

## PREFACE

On 09 October 2024, the Nigerian Electricity Regulatory Commission (NERC or the Commission) released its quarterly report for the second quarter of 2024 (Q2 2024) (the Report) for the Nigerian Electricity Supply Industry (NESI), pursuant to its mandate under section 56(3) of the Electricity Act 2023 (the EA) to present quarterly reports of all its activities to the President and the National Assembly.



In this edition, we summarise the Report to enable our readers who may not have the opportunity to read the Report in full, to stay updated with developments in the NESI.

## STATE OF ELECTRICITY GENERATION

### Number of grid-connected plants:



**28** plants grid-connected plants consisting of **19** gas plants, **5** hydro plants, **2** steam plants, and **2** gas/steam plants.



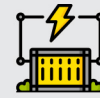
The number of grid-connected plants increased by one with the operationalisation of the Zungeru hydro plant on 29 April 2024.

### Average available generating capacity:

**4,395.77MW**

Excluding the availability capacity of Zungeru plant, there is a **5.28%** decrease from **4,249.10MW** recorded in Q1 to **4,024.81MW** (excluding Zungeru hydro plant) recorded in Q2.

### Average hourly generation:



**4,018.57MWh/h** adding up to total generation of **8,776.55GWh** throughout Q2.



This represents a **9.52%** decrease from **4,069.57MWh/h** recorded in Q1 and **3,682.02MWh/h** recorded in Q2 (excluding Zungeru plant).

## STATE OF ELECTRICITY TRANSMISSION

### Frequency

The average lower daily (**49.13Hz**) and average upper daily (**50.64Hz**) system frequencies were outside the normal operating limits (**49.75Hz - 50.25Hz**) but remained within the lower and higher bound stress limits (**48.75Hz - 51.25Hz**)

### Voltage

The average lower daily (**304.36kV**) and average upper daily (**355.13kV**) system voltages were however outside the prescribed regulatory limits (**313.50kV - 346.50kV**)



### Grid collapse

One incidence of partial grid collapse of the national grid on 15 April 2024.



# STATE OF THE MARKET AND ELECTRICITY DISTRIBUTION

## AVERAGE ENERGY OFFTAKE



**3,165.93MWh/h**, representing a -3.59% decrease (**-117.94MWh/h**) from **3,283.87MWh/h** off-take reported in Q1. Cumulative offtake performance of the DisCos was **99.29%** which is +6.94pp more than the **92.35%** in Q1.

*NB: This represents the average off-take by DisCos at trading points.*

## BILLING EFFICIENCY



**82.34%**, representing a +1.89pp increase in billing efficiency from the **80.45%** recorded in Q1.

*NB: This represents the difference between energy supplied to the DisCos and energy billed to customers.*

## ATC & C LOSS



The ATC & C losses for the last quarter is **34.70%**. This comprises **17.66%** in technical and commercial losses and **20.69%** in collection loss. This is 9.97pp higher than the allowed aggregate efficient loss target (**24.73%**) applied in the computation of the tariffs in the Multi-Year Tariff Order. The **34.70%** ATC & C loss in this quarter represents a -1.66pp reduction from the **36.36%** recorded in Q1.

## REMITTANCE PERFORMANCE



The DisCos were only able to remit **79.76%**. Compared with **96.93%** recorded in Q1, there is a **17.17%** decrease.

*NB: This represents the cumulative upstream invoice payable by DisCos to other*

## REMITTANCE PERFORMANCE BY OTHER OFF-TAKERS



The four international bilateral customers serviced by the GenCos made total payment of **USD9.81 million** against the cumulative invoice of **USD15.60million** issued by the Market Operator, and domestic bilateral customers paid **NGN1,295.90million** as against the cumulative invoice of **NGN1,991.30million**. Some bilateral customers (both domestic and international customers) made payments during Q2 for outstanding Market Operator invoices, with international bilateral customers paying **USD16.65million** and domestic bilateral customers paying **NGN1,309.97million**

# NERC'S REGULATORY FUNCTIONS



## Regulation

NERC did not issue any regulation in Q2.

## Orders

NERC issued **42** orders in Q2.

## Licences, Permits, and certificates:

NERC issued **5 off-grid** generation licences, **2 on-grid generation** licences, one new trading licence, and one system operator licence.

One captive power generation permit was issued.

No mini-grid permit or registration certificate was issued.

## CONSUMER AFFAIRS



One town hall meeting held in Enugu between 18th to 20th April 2024.



NERC's forum offices received a total of 1,720 new appeals.



63 accidents were recorded, resulting in 17 injuries and 34 fatalities.



DisCos received 287,441 complaints. Compared with 291,380 received in Q1, there is a -1.35% decrease.



49,188 end-user customers were metered, representing a -60.86% decrease from 125,664 metered customers in Q1.

## NERC'S RECEIPTS AND EXPENDITURE

No report of the Commission's revenue or expenditure in Q2.



## OUR THOUGHTS

The NESI recorded both improvements and decline in the sub-sectors in Q2. Markedly, a decline in electricity generation capacity of grid-connected plants in Q2 with resultant decrease in the average hourly generation is reported. In the transmission sub-sector, with frequency remaining within the lower and higher bound stress limit and only an instance of partial grid collapse, it can be said that there was a moderate improvement.

In distribution sub-sector, there is a remarkable improvement with increased billing efficiency and reduced ATC&C loss, although 3 DisCos recorded worse ATC&C loss than in Q1. In addition, there appears to be a significant reduction in the DisCos remittances to the Market Participants compared to last quarter, and if this trend is maintained, investors may be further dissuaded from investing in the sector as there is little or no assurance of recouping their investments.

Whilst the slight reduction in the total ATC&C losses are commendable, however, more effort is required from stakeholders to improve liquidity and overall viability especially in the aspect of collection losses which ought to improve with the introduction of cost-reflective tariff for Band A customers.

Again, we recommend improved monitoring by NERC to ensure the maximization of initiatives such as the National Mass Metering Programme and the Meter Acquisition Fund to further reduce ATC&C loss as we see that there was a substantial decrease in the number of meters installed in the last quarter compared to Q1.

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