ORDER NO/NERC/219/2020

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

Title

1. This regulatory instrument may be cited as the ***AMENDED ORDER ON THE CAPPING OF ESTIMATED BILLS FOR PORT HARCOURT 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 Port Harcourt Electricity Distribution Plc ("PHEDC") 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 PHEDC, 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 PHEDC 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. PHEDC 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. PHEDC 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 PHEDC's network.

    c. Adoption of consumption data of metered end-use customers whose meters had been verified in the business units in the PHEDC's network.

20. The submissions of PHEDC were backed by supporting documentation on the data and signed-off by the Managing Director.

21. The Commission considered the submission of PHEDC 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 PHEDC 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 PHEDC 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 PHEDC.

F. Any customer that rejects the installation of a meter on their premises by PHEDC shall not be entitled to supply and MUST BE DISCONNECTED by PHEDC, and shall only be reconnected to the network after the meter has been installed.

G. PHEDC 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 the PHEDC 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.

l. The Commission shall periodically review the meter deployment target achieved by PHEDC 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

Port Harcourt Electricity Distribution Company Plc

Monthly Energy Cap			
Business Unit	**Feeder**	**Non-MD Service Band**	**Energy Cap (kWh)**
AKS	CHAMPION BREWERIES	A	100
	EKET	A	167
	EKPENUKPA	A	160
	FOUR LANE	B	153
	IBESIOKPO	B	109
	ORON ROAD	B	163
	ONNA	C	219
	ABAK	D	62
	ETINAN	D	113
	IKOT EKPENE	D	94
	ITAM JUNCTION	D	143
	MBO	D	50
	OKU IBOKU	D	106
	OBOT OKARA	E	78
BYS	**FEEDER**	**Non-MD Service Band**	**Energy Cap (kWh)**
	AHOADA	C	212
	AMASOMA	C	153
	OPOLO	C	68
	AGUDAMA	D	478
	IMIRINGI	D	320
	ISIOKPO	D	285
	TUNGBO	E	460
CRS	**FEEDER**	**Non-MD Service Band**	**Energy Cap (kWh)**
	AMIKA	A	163
	FLOUR MILL	A	200
	EPZ2	B	214
	STATE HOUSING	B	228
	AKAMKPA	C	314
	DIAMOND HILLS	A	269
	KATSINA ALA	D	190
	UGEP	D	134
	YAHE	D	80
PH-Alpha	**FEEDER**	**Non-MD Service Band**	**Energy Cap (kWh)**
	EPCL	A	288

	TRANS AMADI	A	426
	ABULOMA	B	116
	AKANI	B	266
	RAINBOW	B	244
	REFINERY LINE2	B	263
	RSPUB-1	B	154
	RUMUOLA	B	228
	SECRETARIAT	B	240
	BOROKIRI	D	453
PH-Beta	**FEEDER**	**Non-MD Service Band**	**Energy Cap (kWh)**
	OYIGBO	B	156
	RUMUODUMAYA	B	267
	REFINERY LINE 1	C	144
	RSTV	C	130
	IGBO ETCHE	D	168
	KOM KOM	D	114
	ONNE	D	155
	TIMBER	D	110
	BORI	E	561
PH-Gamma	**FEEDER**	**Non-MD Service Band**	**Energy Cap (kWh)**
	UTC	A	204
	AIRPORT	B	181
	GREATER PH	B	218
	NTA	B	171
	RUKPOKWU	B	113
	RUMOLUMINI	B	196
	T1B	B	258
	UPTH	B	162
	SILVERBIRD	C	245
	UST	C	190