

JOINT PRESS RELEASE OF THE NIGERIAN ELECTRICITY REGULATORY COMMISSION AND BUREAU OF PUBLIC ENTERPRISES ON THE RECENT CHANGES IN THE COMPOSITION OF THE BOARD OF ABUJA ELECTRICITY DISTRIBUTION COMPANY PLC

The attention of the Nigerian Electricity Regulatory Commission (“NERC”) and Bureau of Public Enterprises (“BPE”) has been drawn to misrepresentations in the press on the facts/circumstances leading to the change in the composition of the board of Abuja Electricity Distribution Plc (“AEDC” or the “DisCo”), the licenced utility that serves end-use customers in Kogi, Nasarawa, Niger and the Federal Capital Territory.

2. The general public may wish to note that there has been an ongoing dispute amongst competing factions of AEDC’s majority shareholder/core investor i.e. KANN Utility Company Limited (“KANN”); and this dispute eventually spilled over to a dispute with the lender that provided the acquisition loan to KANN for the acquisition of majority shares during the privatisation exercise in 2013, over KANN’s inability to service its debt to the Bank.

3. During the course of the intractable crisis, AEDC not only struggled to meet its obligations to the market under the terms and conditions of its licence but was also unable to meet its obligations to key stakeholders in the organisation including staff culminating in the industrial action by members of the Nigerian Union of Electricity Employees (“NUEE”). Eventually, this resulted in a total service disruption on 6th December 2021 for over 14 hours in AEDC’s network area. The provision of electricity supply in AEDC’s network area was only restored after the intervention of the Hon. Minister of Power, NERC and BPE following an agreement with the union on the terms for the suspension of the industrial action on 6th December 2021.

5. The general public should note that arising from KANN’s inability to service its acquisition loan and the ensuing dispute over the servicing of the loan from UBA Plc, the lender exercised its rights by appointing a Receiver/Manager over KANN. Stakeholders including NERC, Central Bank of Nigeria (“CBN”) and BPE had on several times worked to broker an amicable resolution between the contending parties. The protracted resolution of the dispute exacerbated the state of affairs at

AEDC resulting in an industrial action and a total blackout in the service area for over 14 hours.

7. It then became apparent that decisive steps were required to address the matter and BPE agreed with the lender's request to exercise its powers as Receiver/Manager over KANN by exercising its powers over the 60% equity in AEDC as a means to recovering the acquisition loan granted by the Bank.

8. The action to appoint an interim team to manage AEDC was not done on the basis of a directive from the Federal Government as being falsely reported in the press but on the basis of legal processes arising from the failure of the core investor in AEDC to meet its obligations to a lender.

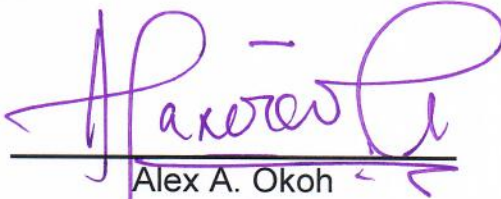
9. The Receiver/Manager has agreed to the appointment of an interim management team in conjunction with BPE as part of measures designed to address business failure events and ensure continuity of service to end-use customers in the service area.

10. The Federal Government remains committed to the ongoing initiatives on the recovery of the electricity sector but private investors should remain cognisant of their fiduciary responsibilities to their stakeholders especially in regulated utilities and should not act in a manner that jeopardizes public interest.

11. NERC and BPE shall continue to work constructively with key stakeholders in the power sector to ensure continued growth and service improvement under the reforms being embarked upon by the Federal Government for the socioeconomic growth of our great nation.



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