

# Power Sector News Updates

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## Nigerian GenCos Paid Less Than 40% of 2024 Invoices

The Nigerian Electricity Regulatory Commission (NERC) recently disclosed that power generation companies (GenCos) have received less than 40% of the value of their 2024 invoices. This has led to severe liquidity crisis, which has left them struggling to meet financial obligations, sustain operations, and procure essential spare parts.

The GenCos had earlier complained of a cumulative receivable of N2 trillion and a projected funding shortfall of N1.7 trillion under the 2024 Multi-Year Tariff Order.

Regulatory measures, such as minimum remittance orders and waterfall arrangements, have failed to resolve the crisis.

This debt has also impacted the GenCos ability to pay their gas suppliers as well as invest in increasing capacity and other relevant infrastructure. It also underscores the fragility of Nigeria's power sector and emphasises the need for urgent intervention in order to ensure continuous provision of electricity to the Nigerian populace.

## TCN Commissions New Transformers to Enhance Lagos Power Supply

The Transmission Company of Nigeria (TCN) has enhanced electricity infrastructure in Lagos and Ogun States by commissioning new power transformers and substations in Alausa, Ota, and Alagbon under a \$200 million World Bank-backed initiative. These upgrades improve grid stability and electricity reliability, benefiting residential, commercial, and industrial users.

The following are the highlights of this initiative:

**Alausa Substation:** Capacity increased from 105MVA to 230MVA with a new 125MVA transformer, boosting supply to areas like Ikeja and Ojodu.

**Ota Substation:** Capacity increased from 160MVA to 260MVA, improving power delivery to areas such as Ota and Ijoko.

**Alagbon Substation:** Capacity nearly doubled from 240MVA to 440MVA, enhancing power supply to high-demand areas like Ikoyi and Lekki.

Managing Director/CEO of TCN emphasized the need for significant investments to meet Nigeria's 10,000MW electricity target by 2025, comparing Nigeria's funding to India's \$500 million annual energy development budget. He noted similar upgrades in regions like Kano, Maiduguri, and Yola as part of a nationwide effort to improve power reliability and drive development.

This initiative is commendable as experts had always insisted that investment in the transmission and distribution subsectors need to improve significantly in order to ensure improved capacity in line with our generation capacity.

## Ten States Participate in Electricity Market Following 2023 Electricity Act

The Minister of Power, Adebayo Adedun, recently announced that ten states, including Oyo, have triggered provisions to kick off a state electricity market under the provisions of the 2023 Electricity Act.

The Minister of Power highlighted the Federal Government's ongoing efforts to decentralise the power sector to improve energy security and sustainability. He acknowledged the persistent challenges within the electricity supply industry and the Government's commitment to addressing them. The Minister pointed out that these reforms aim to ensure a more resilient and sustainable power sector that is better equipped to meet Nigeria's growing demand for energy.

Further, the Minister outlined key steps that State Governments must take to optimise the benefits of a decentralised electricity market. He called for enhanced security of power assets, the establishment of special courts to deal with vandals, and the provision of land for vital infrastructure such as substations and solar plants.

Additionally, the Minister discussed several initiatives aimed at improving electricity access nationwide. These included the Presidential Power Initiative, which added 600 MW of wheeling capacity over the past year, and the Presidential Metering Initiative, which aims to distribute 2 million meters by year-end. Adedun also highlighted the government's focus on boosting local content in the power sector, creating jobs, and fostering economic growth.

## EU and Enugu State Allocate N4.3bn to Solar-Power 25 Health Facilities

The European Union (EU) and the Enugu State Government are making a significant investment of N4.3 billion to provide solar microgrid systems to 25 health facilities across Enugu State. This initiative is part of the Nigeria Solar for Health Project (NISHP), which aims to improve healthcare services, reduce carbon emissions,

and provide sustainable power to healthcare centers and small and medium-sized enterprises (SMEs) throughout the state.

A joint report released on January 24, 2023, by organizations such as the World Health Organization (WHO), the World Bank, the International Renewable Energy Agency (IRENA), and Sustainable Energy for All, highlighted the critical need for reliable and sustainable energy in health sectors. The report revealed that countries like Nigeria, the Democratic Republic of Congo, Kenya, Ethiopia, and Tanzania require approximately \$2.5 billion to accelerate electricity access in health facilities. The shortage of reliable energy has long been a barrier to effective healthcare delivery in these regions.

Enugu is one of five states in Nigeria benefiting from the EU-funded project, along with Plateau, Ogun, Abia, and Akwa Ibom. The EU has provided a grant of N3.3 billion, while the Enugu State Government will contribute N1 billion in counterpart funding. The EU funding will cover capital expenses, including battery storage, inverters, and technician training, while the State counterpart fund will cover logistics, site preparations, and security.



## Sanwo-Olu Enacts Lagos Electricity Bill into Law

Governor Babajide Sanwo-Olu of Lagos State signed the Lagos State Electricity Bill 2024 into law, with the aim of delivering independent and reliable power supply for residents. The law, which will commence within six months after securing the Federal Government's approval, allows establishment of institutions like the Lagos State Electricity Regulatory Commission and the Lagos Independent System Operator (ISO) to oversee the sector's operations and ensure reliability.

The bill's goal is to create/manage a Lagos electricity market and would lay a robust foundation for economic growth, fostering industrial development, improved quality of life, energy equity, economic prosperity, and environmental sustainability.

The signing of the bill is seen as a crucial step toward addressing Lagos' energy challenges and supporting its economic growth and is expected to reduce the State's dependency on the national grid.

## Federal Government and EU Sign £17.9m Agreement for Power Development

The Federal Government of Nigeria has partnered with the European Union (EU) and the German Government to provide £17.9 million in support of Nigeria's off-grid electricity initiative under the third phase of the Nigerian Energy Support Programme (NESP). The programme, launched in 2013, aims to promote renewable energy, energy efficiency, and rural electrification.

This third phase is expected to provide electricity access to 154,000 people, clean cooking gas for 30,000, and generate 8 megawatts of renewable energy. Co-funded by the EU and the German Federal Ministry for Economic Cooperation and Development, and implemented by

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in collaboration with Nigeria's Federal Ministry of Power, NESP continues to drive innovation in electricity franchising and attract renewable energy investments.

The Head of Section Green and Digital Economy at the EU Delegation to Nigeria, emphasized the EU's commitment to supporting Nigeria's energy security and sustainability goals, with a focus on renewable energy and clean technology. She highlighted the importance of stakeholder collaboration in achieving a just energy transition that benefits both people and the planet.





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