



ORDER NO: NERC/2023/001

**BEFORE THE NIGERIAN ELECTRICITY REGULATORY COMMISSION  
ORDER ON THE REIMBURSEMENT OF METER COSTS FOR METERS PROCURED UNDER THE  
METER ASSET PROVIDER AND NATIONAL MASS METERING REGULATIONS 2021**

**TITLE**

1. This regulatory instrument may be cited as the **ORDER ON THE REIMBURSEMENT OF METER COSTS**.

**COMMENCEMENT**

2. This Order becomes effective on 1 April 2023 and may be amended or revoked by subsequent Orders issued by the Nigerian Electricity Regulatory Commission ("NERC" or the "Commission").

**BACKGROUND**

3. The Meter Asset Provider and National Mass Metering Regulations, 2021 (the "Regulations") provides for the reimbursement of the cost of meters procured by customers under the Meter Asset Provider ("MAP") framework.
4. Section 8(f) of the Regulations provides that *"Distribution Licensees are obligated to reimburse customers who pay for meters under the MAP framework through equal instalments of energy credits, at the time of vending, with the cost of the meter amortised over a maximum period of 36 months"*.
5. Section 24 (1) (b) of the Regulations provides that *"where a Customer elects to make upfront payments for meters under these Regulations, the cost of the meter shall be refunded through energy credits by the Distribution Licensee. The reimbursement schedule shall be as approved by the Commission, having regard to an evaluation of the financial standing of the Distribution Licensee. This provision also applies to upfront payments made by customers upon commencement of the MAP framework in 2018"*.
6. The Commission conducted an evaluation of the financial standing of the DisCos which resulted in a review of the hitherto 36-month reimbursement period.

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## OBJECTIVE

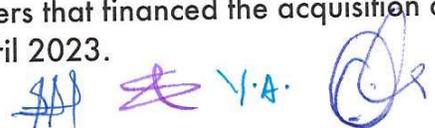
7. This Order seeks to –
- a. ensure fairness, transparency, and accountability of the metering process under the MAP framework/Regulations.
  - b. provide a fair mechanism for the reimbursement of meter costs to customers under the MAP framework.
  - c. align the amortisation period for reimbursement with the 10-year average useful life of electronic meters.
  - d. Align the amortisation period of the cost of MAP meters with the repayment of the concessionary tenor of other financing sources for metering.
  - e. recognise meters installed under the MAP framework in the Regulatory Asset Base (“RAB”) of DisCos.

## JUSTIFICATION

8. The Regulations impose an obligation on electricity distribution licensees (“DisCos”) to reimburse customers that pay for meters under the MAP framework through equal instalments of energy credit over a 36-month period; while also recognising that the Commission shall duly consider the financial position of DisCos prior to approving their repayment schedules to ensure that DisCos are able to meet their obligations as regulated utilities.
9. The Commission has conducted an evaluation of the financial position of the respective DisCos for the purpose of assessing the DisCos’ ability to fund the repayments to customers over a period 36-months without significant impact on its ability to maintain level of service to customers. The findings from the evaluation of the financial position of DisCos further indicates that the utilities would be unable to fund an amortisation period of 36-month for repayment to customers whilst meeting their other upstream obligations in the Nigerian Electricity Supply Industry (“NESI”).
10. The Commission notes that meters have an average useful life of 10 years and the adoption of a 10-year repayment cycle for customer reimbursements aligns with the current term sheet adopted by the Central Bank of Nigeria and other financial institutions for meter acquisition loans.

## THE COMMISSION HEREBY ORDERS as follows –

- A. All DisCos shall commence the reimbursement of customers that financed the acquisition of meters under the MAP framework with effect from 1 April 2023.



- B. The cost of a prepaid meter paid by a customer under MAP shall be amortised over 120 equal instalments and reimbursed through energy credits computed based on the prevailing tariff at the time of vending.
- C. Where a customer does not vend in a given month or months, the DisCo shall, at the point of the next vending, refund the accumulated energy credits due to the customer for the period not vended.
- D. Where a post-paid customer purchases a meter under the MAP framework, the reimbursement by the DisCo shall be in the form of a rebate on customers' monthly invoice to reflect the fixed monthly reimbursement computed on the cost of the meter spread over a period of 120 months.
- E. All DisCos shall ensure that the refund of the cost of a MAP meter appears as a distinct line item on the vending receipt of prepaid customers and monthly bill of the post-paid customers. The line item should clearly indicate the energy cost, corresponding energy value being refunded and the outstanding balance of the cost of the meter.
- F. All DisCos shall file monthly reports with the Commission containing a breakdown of the total monetary value of refund to customers through energy credit in accordance with the Commission's prescribed template.
- G. All meters installed under the MAP framework shall be included in the RAB of the DisCos by the Commission at the next major or extraordinary tariff review.

Dated this 20<sup>th</sup> day of March 2023



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Sanusi Garba  
Chairman



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Dafe C. Akpeneye  
Commissioner  
Legal, Licensing & Compliance