



ORDER NO/NERC/218/2020

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

Title

1. This regulatory instrument may be cited as the ***AMENDED ORDER ON THE CAPPING OF ESTIMATED BILLS FOR KANO 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 Kano Electricity Distribution Plc ("KEDC") 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.

Handwritten signatures in blue ink, including a large circular scribble, a signature that appears to be 'J', and another signature that appears to be 'MT'.

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 KEDC, 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 KEDC 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.



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. KEDC 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. KEDC 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 KEDC's network.
 - c. Adoption of consumption data of metered end-use customers whose meters had been verified in the business units in the KEDC's network.
20. The submissions of KEDC were backed by supporting documentation on the data and signed-off by the Managing Director.
21. The Commission considered the submission of KEDC 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 KEDC 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 KEDC 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 KEDC.
- F. Any customer that rejects the installation of a meter on their premises by KEDC shall not be entitled to supply and **MUST BE DISCONNECTED** by KEDC, and shall only be reconnected to the network after the meter has been installed.
- G. KEDC 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 KEDC 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.

1. The Commission shall periodically review the meter deployment target achieved by KEDC 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.

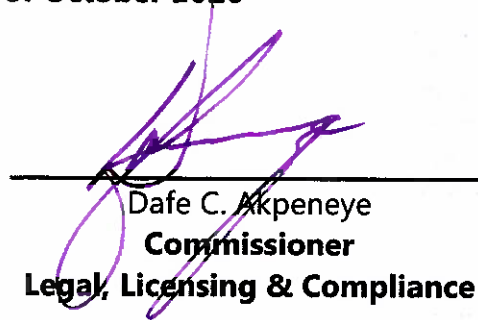
Amendment

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

Kano Electricity Distribution Company Plc

Monthly Energy Caps			
Region	Feeder	Non-MD Service Band	Cap (kWh)
Katsina South	11KV B.C.G.A.	D	126
	33KV MALUMFASHI	D	140
	11KV JABIRI	D	160
	11KV NAKOWA	D	155
	11KV TOWN	D	145
	11KV DUTSEN REME	D	148
	11KV GALADIMA	D	151
	33KV DANDUME	E	84
	11KV MAI RUWA	E	97
Katsina North	Feeder	Non-MD Service Band	Cap (kWh)
	33KV KAITA	B	200
	11KV HASSAN USMAN ROAD	C	196
	33KV POLYTECHNIC	C	207
	11KV G.R.A.	C	180
	11KV LOW COST	C	217
	11KV KANO ROAD	C	139
	11KV DANDAGORO	C	148
	11KV MOHD DIKKO	C	269
	11KV DAURAMA	D	170
	11KV BAYAJIDDA	D	180
	11KV F.M.C.	D	200
	33KV MASHI	D	160
	11KV HOSPITAL ROAD	D	171
	11KV ARMY BARRACKS	D	133
	11KV DUTSIN SAFE	D	199
	11KV KOFAR MARUSA	D	105
	33KV MAI ADUA	E	82
Katsina Central	Feeder	Non-MD Service Band	Cap (kWh)
	33KV KAZAURE	C	124
	11KV KOFAR FADA	D	170
	11KV DANTUNKU	D	154
	33KV DANBATTI	D	122
	11KV KANTI	D	184
	11KV BICHI TOWN	D	93



	33KV MUSAWA	D	100	
	11KV MATAZU	E	145	
	33KV DUTSENMA	E	149	
Kano West	Feeder	Non-MD Service Band	Cap (kWh)	
	11KV MASARAUTA	C	119	
	11KV YANLEMO	D	105	
	33KV LAW SCHOOL	D	129	
	11KV ZAWACIKI	D	183	
	11KV PANSHEKARA	D	140	
	33KV BAGAUDA	D	176	
	11KV TIGA	E	90	
	33KV KARAYE	E	95	
	33KV FALGORE	E	75	
	33KV KWANKWASO	E	110	
	Kano North	Feeder	Non-MD Service Band	Cap (kWh)
		33KV BUK	C	239
33KV RIJIYAR ZAKI		C	175	
11KV IBRAHIM TAIWO		C	468	
11KV AMINU KANO		D	122	
11KV KABUGA		D	156	
11KV ORTHOPAEDIC		D	132	
11KV KOFAR NASSARAWA		D	185	
11KV CITY		D	187	
11KV KOFAR NA'ISA		E	277	
11KV GWARZO ROAD		E	138	
11KV KOKI		E	120	
11KV SAGAGI		E	168	
11KV FAGGE		E	117	
11KV GWAMMAJA		E	170	
11KV JAKARA		E	134	
11KV BACHIRAWA		E	106	
11KV SANI MAINAGGE		E	150	
33KV DAWANAU	E	85		
Kano Industrial	Feeder	Non-MD Service Band	Cap (kWh)	
	33KV DANGOTE	A	522	
	11KV SHARADA INDUSTRIAL	A	293	
	11KV DALA FOODS	A	87	
	33KV ZARIA ROAD	A	980	
	11KV MARHABA	C	204	
	11KV AJASA	C	218	
	11KV HOUSING ESTATE	C	298	
11KV KARKASARA	C	170		

	11KV N.N.D.C.	C	249
	11KV HAUSAWA	C	202
	11KV TUKUNTAWA	D	166
	11KV MUNDADU	D	180
	11KV CHIRANCI	D	112
	11KV JAEN	D	146
	11KV SALLARI	D	162
Kano East	Feeder	Non-MD Service Band	Cap (kWh)
	33KV NNPC	A	196
	11KV TOKARAWA	A	246
	11KV TARAUNI	C	266
	11KV HOTORO	C	201
	11KV DAKATA	C	161
	11KV YANKABA	C	212
	11KV DANLADI NASIDI	C	178
	11KV KUNDILA	D	248
	11KV U/UKU	D	152
	11KV MAIDUGURI ROAD	D	179
	11KV FARAWA	D	197
	33KV GARKO	E	98
	11KV TSAMIYA BABBA	E	98
	33KV GEZAWA	E	82
	33KV GAYA	E	110
	33KV SUMAILA	E	100
	11KV TALAMIZ	E	138
	33KV GANO	E	326
	11KV K.U.T	E	220
11KV MAKAMA	E	242	
33KV MAKOLE	E	86	
Kano Central	Feeder	Non-MD Service Band	Cap (kWh)
	33KV IDH	B	93
	11KV BOMPAI	B	477
	11KV AHMADU BELLO	B	494
	11KV AUDU BAKO	B	480
	11KV NOMANSLAND	C	130
	11KV SABON GARI	C	132
	11KV ABUJA ROAD	C	126
	11KV MURTALA MOHD	C	123
	11KV RACE COURSE	C	459
	11KV BANK ROAD	C	181
	11KV INDEPENDENCE	C	161
11KV YUSUF ROAD	C	467	

	11KV BADAWA	C	249
	11KV FEDERAL SECRETARIAT	C	133
	11KV DR BALA	C	404
	11KV LAMIDO	D	256
	11KV FANISAU	E	212
	11KV TUDUN WADA	E	131
	11KV GWAGWARWA	E	120
	11KV TUDUN MURTALA	E	118
	11KV KAURA GOJE	E	228
	11KV KATSINA ROAD	E	150
Jigawa South	Feeder	Non-MD Service Band	Cap (kWh)
	11KV GOVERNMENT HOUSE DUTSE	B	171
	11KV SANI ABACHA WAY	C	147
	33KV BIRNIN KUDU	D	167
	11KV GARU	D	120
	11KV LIMAWA	D	161
	11KV TAKUR	E	102
	33KV JAHUN	E	124
Jigawa North	Feeder	Non-MD Service Band	Cap (kWh)
	11KV SHAGARI	D	134
	11KV LAUTAI	D	156
	11KV MAJE	D	143
	11KV JAMARE	D	120
	11KV MAKWALLA	D	127
	33KV GUMEL	D	149