



ORDER NO/NERC/217/2020

**BEFORE THE NIGERIAN ELECTRICITY REGULATORY COMMISSION
IN THE MATTER OF THE AMENDMENT OF THE ORDER ON THE CAPPING OF ESTIMATED
BILLS FOR KADUNA ELECTRICITY DISTRIBUTION PLC**

Title

1. This regulatory instrument may be cited as the **AMENDED ORDER ON THE CAPPING OF ESTIMATED BILLS FOR KADUNA ELECTRICITY DISTRIBUTION PLC.**

Commencement and Amendment

2. This Order amends Order No/NERC/197/2020 (Order on the Capping of Estimated Bills in the Nigerian Electricity Supply Industry) that was issued by the Nigerian Electricity Regulatory Commission ("NERC" or the "Commission") on 20 February 2020. This Amended Order on the Capping of Estimated Bills for Kaduna Electricity Distribution Plc ("KAEDC") shall take effect from 1 November 2020 and shall cease to have effect on the issuance of a new Order on the same subject matter by the Commission.

Context

3. The Commission is mandated by section 32(1)(a) of the Electric Power Sector Reform Act 2004 ("EPSRA") to *"create, promote, and preserve efficient industry and market structures, and to ensure the optimal utilisation of resources for the provision of electricity services"*.
4. The Commission pursuant to section 96 of EPSRA; which provides that *"the Commission may make regulations prescribing all matters which are by this Act are required or permitted to be prescribed or which, in the opinion of the Commission, are necessary or convenient to be prescribed for carrying out or giving effect to this Act"*; issued the following regulations to address the issue of downstream revenue assurance between distribution licensees ("DisCos") and their customers –
 - a. the Nigerian Electricity Regulatory Commission's Connection and Disconnection Procedures for Electricity Services 2007.
 - b. the Nigerian Electricity Regulatory Commission's Meter Reading, Billing, Cash Collection and Credit Management for Electricity Supplies Regulations 2007.

- c. the Methodology for Estimated Billing Regulations 2012.
5. DisCos are required to meter customers in accordance with requisite standards of performance. The legacy situation at acquisition of majority stake in the distribution assets from government was that the majority of customers were unmetered and there has been little change in the situation as the deployment of meters by DisCos has been outpaced by the growth in customer numbers in NESI. Data received from the ongoing customer enumeration exercise indicates that the customer population has grown from 5million in 2012 to over 10million as at December 2019 with about 52% of the population being invoiced on the basis of estimated billing.
6. The need for the introduction of a standard methodology of estimated billing in NESI became inevitable during the transitional period required to close the metering gap and the Methodology for Estimated Billing Regulations was introduced as a means of ensuring that customers were not issued arbitrary bills that were unrelated to actual consumption or any other metric for estimating their energy consumption. Section 3 of the Methodology for Estimated Billing Regulations provides that *"the following categories of customers may be issued estimated bills –*
- a. *Customers with faulty meters: These are existing customers who have been issued meters which are no longer functional.*
- b. *Customers whose meters cannot be read: These are customers whose meter readings could not be obtained by the DisCo due to inaccessibility occasioned by locked doors, customers not being at home at the time of reading the meter, presence of dogs on the premises, etc.*
- c. *Existing customers without meters: These are directly connected customers that have not been provided with meters."*
7. The successful implementation of the Methodology for Estimated Billing Regulations was hindered by the inadequate level of metering of feeders and distribution transformers which form the source data for the effective application of the estimation methodology.
8. The inadequacy of accurate data required for the estimation of consumption of unmetered consumers produced the most significant customer complaints with non-provision of meters and unrealistic billing of unmetered customers accounting for over 65% of complaints lodged at customer care centers of DisCos, disputes filed at Forum Offices and subsequent appeals to the Commission.
9. The significant level of customer dissatisfaction arising from unrealistic estimated bills have also adversely impacted on the market revenues as a consequence of customer apathy and declining willingness to settle their invoices in full.



10. The most recent initiative of the Commission to fast track the closure of the metering gap was the issuance of the Meter Asset Provider ("MAP") Regulations with a target of metering all customers within 3 years. The MAP Regulation was approved on 8 March 2018 to achieve the following objectives:
 - a. Encourage the development of independent and competitive meter services in NESI.
 - b. Eliminate estimated billing practices in NESI.
 - c. Attract private investment in the provision of metering services in NESI.
 - d. Close the metering gap through accelerated meter roll out in NESI.
 - e. Enhance revenue assurance in NESI.
11. The third-party investors for the provision of meters under the MAP Regulations have been procured by the KAEDC, under a competitive framework of the said Regulations, to provide meters to customers based on multiple financing options. However, several constraints including changes in fiscal policy and the limited availability of long-term funding have led to limited success in the meter roll out. The imperative for mitigating the risk of unrealistic and arbitrary billing of unmetered customers however remains a key priority during the transitional period until Commission's target of "meters for all" in the MAP Regulations is achieved in NESI.
12. All customers of KAEDC are classified on the basis of consumption/use into the following categories –
 - a. Non-Maximum Demand (Non-MD): These are customers with single or three phase connection at 0.400kV feeder level. This includes all customers previously classified as R2, C1, D1, and A1 (single and three phase).
 - b. Low Voltage Maximum Demand (MD 1): These are grid connected customers with low voltage (LV) Maximum Demand connection and include all customers previously classified as R3, C2, D2, and A2 Street Light.
 - c. Medium/High Voltage Maximum Demand (MD 2): These are grid connected customers with medium voltage (MV)/high voltage (HV) Maximum Demand (11/33kV) connection. These include all customers previously classified as R4, C3, D3, and A3.
 - d. High Voltage Maximum Demand Special (MD3). These are grid connected commercial and industrial customers with average monthly energy consumption of 6.3MWh/h.
 - e. Lifeline Customers (R1): These are grid connected customers with consumption of not more than 50kWh/month.

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13. The Commission had issued a directive to all DisCos in June 2016 on the mandatory metering of all maximum demand ("MD") customers in NESI no later than 30 November 2016. The deadline was subsequently extended to 1 March 2017 at the instance of the DisCos and the Commission thereafter issued the following directives –
 - a. *"Any MD customer not provided a meter by 1 March 2017 shall not pay any electricity bill presented by a DisCo on the basis of estimated billing methodology and these customers are advised to report to the Commission.*
 - b. *No DisCo shall disconnect any MD customer that was not metered by 1 March 2017 on the basis of the customer's refusal to pay an invoice issued on the basis of estimated billing after the compliance deadline.*
14. The Commission issued Order No/NERC/183/2019 on the mandatory migration of R3 class of residential customers, industrial and commercial customers to cashless settlement platforms and other matters relating to revenue protection in NESI on 30 December 2019. Paragraph 13 of the Order provides that *"all DisCos shall ensure full accountability of energy flow with the installation of appropriate metering infrastructure that is integrated with the customer management system of all industrial, commercial and R3 class of residential customers by 31 December 2020"*.
15. The Commission issued Order No/NERC/197/2020 (Order on the Capping of Estimated Bills in the Nigerian Electricity Supply Industry) on 20 February 2020.
16. The Order on the Capping of Estimated Bills in the Nigerian Electricity Supply Industry on the Capping of Estimated Bills repealed the Methodology for Estimated Billing of 2012 and also addressed the practice of arbitrary billing of unmetered Non-MD customers while seeking to fast track the deployment of meters through the Meter Asset Provider (MAP) Scheme.
17. The Order on the Capping of Estimated Bills in the Nigerian Electricity Supply Industry on the Capping of Estimated Bills provides that ***"the Commission shall periodically review the meter deployment targets achieved by DisCos and shall on a quarterly basis review the base data on the vending records and supply availability for the purpose of reviewing the energy caps"***.
18. KAEDC filed submissions with the Commission for the review of the energy caps of unmetered customers in consideration of –
 - a. The effect of the energy cap methodology on actual consumption of electricity by end-use customers.
 - b. The consequential impact of the Covid-19 pandemic on meter deployment by MAPs.
 - c. The non-commensurate payment for electricity consumed by end-use customers.



Determination of Energy Caps

19. KAEDC proposed the following methodologies for the determination of energy caps in their submissions –
 - a. Adoption of weighted averages of metered prepaid and postpaid end-use customers on the basis of actual consumption data of these customers from feeders and distribution transformers.
 - b. Adoption of an incremental factor on energy caps of unmetered end-use customers on the basis of actual consumption data from feeders and distribution transformers from business units in the KAEDC's network.
 - c. Adoption of consumption data of metered end-use customers whose meters had been verified in the business units in the KAEDC's network.
20. The submissions of KAEDC were backed by supporting documentation on the data and signed-off by the Managing Director.
21. The Commission considered the submission of KAEDC and approved the methodology in 19(a) above as the basis for the review of energy caps of unmetered customers in NESI.

THE COMMISSION HEREBY ORDERS as follows –

- A. The energy caps of unmetered end-use non-maximum demand ("Non-MD") customers of KAEDC shall be computed on the basis of the weighted averages of prepaid and postpaid metered end-use customers on the basis of actual consumption data of these customers from feeders and distribution transformers.
- B. All unmetered Non-MD customers of KAEDC shall not be billed for the consumption of energy beyond the cap stipulated in Schedule 1 of this Order.
- C. The energy caps prescribed by the Commission shall only apply to Non-MD customers.
- D. Non-MD customers under tariff bands D and E whose tariffs have been frozen shall have their tariffs computed using corresponding tariff rates of R2 and C1 under previous tariff classification.
- E. Details of the business unit, feeder/distribution transformer name, tariff class and rates shall be disclosed on all bills and receipts issued to customers by KAEDC.
- F. Any customer that rejects the installation of a meter on their premises by KAEDC shall not be entitled to supply and **MUST BE DISCONNECTED** by KAEDC, and shall only be reconnected to the network after the meter has been installed.
- G. KAEDC shall notify customers of any outstanding bills on their account and agree a payment plan for the settlement of amount due prior to installing a meter on the customer's premises.
- H. Where a customer's meter becomes faulty and a replacement meter cannot be provided by KAEDC within 2 working days, the customer shall be billed an average of the last 3



month's billing/vending in accordance with section 16(5) of the MAP Regulations until the meter is replaced.

- I. The Commission shall periodically review the meter deployment target achieved by KAEDC and shall on a quarterly basis review the base data on vending records and supply availability for the purpose of reviewing the energy caps prescribed in this Order.

Amendment

22. The Commission may amend this Order by making supplementary or further Orders to address the subject matter.

Dated this 30th day of October 2020



James A. Momoh
Chairman



Dafe C. Akpeneye
Commissioner
Legal, Licensing & Compliance

Schedule 1

Kaduna Electricity Distribution Company Plc

Monthly Energy Caps

Area Office	Feeder	Non-MD Service Band	Cap (kWh)
Barnawa Area Office	11KV HIGH COST	A	177
	11KV PAMA	A	141
	11KV VILLAGE	A	128
	33KV NARAYI VILLAGE	A	141
	33KV UNGUWAN BORO	A	162
	11KV MAHUTA	B	177
	11KV KAFANCHAN (TOWNSHIP)	C	131
	11KV KACHIA	C	187
	11KV BANK KAFANCHAN	C	131
	11KV ZONKWA	C	131
	11KV KAGORO	C	95
	11KV MANCHOK	C	107
	11KV SABON TASHA	C	134
	BARNAWA CCC	C	174
	33KV KAFANCHAN	D	274
	33KV ZONKWA	E	94
Birnin Kebbi Area Office	Feeder	Non-MD Service Band	Cap (kWh)
	11KV GRA JEGA	A	131
	11KV GRA KBI	A	198
	11KV DOGON DAJI	A	305
	11KV GWANDU	A	316
	11KV KAMBA	A	306
	11KV KEBBE	A	305
	11KV YAURI	A	548
	11KV BULASA	B	219
	11KV GWADANGWAJI	B	211
	11KV NASSARAWA KBI	B	179
	11KV YELWA	B	192
	11KV BARRACKS ZURU (DEDICATED)	B	262
	11KV GRA ARGUNGU	B	169
	11KV KARA	B	272

	11KV ZAURO	B	259
	33KV ARGUNGU	B	154
	33KV NASCO/YELWA	B	206
	11KV ARGUNGU CITY	C	179
	11KV BUNZA	C	131
	11KV RIKOTO/ZURU	C	209
	11KV TUDUN WADA KBI	C	186
	33KV ALIERO	C	436
	33KV BUNZA	C	135
	33KV GWANDU	C	316
	33KV JEGA	C	172
	33KV KAMBA	C	240
	11KV SABON GARI JEGA	D	144
	33KV KOKO	E	206
	Feeder	Non-MD Service Band	Cap (kWh)
	11KV Ahmadu Bello Way	A	289
	11KV Constitution Road	A	207
	11KV Dankande	A	248
	11KV DAWAKI	A	252
	11KV Isa Kaita	A	281
	11KV LEGISLATIVE QUARTERS	A	232
	11KV LUGGARD HALL	A	276
	11KV MALALI	A	198
	11KV MC (DEDICATED)	A	226
	11KV NACB	A	275
	11KV NAFBASE	A	197
Doka Area Office	11KV NDA	A	180
	11KV StateHouse	A	201
	11KV Teaching Hospital DKA	A	269
	11KV Unguwan Rimi	A	185
	11KV Zaria Road	A	224
	33KV Abakpa	A	289
	33KV WATER WORKS	A	193
	11KV NASFAT	B	197
	UNGWAN DOSA CCC	B	229
	11KV Costain	C	180
	11KV KURMIN MASHI	C	186
	ABAKPA CCC	C	193
	11KV JAJI	D	131

	11KV katabu	D	237
	11KV kawo	D	399
	11KV Rabah Road	D	256
	11KV RAFIN GUZA	D	177
	33KV Turunku	E	219
Guasau Area Office	Feeder	Non-MD Service Band	Cap (kWh)
	33KV NNPC GUSAU	A	352
	33KV POWER HOUSE	A	220
	11KV BUNGUDU	B	236
	11KV DAMBA	B	273
	11KV FGGC	B	180
	11KV GADA BIYU	B	209
	11KV GRA ZAM	B	212
	11KV INDUSTRIAL ZAM	B	208
	11KV TUDUN WADA ZAM	B	185
	11KV ZAMTEX	B	210
	11KV KAURA NAMODA	C	196
	11KV MARU	C	132
	11KV SHINKAFI	C	196
	11KV TALATA MAFARA	C	199
	11KV TSAFE	C	158
	11KV SABON GARIN ZAM	D	184
	33KV ANKA	D	143
	33KV KAURAN NAMODA	D	240
	33KV MARADUN	D	184
	33KV BAKURA	E	94
	33KV MAGAMI	E	163
	33KV TSAFE	E	182
Makera Area Office	Feeder	Non-MD Service Band	Cap (kWh)
	11KV AREWA BOTTLERS	A	116
	11KV BARNAWA MKR	A	212
	11KV FEDERAL HOUSING	A	128
	11KV GWARI AVENUE	A	177
	11KV KAKURI	A	98
	11KV NASSARAWA MKR	A	131
	11KV NORTEX	A	112
	11KV SUNGLASS	A	162
	11KV UNGUWAN YELWA	A	117
	33KV AREWA	A	173

	33KV PAN	A	127
	11KV CHELCO	B	127
	11KV NOCACO	B	118
	33KV GONIN GORA	C	125
	33KV JERE	D	246
Rigasa Area Office	Feeder	Non-MD Service Band	Cap (kWh)
	33KV RIGASA	A	164
	11KV LEVENTIS	A	162
	11KV POLY ROAD	A	161
	11KV YANTUKWANE	A	187
	33KV AIRPORT ROAD	A	262
	33KV KINKINAU	A	221
	33KV MOGADISHU	A	94
	11KV GOVERNMENT HOUSE KADUNA	B	225
	11KV MANDO ROAD	B	197
	MANDO CCC	B	261
	11KV MAKARFI ROAD	C	146
	11KV UNGUWAN MUAZU	C	163
	11KV POLY GATE	D	196
	BADIKKO CCC	D	170
	11KV HAYIN RIGASA	D	193
	11KV TUDUN WADA RIG	D	209
	11KV ASIKOLAYE	E	159
	11KV SABON GARIN RIG	E	182
	11KV Birnin Gwari	E	164
33KV Birnin Gwari	E	562	
Sokoto Area Office	Feeder	Non-MD Service Band	Cap (kWh)
	11KV DANGE	A	505
	11KV GUMBI	A	541
	33KV POWER STATION	A	176
	11KV INDUSTRIAL SOK	A	194
	11KV KADUNA ROAD	A	176
	11KV LODGE ROAD	A	226
	11KV NTA SOK	A	408
	33KV KWARE/UNIVERSITY	A	505
	33KV YABO/SHAGARI	A	150
	11KV ARKILLA	B	143
	11KV Army Barrack	B	256
	11KV BADO	B	193

	11KV MABERA	B	177
	11KV Town	B	135
	11KV GWADABAWA	C	136
	11KV ILLELA	C	136
	11KV INSTITUTE	C	193
	11KV YABO	C	150
	11KV SULTAN PALACE	C	160
	11KV WAMA KO	C	136
	11KV WATERWORKS SOK	C	210
	ANGWAN BU	C	196
	MARINA BU	C	169
	11KV BODINGA	D	139
	11KV DIORI HAMMANI	D	127
	11KV DURBAWA	D	188
	11KV KUEPPERS	D	242
	Feeder	Non-MD Service Band	Cap (kWh)
	11KV ABU	A	185
	11KV Canteen	A	241
	11KV GRA ZAR	A	186
	11KV Makarfi	A	420
	11KV NNPC ZAR	A	186
	11KV Samaru	A	143
	11KV GASKIYA	A	182
	33KV Kofan Doka	A	163
	33KV PZ	A	589
	11KV Teaching Hospital Zar	B	161
	11KV SABON GARI ZAR	C	185
	11KV DAM	C	203
	11KV Kofan Kibo	C	182
	11KV RLY/NTC	C	184
	11KV Shika	C	183
	11KV Wusasa	C	164
	11KV Zaria City	C	165
	11KV SAMINAKA	C	131
	33KV KARAYE (KWANAR DAN GORA TRX KANO)	C	124
	33KV NNPC SAMINAKA	E	131
	33KV Kudan	E	93
	33KV Makarfi	E	124
Zaria Area Office			



	33KV Soba	E	182
	11KV GWARI AVENUE 2	E	38
	11KV WURNO	E	85
Zamfara Area Office	Feeder	Non-MD Service Band	Cap (kWh)
	11KV GRA ZAM	B	178
	33KV MAFARA	B	199
	11KV ANKA	C	143
	11KV GUMMI	C	143

