ORDER NO: NERC/2026/086

BEFORE THE NIGERIAN ELECTRICITY REGULATORY COMMISSION ORDER ON THE REGULATORY INTERVENTION IN KADUNA ELECTRICITY DISTRIBUTION PLC PURSUANT TO THE ELECTRICITY ACT 2023

Title

1. This regulatory instrument may be cited as the ***Order on Regulatory Intervention in Kaduna Electricity Distribution Plc*** (the "Order"). This Order takes effect on 10 August 2026 and remains in force until amended or revoked by the Nigerian Electricity Regulatory Commission ("NERC" or the "Commission").

Context

2. The Commission, following its inquiry and consultation undertaken with key industry stakeholders including the Bureau of Public Enterprises ("BPE"), finds that Kaduna Electricity Distribution Plc ("KAEDC" or the "Licensee") is in a grave situation characterised by prolonged regulatory and market default, inadequate investment, weak operational and commercial performance, insufficient assets relative to liabilities, and inability to present a credible pathway to sustainable recovery.

3. As at May 2026, KAEDC's cumulative market obligation since privatisation stood at approximately ₦456.5billion, comprising ₦415.5billion due to the Nigerian Bulk Electricity Trading Plc ("NBET") and ₦41billion due to the Nigerian Independent System Operator ("NISO"). KAEDC has accrued other non-market statutory and third-party obligations in the sum of ₦14.26billion.

4. Since the takeover of operations in KAEDC by ASI Engineering Limited ("ASI" or the "Core Investor") in June 2024, the Licensee accrued additional market debt in excess of ₦118.6billion as at May 2026. The Core Investors and KEADC have persistently failed to furnish NBET and NISO with acceptable/credible payment bank guarantees in compliance with the terms

of their Vesting Contract and the provisions of the Market Rules of the Nigerian Electricity Supply Industry ("NESI"). The Core Investor has also failed to present a credible payment plan for these liabilities.

5. KAEDC paid only 41.93% of **adjusted market invoices**, leaving a market shortfall of approximately ₦46.71 billion in the review period ending 31 December 2025. This poor performance is directly linked to KAEDC's high Aggregate Technical Commercial and Collection Losses ("ATC&C") of 71.88%, which means that in 2025 review period, KAEDC was only able to account for only 28.2% of the energy received and delivered to end-use customers.

Table 1: KAEDC's Remittance Performance 2025

Period	Collection (N'Bn)	Adjusted Market Invoice (N'Bn)	Market Remittance (N'Bn)	Market* Shortfall (N'Bn)	Market Remittance Performance (%)
Jan-25	3.06	5.47	1.75	3.71	32.11%
Feb-25	4.50	5.19	3.11	2.08	59.92%
Mar-25	4.16	8.12	2.70	5.42	33.23%
Apr-25	4.69	7.11	3.19	3.92	44.82%
May-25	4.35	5.97	2.86	3.11	47.93%
Jun-25	3.62	5.62	2.19	3.43	38.95%
Jul-25	3.87	6.28	2.42	3.86	38.50%
Aug-25	4.38	6.39	2.87	3.52	44.92%
Sept-25	4.03	5.97	2.55	3.42	42.77%
Oct-25	5.44	7.04	3.86	3.17	54.90%
Nov-25	4.74	8.97	3.20	5.77	35.71%
Dec-25	4.54	8.32	3.02	5.30	36.33%
Y2025	**51.39**	**80.44**	**33.73**	**46.71**	**41.93%**
Monthly 2025	**4.28**	**6.70**	**2.81**	**3.89**	**41.93%**

6. ASI has also failed to uphold their commitments for requisite capital injection towards the recapitalisation of the utility. In 2025, actual capital expenditure was approximately ₦2.48billion against a minimum capital expenditure provision of ₦24.51 billion, recording a 10% CAPEX performance. The actual capital expenditure in 2025 was a result of derogation/forbearances granted by the Commission.

7. KAEDC's meter coverage of its end-use customer population has remained abysmally low, ranging between 33.26% and 35.54% since takeover by ASI despite several interventions to support meter deployment in DisCos.

8. The Commission's conditional No-Objection of 18 January 2024 approved the proposed acquisition of 60% equity in KAEDC by ASI working with its nominated technical partner, Akanksha Power and Infrastructure Limited ("APIL"), subject to a transitional period and fulfilment of the following conditions before assumption of effective management control –

   a. evidence of APIL proven capacity in its home jurisdiction and ability to perform in Nigeria;

   b. APIL's substantive technical-support proposal for the effective turnaround of KAEDC;

   c. submission of APIL engagement agreements for the Commission's approval as a condition of effectiveness;

   d. an ASI/APIL compliance plan for achieving the Commission's key performance indicators for KAEDC;

   e. presentation of a credible and competent management team for the Commission's Know-Your-Licensee clearance;

   f. compliance with the Shareholders' Agreement;

   g. a credible ATC&C-loss reduction trajectory;

   h. a plan to support KAEDC's transition to bilateral trading and novation of contracts;

   i. a plan for operating in the decentralised electricity market contemplated by the Constitution and the Electricity Act; and

   j. plans for bank guarantees in favour of NBET and the relevant market operator, together with any other market-security arrangements required by the Commission and applicable industry instruments.

9. The Bureau of Public Enterprises ("BPE") requirements further required a transparent and value-driven transaction; confirmation that the buyer possessed adequate financial, technical and operational capability in addition to relevant NESI regulator's No-Objection, among other conditions stated in the guidelines. However, ASI continued failure to demonstrate full compliance with these requirements, together with the outstanding NERC

conditions, means that material takeover conditions remain unfulfilled despite ASI's assumption of operational control since June 2024.

10. ASI vide a letter dated 25 August 2025 to the Commission asserted that it had met and was sustaining the Commission's No-Objection conditions and represented that it had strengthened internal controls, restructured technical teams, introduced customer-focused measures, reduced redundant staffing, engaged APIL and other technical partners, initiated loss-reduction and advanced-metering projects, arranged renewable-energy and storage projects, posted market bank guarantees, and pursued significant equity and debt financing. The supporting submissions, however, did not provide adequate evidence of compliance with the conditions, and failed to provide substantive evidence of the planned investments in infrastructure upgrades, as well as necessary documentation for the technical and advisory engagements to achieve the proposed turnaround plan.

11. The performance analysis in this Order – particularly the persistent market shortfalls, high ATC&C losses, low metering coverage, weak collections, inadequate capital expenditure and continued inability to provide acceptable payment security – also demonstrates that the promised turnaround, capital injection, loss reduction, metering deployment, market securitisation and operational improvements were not achieved. The Commission therefore finds that ASI has persistently failed to substantiate or fulfil the material commitments made in its submission of 25 August 2025 and the conditions attached to the takeover.

Table 2: Highlights of KAEDC's KPIs 2025

Period	Metering Rate	Billing Efficiency	Collection Efficiency	ATC&C Losses
Jan-25	35.54%	49.81%	39.46%	80.34%
Feb-25	35.54%	52.29%	64.95%	66.04%
Mar-25	35.54%	48.72%	43.67%	78.73%
Apr-25	33.35%	58.63%	49.79%	70.81%
May-25	33.26%	62.86%	50.21%	68.44%
Jun-25	33.46%	58.65%	44.77%	73.74%
Jul-25	33.52%	55.66%	45.41%	74.72%
Aug-25	33.60%	59.74%	52.10%	68.87%
Sept-25	33.63%	75.93%	40.48%	69.26%
Oct-25	33.72%	84.62%	43.03%	63.59%
Nov-25	33.95%	63.00%	43.96%	72.30%
Dec-25	34.42%	73.03%	35.54	71.84%
Y2025	**34.42%**	**61.56%**	**46.69%**	**71.88%**

12. The Commission further finds that substantial regulatory derogations and Federal Government interventions have not reversed the Licensee's deterioration: approximately ₦6.58billion in derogations was granted from January 2024 to May 2026, while aggregate Federal Government intervention disbursements since July 2018 were approximately ₦53.79billion. The continued underperformance therefore poses material risk to end-use customers, creditors, market stability and continuity of electricity service.

13. The analysis confirms that KAEDC is experiencing severe liquidity constraints and that its commercial viability and continued participation in the market poses a systemic risk to NESI. Despite the Commission's regulatory initiatives and substantial government interventions, KAEDC's board has failed to present a credible, funded and measurable pathway for capital injection, operational efficiency and sustainable recovery.

14. Following the failure of KAEDC to provide a credible plan for the financial sustainability of the utility, a notification of imminent regulatory intervention was issued to its major shareholders and the Africa Export Import Bank ("Afrexim"). The notification required the parties to present a credible plan that addresses the financial situation of the utility, failing which the Commission would intervene in accordance with the provisions of the Electricity Act 2023 ("EA 2023" or the "Act").

15. Following the notice, representatives of the Core Investor met with the Commission, BPE, Afrexim and Fidelity Bank Plc ("FBP") at the offices of Afrexim on 11 June 2026 to discuss the implications of the notice and consider likely propositions from the investor group to rescue the situation in KAEDC.

16. All parties at the meeting of 11 June 2026 agreed that ASI had not complied with the conditions subsequent prescribed by the Commission for the acquisition of 60% majority shareholding in KAEDC and that ASI had also been unable to comply with BPE's requirements for finalisation of the shareholding arrangements.

17. ASI requested an extension of up to 24 months to stabilise KAEDC's cash flow, prioritise critical investments and deliver measurable performance improvements, including a pathway to full market remittance. The Commission, BPE and Afrexim considered this request against the backdrop of ASI being in effective control of KAEDC since June 2024 without a corresponding improvement in the utility's financial and operational performance, and determined that a further extension of comparable

duration was not justifiable in view of the continuing risk to end-use customers and the market.

18. The Commission also notes that ASI has failed to provide a credible plan backing their request for a 24-month extension to turnaround the failing utility since the request was made on 11 June 2026.

19. Further to the meeting of 11 June 2026, the Commission resolved to exercise its powers conferred under sections 75 – 79 of the EA to dissolve the board of directors of KAEDC by intervening to preserve the undertaking as a going concern and achieve a transparent transition to a credible core investor within 12 months.

20. The Commission reached this resolution having duly considered the following in reviewing the submissions made by the Core Investor –

    a. The critical nature of the financial difficulties of KAEDC may require some time to properly structure the desired financial recovery plan; but further delay in the Commission's intervention may lead to unplanned/disruptive cessation of distribution services and expose the market to systemic risks.

    b. ASI have been in a position of effective control of KAEDC for over 24 months as of June 2026 and have persistently failed to fulfil the takeover conditions and meet the requirements of its licence and share-sale arrangements.

    c. NERC, as the regulator, must be clear and certain in its actions whilst recognising the interests of parties to derive optimal value for the transaction.

Legal Basis and Determination

21. This Order is made pursuant to sections 75–79 and all other enabling provisions of the EA; the applicable provisions of KAEDC's Electricity Distribution Licence No. NERC/LC/023, including its obligations on compliance with law and regulatory instruments, provision and continuity of distribution services, prudent operation and maintenance of the distribution system, market participation, provision of information and financial and technical capacity; the Market Rules; and applicable regulations, directives and prior Orders of the Commission.

22. The Commission determines, for the purposes of section 75(3) of the EA, that KAEDC has persistently demonstrated its inability to discharge material obligations; remains in prolonged default of obligations under the EA, its licence and regulatory instruments; has experienced governance conditions detrimental to stakeholders and the undertaking; and has insufficient assets relative to liabilities with material insolvency and receivership risk.

23. The Commission accordingly is obliged to act in the public interest and to safeguard continuity of distribution services in KAEDC's network area by issuing this Order that provides for the dissolution of the existing board; appointment of special directors as an interim board; withdrawal of KYL approvals issued to the management team, appointment of the incumbent Managing Director/Chief Executive Officer to serve as Administrator for an initial term of 6 months; and a supervised process to secure a fit, technically competent and financially capable replacement as core investor in the utility.

Powers of the Commission

24. Section 75 of the EA provides as follows on the intervention powers of the Commission in failing licensees –

   1. *The Commission shall, on its own initiative or upon a complaint from any consumer, eligible customers, consumer associations, shareholders in a licensee company or a licensee, inquire into the conduct or functioning of any licensee in carrying out its obligations under its license and the provisions of this Act.*

   2. *Where upon an inquiry made under subsection (1), the Commission determines that the licensee is in a grave situation as regards the matters referred to under subsection (3), the Commission shall exercise any one or more of the following powers as may be necessary for maintaining continuity in the provision of electricity service –*

      a. *Issue an interim order for the dissolution and removal of the board of directors of such a licensee company and appointment of administrators and special directors to manage the affairs of the undertaking until such a period as may be specified in the order notwithstanding anything contained in any written law and the memorandum and articles of association of the licensee company.*

      b. *Issue an order requiring the licensee to take any such action or not to take action, in relation to the undertaking of the licensee,* *its directors, or officers which the Commission may consider necessary within a specified time notwithstanding anything contained in any written law and the memorandum and articles of association of the licensee company; or*

c. *Employ any other regulatory intervention tools as the Commission may deem fit in the given circumstance.*

3. *The Commission shall invoke its powers to intervene in failing licensees if it determines after an inquiry made under subsection (1) that the licensee –*

   a. *Informs the Commission that it is unable to discharge its obligations under this Act and its licence;*

   b. *Is in prolonged default in carrying out anything required of it under this Act, regulations or directives of the Commission and its licence;*

   c. *Has been plagued by such a protracted management crisis that it has become detrimental to the interest of shareholders, consumers and the overall operations of the undertaking; or*

   d. *Has insufficient assets to cover its liabilities to lenders and it is in imminent risk of receivership from lenders.*

4. *If after taking any or all the steps stipulated in subsection (2) or such other measures as in the opinion of the Commission are appropriate in the circumstances, the state of affairs of the licensee does not improve, the Commission shall invoke its powers to revoke the license of the concerned licensee.*

25. Where the Commission invokes its powers to revoke a licence further to powers conferred by section 75(4) of the EA, the undertaking must be sold pursuant to orders issued by the Commission in compliance with the provisions of section 77 of the EA.

26. Orders for the sale of undertakings issued by the Commission further to the provisions of the EA –

    a. Authorise the Commission to manage the transaction for the sale of the undertaking, and the basis for closing the sale transaction shall be the highest and best price offered for the undertaking; and the licensee is bound to accept the offer price and sell to the highest bidder.

b. The Commission may make interim arrangements for the continued operation of the licensee including the appointment of an Administrator. The Administrator is empowered to exercise such powers and discharge such functions as the Commission may direct.

27. Where no buyer emerges in the sale transaction, the Commission is authorised by section 79 of the EA to issue directions or formulate a scheme for the continued operation of the undertaking in the overall public interest and in a manner that also protects the interests of end-use customers.

28. The Commission therefore confirms that the current situation in KAEDC fulfils the requirements for intervention invocation of the intervention powers conferred by the aforementioned sections of the EA and these powers are being invoked after according the ASI and the Licensee sufficient due process to forestall the invocation of these powers.

Objectives

29. This Order seeks to –

a. Regulatorily intervene to halt KAEDC's pervasive failure and non-performance in order to maintain continuity and quality of electricity service, protect end-use customers and market participants.

b. Restore governance by –

i. Dissolution of the board of directors of KAEDC pursuant to section 75(2)(a) of the EA.

ii. Withdrawal of KYL approvals issued to all members of KAEDC's management team.

iii. Appointing an administrator for an initial term of 6 months; and special directors to manage the affairs of KAEDC pursuant to section 75(2)(a) of the EA.

c. Preserve the undertaking as a going concern and achieve a transparent transition to a credible core investor within 12 months by invoking the powers conferred on the Commission for the sale of the undertaking based on the highest and best price offered for the undertaking.

d. Approve a special transition period that commences on the effective date of this Order and continues until the earlier of –

   i. completion of the transfer to a replacement core investor approved by the Commission; or

   ii. termination, extension or variation of the intervention by a further Order of the Commission.

THE COMMISSION HEREBY ORDERS AS FOLLOWS –

A. **Dissolution of KAEDC's Board**

KAEDC's board of directors is **HEREBY DISSOLVED**. All directors of KAEDC are removed from office, and the existing board stands dissolved pursuant to section 75 of the EA. The Commission has notified the Corporate Affairs Commission ("CAC") and other relevant stakeholders of the dissolution of the board. The CAC shall not register or give effect to any change in the company's shareholding, directorship or constitutional records during the special transition period without the Commission's prior written approval.

B. **Interim Board of Special Directors**

The persons listed in the table 3 below are **HEREBY APPOINTED** as special directors and shall constitute the interim board for the transition period. The interim board shall exercise governance and oversight powers subject to this Order, any written direction of the Commission, the EA and the Licensee's applicable licence obligations. Any vacancy or replacement shall be determined solely by the Commission.

Table 3 – Special Directors

	Name	Designation/Role
1	Dr. Abdullahi GARBA	Chairman
2	Engr. Francis U. AGOHA	Special Director
3	Mr. Aliyu E. ALIYU	Special Director
4	Major General Henry E. AYAMASAOWEI (rtd)	Special Director
5	Dr. Haliru DIKKO	Special Director
6	Mr. Ayodeji A. GBELEYI	Special Director – BPE Representative

7	Dr. Abubakar Umar HASHIDU	Special Director – for an initial term of 6 months

C. **Administrator**

The incumbent Managing Director/Chief Executive Officer, Dr. Abubakar Umar Hashidu, is **HEREBY APPOINTED** as Administrator for an initial term of 6 months subject to review of the Commission. The Administrator shall serve as the Chief Executive Officer of the undertaking for continuity of service. The Administrator shall manage day-to-day operations, implement interim-board resolutions, Commission's directives, safeguard assets and records, and file all matters reserved by the Commission or interim board for approval. Retention under this clause does not limit the Commission's power to suspend or remove as the Commission deems fit.

D. **Withdrawal of KYL Issued to Management Team**

The KYL approvals issued to all members of KAEDC's management team are **HEREBY WITHDRAWN**. All management staff of KAEDC whose KYL approvals have been withdrawn by this Order are hereby directed to present themselves for KYL revalidation by the Commission.

E. **Reserved Matters**

Without prior written approval of the interim board and the Commission, KAEDC shall not incur material borrowing or guarantees; dispose of, encumber or transfer material assets; enter into related-party transactions; vary senior management remuneration; appoint or remove senior officers; compromise material claims; alter its capital structure; or undertake commitments outside the approved transition budget and procurement plan.

F. **Stabilisation Plan**

The Administrator shall file for approval, within 60-days from the commencement of this Order, a costed 12-month stabilisation plan covering cash-flow controls, market remittance, collections, metering, energy accounting, loss reduction, service reliability, safety, customer complaint resolution, capital expenditure, procurement, staff obligations and legacy liabilities.

The plan shall identify monthly milestones, accountable officers, funding sources and measurable outcomes.

G. **Transaction for Identification of a New Core Investor**

Afrexim shall, in coordination with the Commission, lead an openly competitive and transparent process to secure a replacement core investor and present the preferred investor to the Commission for approval. The deadline for the completion of this process shall be **12 months** from the commencement of this Order unless the Commission grants a written extension upon demonstrated cause.

H. **Transaction Milestones**

Afrexim shall file the following transaction guidance documents with the Commission –

	Documentation	**Filing Deadline**
a.	Transaction structure, governance protocol and timetable	Within 60 days from the commencement of this Order
b.	Bid documents, data-room protocol and investor qualification criteria	Within 180 days from the commencement of this Order
c.	Evidence of market engagement and qualified bidder shortlist	Within 270 days from the commencement of this Order
d.	Evaluation report and preferred bidder shiortlist	Within 12 months from the commencement of this Order
e.	Executed transaction documents and a transfer-completion plan, subject to all regulatory approvals	Within 12 months from the commencement of this Order

I. **Minimum Investor Qualification**

Eligible prospective investors in KAEDC shall provide the following:

a. Demonstrable adequate working capital to meet the needs of the utility.

b. Transparent beneficial ownership.

c. Technical capacity to turnaround a failing utility.

d. Credible support from leading financial institutions.

e. A credible 5-year business plan covering service, metering, network investment, loss reduction, market remittance, legacy liabilities and acquisition debt.

The preferred bidder shall provide cash-backed funding for the first 2-years of the approved 5-year PIP/CAPEX programme, a Tier-1 bank performance bond for the remaining 3-years, cash-backed 1-year working capital excluding energy cost, and Tier-1 bank guarantees to NBET and NISO covering not less than 3 months of market invoices.

J. **Liability Treatment**

The Administrator, BPE, NBET, NISO and other material creditors shall reconcile KAEDC's liabilities and file a liability-management plan with the Commission within 90 days from the commencement of this Order. The plan may provide for interim warehousing or other lawful treatment of liabilities, without prejudice to creditor rights and subject to necessary approvals. Any warehoused liabilities shall be disclosed in the transaction documents and prospective investors shall file binding methodologies and timelines for their settlement in their bids.

K. **Operational and Financial Controls**

All collections and revenues shall be paid into approved accounts and managed in accordance with the Commission's cash-waterfall and remittance directives. The Administrator shall maintain complete and auditable books, asset registers, contracts, employee records and customer data; preserve all electronic and physical records; and ensure that expenditure is necessary, prudent, competitively procured and within approved budgets.

L. **Performance and Reporting**

The Administrator shall file monthly reports with the Commission within 10 business days after each month-end, and the interim board shall file quarterly performance reports within 15 business days after the end of each quarter. All reports shall cover, at a minimum, energy received and billed, collections, remittances, ATC&C losses, metering, service availability, safety, complaints, capital and operating expenditure, procurement, staff obligations, liabilities, litigation and progress against the stabilisation and transaction milestones.

M. **Consumer and Service Protection**

KAEDC shall maintain safe and uninterrupted electricity distribution to the extent technically available; comply with applicable quality-of-service and customer-protection standards; protect vulnerable customers; maintain effective complaint-handling channels; and issue timely public notices on material service, governance and transaction developments approved by the Commission.

Dated this 10th day of August 2026

10/08/2026

Musiliu O. Oseni
Chairman

Dafe C. Akpeneye
Commissioner
Legal, Licensing & Compliance