353.0	351.7	299.8	299.4
Annual Average	346.5	313.5	330.0	356.5	351.8	296.2	296.0

B. Commercial Performance

Table B.1: Quarterly and Annual Energy Received and Billed By DisCos in 2017

DisCos	Total Energy Received (GWh)					Total Energy Billed (GWh)					Billing Efficiency (%)				
	2017				Total	2017				Total	2017				Total
	/Q1	/Q2	/Q3	/Q4	2017	/Q1	/Q2	/Q3	/Q4	2017	/Q1	/Q2	/Q3	/Q4	2017
Abuja	782	880	812	855	3,329	609	687	673	717	2,686	78	78	83	84	81
Benin	545	561	535	644	2,285	437	440	425	506	1,807	80	78	79	79	79
Eko	670	776	721	784	2,951	578	665	590	687	2,520	86	86	82	88	85
Enugu	602	634	548	554	2,338	414	448	405	397	1,664	69	71	74	72	71
Ibadan	781	835	828	891	3,335	562	592	597	643	2,394	72	71	72	72	72
Ikeja	741	844	807	865	3,257	560	594	654	673	2,482	76	70	81	78	76
Jos	281	333	344	361	1,319	215	240	239	251	945	77	72	69	70	72
Kaduna	480	591	440	484	1,995	362	447	291	315	1,415	75	76	66	65	71
Kano	355	474	445	473	1,748	284	392	360	389	1,425	80	83	81	82	82
Port Harcourt	488	483	507	542	2,020	390	372	387	396	1,545	80	77	76	73	76
Yola	156	194	212	238	801	110	132	148	161	551	70	68	70	68	69
All DisCos	**5,882**	**6,603**	**6,200**	**6,691**	**25,377**	**4,520**	**5,008**	**4,768**	**5,136**	**19,432**	**77**	**76**	**77**	**77**	**77**

Table B.2: Quarterly and Annual Revenue Performance by DisCos in 2017

DisCos	Total Billing (₦' Million)					Total Revenue Collected (₦' Million)					Collection Efficiency (%)				
	2017				Total	2017				Total	2017				Total
	/Q1	/Q2	/Q3	/Q4	2017	/Q1	/Q2	/Q3	/Q4	2017	/Q1	/Q2	/Q3	/Q4	2017
Abuja	19,364	22,262	21,540	23,200	86,366	13,056	14,760	13,217	15,506	56,539	67	66	61	67	65
Benin	14,611	15,490	15,038	17,754	62,893	7,848	9,164	9,000	9,470	35,482	54	59	60	53	56
Eko	17,248	19,685	18,514	19,856	75,303	13,345	14,636	14,506	16,706	59,193	77	74	78	84	79
Enugu	14,711	16,512	14,923	14,618	60,764	8,752	8,839	8,516	9,007	35,114	59	54	57	62	58
Ibadan	16,669	18,068	17,807	18,880	71,424	10,521	11,331	10,980	13,550	46,382	63	63	62	72	65
Ikeja	16,147	17,116	18,247	18,841	70,351	13,270	13,457	14,810	16,240	57,777	82	79	81	86	82
Jos	7,279	8,614	8,351	8,818	33,062	2,823	2,930	2,956	2,922	11,631	39	34	35	33	35
Kaduna	11,154	13,585	9,083	9,774	43,596	4,082	4,665	3,561	3,680	15,988	37	34	39	38	37
Kano	8,312	11,680	10,395	11,558	41,945	4,493	5,146	4,588	5,703	19,930	54	44	44	49	48
P/Harcourt	13,284	13,493	13,874	14,196	54,847	6,191	6,229	6,277	6,242	24,939	47	46	45	44	45
Yola	2,918	3,598	3,980	4,288	14,784	1,711	1,723	1,887	2,160	7,481	59	48	47	50	51
All DisCos	**141,697**	**160,103**	**151,752**	**161,783**	**615,335**	**86,091**	**92,879**	**90,298**	**101,187**	**370,456**	**61**	**58**	**60**	**63**	**60**

Table B.3: Load Allocation vs. MYTO Load by DisCos in 2017

DisCos	Load Capacity in 2017	Total Energy loaded in 2017	Actual Load in 2017	MYTO Load in 2017	Load Deviation in 2017
Abuja	2,827,090.40	3,354,483,430.00	13.2%	12.0%	1.2%
Benin	1,865,787.69	2,306,496,077.00	9.1%	9.0%	0.1%
Eko	2,484,990.36	2,991,500,162.84	11.8%	11.0%	0.8%
Enugu	2,031,243.56	2,360,688,980.00	9.3%	9.0%	0.3%
Ibadan	2,801,626.35	3,385,280,005.00	13.3%	13.0%	0.3%
Ikeja	2,386,011.16	2,873,224,300.00	11.3%	15.0%	-3.7%
Jos	1,141,423.05	1,385,009,110.00	5.5%	6.0%	-0.5%
Kaduna	1,730,945.71	2,016,415,100.00	7.9%	8.0%	-0.1%
Kano	1,482,385.04	1,796,326,438.00	7.1%	8.0%	-0.9%
P/H	1,717,710.02	2,074,458,130.00	8.2%	7.0%	1.2%
Yola	656,245.39	831,162,900.00	3.3%	4.0%	-0.7%
All DisCos	**21,125,458.73**	**25,375,044,632.84**	**100.0%**	**102.0%**	**-2.0%**

Table B.4: Historical ATC&C Losses

DisCos	Annual							MYTO Assumption for 2017
	2011	2012	2013	2014	2015	2016	2017	
Abuja	33%	42%	48%	50%	50%	48%	47%	24%
Benin	11%	36%	47%	47%	57%	56%	55%	31%
Eko	23%	27%	28%	30%	35%	34%	33%	14%
Enugu	66%	53%	57%	59%	61%	63%	59%	29%
Ibadan	1%	40%	43%	44%	49%	50%	53%	25%
Ikeja	61%	29%	35%	30%	43%	46%	37%	15%
Jos	44%	50%	52%	61%	67%	74%	75%	44%
Kaduna	45%	47%	46%	64%	66%	74%	74%	20%
Kano	38%	42%	43%	52%	58%	61%	61%	29%
Port Harcourt	6%	55%	52%	50%	54%	61%	65%	37%
Yola	39%	57%	61%	54%	60%	66%	64%	28%
Total DisCos	**33%**	**43%**	**47%**	**49%**	**55%**	**55%**	**54%**	**25%**

Table B.5: Annual Invoice (₦' Billion) from NBET and MO by DisCos, 2015-2017

	Jan17	Feb17	Mar17	Apr17	May17	Jun17	Jul17	Aug17	Sep17	Oct17	Nov17	Dec17	2017	2016	2015
NBET Invoice															
Abuja	4.510	4.896	5.575	5.330	5.232	5.430	5.645	5.365	5.190	5.682	5.930	6.349	65.134	49.669	35.378
Benin	3.190	3.303	3.235	3.332	3.753	3.356	3.832	3.661	4.091	4.342	4.195	4.545	44.836	33.685	23.424
Eko	3.115	4.412	4.840	4.551	5.109	5.486	4.662	4.858	4.774	5.135	5.466	5.761	58.169	32.105	25.596
Enugu	3.316	3.995	4.530	3.331	3.794	3.482	3.918	3.727	3.420	3.611	3.870	4.770	45.762	40.556	29.315
Ibadan	4.504	4.996	4.908	5.071	5.365	5.608	5.680	5.479	5.496	5.824	6.146	6.741	65.819	45.841	33.960
Ikeja	3.963	4.083	4.441	4.247	4.579	4.497	4.734	4.866	4.867	4.959	4.806	5.799	55.841	46.396	36.541
Jos	1.598	1.882	2.219	1.999	2.133	2.382	2.593	2.184	2.214	2.468	2.563	2.718	26.954	19.369	13.368
Kaduna	2.709	3.155	3.885	3.431	3.547	3.211	2.825	2.927	2.873	3.435	3.196	3.848	39.043	31.495	19.875
Kano	1.862	2.495	3.176	2.640	2.873	2.882	3.008	3.131	2.948	3.185	3.151	3.580	34.930	23.428	12.951
Port Harcourt	2.905	3.067	3.028	2.944	3.244	3.125	3.586	3.573	3.328	3.701	3.470	4.364	40.336	32.957	18.670
Yola	0.827	1.079	1.388	1.014	1.154	1.359	1.480	1.474	1.410	1.618	1.647	1.743	16.194	9.858	4.610
DisCos Average	2.954	3.397	3.748	3.445	3.708	3.711	3.815	3.750	3.692	3.996	4.040	4.565	44.820	33.214	23.062
Total DisCos	32.499	37.363	41.225	37.891	40.784	40.819	41.962	41.245	40.612	43.961	44.441	50.217	493.017	365.36	253.69
MO Invoice															
Abuja	0.932	0.966	1.129	1.058	1.001	1.035	1.042	1.031	1.008	1.144	1.199	1.227	12.771	11.363	10.853
Benin	0.659	0.652	0.655	0.662	0.718	0.640	0.708	0.704	0.795	0.874	0.849	0.878	8.794	7.593	7.181
Eko	0.644	0.871	0.981	0.904	0.978	1.046	0.861	0.934	0.928	1.035	1.106	1.114	11.403	8.617	7.825
Enugu	0.685	0.789	0.917	0.661	0.726	0.664	0.724	0.716	0.664	0.727	0.783	0.922	8.979	9.252	8.994
Ibadan	0.934	0.990	0.997	1.010	1.030	1.073	1.052	1.057	1.071	1.177	1.248	1.307	12.946	10.393	10.425
Ikeja	0.817	0.804	0.897	0.841	0.874	0.855	0.872	0.933	0.943	0.996	0.970	1.118	10.919	11.577	11.205
Jos	0.331	0.373	0.451	0.398	0.409	0.455	0.480	0.421	0.431	0.498	0.520	0.527	5.294	4.523	4.102
Kaduna	0.561	0.625	0.789	0.683	0.681	0.614	0.523	0.564	0.560	0.694	0.648	0.746	7.688	7.191	6.111
Kano	0.384	0.492	0.642	0.523	0.549	0.549	0.555	0.601	0.572	0.641	0.637	0.691	6.837	5.259	3.974
Port Harcourt	0.601	0.606	0.614	0.585	0.622	0.597	0.663	0.688	0.647	0.746	0.703	0.844	7.917	7.491	5.741
Yola	0.172	0.214	0.282	0.202	0.222	0.260	0.274	0.284	0.275	0.327	0.334	0.338	3.185	2.253	1.406
DisCos Average	0.611	0.671	0.760	0.684	0.710	0.708	0.705	0.721	0.718	0.805	0.818	0.883	8.794	7.774	7.074
Total DisCos	6.722	7.382	8.355	7.527	7.810	7.789	7.755	7.932	7.894	8.859	8.998	9.710	96.733	85.513	77.818

Notes of the table:
1. NBET and MOs are Nigeria Bulk Electricity Trader and Market Operators respectively.
2. ₦'Billion is billions of Nigeria Currency.

Source: Nigerian Electricity Regulatory Commission.

Table B.6: Annual Remittances (₦' Billion) to NBET and MO by DisCos, 2015-2017

	Jan17	Feb17	Mar17	Apr17	May17	Jun17	Jul17	Aug17	Sep17	Oct17	Nov17	Dec17	2017	2016	2015
Remittances to NBET															
Abuja	2.030	2.448	2.509	2.400	2.093	1.086	1.000	2.000	2.000	2.200	2.000	0.372	22.138	15.158	19.262
Benin	0.771	0.985	1.094	1.127	1.276	1.342	1.571	1.501	1.432	1.333	1.288	0.000	13.720	8.252	13.642
Eko	1.416	1.765	1.936	1.820	1.528	2.250	1.865	1.943	1.671	2.054	2.241	2.304	22.793	14.745	22.196
Enugu	1.100	1.450	1.400	1.300	1.200	1.200	1.200	1.100	1.200	1.200	1.300	1.000	14.650	11.030	15.158
Ibadan	1.581	1.874	1.877	2.044	2.038	1.977	1.900	1.723	1.759	1.734	1.753	0.800	21.059	14.469	23.819
Ikeja	1.348	1.633	1.776	1.699	1.831	1.799	1.893	1.946	1.947	0.500	3.406	0.000	19.780	16.275	21.460
Jos	0.240	0.332	0.333	0.340	0.363	0.357	0.400	0.328	0.264	0.270	0.333	0.000	3.560	3.796	5.495
Kaduna	0.600	0.600	0.635	0.650	0.650	0.500	0.300	0.500	0.500	0.500	0.450	0.000	5.885	5.700	4.176
Kano	0.400	0.400	0.500	0.400	0.400	0.000	0.400	0.900	0.500	0.000	0.500	0.000	4.400	3.883	6.314
Port Harcourt	0.610	0.736	0.727	0.707	0.779	0.781	0.000	1.432	0.000	0.600	0.500	0.000	6.871	5.291	9.051
Yola	0.165	0.471	0.000	0.236	0.610	0.000	0.296	0.147	0.141	0.162	0.247	0.000	2.476	1.351	1.091
DisCos Average	0.933	1.154	1.162	1.157	1.161	1.027	0.984	1.229	1.038	0.959	1.274	0.407	12.485	9.086	12.879
Total DisCos	10.261	12.694	12.787	12.723	12.768	11.293	10.825	13.520	11.414	10.553	14.018	4.476	137.333	99.950	141.665
Remittances to MOs															
Abuja	0.274	0.365	0.214	0.214	0.300	0.300	0.000	0.600	0.300	0.300	0.300	0.300	3.467	3.786	5.147
Benin	0.494	0.488	0.240	0.251	0.273	0.143	0.425	0.493	0.517	0.525	0.424	0.439	4.713	4.134	3.810
Eko	0.759	0.644	0.871	1.885	0.978	1.046	0.861	0.000	0.467	0.828	0.885	0.891	10.115	6.121	5.645
Enugu	0.300	0.200	0.225	0.225	0.200	0.100	0.300	0.200	0.100	0.300	0.200	0.350	2.700	2.180	2.692
Ibadan	0.308	0.346	0.349	0.354	0.361	0.376	0.316	0.317	0.271	0.294	0.293	0.392	3.977	4.464	6.730
Ikeja	0.836	0.834	0.402	0.448	0.420	0.437	0.428	0.610	0.560	0.566	0.598	0.582	6.720	5.593	4.289
Jos	0.054	0.052	0.060	0.073	0.063	0.066	0.069	0.070	0.064	0.065	0.075	0.094	0.805	0.252	0.628
Kaduna	0.100	0.100	0.100	0.150	0.150	0.150	0.100	0.070	0.100	0.200	0.000	0.200	1.420	0.944	2.203
Kano	0.080	0.100	0.100	0.100	0.100	0.100	0.000	0.100	0.100	0.100	0.100	0.100	1.080	0.750	0.148
Port Harcourt	0.081	0.126	0.145	0.147	0.140	0.149	0.149	0.133	0.138	0.100	0.100	0.400	1.809	1.145	1.654
Yola	0.072	0.312	0.119	0.304	0.202	0.222	0.274	0.284	0.275	0.327	0.334	0.338	3.063	1.238	0.718
DisCos Average	0.305	0.324	0.257	0.377	0.290	0.281	0.266	0.262	0.263	0.328	0.301	0.371	3.624	2.782	3.060
Total DisCos	3.357	3.567	2.826	4.152	3.188	3.089	2.922	2.877	2.891	3.604	3.310	4.086	39.869	30.607	33.664

Notes of the table:
1. NBET and MOs are Nigeria Bulk Electricity Trader and Market Operators respectively.
2. ₦'Billion is billions of Nigeria Currency.

Source: Nigerian Electricity Regulatory Commission.

Table B.7: Annual Shortfalls (₦' Billion) to NBET and MO by DisCos, 2015-2017

	Jan17	Feb17	Mar17	Apr17	May17	Jun17	Jul17	Aug17	Sep17	Oct17	Nov17	Dec17	2017	2016	2015
Shortfalls to NBET															
Abuja	2.480	2.448	3.066	2.930	3.139	4.344	4.645	3.365	3.190	3.482	3.930	5.977	42.997	34.510	16.115
Benin	2.420	2.318	2.141	2.205	2.477	2.014	2.261	2.160	2.659	3.009	2.907	4.545	31.115	25.433	9.782
Eko	1.699	2.647	2.904	2.731	3.581	3.236	2.797	2.915	3.103	3.081	3.225	3.457	35.375	17.360	3.399
Enugu	2.216	2.545	3.130	2.031	2.594	2.282	2.718	2.627	2.220	2.411	2.570	3.770	31.112	29.526	14.157
Ibadan	2.923	3.122	3.031	3.027	3.328	3.631	3.780	3.756	3.737	4.090	4.394	5.941	44.760	31.372	10.141
Ikeja	2.614	2.450	2.665	2.548	2.747	2.698	2.840	2.919	2.920	4.459	1.400	5.799	36.061	30.121	15.081
Jos	1.358	1.550	1.887	1.659	1.771	2.024	2.193	1.857	1.950	2.198	2.230	2.718	23.394	15.573	7.872
Kaduna	2.109	2.555	3.250	2.781	2.897	2.711	2.525	2.427	2.373	2.935	2.746	3.848	33.158	25.795	15.699
Kano	1.462	2.095	2.676	2.240	2.473	2.882	2.608	2.231	2.448	3.185	2.651	3.580	30.530	19.544	6.637
Port Harcourt	2.295	2.331	2.301	2.238	2.466	2.344	3.586	2.141	3.328	3.101	2.970	4.364	33.465	27.666	9.620
Yola	0.662	0.608	1.388	0.778	0.543	1.359	1.184	1.327	1.269	1.456	1.400	1.743	13.717	8.508	3.518
Ave. per DisCos	2.022	2.243	2.585	2.288	2.547	2.684	2.831	2.520	2.654	3.037	2.766	4.158	32.335	24.128	10.184
Total DisCos	22.237	24.669	28.438	25.168	28.016	29.526	31.137	27.725	29.198	33.408	30.423	45.741	355.684	265.408	112.023
Shortfalls to MOs															
Abuja	0.658	0.601	0.914	0.844	0.701	0.735	1.042	0.431	0.708	0.844	0.899	0.927	9.304	7.577	5.706
Benin	0.165	0.164	0.415	0.410	0.445	0.497	0.283	0.211	0.278	0.350	0.424	0.439	4.081	3.459	3.371
Eko	-0.115	0.227	0.109	-0.981	0.000	0.000	0.000	0.934	0.461	0.207	0.221	0.223	1.287	2.495	2.180
Enugu	0.385	0.589	0.692	0.436	0.526	0.564	0.424	0.516	0.564	0.427	0.583	0.572	6.279	7.072	6.301
Ibadan	0.626	0.643	0.648	0.657	0.670	0.697	0.737	0.740	0.800	0.882	0.954	0.915	8.969	5.930	3.695
Ikeja	-0.019	-0.030	0.495	0.392	0.453	0.418	0.444	0.322	0.383	0.430	0.372	0.536	4.199	5.984	6.917
Jos	0.277	0.321	0.391	0.325	0.346	0.389	0.411	0.351	0.367	0.433	0.445	0.433	4.489	4.271	3.475
Kaduna	0.461	0.525	0.689	0.533	0.531	0.464	0.423	0.494	0.460	0.494	0.648	0.546	6.268	6.247	3.908
Kano	0.304	0.392	0.542	0.423	0.449	0.449	0.555	0.501	0.472	0.541	0.537	0.591	5.757	4.509	3.826
Port Harcourt	0.521	0.480	0.469	0.438	0.481	0.447	0.514	0.555	0.510	0.646	0.603	0.444	6.108	6.347	4.087
Yola	0.100	-0.098	0.163	-0.102	0.020	0.038	0.000	0.000	0.000	0.000	0.000	0.000	0.121	1.015	0.688
Ave. per DisCos	0.306	0.347	0.503	0.307	0.420	0.427	0.439	0.460	0.455	0.478	0.517	0.511	5.169	4.991	4.014
Total DisCos	3.364	3.814	5.529	3.376	4.623	4.700	4.832	5.056	5.003	5.254	5.688	5.624	56.864	54.905	44.154

Notes of the table:
1. NBET and MOs are Nigeria Bulk Electricity Trader and Market Operators respectively.
2. ₦'Billion is billions of Nigeria Currency.

Source: Nigerian Electricity Regulatory Commission.

Table B.8: Annual Total Invoice, Remittances and Shortfalls by DisCos, 2015-2017

	Invoice (₦' Billion)			Remittances (₦' Billion)			Shortfalls (₦' Billion)			Remittance Performance (%)		
DisCos	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**
Abuja	77.905	61.031	46.231	25.605	18.945	24.409	52.300	42.087	21.821	32.867	31.041	52.799
Benin	53.629	41.277	30.605	18.433	12.386	17.452	35.196	28.891	13.153	34.371	30.007	57.024
Eko	69.571	40.721	33.421	32.909	20.866	27.841	36.662	19.855	5.580	47.303	51.242	83.304
Enugu	54.742	49.808	38.309	17.350	13.210	17.850	37.392	36.598	20.459	31.694	26.522	46.595
Ibadan	78.765	56.234	44.385	25.036	18.932	30.549	53.729	37.302	13.836	31.786	33.667	68.827
Ikeja	66.761	57.973	47.747	26.501	21.868	25.749	40.260	36.105	21.998	39.695	37.721	53.928
Jos	32.247	23.892	17.470	4.364	4.048	6.123	27.883	19.844	11.347	13.533	16.943	35.048
Kaduna	46.731	38.686	25.985	7.305	6.644	6.378	39.426	32.042	19.607	15.632	17.174	24.546
Kano	41.767	28.687	16.926	5.480	4.633	6.463	36.287	24.053	10.463	13.120	16.152	38.182
Port Harcourt	48.253	40.448	24.412	8.680	6.436	10.705	39.573	34.013	13.707	17.988	15.911	43.850
Yola	19.378	12.112	6.015	5.540	2.589	1.809	13.839	9.523	4.206	28.587	21.372	30.080
Ave. per DisCos	**53.614**	**40.988**	**30.137**	**16.109**	**11.869**	**15.939**	**37.504**	**29.119**	**14.198**	**27.871**	**27.068**	**48.562**
Total DisCos	**589.750**	**450.871**	**331.505**	**177.202**	**130.557**	**175.329**	**412.548**	**320.313**	**156.177**	**30.047**	**28.957**	**52.889**

Notes of the table:

NBET and MOs are Nigeria Bulk Electricity Trader and Market Operators respectively; ₦'Billion is billions of Nigeria Currency.

Source: Nigerian Electricity Regulatory Commission.

Table B.9: Summary of Collection and Remittance Performance by DisCos, 2016-2017

DisCos	Collection Efficiency (%)		Change in Collection Efficiency	Remittance Performance (%)		Change in Remittance Performance
	2017	2016	2016-17	2017	2016	2016-17
Abuja	65%	65%	+1%	33%	31%	+2%
Benin	56%	53%	+4%	34%	30%	+4%
Eko	79%	73%	+5%	47%	51%	-4%
Enugu	58%	58%	0%	32%	27%	+5%
Ibadan	65%	62%	+3%	32%	34%	-2%
Ikeja	82%	68%	+15%	40%	38%	+2%
Jos	35%	37%	-1%	14%	17%	-3%
Kaduna	37%	36%	+1%	16%	17%	-2%
Kano	48%	48%	0%	13%	16%	-3%
PH	45%	43%	+2%	18%	16%	+2%
Yola	51%	47%	+4%	29%	21%	+7%
DisCos Average	**56%**	**53%**	**+3%**	**28%**	**27%**	**+1%**
Total DisCos	**60%**	**57%**	**+4%**	**30%**	**29%**	**+1%**

C. Licence, Permit and Certification

Table C.1: Generation Licences Issued by the Commission in 2017

S/N	Applicant	Period of Approval	Location	Licence Type	Capacity (MW)
A.	**New Licence**				
1	Oriental Renewable Solutions Limited	Q1 2017	Dutse, Jigawa	On-Grid	50.00
2	EN Consulting & Projects	"	Birnin Yero Road, Igabi, Kaduna	On-Grid	50.00
3	Milhouse Generation Services Limited	"	Nsukka, Enugu	Embedded	30.00
4	Geogrid Lightec Limited	"	Agidingbi Ikeja, Lagos	On-Grid	30.00
5	Uraga Power Distribution Company Limited	Q2 2017	Sagamu, Ogun	IEDN	-
6	Uraga Power Solutions Limited	"	Sagamu, Ogun	Embedded	15.00
7	First Independent Power Company Limited	Q3 2017	Okoloma Afam, Rivers	On-Grid	360.00
8	Waltersmith Ugamma Power Company Limited	"	Ohaji-Egbema, Imo	On-Grid	300.00
9	MGIG Independent Power Generation Company Limited	"	Adiabo, Calabar, Cross River	On-Grid	528.00
10	CECUSAFE Limited	"	Uso, Owo, Ondo	On-Grid	50.00
11	Orocevam Limited	"	Paiko, Paikaro, Niger	On-Grid	150.00
12	Amber Energy & Power Development Company Limited	"	Obayantor, Ikpoba, Edo	On-Grid	100.00
13	Jolomi Engineering Services Limited	"	Ughelli, Delta	On-Grid	500.00
14	Banji Power Generation Limited	Q4 2017	Mbasombo Gwer East, Benue	On-Grid	100.00
15	Aggreko Projects Limited	"	Lafarge WAPCOM Cement, Ogun	Off-Grid	17.80
	Total Generation Licences Granted	**In 2017**	**In Nigeria**		**2,280.80**
B.	**Transfer/Change in Shareholding:**				
16	Alausa Power Limited to Elecktron Engineering Limited	Q1 2017	Alausa, Ikeja, Lagos	Off-Grid	12.00
17	Anjeed Kafanchan Solar Limited	Q3 2017	Kafanchan, Kaduna	On-Grid	100.00
C.	**Licence Withdrawn**				
18	Trombay Power Generation Company Limited	Q4 2017	Wajari, Yamaltu Deba, Gombe	On-Grid	500.00

Table C.2: Grant of Permit for Captive Power Generation (CPG) Issued in 2017

S/N	Applicant	Period of Application	Permit Type	Location	Capacity (MW)
1	Speciality Pulp & Paper Limited	2017/Q2	CPG	Ijebu Ode, Ogun	3.50
2	Nigerian Breweries Plc	"	CPG	Kudenda Industrial Area, Kaduna	6.00
3	Royal Tropicana Hotels Limited (Renewal)	"	CPG	17-19 Niger Street, Kano	1.00
4	Greenvile Oil & Gas Limited	''	CPG	Rumuji, Rivers	50.00
5	Federal Airport Authority of Nigeria	2017/Q3	CPG	Nnamdi Azikwe Int'l Airport, Abuja	9.50
6	WACOT Rice Nigeria Limited	"	CPG	Argungu, Kebbi	3.40
7	The Shell Petroleum Company Nigeria Limited	"	CPG	Sea-Eagle FPSO	50.00
8	The Shell Petroleum Company Nigeria Limited	"	CPG	Kolo Creek Oil & Nag Manifold	6.00
9	The Shell Petroleum Company Nigeria Limited	"	CPG	Okolomo	2.00
10	Engee Pet Manufacturing Company Limited	2017/Q4	CPG	Igbesa Village, Ogun	4.50
11	Hayat Kimya Nigeria Limited	''	CPG	EPIC Estate, Agbara, Ogun	17.20
	Total CPG Permit Granted	**In 2017**	**CPG**	**In Nigeria**	**153.10**

Table C.3: Certification of Meter Service Providers in 2017

S/N	Applicant	Period of Application	Certification Class
1.	Prime Infrastructure and Engineering Services Limited	2017/Q1	Importer
2.	Sabrud Consortium Nigeria Limited	"	Importer
3.	Klartek Nigeria Limited	"	Importer
4.	Holley Metering Limited	"	Importer
5.	Leading Diagonal Engineering Nigeria Limited	"	Importer
6.	Adroit Metering Services Limited	"	Importer
7.	MBH Power Limited	"	Importer
8.	Tinuten Nigeria Limited	"	Importer
9.	Prime Infrastructure and Engineering Services Limited	"	Vendor
10.	Adroit Metering Services Limited	"	Vendor
11.	Kilowatt Engineering Limited	"	Installer (A1)
12.	Folus Enterprise Nigeria Limited	"	Installer (B1)
13.	Integrated Resources Limited	"	Installer (A1)
14.	Helbon Associates Limited	"	Installer (A1)
15.	Yutai Li Nigeria Limited	2017/Q2	Importer
16.	Telecard Pribor Nigeria Limited	"	Importer
17.	Integrated Resources Limited	"	Importer
18.	Barton Solutions Limited	"	Installer (A1)
19.	Megawatts Distribution International Limited	"	Installer (A1)
20.	Mahforj Productions and Services	2017/Q3	Installer (A1)
21.	Goldengate Options Nigeria Limited	"	Installer (C1)
22.	Taye Ojo & Sons Limited	"	Installer (C1)
23.	Royal Birth Nigeria Limited	"	Installer (A1)
24.	Adroit Metering Services	"	Installer (A1)
25.	Turbo Energy Nigeria Limited	"	Installer (A1)
26.	De Haryor Global Services Limited	"	Installer (A1)
27.	Mojec International Limited	"	Installer (A1)
28.	Gosslink Engineering Limited	"	Installer (A1)
29.	De Haryor Global Services Limited	"	Importer
30.	G5 Utilities Solutions Limited	"	Importer
31.	Mojec International Limited	"	Manufacturer
32.	EL-Excellar Global Resource Limited	2017/Q4	Installer (A1)
33.	Mdalifu Ventures Nigeria Limited	"	Installer (A1)
34.	Fortmarch 85 Communications	"	Installer (A1)
Total MSP Certified in Nigeria		**In 2017**	**Importers: 13** **Installer: 18** **Vendor: 2** **Manufacturer: 1**

Table C.4: Applications under Evaluation in 2017

S/N	Applicants	Location (State)	Licence Type	Nameplate Capacity (MW)
I.	**New Applications:**			
IA.	**Captive Power Generation Permit:**			
1	Abubakar Tafawa Balewa University	Bauchi	CPG	0.50
2	Bayero University	Kano	CPG	3.00
3	Usman Danfodio University	Sokoto	CPG	2.00
4	Federal University of Agriculture	Makurdi	CPG	3.50
5	Federal University Ndufu-Alike, Ikwo	Ebonyi	CPG	1.00
6	Nnamdi Azikwe University	Anambra	CPG	2.00
7	University of Lagos	Lagos	CPG	8.03
8	Federal University of Petroleum Resources	Delta	CPG	0.50
9	Obafemi Awolowo University Campus & Teaching Hospital	Osun	CPG	8.03
10	Total E&P Nigeria limited	Rivers	CPG	14.40
11	Engee Pet Manufacturing Company Limited	Ogun	CPG	4.50
12	Challawa Gorge Dam Hydro Power Plant	Kano	CPG	6.00
13	Tiga Dam Hydro Power Plant	Kano	CPG	10.00
14	Warri Refining Petrochemical	Delta	CPG	83.00
16	The Shell PDC Nigeria Limited	Bayelsa	CPG	4.285
17	The Shell PDC Nigeria Limited	Bayelsa	CPG	15.855
18	The Shell PDC Nigeria Limited	Bayelsa	CPG	3.978
19	The Shell PDC Nigeria Limited	Bayelsa	CPG	4.285
21	African Steel Mills Nigeria Limited	Lagos	CPG	20.00
22	Nigerian LNG Limited	Rivers	CPG	6.00
	Sub-Total			**200.86**
IB.	**On- & Off-Grid, and Embedded Generation Licence:**			
23	Cummins Power Generation Limited, Asejire	Oyo	Off-Grid	3.50
24	Cummins Power Generation Limited, Dopemu	Lagos	Off-Grid	1.75
26	Geland Bower Limited	Lagos	On-grid	75.00
28	Banner Abasi Power Plant Limited	Akwa Ibom	On-grid	500.00
29	APLED Power Limited	Nasarawa	On-grid	100.00
30	Nigerian Agip Company Limited	Delta	On-grid	450.00
31	New Direction Solar Power Limited		On-grid	100.00
32	Pas Dutse and Pas Hadejia Solar Power Plant		On-grid	50.00
33	The Amendment of the Okpai IPP License		On-grid	450.00
34	Lexcel Energy Limited		Off-grid	7.50
35	BU Power Limited	Ogun	Embedded	4.50
36	GencoAtlantic Power Company Limited	Lagos	Embedded	75.00
	Sub-Total			**1,817.25**
	Grand Total of *New* Application Under Review			**2,018.11**
II.	**Renewal Applications:**			
37	Agbara Shoreline Power Company Limited	Lagos	On-Grid	100.00
38	Bresson A.S. Nigeria Limited	Ogun	On-Grid	90.00
39	Hudson Power Station Limited	Ogun	On-Grid	150.00
40	Supertek Electric Limited	Kogi	On-Grid	500.00
	Sub-Total of *Renewal* Applications Under Review			**840.00**
	Grand Total *New and Renewal* Applications Under Review			**2,858.11**

Notes of the Table

CPG and MW are acronyms for Captive Power Generation and Megawatt

D. Consumer Enlightenment, Metering and Complaints

Table D.1: Registered, Metered and Unmetered Customers by DisCos in 2017

Registered Customers (RC) by DisCos

DisCos	As at January		As at February		As at March		As at April	
	Registered customers	% Share	Registered customers	% Share	Registered customers	% Share	Registered customers	% Share
Abuja	894,755	12.10	899,395	12.04	913,507	12.10	918,923	12.19
Benin	774,603	10.47	779,298	10.44	789,287	10.45	792,124	10.51
Eko	442,290	5.98	444,937	5.96	447,748	5.93	448,038	5.94
Enugu	810,010	10.95	825,295	11.05	834,908	11.06	801,841	10.63
Ibadan	1,486,694	20.10	1,500,958	20.10	1,512,764	20.03	1,527,872	20.26
Ikeja	846,928	11.45	855,106	11.45	863,408	11.43	869,365	11.53
Jos	433,006	5.85	439,969	5.89	446,994	5.92	454,019	6.02
Kaduna	438,601	5.93	448,307	6.00	462,923	6.13	471,911	6.26
Kano	479,659	6.48	480,257	6.43	492,783	6.53	495,623	6.57
Port Harcourt	489,171	6.61	486,934	6.52	476,893	6.32	446,344	5.92
Yola	301,286	4.07	306,878	4.11	309,645	4.10	314,081	4.17
Total DisCos	**7,397,003**	**100.00**	**7,467,334**	**100.00**	**7,550,860**	**100.00**	**7,540,141**	**100.00**

Metered Customers by DisCos

DisCos	As at January		As at February		As at March		As at April	
	Metered customers	As % of RC	Metered customers	As % of RC	Metered customers	As % of RC	Metered customers	As % of RC
Abuja	380,118	42.48	380,661	42.32	386,588	42.32	388,194	42.24
Benin	467,599	60.37	474,330	60.87	476,558	60.38	476,743	60.19
Eko	237,107	53.61	238,201	53.54	234,972	52.48	235,174	52.49
Enugu	385,767	47.62	386,795	46.87	387,928	46.46	388,029	48.39
Ibadan	604,273	40.65	605,643	40.35	608,671	40.24	613,294	40.14
Ikeja	436,023	51.48	446,222	52.18	446,616	51.73	446,113	51.31
Jos	125,051	28.88	125,854	28.61	126,703	28.35	126,703	27.91
Kaduna	285,464	65.09	265,966	59.33	271,428	58.63	277,100	58.72
Kano	109,592	22.85	109,414	22.78	114,041	23.14	110,801	22.36
Port Harcourt	195,037	39.87	195,595	40.17	196,465	41.20	178,836	40.07
Yola	68,480	22.73	68,496	22.32	68,530	22.13	68,530	21.82
Total DisCos	**3,294,511**	**44.54**	**3,297,177**	**44.15**	**3,318,500**	**43.95**	**3,309,517**	**43.89**

Unmetered Customers by DisCos

DisCos	As at January		As at February		As at March		As at April	
	Unmetered customers	As % of RC	Unmetered customers	As % of RC	Unmetered customers	As % of RC	Unmetered customers	As % of RC
Abuja	514,637	57.52	518,734	57.68	526,919	57.68	530,729	57.76
Benin	307,004	39.63	304,968	39.13	312,729	39.62	315,381	39.81
Eko	205,183	46.39	206,736	46.46	212,776	47.52	212,864	47.51
Enugu	424,243	52.38	438,500	53.13	446,980	53.54	413,812	51.61
Ibadan	882,421	59.35	895,315	59.65	904,093	59.76	914,578	59.86
Ikeja	410,905	48.52	408,884	47.82	416,792	48.27	423,252	48.69
Jos	307,955	71.12	314,115	71.39	320,291	71.65	327,316	72.09
Kaduna	153,137	34.91	182,341	40.67	191,495	41.37	194,811	41.28
Kano	370,067	77.15	370,843	77.22	378,742	76.86	384,822	77.64
Port Harcourt	294,134	60.13	291,339	59.83	280,428	58.80	267,508	59.93
Yola	232,806	77.27	238,382	77.68	241,115	77.87	245,551	78.18
Total DisCos	**4,102,492**	**55.46**	**4,170,157**	**55.85**	**4,232,360**	**56.05**	**4,230,624**	**56.11**

Notes of the table:

1. RC is registered customers; Total DisCos is the eleven (11) electricity distribution companies altogether
2. % Share is the ratio of the registered customer in a month by a DisCo to the registered customers by all DisCos

Source: Nigerian Electricity Regulatory Commission

Table D.1: Cont'd: Registered, Metered and Unmetered Customers by DisCos

Registered Customers (RC) by DisCos

DisCos	As at May		As at June		As at July		As at August	
	Registered customers	% Share	Registered customers	% Share	Registered customers	% Share	Registered customers	% Share
Abuja	930,398	12.24	930,004	12.17	934,587	12.22	927,577	12.08
Benin	802,198	10.56	809,937	10.60	816,613	10.68	825,660	10.75
Eko	449,932	5.92	452,251	5.92	454,214	5.94	456,811	5.95
Enugu	818,925	10.78	825,050	10.80	827,722	10.83	826,886	10.77
Ibadan	1,536,075	20.21	1,546,170	20.24	1,554,359	20.33	1,565,017	20.38
Ikeja	878,225	11.56	885,721	11.59	893,490	11.69	899,957	11.72
Jos	461,044	6.07	466,044	6.10	469,721	6.14	472,266	6.15
Kaduna	472,721	6.22	472,827	6.19	436,199	5.71	438,425	5.71
Kano	500,369	6.58	503,915	6.60	502,003	6.57	499,035	6.50
Port Harcourt	432,471	5.69	429,576	5.62	433,236	5.67	442,089	5.76
Yola	316,831	4.17	319,217	4.18	323,499	4.23	326,361	4.25
Total DisCos	**7,599,189**	**100.00**	**7,640,712**	**100.00**	**7,645,643**	**100.00**	**7,680,084**	**100.00**

Metered Customers by DisCos

DisCos	As at May		As at June		As at July		As at August	
	Metered customers	As % of RC	Metered customers	As % of RC	Metered customers	As % of RC	Metered customers	As % of RC
Abuja	394,328	42.38	397,307	42.72	407,741	43.63	417,663	45.03
Benin	476,826	59.44	476,952	58.89	477,255	58.44	477,297	57.81
Eko	236,601	52.59	236,983	52.40	235,858	51.93	235,323	51.51
Enugu	388,589	47.45	389,484	47.21	390,354	47.16	390,857	47.27
Ibadan	616,294	40.12	619,163	40.04	622,168	40.03	647,246	41.36
Ikeja	446,584	50.85	447,019	50.47	447,426	50.08	448,454	49.83
Jos	126,703	27.48	126,703	27.19	126,703	26.97	126,778	26.84
Kaduna	277,937	58.80	277,949	58.78	279,579	64.09	291,273	66.44
Kano	116,996	23.38	119,147	23.64	118,715	23.65	125,264	25.10
Port Harcourt	195,349	45.17	195,243	45.45	195,317	45.08	204,727	46.31
Yola	68,581	21.65	68,636	21.50	68,711	21.24	68,836	21.09
Total DisCos	**3,344,788**	**44.02**	**3,354,586**	**43.90**	**3,369,827**	**44.08**	**3,433,718**	**44.71**

Unmetered Customers by DisCos

DisCos	As at May		As at June		As at July		As at August	
	Unmetered customers	As % of RC	Unmetered customers	As % of RC	Unmetered customers	As % of RC	Unmetered customers	As % of RC
Abuja	536,070	57.62	532,697	57.28	526,846	56.37	509,914	54.97
Benin	325,372	40.56	332,985	41.11	339,358	41.56	348,363	42.19
Eko	213,331	47.41	215,268	47.60	218,356	48.07	221,488	48.49
Enugu	430,336	52.55	435,566	52.79	437,368	52.84	436,029	52.73
Ibadan	919,781	59.88	927,007	59.96	932,191	59.97	917,771	58.64
Ikeja	431,641	49.15	438,702	49.53	446,064	49.92	451,503	50.17
Jos	334,341	72.52	339,341	72.81	343,018	73.03	345,488	73.16
Kaduna	194,784	41.20	194,878	41.22	156,620	35.91	147,152	33.56
Kano	383,373	76.62	384,768	76.36	383,288	76.35	373,771	74.90
Port Harcourt	237,122	54.83	234,333	54.55	237,919	54.92	237,362	53.69
Yola	248,250	78.35	250,581	78.50	254,788	78.76	257,525	78.91
Total DisCos	**4,254,401**	**55.98**	**4,286,126**	**56.10**	**4,275,816**	**55.92**	**4,246,366**	**55.29**

Notes of the table:
1. RC is registered customers; Total DisCos is the eleven (11) electricity distribution companies altogether
2. % Share is the ratio of the registered customer in a month by a DisCo to the registered customers by all DisCos

Source: Nigerian Electricity Regulatory Commission

Table D.1: Cont'd: Registered, Metered and Unmetered Customers by DisCos

Registered Customers (RC) by DisCos

	As at September		As at October		As at November		As at December	
DisCos	Registered customers	% Share	Registered customers	% Share	Registered customers	% Share	Registered customers	% Share
Abuja	928,393	11.99	940,264	12.02	954,976	12.12	966,192	12.16
Benin	831,943	10.74	841,940	10.76	848,684	10.77	853,587	10.74
Eko	461,183	5.96	466,068	5.96	467,769	5.94	471,013	5.93
Enugu	837,559	10.82	840,525	10.75	842,713	10.70	840,208	10.57
Ibadan	1,581,767	20.43	1,591,959	20.35	1,603,790	20.35	1,613,635	20.30
Ikeja	906,480	11.71	913,374	11.68	921,781	11.70	927,672	11.67
Jos	472,266	6.10	475,263	6.08	475,511	6.03	478,698	6.02
Kaduna	466,122	6.02	500,456	6.40	500,476	6.35	500,476	6.30
Kano	487,898	6.30	480,473	6.14	491,108	6.23	506,638	6.38
Port Harcourt	440,542	5.69	441,283	5.64	439,487	5.58	453,818	5.71
Yola	328,920	4.25	330,711	4.23	333,027	4.23	335,184	4.22
Total DisCos	**7,743,073**	**100.00**	**7,822,316**	**100.00**	**7,879,322**	**100.00**	**7,947,121**	**100.00**

Metered Customers by DisCos

	As at September		As at October		As at November		As at December	
DisCos	Metered customers	As % of RC	Metered customers	As % of RC	Metered customers	As % of RC	Metered customers	As % of RC
Abuja	397,966	42.87	405,929	43.17	446,062	46.71	462,048	47.82
Benin	477,539	57.40	478,028	56.78	478,278	56.36	478,318	56.04
Eko	232,515	50.42	232,886	49.97	233,202	49.85	232,852	49.44
Enugu	391,671	46.76	392,650	46.71	393,587	46.70	394,497	46.95
Ibadan	662,348	41.87	670,351	42.11	672,941	41.96	676,560	41.93
Ikeja	449,684	49.61	450,770	49.35	452,248	49.06	453,382	48.87
Jos	126,778	26.84	126,778	26.68	126,778	26.66	141,772	29.62
Kaduna	291,572	62.55	291,572	58.26	291,592	58.26	291,592	58.26
Kano	125,521	25.73	127,263	26.49	129,989	26.47	133,315	26.31
Port Harcourt	214,191	48.62	221,564	50.21	232,182	52.83	239,871	52.86
Yola	68,928	20.96	69,122	20.90	69,303	20.81	69,450	20.72
Total DisCos	**3,438,713**	**44.41**	**3,466,913**	**44.32**	**3,526,162**	**44.75**	**3,573,657**	**44.97**

Unmetered Customers by DisCos

	As at September		As at October		As at November		As at December	
DisCos	Unmetered customers	As % of RC	Unmetered customers	As % of RC	Unmetered customers	As % of RC	Unmetered customers	As % of RC
Abuja	530,427	57.13	534,335	56.83	508,914	53.29	504,144	52.18
Benin	354,404	42.60	363,912	43.22	370,406	43.64	375,269	43.96
Eko	228,668	49.58	233,182	50.03	234,567	50.15	238,161	50.56
Enugu	445,888	53.24	447,875	53.29	449,126	53.30	445,711	53.05
Ibadan	919,419	58.13	921,608	57.89	930,849	58.04	937,075	58.07
Ikeja	456,796	50.39	462,604	50.65	469,533	50.94	474,290	51.13
Jos	345,488	73.16	348,485	73.32	348,733	73.34	336,926	70.38
Kaduna	174,550	37.45	208,884	41.74	208,884	41.74	208,884	41.74
Kano	362,377	74.27	353,210	73.51	361,119	73.53	373,323	73.69
Port Harcourt	226,351	51.38	219,719	49.79	207,305	47.17	213,947	47.14
Yola	259,992	79.04	261,589	79.10	263,724	79.19	265,734	79.28
Total DisCos	**4,304,360**	**55.59**	**4,355,403**	**55.68**	**4,353,160**	**55.25**	**4,373,464**	**55.03**

Notes of the table:
1. RC is registered customers; Total DisCos is the eleven (11) electricity distribution companies altogether
2. % Share is the ratio of the registered customer in a month by a DisCo to the registered customers by all DisCos

Source: Nigerian Electricity Regulatory Commission.

Table D.2: Annual Summary of Customers Metering Status by DisCos, 2016-2017

DisCos	Registered Customers As at Dec. 2016	Metered Customers As at Dec. 2016	Metering Post Privatization	DisCos/BPE Pledge on Metering per Annum	Metering Pledge Gap for 2016	Total Metering Gap for 2016	Registered Customers As at Dec. 2017	Metered Customers As at Dec. 2017	Metering Progress Post Dec. 2016	Metering Pledge Gap for 2017	Total Metering Gap for 2017
Abuja	635,980	429,287	36,799	96,000	(59,201)	(206,693)	966,192	462,048	32,761	(63,239)	(504,144)
Benin	762,974	530,540	108,232	264,000	(155,768)	(232,434)	853,587	478,318	(52,222)	(316,222)	(375,269)
Eko	407,285	242,148	52,606	204,000	(151,394)	(165,137)	471,013	232,852	(9,296)	(213,296)	(238,161)
Enugu	732,423	220,086	1,368	48,000	(46,632)	(512,337)	840,208	394,497	174,411	126,411	(445,711)
Ibadan	1,247,187	554,363	141,193	217,611	(76,418)	(692,824)	1,613,635	676,560	122,197	(95,414)	(937,075)
Ikeja	667,931	452,029	60,305	120,000	(59,695)	(215,902)	927,672	453,382	1,353	(118,647)	(474,290)
Jos	329,858	168,652	3,606	100,000	(96,394)	(161,206)	478,698	141,772	(26,880)	(126,880)	(336,926)
Kaduna	351,359	218,833	43,558	187,200	(143,642)	(132,526)	500,476	291,592	72,759	(114,441)	(208,884)
Kano	399,708	148,511	2,182	100,000	(97,818)	(251,197)	506,638	133,315	(15,196)	(115,196)	(373,323)
Port Harcourt	368,311	252,269	52,768	252,000	(199,232)	(116,042)	453,818	239,871	(12,398)	(264,398)	(213,947)
Yola	256,759	66,684	5,085	51,600	(46,515)	(190,075)	335,184	69,450	2,766	(48,834)	(265,734)
Total	**6,159,775**	**3,283,402**	**507,702**	**1,640,411**	**(1,132,709)**	**(2,876,373)**	**7,947,121**	**3,573,657**	**290,255**	**(1,350,156)**	**(4,373,464)**

Notes of the table:
1. Total DisCos is the eleven (11) electricity distribution companies altogether
2. BPE is the Bureau of Public Enterprise

Source: Nigerian Electricity Regulatory Commission.

Table D.3: Quarterly Complaints Received and Resolved by DisCos in 2016-2017

DisCos	2016/Q1			2016/Q2			2016/Q3			2016/Q4			2016		
	Customers' Complaints:			Customers' Complaints			Customers' Complaints			Customers' Complaints			Customers' Complaints		
	Received	Resolved	Not resolved	Received	Resolved	Not resolved	Received	Resolved	Not resolved	Received	Resolved	Not resolved	Received	Resolved	Not resolved
Abuja	3,027	2,787	240	6,756	6,417	339	6,556	6,404	152	9,698	9,107	591	26,037	24,715	1,322
Benin	6,516	4,419	2,097	9,144	4,931	4,213	10,332	5,672	4,660	19,377	12,319	7,058	45,369	27,341	18,028
Eko	916	907	9	1,738	1,711	27	2,012	1,917	95	0	0	0	4,666	4,535	131
Enugu	7,521	6,429	1,092	2,038	1,781	257	1,809	692	1,117	2,859	2,838	21	14,227	11,740	2,487
Ibadan	6,198	5,730	468	4,217	3,851	366	4,347	4,053	294	4,592	4,170	422	19,354	17,804	1,550
Ikeja	18,137	16,781	1,356	14,327	12,379	1,948	23,289	20,572	2,717	20,278	16,512	3,766	76,031	66,244	9,787
Jos	3,542	3,346	196	1,680	1,545	135	5,058	4,757	301	0	0	0	10,280	9,648	632
Kaduna	638	635	3	3,619	3,219	400	4,619	4,131	488	0	0	0	8,876	7,985	891
Kano	1,177	1,128	49	1,039	980	59	1,837	1,812	25	1,077	1,017	60	5,130	4,937	193
P/H	2,966	2,798	168	3,111	2,991	120	2,820	2,806	14	5,338	5,127	211	14,235	13,722	513
Yola	331	324	7	0	0	0	713	709	4	1,099	1,079	20	2,143	2,112	31
Average	**4,634**	**4,117**	**517**	**4,334**	**3,619**	**715**	**5,763**	**4,866**	**897**	**5,847**	**4,743**	**1,104**	**20,577**	**17,344**	**3,233**
Total	**50,969**	**45,284**	**5,685**	**47,669**	**39,805**	**7,864**	**63,392**	**53,525**	**9,867**	**64,318**	**52,169**	**12,149**	**226,348**	**190,783**	**35,565**

Table D.3 Cont'd: Quarterly Complaints Received and Resolved by DisCos in 2016-2017

DisCos	2017/Q1 Customers' Complaints:			2017/Q2 Customers' Complaints			2017/Q3 Customers' Complaints			2017/Q4 Customers' Complaints			2017 Customers' Complaints		
	Received	Resolved	Not resolved	Received	Resolved	Not resolved	Received	Resolved	Not resolved	Received	Resolved	Not resolved	Received	Resolved	Not resolved
Abuja	6,944	6,280	664	10,044	8,775	1,269	13,221	11,504	1,717	17,749	15,409	2,340	47,958	41,968	5,990
Benin	23,611	17,327	6,284	36,420	14,489	21,931	34,238	20,553	13,685	35,380	20,183	15,197	129,649	72,552	57,097
Eko	4,443	3,723	720	20,692	3,783	16,909	9,117	6,700	2,417	12,495	8,747	3,748	46,747	22,953	23,794
Enugu	3,370	3,345	25	4,191	4,140	51	4,723	4,666	57	6,621	6,375	246	18,905	18,526	379
Ibadan	6,787	6,116	671	6,651	5,638	1,013	6,925	5,797	1,128	9,233	7,887	1,346	29,596	25,438	4,158
Ikeja	23,187	21,238	1,949	22,868	19,674	3,194	21,082	17,383	3,699	27,617	23,909	3,708	94,754	82,204	12,550
Jos	3,467	3,265	202	2,268	2,213	55	3,060	2,875	185	3,291	3,040	251	12,086	11,393	693
Kaduna	7,561	6,564	997	5,488	4,928	560	6,333	5,561	772	8,615	6,576	2,039	27,997	23,629	4,368
Kano	1,154	1,146	8	2,050	1,992	58	3,745	2,829	916	4,802	4,080	722	11,751	10,047	1,704
P/H	6,210	5,777	433	4,461	4,180	281	3,443	2,870	573	3,405	2,225	1,180	17,519	15,052	2,467
Yola	1,428	1,405	23	1,628	1,508	120	3,161	3,046	115	2,461	2,408	53	8,678	8,367	311
Average	**8,015**	**6,926**	**1,089**	**10,615**	**6,484**	**4,131**	**9,913**	**7,617**	**2,297**	**11,970**	**9,167**	**2,803**	**40,513**	**30,194**	**10,319**
Total	**88,162**	**76,186**	**11,976**	**116,761**	**71,320**	**45,441**	**109,048**	**83,784**	**25,264**	**131,669**	**100,839**	**30,830**	**445,640**	**332,129**	**113,511**

Notes of the table:

Total DisCos is the eleven (11) electricity distribution companies altogether

Source: Nigerian Electricity Regulatory Commission.

Table D.4: DisCos' Performance on Complaints Resolved in 2016-2017

DisCos	2016 /Q1	2016 /Q2	2016 /Q3	2016 /Q4	Total 2016	2017 /Q1	2017 /Q2	2017 /Q3	2017 /Q4	Total 2017
Abuja	92.1%	95.0%	97.7%	93.9%	94.9%	90.4%	87.4%	87.0%	86.8%	87.5%
Benin	67.8%	53.9%	54.9%	63.6%	60.3%	73.4%	39.8%	60.0%	57.0%	56.0%
Eko	99.0%	98.4%	95.3%	-	97.2%	83.8%	18.3%	73.5%	70.0%	49.1%
Enugu	85.5%	87.4%	38.3%	99.3%	82.5%	99.3%	98.8%	98.8%	96.3%	98.0%
Ibadan	92.4%	91.3%	93.2%	90.8%	92.0%	90.1%	84.8%	83.7%	85.4%	86.0%
Ikeja	92.5%	86.4%	88.3%	81.4%	87.1%	91.6%	86.0%	82.5%	86.6%	86.8%
Jos	94.5%	92.0%	94.0%	-	93.9%	94.2%	97.6%	94.0%	92.4%	94.3%
Kaduna	99.5%	88.9%	89.4%	-	90.0%	86.8%	89.8%	87.8%	76.3%	84.4%
Kano	95.8%	94.3%	98.6%	94.4%	96.2%	99.3%	97.2%	75.5%	85.0%	85.5%
Port-Harcourt	94.3%	96.1%	99.5%	96.0%	96.4%	93.0%	93.7%	83.4%	65.3%	85.9%
Yola	97.9%	-	99.4%	98.2%	98.6%	98.4%	92.6%	96.4%	97.8%	96.4%
DisCos Average	**91.9%**	**88.4%**	**86.2%**	**89.7%**	**89.9%**	**90.9%**	**80.5%**	**83.9%**	**81.7%**	**82.7%**
All DisCos	**88.8%**	**83.5%**	**84.4%**	**81.1%**	**84.3%**	**86.4%**	**61.1%**	**76.8%**	**76.6%**	**74.5%**

Notes of the table:
Total DisCos is the eleven (11) electricity distribution companies altogether
Source: Nigerian Electricity Regulatory Commission.

Table D.5: Customer Complaints by Categories in 2016-2017

Complaint Categories	2016 /Q1	2016 /Q2	2016 /Q3	2016 /Q4	Total 2016	2017 /Q1	2017 /Q2	2017 /Q3	2017 /Q4	Total 2017
Interruption	15,996	15,127	6,067	19,524	56,714	33,444	27,898	22,299	23,123	106,764
Voltage	3,582	2,050	935	3,034	9,601	2,238	3,336	2,954	3,497	12,025
Load Shedding	1,237	880	465	140	2,722	96	3,880	2,935	2,682	9,593
Metering	12,967	8,664	12,866	15,275	49,772	25,823	46,462	36,198	50,628	159,111
Billing	13,411	15,609	31,214	24,187	84,421	25,233	34,661	28,990	21,686	110,570
Disconnection	2,267	579	2,655	1,541	7,042	1,168	1,832	6,522	7,232	16,754
Connection Delay	85	24	64	2	175	6	38	1,579	3,160	4,783
Others	3,509	6,086	6,012	294	15,901	95	3,509	7,571	19,661	30,836
Total	**53,054**	**49,019**	**60,278**	**63,997**	**226,348**	**88,103**	**121,616**	**109,048**	**131,669**	**450,436**

Notes of the table:
Q1, Q2, Q3 and Q4 denote first, second, third and fourth quarter of the year
Source: Nigerian Electricity Regulatory Commission.

NIGERIAN ELECTRICITY REGULATORY COMMISSION
PLOT 1387| CADASTRAL ZONE A00| CENTRAL BUSINESS DISTRICT|
P.M.B. 136| GARKI| ABUJA
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