



ORDER No. NERC/246/2021

BEFORE THE NIGERIAN ELECTRICITY REGULATORY COMMISSION
IN THE MATTER OF THE ORDER ON STRUCTURED REPLACEMENT OF FAULTY AND
OBSOLETE END-USE CUSTOMER METERS IN THE NIGERIAN ELECTRICITY SUPPLY
INDUSTRY

Whereas –

1. The Nigerian Electricity Regulatory Commission (“NERC” or the “Commission”) is mandated in sections 32(1)(b) and 32(2)(c) of the Electric Power Sector Reform Act (“EPSRA”) *“to maximise access to electricity services, by promoting and facilitating consumer connections to distribution systems in both rural and urban areas”* and *“to establish appropriate consumer rights and obligations regarding the provision and use of electricity services”*.
2. Part 1 section 1.2.2 of the Metering Code (“MC”) provides that *“to ensure financial viability of the electricity industry after the unbundling stated in 1.2.1, modern accurate meters systems with reliable communication facilities shall be deployed across the industry production and supply chain to measure and record energy production and utilisation”*.
3. Meters serve as a revenue assurance tool for NESI service providers and a resource management tool for end-use customers that receive services.
4. The Commission notes that over 7 million customers are currently unmetered as indicated by customer enumeration data. It is also estimated that an additional 3 million meters are currently obsolete and due for replacement.
5. The existence of a large population of unmetered customers contributed to threats affecting the financial viability of NESI as unmetered end-use customers expressed deep dissatisfaction with the estimated billing methodology. The revenue assurance objectives of DisCos have also been challenged by being unable to properly account for the utilisation of electricity by end-use customers.

6. The Meter Asset Provider ("MAP") Regulations came into force on 3 April 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 to 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.*

7. The Commission's metering initiatives received additional policy support with the approval of the implementation of the National Mass Metering Program ("NMMP") by the Federal Government in the fourth quarter of 2020. The key objectives of NMMP are –
 - a. *Increase metering rate in NESI.*
 - b. *Elimination of arbitrary estimated billing.*
 - c. *Strengthen the local meter value chain by increasing local meter manufacturing, assembly and deployment capacity.*
 - d. *Support Nigeria's economic recovery by creating jobs in the local meter value chain.*
 - e. *Reduction of collection losses and increasing financial flows to achieve 100% market remittance obligations of the DisCos.*
 - f. *Improve network monitoring capability and availability of data for market administration and investment decision making.*

8. The Central Bank of Nigeria ("CBN") released the framework for financing NMMP in October 2020. The framework outlines the operational modalities for CBN financing support to DisCos and local meter manufacturers.

9. The aforementioned regulatory and policy initiatives have the combined effect of removing the bottlenecks that had previously impeded the rapid deployment of meters to unmetered end-use customers in NESI.

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10. The Commission started receiving complaints from metered end-use customers in the fourth quarter of 2020, when all stakeholders were preparing for the implementation of NMMP, that they had been served meter replacement notices by DisCos. These customers also complained about the following –

- a. Meters were not inspected by the DisCos prior to the issuance of the meter replacement notices.
- b. The meter replacement notices did not specify the fault which required the meter to be replaced.
- c. Removal of meters and being placed on estimated billing as new meters were not installed on their premises.
- d. Not being able to vend on the new meters as activation tokens were not issued.
- e. Failure or refusal to transfer units from the old meter to the new meter.
- f. Being billed for loss of revenue that is transferred to the new meter as an outstanding debt without establishing meter tampering or unauthorised access.

11. Part 3 section 1.1.3 of MC provides that the Distributor (i.e. the DisCo) shall –

- a. *Own, install, verify, operate, maintain, inspect and replace all metering systems at metering points on the distribution system. For installations, site inspections, technical audit and maintenance the owner may utilise the services of any metering services provider accredited by NERC.*
- b. *Ensure that each metering system installed on its distribution system meets the performance, functional and technical requirements and applicable standards set out in this Distribution Metering Code ("DMC").*
- c. *Ensure that each metering system installed on its distribution system is certified, in working condition and has been tested for accuracy where so required by this MC.*

12. Part 3 section 1.2.1 and 1.2.2 of MC provides that –

- a. *If a Distributor finds that an existing installation cannot comply with the standards contained in this DMC or cannot meet the required accuracy levels, it shall without delay report such noncompliance to NERC stating the reasons for noncompliance and the proposed remedy for this situation.*

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- b. *Where a Distributor has received professional technical advice that the proposed equipment or existing equipment, although not fully meeting the standards as listed in condition 2.4, on technical requirements and accuracy of meters, is capable of performing to the required levels of accuracy contained in this DMC and/or then such advice and evidence of the performance of the equipment concerned, can be submitted to the Distributor or NERC, as appropriate, as due process for a derogation request if the Distributor wishes.*
13. Part 3 section 2.1.6 of MC provides that *"the Distributor may replace metering equipment for which it is responsible at any time after it has been installed, subject to the provisions of DMC. The Distributor shall notify the user in advance of any replacement, unless that replacement is provided as part of urgent metering services"*.
14. Part 3 sections 3.5.1 and 3.5.2 of MC provides as follows on faulty metering equipment –
- a. *A metering system shall be considered faulty and not in compliance with this DMC if it is determined that any part of that metering system does not comply with this DMC.*
- b. *If a metering system fault occurs, the Distributor shall provide urgent metering services to repair or replace the metering system as soon as is reasonably practicable and in any event within 2 working days of the Distributor discovering that the fault exists.*
15. The Commission has reviewed the customer complaints itemised in paragraph 10 above in accordance with the relevant provisions of MC considered in paragraphs 11 to 14 above and notes that –
- a. DisCos are responsible for the installation and replacement of meters for end-use customers but such replacements must be done in compliance with MC and the protection of the rights of customers.
- b. DisCos have revenue assurance obligations as going concerns and financial obligations to NESI value chain which have become more critical under the framework of service-based tariffs.
- c. DisCos have the right to replace faulty meters but this must be done in strict compliance with MC and other regulatory instruments issued by the Commission.

THE COMMISSION HEREBY ORDERS as follows –

- A. DisCos shall grant priority to the metering of unmetered customers under the National Mass Metering Program.
- B. DisCos may replace faulty/obsolete meters under the National Mass Metering Program but these replacements must be done in strict compliance with the Metering Code and other regulatory instruments of the Commission.
- C. DisCos shall inspect meters of metered end-use customers and the replacement notice shall contain the following –
 - i. The date of inspection.
 - ii. Name, designation and signature of the officer that inspected the meter.
 - iii. The fault identified in the meter.
 - iv. The date for the installation of the replacement meter.
- D. The Commission shall be copied on all replacement notices issued to end-use customers for the purpose of conducting random reviews of the replacement exercise.
- E. New meters must be installed upon the removal of the faulty/obsolete meter and under no circumstances shall the customer be placed on estimated billing on account of the DisCo's failure to install a replacement meter after the removal of the faulty/obsolete meter.
- F. The customer and DisCo representative shall jointly note the units on the meter being replaced and the customer must be credited with these units within 48 hours after the installation of the meter.
- G. Customers shall only be billed for loss of revenue where the DisCo establishes meter tampering, by-pass or unauthorised access as contained in NERC Order/REG/41/2017 on Unauthorised Access, Meter Tampering and Bypass.
- H. Activation tokens shall be issued to customers immediately after replacement of the faulty/obsolete meter.
- I. DisCos shall file monthly returns with the Commission on the replacement of faulty/obsolete meters along with their proposal for the decommissioned meters.

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16. This Order may be cited as the *Order on the Structured Replacement of Faulty/Obsolete Meters of End-Use Customers*.

17. This Order shall take effect from 4 March 2021.

Dated this 4th day of March 2021



Sanusi Garba
Chairman



Dafe C. Akpeneye
Commissioner
Legal, Licensing & Compliance