



NERC/2024/003

**DIRECTIVE TO INDEPENDENT SYSTEM OPERATOR FOR THE  
UTILISATION OF ZUNGERU HYRDO ELECTRICITY GENERATION  
COMPANY LTD FOR MANAGING GRID IMBALANCES CAUSED BY  
INSUFFICIENT GENERATION**

This Directive is issued further to the Commission's Order No. NERC/2024/044 on the "Transmission System Dispatch Operation, Cross-Border Supply and Related Matters" and in the overriding public interest of ensuring continuous improvement in supply of electricity to Nigerians.

2. In line with Section 4 of the Order No. NERC/2024/044, the sub-optimal grid dispatch experienced on the national grid is partly occasioned by low generation thereby affecting the Electricity Distribution Companies' ("DisCos") ability to deliver on the committed service levels to end-use customers due to frequent interruptions to manage transient and recurring grid imbalances.
3. The Commission further notes that the Zungeru Hydro Electricity Generation Company Ltd ("ZHEGC") had successfully concluded its initial capacity testing on the 15<sup>th</sup> of May 2024 with a demonstrated average generation capacity of 600MW.
4. Whereas ZHEGC currently has no contract and had indicated its decision to shut down the plant after the capacity test pending the finalisation of contractual arrangements with her prospective off-takers. The Commission, however, considers it necessary to ensure that the power plant remains on the grid and continues to inject power to improve service delivery to electricity consumers in Nigeria.
5. Given the overriding public interest, the Commission has granted a special dispensation that permits the Independent System Operator of the Transmission Company of Nigeria ("TCN-ISO") to assume responsibility for the administration of settlement for power wheeled from ZHEGC for an initial period of 105 days commencing from 0.00Hrs of the 16<sup>th</sup> May 2024.

6. Further to the above and to avoid the perpetual practice of limiting DisCos' load offtake as a corrective mechanism for system imbalances, the Commission hereby directs the ISO of the Transmission Company of Nigeria ("TCN-ISO") to enter into an interim energy sales agreement with ZHEGC for up to 450MW of energy and capacity to address the imbalances currently experienced between generation and offtake, thereby further strengthening grid management. The agreement shall be on a best-effort basis.

7. The commencement date for the interim agreement is 16<sup>th</sup> of May 2024 and shall be in effect till the 31<sup>st</sup> of August 2024 in the first instance.

**8. Administration of the Agreement**

a. For every settlement cycle following the commencement of the agreement:

- i. ZHEGC shall invoice the Market Operator ("MO") for capacity and energy based on the metered energy generated as contained in the Final Settlement Statement ("FSS");
- ii. the MO shall issue two settlement statements to the DisCos; one for the settlement of the transmission and market administration services. The second invoice shall reflect the energy from ZHEGC allocated to the DisCos on a pro-rata basis using the total energy offtake by DisCos for the month.

b. The settlement for the energy supplied from ZHEGC shall be prioritised from the market revenue administered by NESI-SSL.

c. NESI-SSL shall pay the MO the full value of ZHEGC's energy invoiced to the DisCos for onward payment to ZHEGC in line with the terms of the interim energy sales agreement.



**Musiliu O. Oseni, PhD**  
**Vice-Chairman**