



ORDER NO: NERC/2024/044

**BEFORE THE NIGERIAN ELECTRICITY REGULATORY COMMISSION  
INTERIM ORDER ON TRANSMISSION SYSTEM DISPATCH OPERATIONS,  
CROSS-BORDER SUPPLY AND RELATED MATTERS  
IN THE NIGERIAN ELECTRICITY SUPPLY INDUSTRY 2024**

**Title**

1. This regulatory instrument may be cited as NESI Interim Order on Transmission System Dispatch Operations, Cross-Border Supply and Related Matters 2024

**Commencement**

2. This Order shall become effective from 1st May 2024 and shall remain effective for an initial period of six (6) months and may be extended as determined by the Commission.

**Context**

3. Pursuant to the provisions of Section 116 of the Electricity Act ("EA") 2023, the Nigerian Electricity Regulatory Commission ("NERC" or the "Commission") issued the April 2024 Supplementary MYTO-2024 Tariff Order to improve electricity supply and financial sustainability of the Nigerian Electricity Supply Industry ("NESI") as the industry gradually transits to cost-reflective levels. The April 2024 Supplementary MYTO-2024 Tariff Order was issued after detailed validation of service levels to align customer tariffs with commensurate quality of services enjoyed in line with the Service-Based Tariff ("SBT") framework.
4. Following the implementation of the April 2024 Supplementary Order, the Commission has observed sub-optimal grid dispatch operation practices compromising on the DisCos' ability to deliver on SBT committed service levels to end-use customers with significant impact on market revenues.

5. Whereas the Commission takes cognizance of the limitations often posed by low generation and limited visibility of energy flow on the grid, the System Operator's sole reliance on limiting DisCos' load off-take/allocation in managing transient and recurring grid imbalances while prioritising international off-takers and Eligible Customers ("ECs") is neither efficient nor equitable.
6. The practice so far adopted by the SO in managing generation availability has caused significant hardship to DisCos' customers (industrial, commercial and residential) largely due to the continuous displacement of delivery to DisCos by the SO especially during peak demands while prioritizing delivery to other bilateral contracts, including export to international customers.
7. The Commission notes that the current international and bilateral contracts with GenCos are based on best-endeavour and with loose terms that are often below the minimum contract standards currently operated in NESI. The Commission further notes that many of the off-takers contracted bilaterally by GenCos often abuse this prioritisation and raise their off-take during peak operations beyond their contracted levels at the expense of other grid users without attendant penalties for violation of grid instructions.

### Objectives

8. The objectives of the Order are:
  - i. To serve as an interim measure to guide the operations of the System Operator (SO) and the Transmission Company of Nigeria Plc ("TCN") to implement SOPs and operational support tools and other requirements to improve transparency and fairness of grid operations in delivering better services to all customers of the transmission system.
  - ii. To place interim caps on capacities supplied to international customers for six (6) months from the effective date of this Order thus minimizing the displacement and impact on domestic supply obligations by GenCos and overall risks to the Nigerian Electricity Market, even when there is a limitation in generation



## Order

9. THE COMMISSION HEREBY ORDERS as follows:
- A. The SO shall develop and present to the Commission for approval within 7 days from the issuance of this Order a pro-rata load-shedding scheme that ensures equitable adjustment to load allocation to all off-takers – DisCos, international customers, and eligible customers – in the event of a drop in generation and other under-frequency related grid imbalances necessitating critical grid management.
  - B. The SO shall implement a framework to log and publish hourly readings and enforce necessary sanctions for violation of grid instructions and contracted nominations by off-takers in line with the Grid Code and Market Rules.
  - C. The SO shall publish and notify all market participants and the Commission of the previous day's hourly log readings of off-take by market participants and the market settlements report by 12:00 noon of the next day.
  - D. The System Operator shall ensure that the maximum load allocation to international off-takers in each trading hour shall not be more than 6% of the total available grid generation.
  - E. The aggregate capacity that can be nominated by a generating plant to service international off-takers shall not be more than 10% of its available generation capacity unless in exceptional circumstances a derogation is granted by the Commission.
  - F. The System Operator shall henceforth cease to recognise any capacity addition in bilateral transactions between a generator and an off-taker (international off-taker, DisCo, IEDN, EC) without the express approval of the Commission.
  - G. The interim caps on the supply to international customers shall be effective for an initial period of six (6) months from the effective date of this Order.



- H. The SO and the Market Operator shall file with the Commission within seven (7) days from the effective date of this Order a schedule and copies of all the bilateral (local and international) contracts currently being administered through the grid including the relevant regulatory approvals.
- I. Any licensee seeking to enter into a contract for the supply of electricity to its off-takers through the national grid shall seek the approval of the Commission including the filing of the relevant purchase and supply agreement.
- J. The SO (and TCN) shall immediately initiate and install integrated IoT meters at all off-take and delivery points of Eligible Customers, bilateral supplies, cross-border trades and outgoing 33kV feeders of the DisCos to provide real-time/instantaneous visibility of aggregate offtake by grid customers.
- K. The installation of and streaming of data from the IOT meters should be completed within three (3) months from the date of this Order.
- L. The SO shall implement as a Condition Precedent for any new transaction the installation of IoT meters and data acquisition at offtake and delivery points to ensure real-time/instantaneous visibility of the capacity delivered and offtaken by counterparties in each transaction.

**Effective Date**

- 10. This Interim Order shall take effect from 1st May 2024.

Dated this 29<sup>th</sup> Day of April 2024



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Sanusi Garba  
Chairman



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Musiliu O. Oseni  
Vice - Chairman