



ORDER NO: NERC/2024/072

**BEFORE THE NIGERIAN ELECTRICITY REGULATORY COMMISSION
ORDER ON THE OPERATIONALISATION OF "TRANCHE A" OF THE PRESIDENTIAL
METERING INITIATIVE UNDER THE FRAMEWORK OF METER ACQUISITION FUND**

TITLE

1. This regulatory instrument may be cited as the ORDER ON THE OPERATIONALISATION OF "TRANCHE A" OF THE METER ACQUISITION FUND.

COMMENCEMENT

2. This Order shall become effective on 13th June 2024 and may be amended or revoked by subsequent Orders issued by the Nigerian Electricity Regulatory Commission ("NERC" or the "Commission").

BACKGROUND

3. The Commission introduced the Meter Asset Provider ("MAP") Regulations 2018 and subsequently, the Meter Asset Provider and National Mass Metering ("MAP&NMMR") Regulations in 2021 to address metering challenges in the Nigerian Electricity Supply Industry ("NESI"). The Regulations provided several options for metering end-use customers but the interventions, though significant, have not resulted in the closure of the national metering gap which currently stands in excess of 7m (seven million) customers.
4. The inability of distribution companies ("DisCos") to raise financing in the form of debt or additional equity was identified as the major constraint in the acquisition and deployment of end-use meters and other capital investments. The Meter Acquisition Fund ("MAF") scheme was therefore developed and approved by the Commission, primarily to address the challenge of DisCo creditworthiness inhibiting the deployment of end-use meter in NESI by creating a credible revenue stream from the market funds on the back of which long term financing may be secured by the utilities. The funds shall be under

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the management of Fund Manager ("FM") based on terms and conditions negotiated by the DisCos and approved by the Commission.

5. The Federal Government has approved the Presidential Metering Initiative ("PMI") with the overarching objective of closing the metering gap in the NESI within three years leveraging on smart metering technologies for data analytics. The MAF shall form one of the revenue streams for the repayment of the long tenor financing for metering.
6. The Commission approved the deregulation of meter prices under the MAP scheme vide Order NERC/2024/040 to ensure an efficient pricing of meters while responding more quickly to changes in macroeconomic parameters. The Order provides that all prices of meters under the MAP scheme shall be determined through a transparent and competitive bidding process by eligible MAPs.
7. A competitive bidding process was held on 21 May 2024 based on the provisions of Order NERC/2024/040 where a total of 24 (twenty-four) MAPs participated across the 12 (twelve) DisCos. A total of 44 bids were submitted for 10 (ten) meter specifications.
8. The deployment of funds under the MAF scheme shall accelerate the deployment of meters and a closure of the current metering gap thereby reducing commercial & collection losses to DisCos, enhancing quality of service and improvement of customer satisfaction.
9. While the NESI is expected to leverage on the revenue stream under the MAF framework to raise substantial capital funding for metering, there is an imperative to accelerate a closure of the metering gap for all customers currently classified under tariff Band A for the purpose of revenue protection and facilitating demand side management for the affected customers.
10. The funds accrued as at the April 2024 market settlement cycle and available for procurement of meters under the first tranche of the MAF scheme is in the sum of NGN21,864,851,725.00 (twenty-one billion eight hundred and sixty-four million, eight hundred and fifty-one thousand, seven hundred and twenty-five naira only). The Commission hereby approves the use of a sum of NGN21,000,000,000 (twenty-one billion Naira only) apportioned pro rata to contribution by the DisCos as Tranche A of the MAF scheme. Attached to this Order as Schedule 1 is a breakdown of the funds available for each DisCo for the purchase of end-use customer meters.

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11. All the meters to be procured and installed under the MAF framework shall be at no cost to the customers of the DisCos.

OBJECTIVE

12. This Order seeks to provide -

- (i) A transparent and functional framework for the operationalisation of the first tranche of metering under MAF scheme.
- (ii) Eligibility conditions for access to first tranche of funding under MAF.
- (iii) Terms of payment, monitoring and evaluation and other conditions for manufacturers and MAPs participating under the scheme.

ELIGIBILITY

13. Distribution Companies are required to:

- (i) Provide an Application Programming Interface ("API") for integrating to the IT platform provided by the FM allowing access to real time data and a confirmation of the activation of all meters installed under the MAF scheme.
- (ii) Ensure completion of Know-Your-Customer ("KYC") documentation.
- (iii) Confirm the readiness of the premises for metering of all customer locations where MAF meters are to be deployed.

14. Local Meter Manufacturers and Assemblers are required to:

- (i) Possess a valid NERC certification for manufacturing of electrical energy metering systems/importation of knocked down parts.
- (ii) Provide details of proposed meter installers with valid NERC certification as a Meter Service Provider ("MSP") for the installation of meters.

15. Meter Asset Providers are required to:

- (i) Provide evidence of a memorandum of understanding with a local meter manufacture or assembler ("LMMA") for the fulfilment of a minimum 30% local content threshold. Eligible MAPs that secured an order from DisCos are required

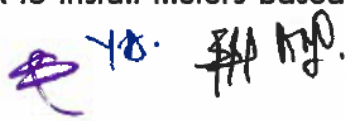
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to submit evidence in support of the fulfilment of the minimum threshold of 30% local content.

- (ii) Possess a valid MAP Permit issued by the Commission.

16. THE COMMISSION HEREBY ORDERS as follows -

- (a) DisCos shall utilise the first tranche ("Tranche A") of disbursement from the MAF scheme based on contributions made by DisCos as at the April 2024 market settlement and attached to this Order as Schedule 1, to procure and install meters for unmetered Band 'A' customers within their franchise areas.
- (b) DisCos shall, within 14 (fourteen) days from the effective date of this Order, conduct a transparent and competitive procurement process, for meter price determination, selection and engagement of MAPs/LMMAs for the metering of end-use customer meters under the MAF scheme.
- (c) A report containing details of the process undertaken for the selection of MAPs/LMMAs, including meter price, meter specifications, and the list of customers to be metered shall be sent to the Commission for approval, within 20 (twenty) days from the effective date of this Order.
- (d) Upon approval of the Commission, the DisCo shall enter into contracts with selected MAPs/LMMAs on one of the following terms:
 - (i) Where an Advance Payment Guarantee ("APG") issued by a commercial bank in Nigeria is provided by a qualifying MAP/LMMA, 30% of the contract sum shall be paid by the FM on behalf of the DisCo to the MAP/LMMA upon execution of the contract. A further 2 (two) milestone payments shall be made upon the completion of 60% of contracted quantities and 100% of the contract respectively, with the funds advanced against bank guarantee amortised over the payments.
 - (ii) Where the MAP/LMMA do not request an advance payment, the milestone payments shall be made upon the verified installation of 20%, 60% and 100% respectively of the contracted volume of meters. A vendor may, at his option, defer payment until the completion of the installation of the contracted volumes.
 - (iii) DisCos shall ensure that all the necessary resources and network clearance required by the MAP/LMMA to install meters based on installation plans are provided and/or completed.

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- (e) The installation of contracted volume meters shall be completed within 60 days from the date of approval of the process by the Commission, and all contracts for the supply and installation of meters shall be filed with the Commission.
- (f) The parties under the MAF scheme shall exhibit the highest degree of public trust and ethical standard and shall not engage in any conduct that may constitute unfair practice or conflict of interest.
- (g) The parties shall file the following reports with the Commission:

Reporting Party	Type of Report	Frequency	Receiving Party
FM	a. Fund Performance Report	Quarterly	NERC
	b. Risk Management Report	One-Off	NERC
DisCo	a. Meter Deployment Plan	One-Off	NERC/FM
	b. Monthly Meter Deployment Report	Monthly	NERC/FM
MAPs/LMMAs	Meter Installation Report	Weekly	DisCo/FM/NERC

- (f) DisCos shall file audited reports under the Uniform System of Accounting, clearly reporting the performance of the MAF metering programme.
- (g) This Order is issued without prejudice to relevant provisions of the MAP&NMMR and other Regulations of the Commission not specifically mentioned herein.

Dated this 19th Day of June 2024



**Sanusi Garba
Chairman**



**Dafe C. Akpeneye
Commissioner**

SCHEDULE 1

MAF IMPLEMENTATION - 1st Tranche Disbursement Allocation		
S/N	DISCO Name	1st Tranche Allocation
1	Abuja Electricity Distribution Company (AEDC)	₦2,990,745,647
2	Benin Electricity Distribution Company (BEDC)	₦1,571,276,806
3	Eko Electricity Distribution Company (EKEDC)	₦2,921,896,285
4	Enugu Electricity Distribution Company (EEDC)	₦1,726,893,467
5	Ibadan Electricity Distribution Company (IBEDC)	₦2,516,469,752
6	Ikeja Electricity Distribution Company (IE)	₦4,358,122,421
7	Jos Electricity Distribution Company (JEDC)	₦521,905,774
8	Kaduna Electricity Distribution Company (KAEDC)	₦1,220,367,039
9	Kano Electricity Distribution Company (KEDCO)	₦1,568,029,563
10	Port Harcourt Electricity Distribution Company (PHEDC)	₦1,360,944,608
11	Yola Electricity Distribution Company (YEDC)	₦243,348,639
	Total	₦21,000,000,000

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