



Power Sector News Updates

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FGN moves towards a targeted subsidy system in bid to make electricity more affordable and accessible

The Special Adviser to the President on Energy, Olu Verheijen, during an interview with Bloomberg in Dar es Salaam, Tanzania. Verheijen stated that the FGN plan to transition to a cost-efficient but cost-reflective tariff, to ensure the sector generates revenue required to attract private capital while also protecting the poor and vulnerable.

Furthermore, she stated that the current tariffs cover approximately 65 per cent of the actual cost of supplying electricity, with the federal government continuing to subsidise the difference.

Over N200 billion is spent monthly on electricity subsidies, but much of this support benefits the wealthiest 25 per cent of Nigerians rather than those who truly need assistance.

To address this, the federal government is working towards implementing a targeted subsidy system to ensure that low-income households receive the most support. This approach aims to make electricity more affordable and accessible for millions of hardworking families.

FG allocates N100bn for solar mini-grids in public institutions to cut energy costs

The Federal Government has announced plans to install solar mini-grids in public institutions across Nigeria, dedicating N100 billion to the scheme in the 2025 budget.

Abba Aliyu, the Managing Director of the Rural Electrification Agency (REA), stated that the initiative which falls under the National Public Sector Solarisation program, intends to reduce the running cost for these institutions as part of a broader plan for cutting cost of governance by reducing expenditure on diesel, generator purchases, and maintenance.

The University of Lagos (UNILAG), the University of Ibadan (UI), Obafemi Awolowo University (OAU), the University of Nigeria (NSUKKA), and Ahmadu Bello University are amongst the selected institutions.

Aliyu stated that during the next six months, his agency intends to commission at least 60 mini-grids and initiate the deployment of 40 connecting grids to improve reliability.

He also mentioned that the REA has already undertaken interventions in various universities and teaching hospitals around the country.

NERC grants Niger power to regulate electricity sector

The Nigerian Electricity Regulatory Commission (NERC) has officially transferred regulatory oversight of the electricity market in Niger State to the Niger State Electricity Regulatory Commission (NSERC), effective January 10, 2025.

This move aligns with the Electricity Act 2023, which empowers States to regulate their electricity markets. Niger State has now joined the list of States with regulatory authority, which includes Imo, Enugu, Ekiti, Ondo, Oyo, Edo, Kogi, and

Ogun.

NSERC will now oversee intrastate electricity supply and distribution within Niger State, while NERC retains central regulatory oversight over inter-state electricity activities.

This transfer is part of a broader effort to decentralize electricity regulation in Nigeria, aiming to improve efficiency, responsiveness, and better management of State-level electricity markets.

Lagos state, LCFE unveil investment opportunities in Nigeria's energy sector

The Lagos State Government, in collaboration with Lagos Commodities and Futures Exchange (LCFE), has unveiled vast investment opportunities in electricity in the State.

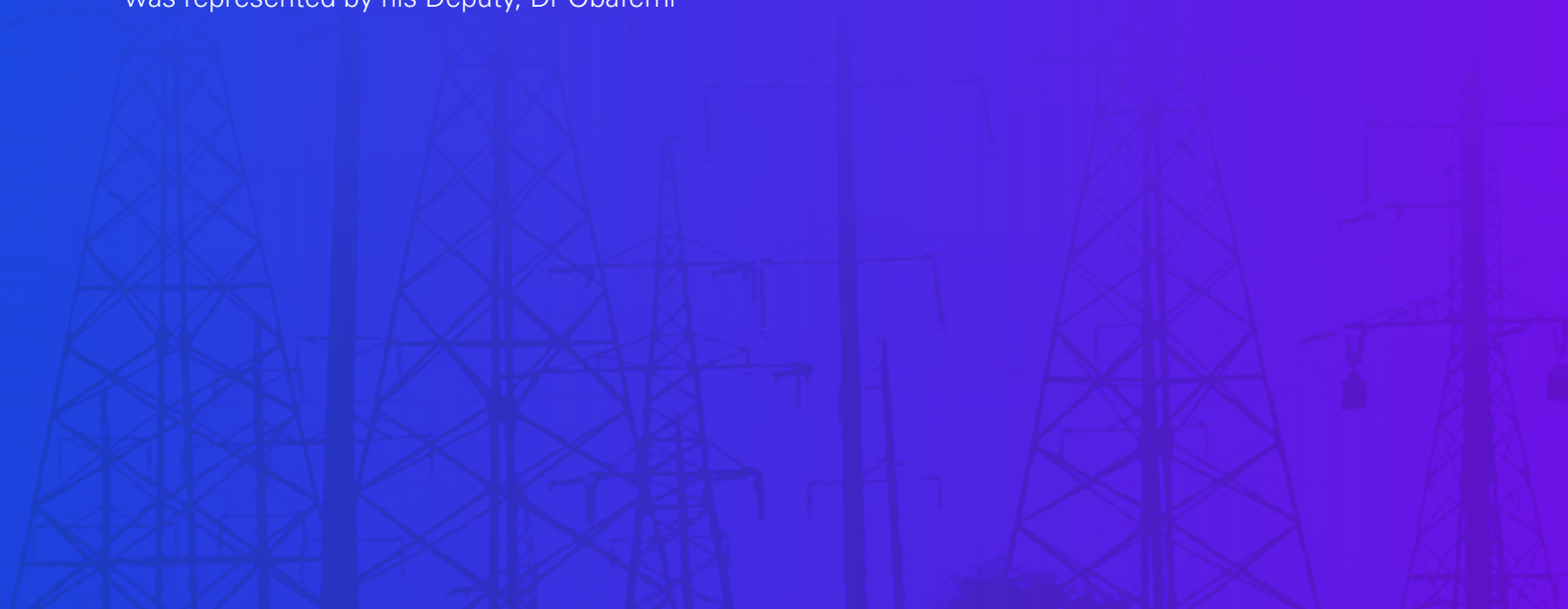
Following the enactment of the Lagos State Electricity Law 2024, which empowers the State government to regulate the State electricity market, key stakeholders have identified potentials for investment in electricity through various financial instruments, including equity, fixed income securities, and derivatives.

Addressing the participants at the Breakfast Meeting Themed : " Building a Competitive Electricity Market Place: Strategies to attract Investment and boost Confidence in the Lagos Electricity Market, using the Capital Market", Lagos State Governor, Babajide Sanwo-Olu, who was represented by his Deputy, Dr Obafemi

Hamzat reiterated the commitment of Lagos State to creating an enabling environment for investors, with a focus on promoting sustainable development and economic growth.

The LCFE's Managing Director and Chief Executive Officer, Akin Akeredolu-Ale, expressed optimism that collaboration of The Exchange with the Lagos State Government would provide limitless opportunities for investment in electricity.

Akeredolu further mentioned the introduction of the LCFE Electricity Receipt Quotation (LERO) Electricity Board with products tradeable on the exchange such as; Power generation contracts, Power distribution contracts, Power infrastructure contracts, Electricity commercial papers, Metering contracts, Renewable energy contracts and Electricity receivables contracts.



Tinubu, African leaders sign Dar es Salaam declaration for electricity access to 300m Africans by 2030

President Bola Tinubu, along with other African leaders, attended the Mission 300 Africa Energy Summit hosted by the Tanzanian government in partnership with the African Union, African Development Bank (AfDB), and World Bank Group. Mission 300 is an ambitious initiative to connect 300 million people to electricity in Sub-Saharan Africa by 2030.

This initiative seeks to speed up electrification in Sub-Saharan Africa while ensuring that the shift to more diverse and cleaner energy sources meets the rising demand, promotes economic growth, and creates jobs. It also focuses on investments

in generation, transmission, distribution, regional connectivity, and sector.

The leaders of the 12 countries present signed the Dar es Salaam Declaration demonstrating their commitment to providing electricity access for their citizens over the next five years. The plan is to achieve their objective through the National Energy Compacts, which would define particular policy actions to overcome bottlenecks in their energy sectors and establish targets based on their respective environments.

Eko DisCo, Nigeria's second largest electricity distribution company, has sold 60% stake to Transgrid Enerco

Transgrid Enerco Limited, a consortium made up of Stanbic IBTC Infrastructure Growth Fund (SIIF), North-South Power Company Limited (NSP), and Axxela Limited, acquired a 60% share in Eko Electricity Distribution Company (Eko DisCo).

Eko DisCo serves the southern part of Lagos State as well as the Agbara community in Ogun State, both of which are essential to Nigeria's industrial and commercial expansion.

NSP is a major player in the power generation sector, while Axxela specializes in gas infrastructure and energy solutions. Stanbic IBTC

Infrastructure Fund is designed to address the infrastructure deficit by investing in and supporting critical sectors of the economy, such as energy. The new investors have proposed a bold strategy to transform Eko DisCo's operations, improve customer service, and boost power distribution capacity from 513MW to 1,500MW over the next few years.

Transgrid Enerco's leadership has emphasized that transparency, operational excellence, and a customer-first approach will be significant priorities going forward.



NEMSA, NAICOM sign MoU on electrical safety compliance

The Nigerian Electricity Management Services Agency has signed a Memorandum of Understanding (MoU) with the National Insurance Commission (NAICOM) to enhance electrical safety compliance with regard to electrical incidences in residential, commercial and industrial premises/buildings as well as the building compliance to insurance policy.

The MoU aims to establish a collaborative framework between NEMSA and NAICOM to ensure that all electrical installations in residential, commercial, industrial premises, hazardous locations, industries, and factories are duly certified by NEMSA before the insurance policy is processed by any insurance company.

The Managing Director/Chief Executive Officer of NEMSA, Engr. Aliyu Tukur Tahir, stated that "This partnership with NAICOM is a significant step towards ensuring that all electricity consumers, operators, and investors adhere to the highest safety and risk management standards. By integrating insurance compliance into electrical safety enforcement, we are safeguarding lives, investments, and the overall integrity of the power sector,"

The collaboration will involve joint awareness campaigns, regulatory enforcement, and information-sharing measures to foster electrical safety and insurance adoption across the power sector.

NERC issues amended order on unauthorized access, meter tampering and bypass

The Nigeria Electricity Regulatory Commission has imposed new sanctions on residential and non-residential users that bypass electricity meters or have unauthorized access to energy supplies.

The amended Order, which took effect on January 22, 2025, is consistent with the Electricity Act 2023 and the Customer Protection Regulation (CPR) 2023. The Order seeks to curb unauthorized access to electricity, meter tampering, and bypassing, as well as set transparent reconnection guidelines to assure compliance.

The Order's primary provisions are:

Reconnection Conditions and Charges

Customers who bypass meters or gain unauthorized access must pay an administrative fee, which includes meter replacement costs, as well as reconnection fees.

The order states ₦100,000 for a non-MD single-phase first offense and ₦150,000 for consecutive offenses. For Non-MD three-phase and Maximum

Demand consumers, the act specifies ₦200,000 and 450% of last recorded usage for the first-time offense and ₦300,000 and 600% for successive crimes, respectively.

Reconnection fees are ₦10,000 for non-MD consumers and ₦50,000 for maximum-demand customers.

Compensation for delayed reconnection

Discos must repay consumers with 100% of their daily energy use in energy credit if they fail to reconnect within 48 hours of payment.

Revenue loss recovery

Customers who have unauthorized access must pay for the revenue loss through back-billing at the prevailing rate.

For further enquiries on the above and information on how KPMG can assist you, please contact:

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