

ORDER NO: NERC/2024/162

**BEFORE THE NIGERIAN ELECTRICITY REGULATORY COMMISSION**  
**ORDER ON PERFORMANCE MONITORING FRAMEWORK FOR ELECTRICITY**  
**DISTRIBUTION COMPANIES**

**TITLE**


1. This regulatory instrument shall be cited as *Addendum - 1 to the Order on Performance Monitoring Framework for Distribution Companies ("DisCos") July 2024*.

**COMMENCEMENT**

2. This Order shall take effect from 23 December 2024 and shall remain in effect until it is amended or revoked by the Nigerian Electricity Regulatory Commission ("NERC" or the "Commission").

**BACKGROUND**


3. On 5 July 2024, the Commission issued the Orders on Performance Monitoring Framework for DisCos - NERC/2024/086 - 096, effective 8 July 2024, to all the Successor DisCos in the Nigerian Electricity Supply Industry. The Orders sought to -
  - a. Hold the top management of DisCos accountable for the utility's compliance with reporting requirements and implementation of directives of the Commission in line with the terms and conditions of the utility's licence.
  - b. Drive increased operational performance from DisCos thereby improving energy delivery to customers under the DisCos' franchise areas.

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- c. Drive DisCos towards achieving customer-centric operations and enhanced efficiency, which will consequentially boost the satisfaction of customers under the DisCos' franchise areas.
  - d. Reinforce market discipline and ensure that DisCos' commercial performance sets them on the path of long-term financial sustainability.
  - e. Hold the top management of DisCos accountable for meeting all targets specified herein.
4. Section 12(c) of the Orders on Performing Monitoring Framework July 2024, Orders; NERC/2024/086 – 096, states that *"the Commission may issue updated targets, attainment trajectories and review periodicity for any of the KPIs, having regard to the evolution of the wider NESI and overarching policy environment"*.
  5. Upon reviewing the above Orders, the Commission has noted that the evaluation of compliance with 2 (two) Key Performance Indicators ("KPIs") relies on data which are available only at the end of the market cycle. This may delay the implementation of consequential regulatory interventions contained in the Orders. The affected KPIs are –
    - a. Energy offtake relative to PCC.
    - b. Compliance with Reporting of Uniform System of Accounts ("USoA").
  6. The Commission has also noted the need to define a threshold for the subsequent instance(s) of non-compliance with the KPI – "Resolution of Complaints through NERC Contact Centre and NERC HQ".
  7. Pursuant to Paragraph 4 of this Order and to ensure that DisCos have sufficient time to rectify cases of non-compliance before being sanctioned by the Commission in line section 76 of the EA, the Commission seeks to adjust the evaluation frequency and the associated consequential regulatory interventions for non-compliance for the aforementioned KPIs.

## OBJECTIVE

8. This Order seeks to –
  - a. Improve regulatory efficiency by aligning the frequency of KPI evaluations with data availability, ensuring timely and effective interventions.

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- b. Enhance compliance and enforcement measures by refining the regulatory framework to support DisCos in achieving performance targets.

**THE COMMISSION HEREBY ORDERS AS FOLLOWS -**

- A. The evaluation frequency and the associated consequential regulatory interventions for non-compliance with the aforementioned KPIs shall be as contained in Table 1.

**Table 1: Consequential Regulatory Interventions**

KPI	CRI	Frequency	Target	Penalty for Non-compliance	
				Primary Penalty - 1 <sup>st</sup> Instance of Non-compliance	Secondary Penalty - Subsequent Instance(s) of Non-compliance
Energy Off-take Relative to PCC	Old	Monthly	95%	Failure to offtake up to 95% of available nominations in any month: <i>Issuance of a rectification directive.</i>	Failure to offtake up to 95% of available nominations in 2 of the 3 months in any quarter: <i>Downward adjustment of DisCos guaranteed Admin OPEX by 5% for the next quarter.</i>
	New	Quarterly	95%	Failure to offtake up to 95% of available nominations in 2 out of the 3 months in any quarter: <i>Downward adjustment of DisCos guaranteed Admin OPEX by 5% for the next quarter.</i>	
Compliance with Reporting of USoA	Old	Monthly	Yes	Failure to meet 100% reporting compliance within a month: <i>Issuance of a rectification directive.</i>	Failure to meet 2 monthly compliance targets within a quarter: <i>The Commission may take other enforcement actions including the withdrawal of the "Fit and Proper" approval of the CFO's or its equivalent position in the utility.</i>
	New	Quarterly	Yes	Failure to meet 2 monthly compliance targets within a quarter: <i>The Commission may take enforcement actions including the withdrawal of the "Fit and Proper"</i>	

KPI	CRI	Frequency	Target	Penalty for Non-compliance	
				Primary Penalty - 1 <sup>st</sup> Instance of Non-compliance	Secondary Penalty - Subsequent Instance(s) of Non-compliance
				<i>approval of the CFO's or its equivalent position in the utility.</i>	
Compliance with the Resolution of Complaints through the NERC Contact Centre and NERC HQ	Old	Monthly	100% of complaints resolved within timelines (SLA)	Penalties to be charged for non-resolution after expiration of timelines in the CPR: <ul style="list-style-type: none"> <li>• Billing: ₦10,000.00/day</li> <li>• Disconnection: ₦2,000.00/day</li> <li>• Interruption: ₦2,000.00/day</li> <li>• Metering - ₦1,000.00/day</li> <li>• Delay in Connection: ₦1,000.00/day</li> <li>• Voltage: ₦1,000.00/day</li> </ul>	Failure to meet targets within 2 consecutive months: <i>The Commission may take other enforcement actions including the withdrawal of the KYL of the Head of Customer Service or the officer responsible for resolving customer complaints in the utility.</i>
	New	Monthly	100% of complaints resolved within timelines (SLA)	Penalties to be charged for non-resolution after expiration of timelines in the CPR: <ul style="list-style-type: none"> <li>• Billing: ₦10,000.00/day</li> <li>• Disconnection: ₦2,000.00/day</li> <li>• Interruption: ₦2,000.00/day</li> <li>• Metering - ₦1,000.00/day</li> <li>• Delay in Connection: ₦1,000.00/day</li> <li>• Voltage: ₦1,000.00/day</li> </ul>	Failure to attain a 75% resolution rate for total complaints in any quarter within the respective timelines (SLA): <i>The Commission may take other enforcement actions including the withdrawal of the KYL of the Head of Customer Service or the officer responsible for resolving customer complaints in the utility.</i>

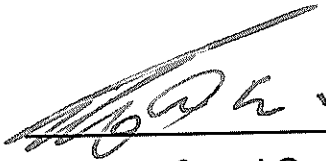
\*CRI-Consequential Regulatory Intervention

B. In evaluating compliance with the 3 (three) affected KPIs for Q3 and Q4 2024, the Commission shall issue Rectification Directives for all instances of non-compliance. The updated enforcement framework contained in this Order shall be applied from Q1 2025.

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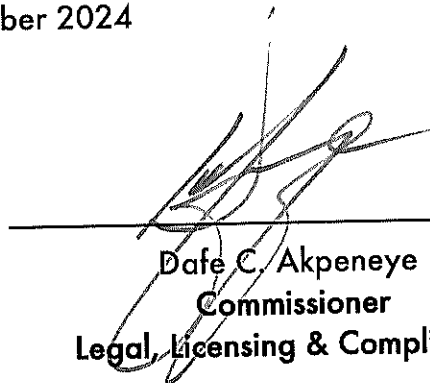
- C. The evaluation frequency and penalties for the under-listed KPIs shall remain as outlined in the Orders: NERC/2024/086 - 096.
- i. Compliance with Revenue Recovery Target.
  - ii. Compliance with API feeder streaming.
  - iii. Compliance with the capping of estimated bills.
  - iv. Compliance with Forum decisions.

Dated this 12<sup>th</sup> day of December 2024



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Sanusi Garba  
Chairman



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Dafe C. Akpeneye  
Commissioner  
Legal, Licensing & Compliance