

Power Sector Updates

Power Sector Watch | Q1 Updates

KPMG in Nigeria | March 2023

Nigeria's largest solar power plant becomes operational in Kano State

His Excellency, President Muhammadu Buhari, GCFR, recently commissioned the Kumbotso solar power plant - Nigeria's first grid-connected solar power plant, in Kano State. The 10 megawatts (MW) solar photovoltaic facility is a US\$15 million investment built on a 24-hectare site in Kumbotso Local Government Area (LGA) in Kano State. The project was developed and managed by Haske Solar Company; a special purpose vehicle established by the Nigeria Sovereign Investment Authority (NSIA). Haske Solar is owned 15% by Kano State Government, 5% by Kumbotso LGA, and 80% by the Federal Government of Nigeria (FGN).

Aminu Sagir, the Managing Director of NSIA, stated at the commissioning, that the Kumbotso solar project underpins Nigeria's commitment to strengthening its economy through decarbonized energy projects and achieving its climate change goal of carbon neutrality by 2060.

The Kumbotso solar project follows the FGN's announcement in July 2022, that it had commenced the decentralisation of the national grid using renewable energy-driven mini-grids, to address the challenges of power supply across the country. Nigeria currently has an installed renewable energy capacity of around 2,000 MW operated mainly as mini-grids and targeted towards providing electricity to rural populations and remote regions in the country. The Kumbotso solar project becomes the first solar power plant to be connected to the national grid.


It is hoped that this would be the first of many grid-connected power plants driven by renewable energy sources.

The Nigerian government and the International Renewable Energy Agency launches Renewable Energy Roadmap (Remap)

The Nigerian government and International Renewable Energy Agency (IRENA) have launched the Renewable Energy Roadmap (Remap) Nigeria. Remap Nigeria provides guidelines for Nigeria's plan to achieve 60% of the country's energy demands by 2050 using renewable energy sources. The report, which was done in collaboration with the Energy Commission of Nigeria, highlights the need for Nigeria's investment in improved sustainable electrification. This investment will enable the country to achieve its renewable energy share mix, and at least save up to 40 percent in natural gas and 65 percent in oil demands.

The Minister of Science, Technology, and Innovation in Nigeria, Dr. Adeleke Olorunimbe Mamora, noted that Nigeria would be able to solve its energy demand with the availability of renewable energy resources such as solar, wind, hydro, and biomass which can be used to step up its energy supply and achieve universal energy access.

It is no news that the power sector has failed to provide the electricity supply required by both domestic households and industrial producers to sustain a rapidly growing population and economy. The energy supply



crisis remains one of the factors that has stalled the country's desired economic growth and the development of critical sectors. The Remap Nigeria provides a unique opportunity to develop a sustainable energy system that supports socioeconomic recovery and development while addressing climate challenges and accomplishing energy security.

Ten megawatts hydropower plant completed in Kano

The Kano State Government has announced the completion of a 10 MW hydropower plant at Tiga Dam. The hydropower plant is expected to provide power to the State's water treatment plant at Tamburawa to ensure the availability of clean drinking water for the Kano population and reduce water borne diseases. It will also power streetlights in the Kano metropolis.

According to the Managing Director of Kano Hydro and Energy Development Company (KHEDCO), Hadiza Tukur, the power plant is undergoing pre-commissioning tests, pending certification from the Nigerian Electricity Management Services Agency (NEMSA).

Unmetered electricity customers increase by 30% in 2022

The Nigerian Regulatory Commission (NERC or "the Commission"), in its recently released first quarter 2022 report, noted that the number of power consumers on estimated billing has increased to around 7.8 million as at March 2022, up from around 6 million in 2021.

The Commission noted that the huge metering gap for end-users is still a key challenge in the industry. Based on the report, a total of 85,510 meters were installed in Q1 2022 in comparison with the 79,978 meters installed in Q4 2021. NERC clarified that the decline, at a macro level, in the quarterly meter installations was due to the winding down of phase 1 of the National Mass Metering Programme (NMMP). Therefore, the net metering rate dropped from 45.40 percent as of December 2021 to 37.79 percent in March 2022.

NERC attributed the drop in metering rate to the update of customer base information by the DisCos as part of the ongoing customer enumeration programme. The Commission however reaffirmed that it had continued to engage relevant stakeholders to ensure month-on-month increments in metering rate and has instituted safeguards against the over-billing of unmetered customers by setting maximum limits to the amount of energy that might be billed during the period.

It is obvious though, that the Nigeria Electricity Supply Industry (NESI) still has a significant metering gap, even though metering is critical to financial viability, revenue recovery, and customer satisfaction.

Nigerian Breweries and Cross Boundary sign US\$10m Renewable Energy Contract

Nigerian Breweries Plc (NB) and CrossBoundary Energy (CBE) publicised the inauguration of two renewable energy (solar and battery storage hybrid) projects valued at US\$10 million for NB Plc's Ibadan and Ama breweries in Oyo and Enugu States respectively. The expectation is that these will be some of the largest renewable energy projects for a business in Nigeria

The plants combined will supply around 10 GWh yearly to the breweries at a substantial discount to their existing cost of power, when completed and operational. It will also reduce the sites' CO2 emissions by 100,000 tonnes over the lifespan of the plants and ensure that NB delivers its environmental commitments under the Better-A-Better-World (BABW) sustainability initiative.

CBE will finance the development and construction of the two renewable energy facilities, while NB will only pay for solar power produced and will also receive a single monthly bill that incorporates all maintenance, monitoring, insurance, and financing costs.

The projects will also contribute to local employment during the construction and operational phase. The projects will also enable private direct investment to support Nigeria's recently reaffirmed commitment to net zero by 2060.

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

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