



NIGERIAN ELECTRICITY REGULATORY COMMISSION

NOTICE OF THE BI-ANNUAL REVIEW OF THE 2020 TARIFF ORDERS FOR THE DETERMINATION OF CHARGES AND TARIFFS FOR ELECTRICITY GENERATION, TRANSMISSION AND DISTRIBUTION

Pursuant to procedures set out in Section 76 of the Electric Power Sector Reform Act 2005, the Nigerian Electricity Regulatory Commission adopted the Multi-Year Tariff Order (MYTO) methodology for electricity pricing in Nigeria, which sets out the basis and pricing principles and procedures for effecting Minor and Major Reviews of electricity tariffs in Nigeria.

The MYTO provides a tariff path for the electricity industry, with biannual minor reviews to take into account the impact of changes in a limited number of parameters (specifically inflation, US Dollar exchange rate to Naira, natural gas price and available generation capacity) and major reviews every 5 years, when all other inputs are reviewed with stakeholders.

Section 9 of the “Regulation on Procedures for Electricity Tariff Reviews in the Nigerian Electricity Supply Industry” allows for Extraordinary Tariff Review in instances where the utilities can demonstrate that industry parameters have changed from those used in the operating tariffs to such an extent that a review is required urgently in order to maintain industry viability.

In light of the above, the Nigerian Electricity Regulatory Commission received Extraordinary Tariff Review Applications from the eleven (11) electricity distribution companies (DisCos) last year. In line with Rule 24 (3) of the Business Rules of the Commission “Notice of Applications for Tariff Review for Electricity Distribution Companies and the Transmission Company of Nigeria Plc and Request for intervenors to participate in the proceedings” were published in **The Nation and Guardian Newspapers of Tuesday 18th February 2020 and the Vanguard, Daily Trust and Daily Sun newspapers of Friday 14th February 2020** requesting for customers and industry stakeholders to participate. Public Hearings were held from 25th February 2020 - 11th March 2020 across the country.

The Commission subsequently ruled on the DisCos applications based on the various submissions at the public hearings which revealed consumers’ willingness to pay a tariff commensurate to the services received from the utilities. The Commission’s ruling conveyed in its MYTO 2020 Order gave rise to the concept of the service reflective tariff effective 1st September 2020.

The issues presented by the DisCos in their request were, however, not fully considered by the Commission considering that no additional CAPEX was approved for the utilities to meet the periodic service level commitments required to deliver energy to customers on the different service bands. The MYTO 2020 Order explicitly provided that Commission will consider the requested review of Capex in the December 2020 review. The Commission therefore intends to continue with the ongoing extra-ordinary tariff review for the DisCos in addition to the mandatory periodic minor review.

Accordingly, this notice is issued in line with the Business Rules of the Commission to solicit for comments from the general public on the Minor review and Extraordinary Tariff Review applications of the DisCos. Details of the applications can be accessed on the NERC website www.nerc.gov.ng for the review of all stakeholders and the general public within the next 21 days from the date of this publication. All comments or representations should be addressed to:

The Chairman

Nigerian Electricity Regulatory Commission
Plot 1387 Cadastral Zone A00
Central Business District
Abuja

Or

By e-mail: comments@nerc.gov.ng

For further information, please contact:

Sharfuddeen Z. Mahmoud at sharfuddeen.mahmoud@nerc.gov.ng