

NIGERIAN ELECTRICITY REGULATORY COMMISSION

GUIDELINES ON REGISTRATION AND ENGAGEMENT OF THIRD-PARTY COLLECTION SERVICE PROVIDERS

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NIGERIAN ELECTRICITY REGULATORY COMMISSION

In the exercise of the powers conferred under section 226 of the Electricity Act 2023 and all powers related thereto, the Nigerian Electricity Regulatory Commission hereby issues guidelines on registration and engagement of third-party collection service providers by electricity distribution companies.

Table of Contents

1. Title	3
2. Scope	3
3. Purpose	3
4. Definitions & Interpretation	3
5. Background	4
6. Objectives	5
7. Registration of Collection Service Partners	5
8. Collection Channels and Approved Rates	6
9. Effective Date	9

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1. Title

This regulatory instrument may be cited as the ***"Guidelines on Registration and Engagement of Third-party Collection Service Providers by Electricity Distribution Companies"***.

2. Scope

These Guidelines shall apply to all applicants for registration as third-party collection service providers by electricity distribution companies for the automated transaction of electrical energy in federating states that have not established their electricity markets pursuant to sections 2, 63 (7), and 230 (2) - (9) of the Electricity Act 2023.

3. Purpose

These Guidelines provide a framework for the registration and engagement of third-party collection service providers in the Nigerian Electricity Supply Industry ("NESI") by Electricity Distribution Companies ("DisCos") licensed by the Commission to enhance operational performance and mitigate risks associated with cash collections.

4. Definitions and Interpretation

In these Guidelines, unless the context otherwise requires -

"Act" means the Electricity Act 2023

"Agreement with Distribution Company" means a contractual agreement entered into between a licensed third party collection service provider and a distribution company for the purpose of utilising payment channels authorised by CBN including but not limited to automated teller machines ("ATMs"), quick response ("QR") code, vending platforms, point of sale ("PoS") terminals, unstructured supplementary service data ("USSD") etc. for the billing and/or collection of payments from non-Maximum Demand ("MD") end use customers

"Applicant" means a person who has applied to the Commission to be registered as a collection agent for the sale of electricity to end-use customers of distribution companies.

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"Commission" means the Nigerian Electricity Regulatory Commission

"Central Bank of Nigeria (CBN)" means the Central Bank of Nigeria

"CBN Licence" is a licence or permit issued by CBN authorising a company to operate as collection agent, super-agent, sub-agent, payment solution service provider ("PSSP") or payment terminal service provider ("PTSP") for authorised payment channels including but not limited to "ATMs", "QR" codes, vending platforms, "PoS" terminals, "USSD" etc.

"Distribution Company or DisCo" means a company that holds a distribution licence issued by the Commission

"Super Agents" are agents registered with CBN who may be collection agents and are responsible for monitoring and supervising the activities of sub-collection agents under them, including the volume and value of transactions for the service they offer.

5. Background

1. In furtherance of the policy direction of the Federal Government of Nigeria ("FGN") on the settlement of electricity bills by certain classes of end-use customers, the Commission issued Order No. NERC/183/2019 (the "Order") mandates DisCos to migrate industrial and commercial customers to cashless settlement platforms by 31 January 2020 and R3 customers (now MD residential) by 31 March 2020. Pursuant to the Order, the Commission authorised the use of available banking channels and collection service providers to enhance transparency in billing and collection.
2. The cashless payment system is a shift from conventional transactions to more efficient, practical and secure methods of payment for customers. These include but are not limited to banking applications, mobile platforms, credit cards, debit cards, QR/Scan to pay, USSD, payment links and digital wallets.
3. Clauses 9 and 10 of the Order provide that all collection agents, super agents, sub-agents, Payment Solution Service Providers ("PSSP") and Payment Terminal Service Providers ("PTSP") engaged by DisCos shall be duly registered with both the

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Commission and the CBN, and shall operate a dedicated account strictly for billing and collection of revenues meant for the DisCo.

4. These Guidelines are issued pursuant to the EA to provide clear framework for the engagement of third-party collection service providers by DisCos and prescribe the applicable transaction charges.

6 Objectives

These Guidelines seek to -

- a. Provide clear guidance to DisCos on modalities for the registration of third-party collection agents including applicable service charges.
- b. Promote transparency and accountability in revenue collections from electricity sales by third-party collection service partners engaged by DisCos.
- c. Standardise the use and engagement of third-party collection service partners.
- d. Enhance revenue collection in the NESI.
- e. Ensure efficiency of revenue collection contracts.
- f. Minimise the risk of loss of revenue arising from DisCos' engagement of third-party collection service providers.

7 Registration of Collection Service Partners

1. A Collection Service Partner ("CSP") or collection agent is an entity engaged by a DisCo pursuant to a valid contractual agreement for the purpose of collecting revenues arising from the sale of energy to end use. The CSP shall have an obligation to remit all such collections to the dedicated transaction accounts. In consideration of the services rendered, the CSP shall be entitled to a commission calculated as a percentage of the total amount collected, provided that such commission shall not exceed a prescribed transaction cap, being the maximum commission amount payable per transaction.

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2. The following documents and conditions shall constitute the minimum requirements for the approval and registration by the Commission of any contract entered into between a DisCo and CSP -
 - a. Valid Licence or permit from the Central Bank of Nigeria;
 - b. Executed Agreement with the DisCo;
 - c. Certificate of Incorporation;
 - d. Reference Letter from the CSP's Banker;
 - e. Valid Tax Clearance Certificate for the last three years;
 - f. VAT Registration Certificate;
 - g. List of sub-agents (if any);
 - h. API System Integration Agreement with Nigerian Inter-Bank Settlement System ("NIBSS"); and
 - i. Payment of a non-refundable registration fee of NGN100,000 to the Commission.
3. All third-party CSPs shall be registered with the Commission prior to being eligible to render collection services in NESI, except those whose operations are limited to a state with regulatory oversight.
4. Further to Clause 7(3), all collection service contracts/agreements with a DisCo under the regulatory purview of the Commission shall require the approval of the Commission prior to commencement of operation. It shall be the responsibility of the applicable DisCo to present the collection service agreement and other required documents listed in Clause 7(2) to the Commission for approval.

8. Collection Channels and Approved Rates

1. In these Guidelines, cashless collection channels available to DisCos are categorised as follows -

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- a. **USSD: Unstructured Supplementary Service Data ("USSD")** is a digital payment system that enables mobile phones to communicate with a mobile network operator. This technology, also referred to as "quick codes" or "feature codes", enables customers to perform transactions through simple short codes – commands start with an asterisk (*) and end with a hash (#). Transactions are performed in real-time without the need for an internet connection.
 - b. **Banking Services:** These are transactions that involve customers' direct lodgement into bank accounts. This category includes payment through switching companies such as Interswitch, Flutterwave and Paystack, NIBSS, Web Central Pay and Automated Teller Machines ("ATM").
 - c. **Mobile Payment Services:** These allow collections through digital payment systems which include mobile transfers, virtual account number ("VAN"), wallets, electronic channels, web, internet/intranet, chat (WhatsApp, etc.), Interactive Voice Response ("IVR"), Payout or other approved digital payment systems.
 - d. **Agency:** This involves the use of physical infrastructure and contact points like a Point-of-Sales machine ("PoS"), Vending Kiosk, Agents, Cash payment, etc.
 - e. **Rural Services:** This indicates agency in rural communities within the licensee's franchise area.
2. To ensure standardisation and optimal costs of collection, the following commission/ rates and applicable caps shall apply -

APPROVED COMMISSION/RATES FOR THIRD PARTY COLLECTION SERVICE PROVIDERS IN NESI				
	Services	Channel	Maximum Rates	Cap Per Transaction (NGN)
1	USSD	USSD: ≤ N5,000	NGN20	20
		USSD: > N5,000	NGN50	50
2	Banking Services	Bank (switching companies)	0.75%	1,000

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		NIBSS Web Central Pay	1.25%	1,000
		ATM	1.25%	2,000
3	Mobile Payment Services	Wallet	1.10%	2,000
		Electronic	1.10%	2,000
		Web, Intranet/Internet	1.50%	2,000
		Chat, IVR, Payout	1.50%	2,000
		Mobile	1.50%	2,000
		VAN	2.00%	2,000
4	Agency	Cash Payment	1.50%	2,000
		PoS	1.50%	2,000
		Vending Kiosk	2.00%	2,000
		Agent	2.0% - 3.0%	2,000
5	Rural Services	Agents/Rural Presence	3.25%	2,000

3. The following shall apply to all CSP's and DisCos-
- No CSP shall be engaged by a DisCo without the applicable CBN licence/permit.
 - All third-party collection service agreements/contracts entered into with any DisCo under the regulatory oversight of the Commission are subject to the Commission's approval and registration prior to the commencement of the transaction.
 - All DisCos shall adopt more efficient and cost-effective channels for collection.
 - All collection service contracts shall be prefunded.
 - All collection service contracts/agreements shall detail clear performance indicators for the collection provider and shall be regularly evaluated by the DisCo.
 - All collection service contracts/agreements shall specify the transaction account details prior to the approval of the Commission, provided that subsequent additions to the listed accounts shall be filed with the Commission.


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- g. Any collection from MD customers shall attract no commission payment to the third-party collection agent.
- h. The above approved commission/rates shall remain in force until amended by the Commission.
- i. All existing and operating contracts must be regularised within 90 days from the effective date of these Guidelines.

9. Effective Date

These Guidelines shall be effective from the 27th day of May 2025.



Sanusi Garba
Chairman