OLANIWUN AJAYI

POWER

2025 WRAP UP

2026 OUTLOOK

Contents

Foreword

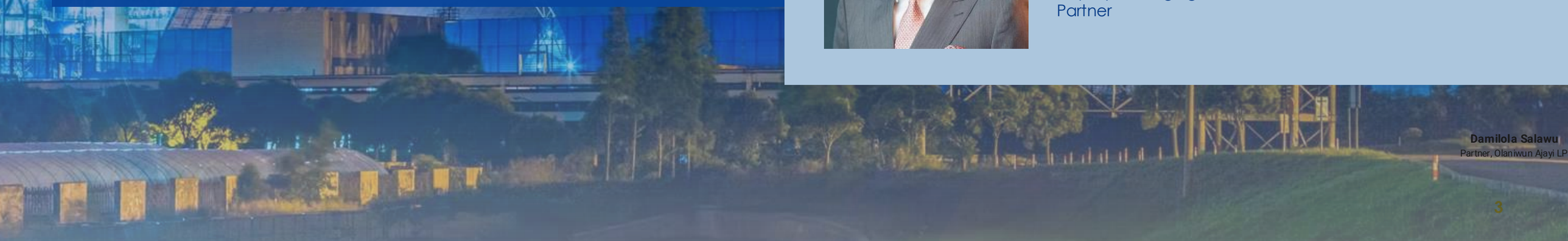
As we bid goodbye to another active year in the Nigerian power sector, there can be little argument that reform and evolution remained central themes in the sector in 2025. In the past year, the market saw a number of key policy developments, regulatory milestones, sector defining transactions, and market trends that further shaped the present and the future of Nigeria's power sector. Most significantly: the sector made greater strides towards decentralisation with more states enacting their respective electricity laws; the Electricity Act 2023, which lies at the centre of the current spate of reforms, is being amended to fix relevant gaps and shortcomings; the Presidential Power Sector Debt Reduction Programme (PPSDRP) was launched to resolve the chronic liquidity crisis in the Nigerian electricity market; and Nigeria successfully synchronized its national grid with the West African Power Pool (WAPP). On the private sector end as well, the year saw a number of significant acquisition and financing transactions concluded, reflecting growing private sector appetite in the electricity market.

In preparing this 2025 Power Sector Report, our objective is clear: to provide detailed insight into the developments shaping the sector today and those likely to define its future tomorrow. As such, we examine not only regulatory and policy developments, but also notable deals that were concluded in the past year. In a bid to also place a spotlight on private sector perspective, we have also taken the liberty to invite and present commentaries from some market leaders behind recently concluded notable deals in the power sector, which we had the privilege of advising on and shaping the outcomes. This is reflective of our firm's active market leadership and deep sector involvement.

It is our foremost desire that this report functions not merely as a retrospective account of the past year, but as a resource to support strategic planning of power sector stakeholders in the year ahead.

Looking ahead, we remain committed to supporting the sector's growth as we continue to advise sponsors, lenders, investors, regulators and public institutions across the power value chain. We thank our clients for their trust, and we look forward to another year of impactful engagement.

Wolemi Esan, SAN
Deputy Managing Partner



Damilola Salawu
Partner, Olaniwun Ajayi LP

Introduction

2025 witnessed a consolidation of the era of the Electricity Act 2023 (EA or Electricity Act). In the past year, more States established and began regulating their own electricity markets. Accordingly, NERC has now issued transition orders and transferred regulatory oversight to fifteen (15) States marking a significant development in the operationalisation of the two-tiered regulatory framework of the power sector.

Further, the proposed amendment to EA drew attention across the industry as it seeks, to among other things, clarify the roles of the Nigerian Electricity Regulatory Commission (NERC) and States Electricity Regulatory Commissions (SERCs) in a decentralised market. The tariff dispute between the Enugu State Electricity Regulatory Commission (EERC) and NERC arising from the EERC's tariff order in August 2025 brought this challenge into sharp focus and emphasised the need for greater clarification.

These developments, amongst others considered in this report, illustrate the unrelenting spate of regulatory evolution in the power sector and underscore the need for reports, such as this, that highlight and provide an effective snapshot of the state of the market at the end of each year.

In doing so, the report begins by presenting a month-by-month snapshot of key events in the sector, and a summary of the status, strengths, and weaknesses of the Nigerian power sector in key figures. For ease of digesting the state of the transition process from a one-tier regulatory framework to a two-tiered one, we have also provided below a Transition Outlook table highlighting the status of each State that has commenced its transition process.

This year's report also highlights key developments across several aspects of the power sector. On the financing end we saw the implementation of the Presidential Power Sector Debt Reduction Programme (PPSDRP) which was launched to resolve the chronic liquidity crisis in the Nigerian electricity market, where verified debts to GenCos and gas suppliers have risen to approximately ₦4 trillion. The PPSDRP aims to settle legacy debts, easing the financial strain on GenCos and restoring confidence in the market. United Capital Infrastructure Fund (UCIF) and Husk Power Energy Systems Nigeria Limited also signed a ₦5 billion local currency revolving debt facility and BII launched a $100 million mini-grid financing platform.

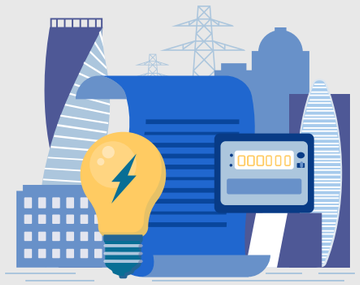
Renewable energy adoption also continued its upward trend in furtherance of Nigeria's energy transition and net zero ambitions. In April, Nigeria's Rural Electrification Agency (REA) signed the first grant agreements under the Distributed Access through Renewable Energy Scale-Up (DARES) project with eight renewable energy companies to expand energy access to 17.5 million Nigerians. The FG also secured commitments for the local production of 4GW of solar components annually to reduce reliance on imports.

Looking forward to 2026, more States are expected to enact their electricity laws and apply to NERC for the transfer of regulatory oversight. DisCos that have been issued NERC delineation orders are expected to complete the transfer of assets and liabilities to their respective SubCos, transitioning these states into fully operational sub-national markets. We expect that the amendment of the Electricity Act will be finalized, providing the necessary legal clarity on the jurisdictional boundaries between NERC and SERCs. Furthermore, the PPSDRP is expected to provide the required liquidity relief to GenCos and GasCos, leading to improved plant availability, stabilized gas supply agreements, and a significant reduction in the sector's aggregate financial shortfall.

This report is intended to guide stakeholders, investors, and advisors in understanding the key developments of 2025 and preparing for the opportunities and challenges in 2026.

MONTHLY TIMELINE

JANUARY



NERC commenced transfer of regulatory oversight to Niger State Electricity Regulatory Commission (NSERC) .[1]

10% Stake

Jigawa State approves ₦1 billion to acquire a 10% stake in Kano Electricity Distribution Company (KEDCO) .[2]

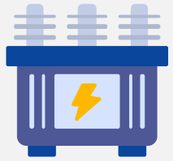
Transgrid Enerco consortium signs SPA to acquire 60% stake in Eko DisCo .[3]

FEBRUARY

FG allocates N100bn for solar mini-grids in public institutions to cut energy costs [4]

Dangote Group generates 1,540 MW for energy independence in companies

Nigerian power sector achieves new peak generation of (5,543MW) [5]



TCN commissions new 100MVA power transformer to boost Osogbo grid capacity [6].

IFC signs pact/partner with Virtuitis Solaris to deploy 500 solar mini-grids across Nigeria .[7]

MARCH

NERC transferred regulatory oversight of Plateau state electricity market to Plateau State Electricity Regulatory Commission (PSERC).

NERC transferred regulatory oversight of Kogi State electricity oversight to Kogi State Electricity Regulatory Commission (KSERC).

FG commissioned Nigeria's first modular LPG plant, 20MW gas project in Rivers.

Abia State Governor signed Abia State Electricity Bill into Law.

Abia State Governor approved 10MW Independent Power Producers for Abia State University .

Minister of Power, Adelabu condemns attack on Ikeja Distribution Company (Ikeja DisCo) by personnel of the Nigerian Airforce at the headquarters and facilities of Ikeja DisCo and urges parties to dialogue to resolve any conflict[11]

REA signs a US$200 million MOU with WeLight for four hundred (400) renewable mini grids and fifty (50) MetroGrids to electrify rural and peri-urban areas .[12]

1. Nigerian Electricity Regulatory Commission, 'Transfer of Regulatory Oversight from NERC to NSERC' (AEDC Nigerian Electricity Regulatory Commission (10 January 2025) Available at: link here (Accessed: 4 December 2025).
2. Abubakar Ibrahim 'Jigawa Approves N1bn to Acquire 10% Stake in Kano DisCo' BusinessDay Nigeria , (2 January 2025) Available at: link here (Accessed: 4 December 2025).
3. Faith Esifiho'Transgrid Enerco Acquires 60% Stake in Nigeria's Second Largest DisCo' BusinessDay Nigeria Available at: link here (Accessed: 4 December 2025).
4. Kayode Oyero, 'FG To Install ₦100bn Solar Mini-Grids At UCH, UNILAG, Others' Channels Television, (11 February 2025) link here (Accessed 4 December 2025).
5. Busola Aro, 'Nigeria records 5,543MW electricity generation — highest in 2025' TheCable (20 February 2025) link here accessed 4 December 2025.
6. Olalekan Adigun, 'TCN commissions new 100MVA power transformer to boost Osogbo grid capacity' Nairametrics (21 February 2025) link here accessed 4 December 2025.
7. Dare Olawin , 'Firm, IFC Sign Pact to Build 500 Mini-Grids' The Punch Nigeria (8 February 2025) link here accessed 4 December 2025.
8. Channels News 'FG commissions Nigeria's first modular LPG plant, 20MW gas project in Rivers' Channels Television (19 March 2025) link here accessed 4 December 2025.
9. Gordi Udeajah'Otti signs bil empowering Abia to regulate own power into law" The Guardian Nigeria News (18 March 2025) link here accessed 4 December 2025.
10. NAN,'Otti approves 10MW Independent Power Project for ABSU' Bussiness Day Nigeria (18 April 2025) link here accessed 4 December 2025.
11. Federal Ministry of Power, 'Power Minister Adelabu Condemns Attack on Ikeja Distribution Company, Urges Dialogue to Resolve Conflicts' Federal Ministry of Power (March 2025) https://power.gov.ng/ accessed 4 December 2025.
12. Reuters, 'Nigeria strikes $200 million deal to power rural areas with renewable mini grids', link here accessed 10 January 2025.

APRIL

NERC slams N628 million fines on Abuja Electric Distribution Company (AEDC), Ikeja DisCo, six other DisCos over breach of estimated billing cap.[13]

FG launches the Sustainable Energy Access Projects (SEAP) with the commissioning of 30MW Shagamu power project which aims to deliver 5MW of clean, decentralised energy to each of Nigeria's 774 Local Government Areas (LGAs).[14]

Board and management of the Nigerian Independent System Operator (NISO) inaugurated.[15]

162% More Customers Migrated to Band A as Tinubu Meets GenCos Over N4tr Debt .[16]

MAY

Enugu State government commences electric car assembly project in Owo community.[17]

FG ratifies transformation road map for Nigeria's power sector, adopts NIEP and NIRP[18]

NERC issued the Order on the Mandatory Integration of Grid-Connected Generating Units into the new SCADA/EMS for the NESI (the **SCADA Order**) [19]

NERC issued Guidelines on Registration and Engagement of Third-Party Collection Service Providers (Guidelines) [20]

JUNE

TCN begins construction to link new Bauchi 330kV transmission substation to national grid[21].

NERC transfers regulatory oversight of Abia State electricity market to Abia State Electricity Regulatory Commission (ASERC)[22].

World Bank, IAEA sign agreement to drive nuclear energy use in developing countries[23].

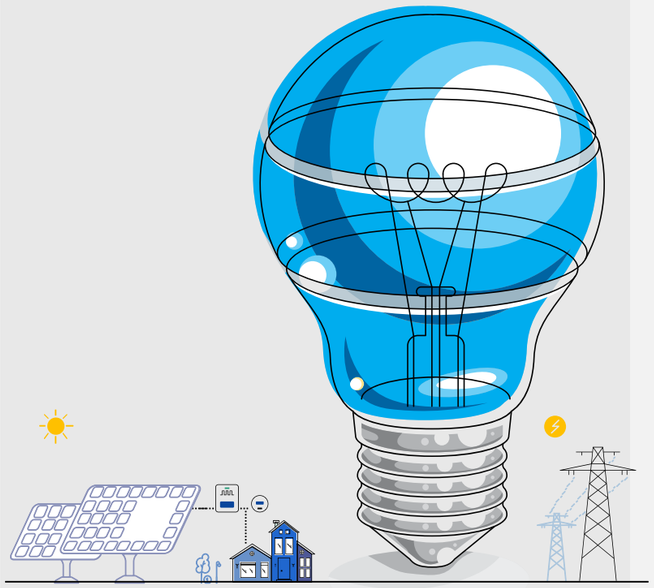
President Bola Ahmed Tinubu virtually commissioned the newly completed Afam II 180MW power plant in Rivers State[24].

Niger Delta Power Holding Company (NDPHC) signed joint development agreement with National Agency for Science and Engineering Infrastructure (NASENI) and Haier Technologies to install a 10MW solar power plant in Kano[25].

13. The Whistler, 'NERC Fines AEDC, Eko, Six Others N628m Over Estimated Billings' The Whistler Newspaper (10 April 2025) https://thewhistler.ng/nerc-fines-aedc-eko-six-others-n628m-over-estimated-billings/ accessed 4 December 2025.
14. Olalekan Adigun, 'FG launches 30MW Shagamu power project, begins nationwide energy access in 774 LGAs' Nairametrics (15 April 2025) https://nairametrics.com/2025/04/15/fg-launches-30mw-shagamu-power-project-begins-nationwide-energy-access-in-774-lgas/ accessed 4 December 2025.
15. Mary Izuaka, 'Nigerian govt unbundles TCN, inaugurates NISO board, management' Premium Times (9 April 2025) https://premiumtimesng.com/news/top-news/786720-nigerian-govt-unbundles-tcn-inaugurates-niso-board-management.html accessed 4 December 2025.
16. Kingsley Jeremiah and Waliat Musa, '162% more customers migrated to Band A as Tinubu meets GenCos over N4tr debt' The Guardian Nigeria News (5 May 2025) https://guardian.ng/news/162-more-customers-migrated-to-band-a-as-tinubu-meets-gencos-over-n4tr-debt/ accessed 4 December 2025.
17. Caleb Obiowo'Enugu Govt commences electric car assembly project in Owo community' Nairametrics (29 May 2025) https://nairametrics.com/2025/05/29/enugu-govt-commences-electric-car-assembly-project-in-owo-community/ accessed 4 December 2025.
18. Obas Esieedesa For Nigeria's Power Sector' Vanguard Nigeria News (5 May 2025) https://thefact.ng/fg-ratifies-road-map-for-nigerias-power-sector/ accessed 4 December 2025.
19. NERC, 'Order on the Mandatory Integration of GenCos into the new SCADA/EMS for the NESI' Order on the Mandatory Integration of GenCos into the SCADA Project accessed 4 December 2025.
20. NERC, 'Guidelines on Registration and Engagement of Third-Party Collection Service Providers by Electricity Distribution Companies', Guidelines-on-the-Registration-and-Engagement-of-Third-Party-Collection-Service-Providers-by-Electricity-Distribution-Companies.pdf accessed 4 December 2025.
21. Federal Ministry of Power, 'TCN commences construction to link new Bauchi 330kV transmission substation to national grid' Federal Ministry of Power (June 2025) https://power.gov.ng/tcn-commences-construction-to-link-new-bauchi-330kv-transmission-substation-to-national-grid/ accessed 4 December 2025.
22. Nigerian Electricity Regulatory Commission (NERC), 'NERC Transfers Regulatory Oversight of Abia State Electricity Market to ASERA' Nigerian Electricity Regulatory Commission (25 June 2025) https://nerc.gov.ng/media/nerc-transfers-regulatory-oversight-of-abia-state-electricity-market-to-asera/ accessed 4 December 2025.
23. International Atomic Energy Agency (IAEA), 'World Bank, IAEA sign agreement to drive nuclear energy use in developing countries' (6 June 2025) https://www.iaea.org/newscenter/news/world-bank-iaea-sign-agreement-to-drive-nuclear-energy-use-in-developing-countries accessed 4 December 2025.
24. Transmission Company of Nigeria (TCN), 'President Bola Ahmed Tinubu Virtually Commissioned the Newly Completed Afam II 180MW Power Plant in Rivers State' Transmission Company of Nigeria (TCN) , (26 June 2025) https://tcn.org.ng/blog_grid_3.php accessed 4 December 2025.
25. Admin Niger Delta Power Holding Company (NDPHC), 'NDPHC Signed Joint Development Agreement with NASENI and Haier Technologies to Install a 10MW Solar Power Plant in Kano' Niger Delta Power Holding Company (NDPHC), (June 2025) https://ndphc.net/news/ accessed 4 December 2025.

JULY

The EA (Amendment) Bill, 2025 passed second reading in the Senate of the Federal Republic of Nigeria[26].



AUGUST

NERC transfers electricity market regulation in Nasarawa to Nasarawa State Electricity Regulatory Commission (NASERC)[27].

NERC hands over Bayelsa electricity market regulation to Bayelsa State Electricity Regulatory Commission (BASERC).

PPSDRP was approved by Bola Ahmed Tinubu and endorsed by the Federal Executive Council (FEC) for the settlement of legacy debt in the power sector[28]

SEPTEMBER

According to Sahara Group, Afam 2 Power Plant to add 160MW to national grid[29].

26. Olalekan Adigun, 'Senate passes 2025 Electricity Act Amendment Bill for second reading to address sector collapse' Niarametrics (9 July 2025) <https://nairametrics.com/2025/07/09/senate-passes-2025-electricity-act-amendment-bill-for-second-reading-to-address-sector-collapse/?utm_source=chatgpt.com\> accessed 4 December 2025.
27. Nigerian Electricity Regulatory Commission (NERC), 'NERC Transfers Regulatory Oversight of Electricity Market in Nasarawa to NASERC' (July 2025) https://nerc.gov.ng/media/nerc-transfers-regulatory-oversight-of-electricity-market-in-nasarawa-to-naserc/ accessed 4 December 2025.
28. Guardian Nigeria, 'FG, GenCos finalise framework to reduce ₦4 trillion power-sector debt' The Guardian Nigeria Newspaper (15 October 2025) https://guardian.ng/business-services/fg-gencos-finalise-framework-to-reduce-n4tr-power-sector-debt/ accessed 4 December 2025.
29. Olalekan Adigun, 'Afam 2 Power Plant adds 160MW to national grid, says Sahara Group' Nairametrics (26 September 2025) Afam 2 Power Plant adds 160MW to national grid, says Sahara Group - Nairametrics accessed 4 December 2025.

OCTOBER

NERC marks its 20th Anniversary[30].

Kano, Katsina and Jigawa States sign N50 billion Tri-State Energy Investment Agreement[31].

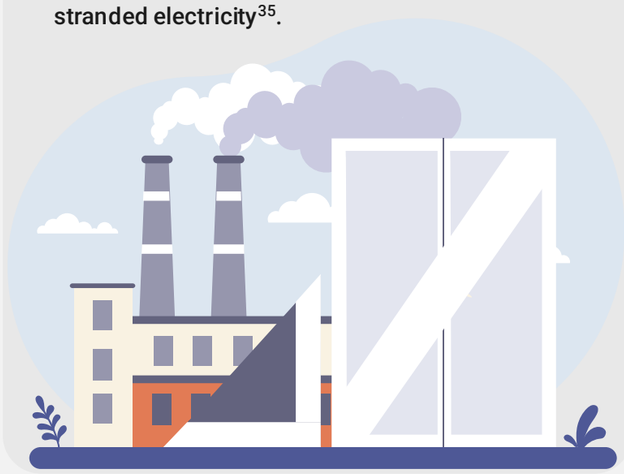
CCETC Power Infrastructure Investment[32].

Lagos State Electricity Regulatory Commission (LASERC) officially issued distribution licences to Excel Electricity Distribution Company and IE Energy Lagos Limited, SubCos of EKEDC and IKEDC, respectively[33].

NOVEMBER

On 8 November 2025, Nigeria's national electricity grid was successfully synchronised with the unified West Africa Power Pool (WAPP) regional grid[34] .

States declare readiness to sign bilateral power contracts with GenCos, targeting 9000MW stranded electricity[35].



DECEMBER

FG inaugurates inter-ministerial committee to end blackouts in hospitals[36].

FG reconstitutes the board of the Nigerian Electricity Regulatory Commission[37].

WPG Sells 60% Stake in EKEDC to Transgrid Enerco for N360 Billion[38].

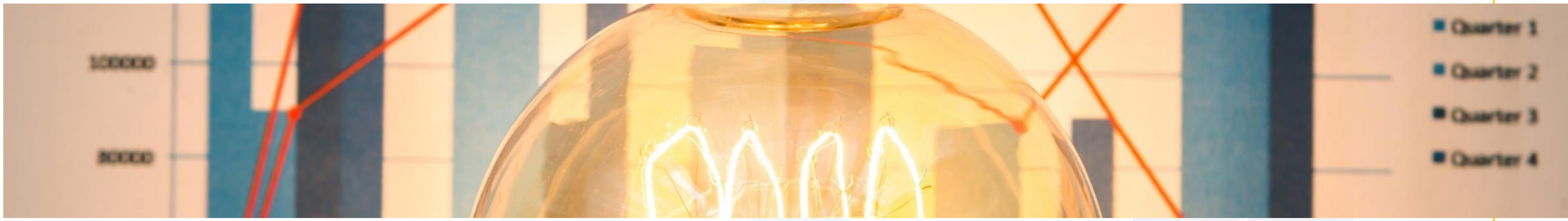
Amperion Sells Majority Stake in Geregu Power in US$750 Million Deal[39].

Presidential Power Sector Debt Reduction Plan (PPSDRP)[40].

30. Nigerian Electricity Regulatory Commission (NERC), 'NERC HOLDS ACTIVITIES TO MARK 20TH ANNIVERSARY' (31 October 2025) https://nerc.gov.ng/media/nerc-holds-activities-to-mark-20th-anniversary/ accessed 4 December 2025.
31. Waliat Musa, 'Kano, Katsina, Jigawa partner on tri-state electricity market, N50b electrification fund' The Guardian (Nigeria, 21 October 2025) < Kano, Katsina, Jigawa partner on tri-state electricity market, N50b electrification fund> accessed 12 January 2025.
32. Press Release, 'Chinese Firm Set to Establish Power Generation Plant, Industrial Park in Ogun' Premium Times (12 October 2025) https://www.premiumtimesng.com/promoted/825779-chinese-firm-set-to-establish-power-generation-plant-industrial-park-in-ogun.html accessed 25 December 2025.
33. Caleb Obiowo, 'IKEDC, EKEDC remain as Lagos licenses new DisCos' Nairametrics (7 October 2025) https://nairametrics.com/2025/10/07/ikedc-ekedc-remain-as-lagos-licenses-new-discos/ accessed 3 December 2025.
34. Kabir Yusuf 'Nigeria Targets Power Supply for Entire West Africa – Minister at Energy Cooperation Summit' Premium Times, (3 December 2025) https://www.premiumtimesng.com/news/top-news/840526-nigeria-targets-power-supply-for-entire-west-africa-minister.html accessed 4 December 2025.
35. Peter Uzoho 'States Declare Readiness to Sign Bilateral Power Contracts with GenCos, Target 9000mw Stranded Electricity' ThisDay Live (3 November 2025) https://www.thisdaylive.com/2025/11/03/states-declare-readiness-to-sign-bilateral-power-contracts-with-gencos-target-9000mw-stranded-electricity/ accessed 4 December 2025.
36. Ado Bako, 'FG Inaugurates Inter-Ministerial Committee to End Blackouts in Hospitals' Federal Ministry of Health and Social Welfare (2 December 2025) https://health.gov.ng/fg-inaugurates-inter-ministerial-committee-to-end-blackouts-in-hospitals/ accessed 4 December 2025.
37. Presidential Villa State House, 'President Tinubu Reconstitutes the Board of the Nigerian Electricity Regulatory Commission' https://statehouse.gov.ng/president-tinubu-reconstitutes-the-board-of-the-nigerian-electricity-regulatory-commission/ accessed 11 January 2025.
38. Bunmi Aduloju, 'WPG Sells 60% Stake in EKEDC to Transgrid Enerco for N360 Billion' The Cable (30 December 2025) WPG sells 60% stake in EKEDC to Transgrid Enerco for N360bn Accessed 15 January 2026.
39. Nana Oye Ankrah, 'Otedola Sells Majority Stake in Geregu Power in US$750 Million Deal' Africa Business Insight (29 December 2026). Otedola sells majority stake in Geregu power in US$750m deal - Africa Business Insight accessed 15 January 2026
40. Jeremiah U, 'National Grid Loses 4,091 MWh/H in September' Vanguard News (17 October 2025) https://www.vanguardngr.com/2025/10/national-grid-loses-4091-mwh-h-in-september/ accessed 3 December 2025.

2025 POWER SECTOR KEY FIGURES

Q1 2025



OPERATIONAL PERFORMANCE (2025/Q1 VS. 2024/Q4)

Metric	Q1 2025 Report	Comparison with Q4 2024 Performance
Average Available Generation Capacity	5,366.88MW	+1.32% (+69.99MW increase)
Total Quarterly Generation	10,304.47GWh	+10.92% (+1,014.52GWh increase)
Average Hourly Generation	4,770.59MWh/h	+13.39% (+563.18MWh/h increase)
Generation Load Factor	88.89%	+9.46pp increase (from 79.43%)
Generation Mix (Hydropower Share)	29.91%	-2.70pp decrease (from 32.61%)
Average Plant Availability Factor (PAF)	39.39%	+0.51pp increase (from 38.88%)

There were twenty-eight (28) grid-connected power plants in 2025/Q1, consisting of five (5) hydro, two (2) steam, nineteen (19) Open Cycle Gas Turbine (OCGT), and two (2) Combine Cycle Gas Turbine (CCGT) plants.

GRID AND TRANSMISSION PERFORMANCE

Metric	Q1 2025 Performance	NERC Comment.
System Collapse Incidents	Zero (0)	No incidence of system disturbance
Average Transmission Loss Factor (TLF)	9.00%	2.00pp worse than MYTO target of 7.00%
TLF Performance Impact	Revenue loss of ₦22.64 billion	Due to 2.00pp TLF underperformance
Grid Operation	Frequency (49.28Hz - 50.77Hz) and Voltage (296.56kV - 346.82kV)	Operated outside normal limits but mostly within stress limits

COMMERCIAL PERFORMANCE (DisCos)

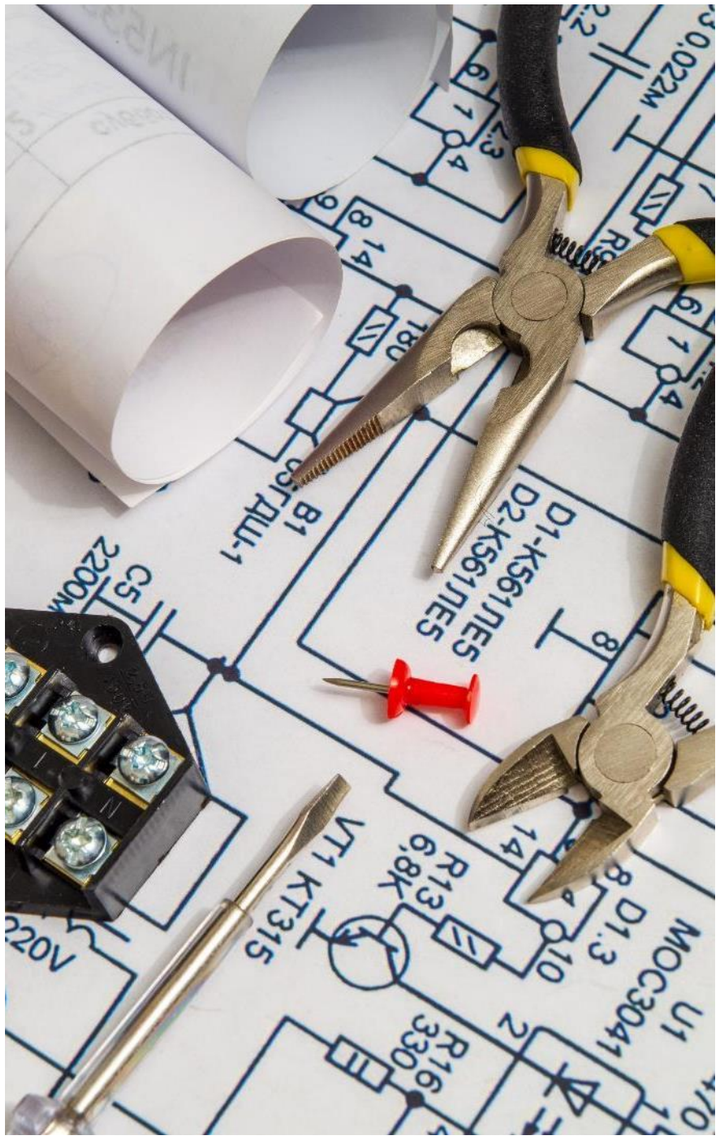
Metric	Q1 2025 Performance	Comparison with Q4 2024 Performance
Energy Offtake Performance (Overall)	97.94%	+3.33pp improvement (from 94.61%)
Energy Billed to Customers	6,631.92GWh	+6.84% increase
Billing Efficiency	81.18%	-2.48pp decrease (worse performance)
Total Revenue Collected	₦553.63 billion	+8.59% increase
Collection Efficiency	74.39%	-3.05pp decrease (worse performance)
Aggregate Technical, Commercial and Collection (ATC&C) Loss	39.61%	+4.39pp increase (worse performance)
Revenue Loss due to ATC&C	₦200.49 billion	Translates to 27% of allowable revenues
Market Remittance Performance (NBET + MO)	95.86%	+3.18pp increase (from 92.68%)

Subsidy Obligation: The Federal Government (FG) incurred a tariff subsidy obligation of ₦536.40 billion (59.16% of total NBET invoice) in Q1 2025 due to freezing end-use customer tariffs[41].

International Customers Remittance: The six (6) international bilateral customers remitted 33.70% of the total amount invoiced by NERC ($5.80 million paid against the $17.24 million invoiced).

41. Freezing end-use customer tariffs means keeping the electricity tariffs charged to final consumers at their current levels for a specified period, without any increases, regardless of changes in underlying costs. This is due to Service-Based Tariff (SBT) regime in Nigeria, which groups customers into Bands A to E.

REGULATORY FUNCTIONS AND PERMITS



Total Regulatory Instruments:

The Commission issued forty (40) Orders and fifty-five (55) licences, permits, and certifications.

Licensing Highlights:

Captive Generation Permits: Sixteen (16) permits approved with a gross capacity of 952.64MW.

New Licenses: Four (4) off-grid generation licences (66.49MW total capacity), one (1) electricity trading licence, four (4) Independent Electricity Distribution Network (IEDN) licences, and two (2) licences for embedded generation.

Mini-grid Permits: Seven (7) permits issued (1.26MW gross capacity).

Regulatory Transition:

Orders were issued to commence the transfer of regulatory oversight for the electricity market in Niger State and Plateau State from NERC to the respective State Electricity Regulatory Commissions (NSERC and PSERC).

Enforcement:

NERC issued twenty-one (21) Rectification Directives (RD) and eighteen (18) Notices of Intention to Commence Enforcement (NICE) to licensees for various breaches/defaults.

CONSUMER AFFAIRS

Metric	Q1 2025 Performance	Comparison with Q4 2024 Performance
New Meters Installed	187,194	+0.41% increase (763 more installations)
End-user Metering Rate	46.98% (as of 31 March 2025)	+0.41pp increase (from 46.57%)
Total Customer Complaints (DisCo-CCU)	254,404 received	-7.72% decrease (from 275,681)
NERC-CCU Complaint Resolution Rate	37.27%	+7.82pp increase (from 29.45%)
Forum Office Appeal Resolution Rate	74.10%	+6.48pp increase (from 67.62%)

A total of 79.44% of total meters installations (148,713 meters) under the MAP.

Prevalent Complaints (DisCo-CCU):

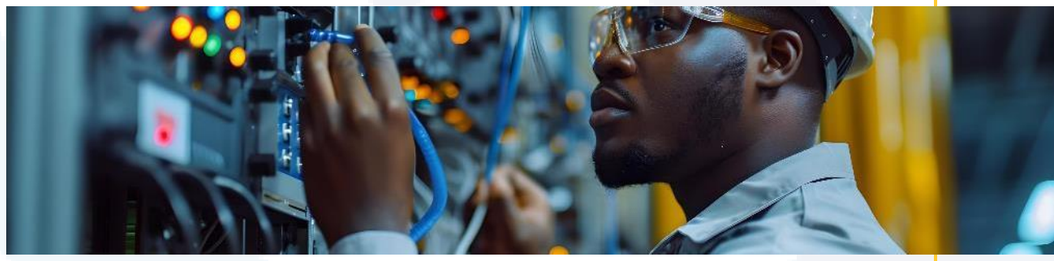
Metering (42.84%), Billing (12.27%), and Service Interruption (7.66%).

Health and Safety:

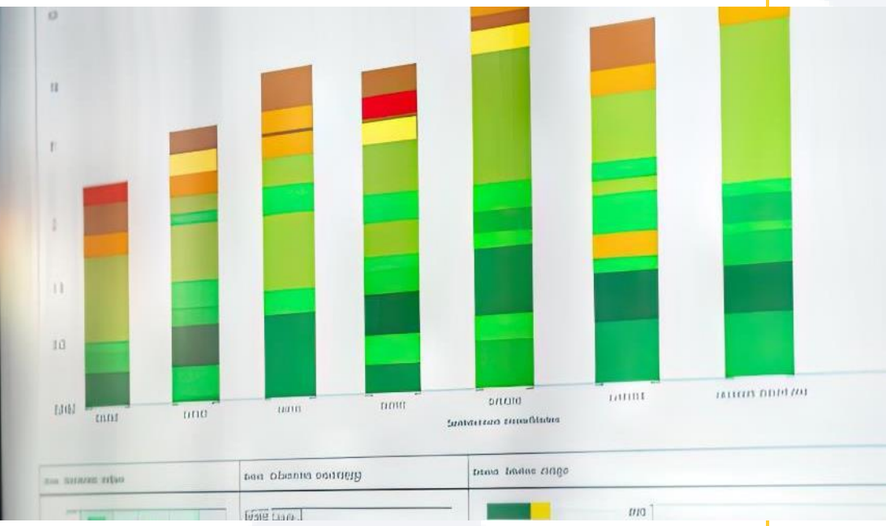
31 accidents occurred, resulting in 26 casualties (14 injuries and 12 fatalities).

The total number of accidents decreased by 42.59% compared to 2024/Q4.

DisCos accounted for 100% of casualties recorded in 2025/Q1.



Q2 2025



OPERATIONAL PERFORMANCE (2025/Q2 VS. 2025/Q1)

Metric	Q2 2025 Performance	Comparison with Q1 2025 Performance
Average Available Generation Capacity	5,395.72MW	+0.54% (+28.84MW increase)
Total Quarterly Generation	9,830.31GWh	-4.60% (-474.15GWh decrease)
Average Hourly Generation	4,501.06MWh/h	-5.65% (-269.53MWh/h decrease)
Overall Load Factor	83.42%	-5.47pp decrease
Generation Mix (Hydropower Share)	30.19%	+0.28pp increase
Average Plant Availability Factor (PAF)	39.60%	+0.21pp increase

1 The sector utilized twenty-eight (28) grid-connected power plants.

- The decrease in energy generation was attributed to a decrease in energy offtake by grid-connected customers.
- The cumulative average hourly generation from the five grid-connected hydro plants decreased by 4.78%.

GRID AND TRANSMISSION PERFORMANCE

Metric	Q2 2025 Performance	NERC Comment
System Collapse Incidents	Zero (0)	No incidence of system disturbance
Average Transmission Loss Factor (TLF)	8.58%	0.42pp improvement from Q1 (9.00%)
TLF Underperformance Gap	1.58pp	Worse than the MYTO target of 7.00%
Cost of TLF Underperformance	₦17.97 billion	Revenue loss to the TSP/TCN
Grid Stability (Frequency/Voltage)	Improved stability observed	Frequency range decreased by 0.03Hz (better); Voltage range decreased by 5.0kV (better) compared to Q1

2 Nigerian Independent System Operator (NISO) was inaugurated on 8 April 2025 and fully commenced market and system operations.

COMMERCIAL PERFORMANCE (DISCOS)

Metric	Q2 2025 Performance	Comparison with Q1 2025 Performance
Total Revenue Collected	₦564.71 billion	+2.00% (+₦11.08 billion increase)
Collection Efficiency	76.07%	+1.68pp increase (from 74.39%)
Billing Efficiency (BE)	81.61%	Not improved from Q1 2025
Energy Accounting Efficiency (EAE)	82.43%	+1.25pp increase (from 81.18%)
Energy Offtake Performance (Overall)	91.78%	-6.16pp decline (from 97.94%)
ATC&C Loss (Weighted Average)	37.92%	-1.69pp improvement (from 39.61%)
Revenue Loss due to ATC&C	₦158.05 billion	(Represents 22% of gross recoverable revenues)

3 DisCos Meeting ATC&C Target:

Only Eko DisCo surpassed its ATC&C loss target (Actual 15.12% vs. Target 16.88%).

4 Market Remittance and Subsidy:

Total Market Remittance (NBET + MO): ₦399.20 billion remitted against a cumulative invoice of ₦417.35 billion. This equates to a 95.65% overall remittance performance.

FGN Subsidy Obligation: The Federal Government incurred a tariff subsidy obligation of ₦514.35 billion. This subsidy covers the generation cost gap resulting from freezing end-user tariffs at July 2024 rates. The subsidy accounted for 59.60% of the total GenCo invoice.

International Customers Remittance: International bilateral customers remitted $9.01 million against a $17.54 million invoice (51.33% remittance rate).

REGULATORY FUNCTIONS AND PERMITS

Total Regulatory Instruments:

Issued thirty-seven (37) Orders and twenty-nine (29) licences, permits, and certifications.

Key Orders Issued:

April, May, and June 2025 Supplementary Orders to the Multi-Year Tariff Order (MYTO) were issued, maintaining the policy of freezing end-user tariffs at July 2024 rates, leading to FGN subsidy obligations.

Orders were issued on the Performance Improvement Plan (PIP) for TCN/NISO and the Mandatory Integration of Grid-connected Generating Units into the SCADA/EMS.

Order issued to commence the transfer of regulatory oversight for the intrastate electricity market in Abia State to the Abia State Electricity Regulatory Commission (ASERC).

New Licences/Permits:

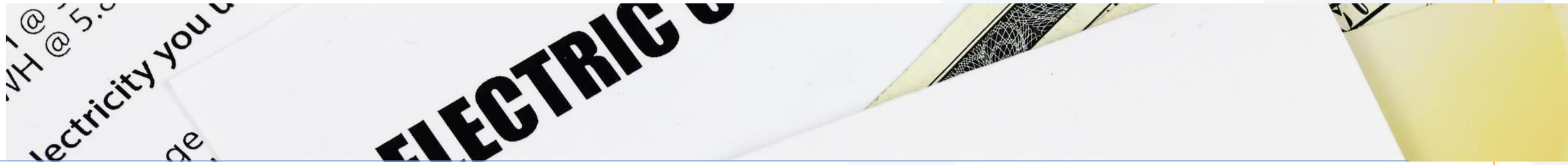
On-grid generation licences: Two (2), totalling 480MW capacity.

Off-grid generation licences: One (1) at 12.8MW.

Mini-grid Permits: Six (6) permits issued, totalling 1.54MW gross capacity.

Compliance and Enforcement:

NERC Issued thirteen (13) Rectification Directives (RD) and twenty-six (26) Notices of Intention to Commence Enforcement (NICE) for various breaches/defaults.



CONSUMER AFFAIRS

Metric	Q2 2025 Performance	Comparison with Q1 2025 Performance
New Meters Installed (Total)	225,631	+20.55% (+38,470 more installations)
End-user Metering Rate	54.33% (as of 30 June 2025)	+7.76pp increase (from 46.57% in Q1 2025 based on Q1 source history; calculated from total customers metered/active customers list)
Total Customer Complaints (DisCo-CCU)	227,267 received	-10.67% decrease (from 254,404)
NERC-CCU Resolution Rate	45.63%	+8.36pp increase (from 37.27%)
Forum Office Resolution Rate	67.56%	-6.54pp decrease (from 74.10%)

5 Health and Safety:

Total Accidents: 60 accidents occurred, an increase of 29 compared to Q1 (31).

Total Casualties: 57 casualties reported, an increase of 31 compared to Q1 (26).

- Fatalities: 38.
- Injuries: 19.

Distribution of Casualties:

DisCos accounted for 100% of casualties recorded in 2025/Q2.

NATIONAL GRID COLLAPSE/DOWNTIME DOSSIER

NATIONAL GRID COLLAPSES IN 2025

11 January 2025

A reported collapse occurred on January 11, 2025[43]. However, the Transmission Company of Nigeria (TCN) did not officially confirm this as a system-wide collapse; instead, it was described as a "line-tripping event" of key transmission lines at (Osogbo-Ihovour and Benin-Omotosho) which reduced generation flows but did not meet technical criteria for a grid collapse[44]

12 February 2025

Reports circulated that the grid collapsed at 11:34 AM following an outage at the Omotosho-Ikeja West 330 kV line which affected all feeders and plunged many areas into darkness. The collapse was publicly acknowledged by multiple DisCos, including Ikeja DisCo and AEDC, which confirmed system outages in their franchise areas.[45] TCN responded that this was *line tripping*, not a grid collapse.

7 March 2025

It was reported that a major disturbance due to *line tripping*, not a grid collapse occurred around 2:00 PM, leading to a significant power outage[46].

43. *Modupe Gbadeyanka, 'Nigeria Suffers First National Grid Collapse of 2025' Business Post Nigeria(11 January 2025) https://businesspost.ng/general/nigeria-suffers-first-national-grid-collapse-of-2025/?utm_source=chatgpt.com accessed 27 October 2025.*
44. *Tope Sunday, 'Again, National Grid Collapses' The Whistler (10 September 2025) https://thewhistler.ng/again-national-grid-collapses/?utm_source=chatgpt.com accessed 27 October 2025.*
45. *Olayide Soaga, 'Nigeria Suffers First National Grid Collapse in 2025' Guardian Nigeria (12 February 2025) https://guardian.ng/news/nigeria-suffers-first-national-grid-collapse-in-2025/ accessed 27 October 2025.*
46. *Abubakar Ibrahim, 'Nigeria National Grid Records Second Disturbance in 2025' BusinessDay, (7 March 2025) https://businessday.ng/energy/article/nigeria-national-grid-records-second-disturbance-in-2025/ accessed 27 October 2025.*

10 September 2025

The grid collapsed at 11:23 AM, resulting in a dramatic drop in power generation from 2,917.83 MW to just 1.5 MW within an hour 2025[47]

29 December 2025

The grid reportedly collapsed on Monday 29 December 2025 with electricity supply on the grid falling to near zero across the country. Statistics from mid-afternoon on said day indicate that only two electricity distribution companies were receiving any supply at all, both less than thirty (30) megawatts.[48]

OBSERVATIONS

Reported incidents of national grid collapse were less frequent in 2025 compared to 2024, possibly indicating improvements in system management.

Despite the reduced number of reported collapses in 2025, each incident still led to significant power outages, highlighting ongoing challenges in grid stability

47. *Camillus Eboh, 'Nigeria's Power Grid Suffers Outage, Restoration Underway, Operator Says' Reuters , (10 September 2025) https ://www.reuters.com/sustainability/climate-energy/nigerias-power-grid-suffers-outage-restoration-underway-operator-says-2025-09-10/ accessed 27 October 2025.*
48. *Faith Esifiho, 'Nigeria's national grid collapses again' Business Day (Lagos, 29 December 2025) < https://businessday.ng/energy/article/nigerias-national-grid-collapses-again/> accessed 10 January 2026.*

TRANSITION OUTLOOK

	State	NERC Transfer Order No	SERC	Effective Date of NERC Transfer Order	Deadline to Incorporate SubCo	SubCo	Expected completion date of Transfer	Transfer Completed
1	Enugu	EEDC NERC/2024/039	EERC – Enugu State Electricity Regulatory Commission	1/5/2024	30/6/2024	Main Power Electricity Distribution Limited	22/10/2024	Completed
2	Ekiti	Ibadan Electricity Distribution Company (IBEDC) NERC/2024/042	EERB - Ekiti State Electricity Regulatory Bureau	1/5/2024	30/6/2024	Ekiti Electricity Distribution Company (EEDL)	22/10/2024	Completed
		BEDC (Benin Electricity Regulatory Commission) NERC/2024/041				BEDC Electricity Ekiti Limited		
3	Ondo	BEDC NERC/2024/043	OSERB – Ondo State Electricity Regulatory Bureau	1/5/2024	30/6/2024	BEDC Ondo Limited	22/10/2024	Completed
4	Imo	EEDC NERC/2024/073	ISERC – Imo State Electricity Regulatory Commission	1/7/2024	31/8/2024	Transpower Electricity Distribution Limited	31/12/2024	Completed
5	Oyo	IBEDC NERC/2024/110	OSERC – Oyo State Electricity Regulatory Commission	6/8/2024	5/10/2024	Pacesetter Electricity Distribution Company Ltd (PEDCL)	5/2/2025	Completed
6	Edo	BEDC NERC/2024/111	ESERC – Edo State Electricity Regulatory Commission	21/8/2024	20/10/2024	BEDC Electricity Edo Ltd	20/2/2025	Completed
7	Kogi	AEDC NERC/2024/125	KSERC – Kogi State Electricity Regulatory Commission	13/9/2024	12/11/2024	Kogi Electricity Distribution Limited	12/3/2025	Completed
8	Lagos	Eko Electricity Distribution Company (EKEDC) NERC/2024/114	LASERC – Lagos State Electricity Regulatory Commission	5/12/2024	4/2/2025	Excel Electricity Distribution Limited	4/6/2025	Completed
		Ikeja Electricity Distribution Company (IKEDC) NERC/2024/113				IE Energy Lagos Limited		
9	Ogun	EKEDC NERC/2024/163	OGERC – Ogun State Electricity Regulatory Commission	24/12/2024	23/2/2025	Agbara Electricity Distribution Limited	23/6/2025	Completed

	State	NERC Transfer Order No	SERC	Effective Date of NERC Transfer Order	Deadline to Incorporate Subco	SubCo	Expected completion date of Transfer	Transfer Completed
		IKEDC NERC/2024/164				IE Energy Ogun Limited		
		IBEDC NERC/2024/165				Olumo Electricity Distribution Limited		
10	Niger	AEDC NERC/2025/001	NSERC- Niger State Electricity Regulatory Commission	10/1/2025	9/3/2025	Niger Electricity Distribution Limited	9/7/2025	Completed
		IBEDC NERC/2025/002				New Bussa Electricity Distribution Limited		
11	Plateau	Jos Electricity Distribution Company (JEDC) NERC/2025/029	Plateau State Electricity Regulatory Commission	13/3/2025	12/5/2025	Plateau Electricity Distribution Limited	12/9/2025	Completed
12	Abia	EEDC NERC/2025/058	Abia State Electricity Regulatory Authority	25/6/2025	24/8/2025	New Era Distribution Limited	24/12/2025	
13	Nasarawa	AEDC NERC/2025/092	Nasarawa State Electricity Regulatory Commission	4/8/2025	30/9/2025	Nasarawa Electricity Distribution Limited	3/2/2026	
14	Bayelsa	Port Harcourt Electricity Distribution Company (PHEDC) NERC/2025/093	Bayelsa State Electricity Regulatory Agency	21/8/2025	20/10/2025	Not incorporated	20/2/2026	
15	Anambra	EEDC NERC/2025/120	Anambra State Electricity Regulatory Commission	17/10/2025	16/12/2025	First Power Energy Distribution Plc	16/4/2026	
16	Kano	-	-	-	-	-	-	-
17	Kaduna	-	-	-	-	-	-	-

2025 WRAP UP

PART 01

KEY LEGAL AND REGULATORY DEVELOPMENTS IN 2025

Bayelsa[49], Nasarawa[50], Plateau[51], Abia[52], Niger and Anambra[53] Transition to State Regulated Electricity Market

In accordance with the process set out under the Electricity Act[54] more States are creating and regulating their own electricity markets. To support this process, NERC continues to facilitate the transition through its three working groups: (x) the Legal and Regulatory Working Group; (y) the Engineering and Technical Working Group; and (z) the Commercial and Transaction Group. These groups are mandated to guide the establishment of State electricity markets by the newly constituted State regulators and to ensure the general implementation of the EA.

As set out in the order of transfer of regulatory oversight issued to the States, a State must first establish its own electricity regulatory authority to commence State-level regulation. This involves appointing the authority's governing body and operational personnel and formally notifying NERC to request the handover of regulatory oversight. The State must also inform the relevant electricity distribution successor company, as well as the National Council on Privatization (NCP) via the Bureau of Public Enterprises (BPE), to ensure that the successor company cooperates with and aligns its operations with the transfer process.

Upon receiving notification, the successor company shall within a period of two (2) months incorporate a subsidiary distribution company under the Companies and Allied Matters Act 2020 (CAMA) (referred to as the **SubCo**). The successor company shall then transfer all relevant assets, liabilities, employees, and contractual rights and obligations relating to its operations in that State to the SubCo. Once this transfer is complete, the SERC assumes full regulatory responsibility in the State and NERC's oversight within the State ceases.

In 2025, Bayelsa, Nasarawa, Plateau, Abia, Niger, and Anambra States transitioned to State-regulated electricity markets. Niger, Abia and Plateau States have completed the transfer to the State regulator and the DisCos in the respective States have since incorporated SubCos to operate within the States. Bayelsa, Nasarawa, and Anambra are expected to complete the transfer process in 2026. This development will provide these States with full autonomy over electricity generation and distribution within their respective States enabling regulations tailored to local conditions. The transition is expected to encourage targeted investments in electricity infrastructure, improve service quality and supply reliability, and ensure competitive pricing within each State.

49. Nigerian Electricity Regulatory Commission, "Transfer of Regulatory Oversight of the Electricity Market in Bayelsa State to BYERA' (NERC, 25 August 2025) <https://nerc.gov.ng/media/transfer-of-regulatory-oversight-of-the-electricity-market-in-bayelsa-state-to-byera/> accessed 3 December 2025
50. Nigerian Electricity Regulatory Commission, 'Transfer of Regulatory Oversight of the Electricity Market in Nasarawa State to NASERC' (NERC, 1 August 2025) <https://nerc.gov.ng/media/transfer-of-regulatory-oversight-of-the-electricity-market-in-nasarawa-state-to-naserc/> accessed 3 December 2025
51. Nigerian Electricity Regulatory Commission, 'Transfer of Regulatory Oversight of the Electricity Market in Plateau State to PSERC' (NERC, 13 March 2025) <https://nerc.gov.ng/media/transfer-of-regulatory-oversight-of-the-electricity-market-in-plateau-state-to-pserc/> accessed 3 December 2025
52. Nigerian Electricity Regulatory Commission, 'Transfer of Regulatory Oversight of the Electricity Market in Abia State to ASERA' (NERC, 25 June 2025) <https://nerc.gov.ng/media/transfer-of-regulatory-oversight-of-the-electricity-market-in-abia-state-to-asera/> accessed 3 December 2025
53. Nigerian Electricity Regulatory Commission, 'Transfer of Regulatory Oversight of the Electricity Market to the Anambra State Electricity Regulatory Commission (ASERC)' (NERC, 17 October 2025) <https://nerc.gov.ng/media/transfer-of-regulatory-oversight-of-the-electricity-market-to-the-anambra-state-electricity-regulatory-commission-aserc/> accessed 3 December 2025
54. Electricity Act 2023, s 230

Order on Delineation of Assets for DisCos - NERC Issues Order on Delineation of Assets & Liabilities to Benin Electricity Distribution Company[55] Ikeja Electric Distribution Company[56] Enugu Electric Distribution Company[57] Eko Electric Distribution Company, Port Harcourt Electricity Distribution Company[58] Kano Electricity Distribution Company[59] Kaduna Electricity Distribution Company[60] Jos Electricity Distribution Company[61] Ibadan Electricity Distribution Company[62]

Under the EA, upon formal notification by a State to NERC that it has established a regulator and is ready to assume oversight, the relevant DisCo is required to incorporate a SubCo under CAMA. This subsidiary is to be established within two months of NERC receiving the State's notification. All assets and liabilities associated with distribution activities within that State must be transferred to the SubCo.

In March 2025, NERC issued the Order on the Delineation of Assets and Liabilities of Distribution Licensee (the **Delineation Order**). The Delineation Order sets out, in clear terms, how each DisCo must unbundle, apportion and legally transfer its assets, liabilities, employees and contractual obligations to newly created state-specific subsidiaries. The Order provides a uniform methodology for this delineation exercise across all DisCos. Physical distribution assets, such as 11kV and 33kV lines, injection substations, distribution substations, transformers, and associated infrastructure are to be allocated strictly on the basis of their geographic location. Where assets straddle multiple States, such as feeder lines that cross boundaries, the Delineation Order provides for apportionment based on physical presence within each State. In the same way, customer receivables and other operational inputs are transferred to the SubCo based on the State in which the revenue arises or the obligation is incurred.

Liabilities, whether financial or operational, follow the same logic. Contractual obligations, regulatory dues, employment responsibilities, and other liabilities linked to activities within the State must be moved to the SubCo. Meanwhile, assets that serve the entire distribution network, such as head-office systems, ICT infrastructure, corporate buildings and centralised operational equipment remain with the original DisCo (the HoldCo). These shared assets can continue to be used by the SubCos through formalised shared-services arrangements, preserving operational efficiency while ensuring legal separation.

The Delineation Order also provides that the Meter Acquisition Fund (MAF) balances are to be allocated among SubCos in proportion to each State's share of energy offtake, ensuring that States receive funding that is fairly tied to their consumption needs. Contingent assets or liabilities, such as judgments or unresolved legal claims, are to be allocated only upon crystallisation, subject to NERC's approval. Once a DisCo completes the transfer of assets and liabilities and the SubCo is licensed by the State regulator, NERC's regulatory oversight in that State immediately ceases. From that point, the SubCo is no longer subject to NERC licensing requirements or obligations but exclusively regulated by the State regulator. NERC's role becomes limited to inter-state distribution, system operations, and any electricity activities that relies on the national grid.

The Delineation Order has restructuring consequences for the DisCos. For example, IBEDC will need to carve out specific State-level subsidiaries for Oyo, Ogun, Kwara, Osun and parts of Kogi; EEDC for the five South-East States; and PHED for Rivers, Bayelsa, Cross River and Akwa Ibom, subject to the pace at which each State is ready to assume regulatory authority. As each State establishes its regulator and triggers the transfer process, the corresponding DisCo must operationally and legally split its network.

This Order creates clarity and predictability for investors, regulators, and policymakers. It ensures that SubCos will have clean, State-specific balance sheets, with transparent asset registers and liability profiles. This is particularly important for States that intend to raise financing for network expansion, procure private investment through concessions or public-private partnerships (PPPs), or establish electrification funds. With delineation, a lender or investor can now assess risk and creditworthiness on a State-by-State basis, rather than dealing with the opacity of a multi-state DisCo's historical structure. The Order also presents operational and legal complexities. The delineation and transfer of assets and liabilities must be properly documented to avoid disputes. Our detailed review of the Order is available in our publication via Insights on the NERC Delineation Order: Navigating the Transition in Nigeria's Electricity Market - The Estero

55. *Nigerian Electricity Regulatory Commission, 'BEDC Order on Delineation of Assets & Liabilities' (NERC, 25 July 2025) <https://nerc.gov.ng/media/bedc-order-on-delineation-of-assets-liabilities/> accessed 3 December 2025*
56. *Nigerian Electricity Regulatory Commission, 'IE Order on Delineation of Assets & Liabilities' (NERC, 25 July 2025) <https://nerc.gov.ng/media/ie-order-on-delineation-of-assets-liabilities/> accessed 3 December 2025*
57. *Nigerian Electricity Regulatory Commission, 'EEDC Order on Delineation of Assets & Liabilities' (NERC, 25 July 2025) <https://nerc.gov.ng/media/eedc-order-on-delineation-of-assets-liabilities/> accessed 3 December 2025*
58. *Nigerian Electricity Regulatory Commission, "PHED Order on Delineation of Assets & Liabilities" (NERC, 25 July 2025) <https://nerc.gov.ng/media/phed-order-on-delineation-of-assets-liabilities/> accessed 3 December 2025*
59. *Nigerian Electricity Regulatory Commission, "KEDCO Order on Delineation of Assets & Liabilities" (NERC, 25 July 2025) <https://nerc.gov.ng/media/kedco-order-on-delineation-of-assets-liabilities/> accessed 3 December 2025*
60. *Nigerian Electricity Regulatory Commission, "KAEDCO Order on Delineation of Assets & Liabilities" (NERC, 25 July 2025) <https://nerc.gov.ng/media/kedco-order-on-delineation-of-assets-liabilities/> accessed 3 December 2025*
61. *Nigerian Electricity Regulatory Commission, "JEDC Order on Delineation of Assets & Liabilities" (NERC, 25 July 2025) <https://nerc.gov.ng/media/jedc-order-on-delineation-of-assets-liabilities/> accessed 3 December 2025*
62. *Nigerian Electricity Regulatory Commission, "IBEDC Order on Delineation of Assets & Liabilities" (NERC, 25 July 2025) <https://nerc.gov.ng/media/ibedc-order-on-delineation-of-assets-liabilities/> accessed 3 December 2025*

NERC Net Billing Regulations[63]

In 2025, NERC, in exercise of its powers under Section 226 of the Electricity Act issued the Draft Net Billing Regulations (the **Draft Regulations**). The Draft Regulations represent a significant step towards establishing a clear and standardised framework for the integration of decentralised renewable energy systems into the national grid. It aims to create a regulatory framework for integrating consumer-owned renewable energy systems, particularly solar photovoltaic installations, into the national grid. This framework is borne out of the reality that a significant number of Nigerian consumers who rely on self-generated electricity now produce more electricity than they require, resulting in excess generation that ultimately goes to waste. Thus, this framework allows consumers referred to as "Prosumers" to generate electricity for their own use and inject surplus power into the grid for credit-based compensation, enhancing decentralised energy production and supporting sustainable electricity supply.

The objective of the Draft Regulations include

empower Prosumers to generate and export surplus energy;

provide a transparent, fair mechanism for compensation;

ensure grid safety, operational reliability, and compliance with technical standards; and

promote investment in distributed renewable energy while balancing interests of Prosumers and DisCos.[64]

The Draft Regulations is designed to be applicable to renewable energy systems (RES) connected to a distribution network with capacities between 50kWp and 5MWp per user are eligible to participate. The aggregate RES injection into a DisCo network cannot exceed 30% of the network's average load. DisCos must enter into Net Billing Arrangements (**NBA**) on a first-come, first-served, non-discriminatory basis.

The Draft Regulations also sets out the application procedure to be follows by Prosumers who wish to connect with a RES. The DisCos are required to publish the application procedure including eligibility criteria and the tariff structure at their offices and on their websites.

The Draft Regulation also establishes the technical and operational standards that every RES must satisfy to qualify for connection to the distribution network. The primary objective of these technical standards is to ensure the safety, stability, and reliability of the power grid. Also contained in the Draft Regulations are detailed provisions on tariff calculation and billing procedures, as well as guidelines for situations where a Prosumer vacates the premises in which a net billing system (NBS) is installed.

Under the Draft Regulations the DisCos are responsible for maintaining an up-to-date, publicly accessible register of all Prosumers. DisCos are also required to submit quarterly reports to NERC detailing the number of NBS installed, their capacities, and the corresponding energy flow.[65] Where disputes arise in relation to the Parties, the Draft Regulations prescribe that such dispute shall, in the first instance, be resolved by the parties through mutual negotiations within thirty (30) days from the date the dispute arises. Where the parties are unable to reach a resolution within this period, the matter shall be referred to NERC for final adjudication.[66]

We look forward to the finalisation and implementation of the Draft Regulations as Nigeria continues its journey towards a decentralised and reliable electricity market.

Olaniwun Ajayi LP's comprehensive review of the Draft Regulations can be accessed through this link: OALP Newsletter on the Draft Net Billing Regulations 2025

63. Nigerian Electricity Regulatory Commission (NERC), 'Request for Comments on the Draft Net Billing Regulations' (NERC, 4 September 2025) <https://nerc.gov.ng/media/request-for-comments-on-the-draft-net-billing-regulations/> accessed 3 December 2025
64. Draft Regulations, Section 3
65. Draft Regulations, Section 13
66. Draft Regulations, Section 14

NERC Regulations on the Procedure for Tarriff Reviews in NESI 2025

The confrontation between the NERC and the EERC over the "Band A" tariff order represents the first major regulatory stress test of Nigeria's decentralised electricity framework under the EA. The controversy did not merely reflect a disagreement over tariff pricing; it exposed deeper constitutional, economic, and market coordination challenges arising from the transition from a NERC regulated electricity market to a multi-level regulatory ecosystem.

The roots of the tariff dispute lie in structural changes to Nigeria's electricity sector. Following constitutional amendments and enactment of the EA, States have authority to regulate intra-state electricity distribution markets. Under this framework, State regulators can now license distribution companies operating solely within a State and determine tariffs for such State-level electricity distribution services.

For Enugu State, regulatory oversight of its electricity market was formally ceded by NERC to EERC by the NERC transfer order effective May 1, 2024[67]. With that devolution of responsibility, EERC issued a new tariff order (Order No. EERC/2025/003) to MainPower Electricity Distribution Limited (MEDL), SubCo to EEDC. Under the order, the tariff for "Band A" customers were slashed from ₦209/kWh to ₦160.4/kWh, with tariffs for lower bands (B–E) frozen. EERC justified the reduction as "cost-reflective," arguing that federal subsidies on generation costs reduce the actual cost of supply, and that the adopted 2024 tariff methodology supports the adjustment[68].

On its face, this appeared aligned with the logic of decentralized regulation: the state regulator exercising its tariff-setting powers for a state-based licensee. But it quickly exposed deep faultlines in how to reconcile state autonomy with national grid dependencies, sparking a conflict between EERC and NERC, and raising fundamental questions about regulatory jurisdiction. Under the EA, states are allowed to regulate intrastate electricity markets while NERC retains authority over the national grid which includes the wholesale of electricity costs and the overall market's cost-recovery framework. When EERC unilaterally reduced retail tariffs, it ignored the embedded wholesale costs. This meant that consumers in Enugu would pay less than the cost of generating the power. Consequently, the DisCo would still owe payments for electricity purchased from the national grid at NERC-approved rates.

Shortly after the tariff order was announced by EERC, NERC issued a public statement rejecting it. The NERC asserted that EERC lacked the authority to set tariffs for electricity supplied via the national grid. NERC argued that wholesale generation and transmission costs remain under NERC oversight. It maintained that state regulators, when designing end-user tariffs, must holistically incorporate the wholesale costs of grid supply without any qualification or deviation.

Further, NERC warned that unilateral tariff reductions risk distorting the market economics, undermining cost-recovery for generation and distribution companies, and destabilising the national electricity supply industry (NESI). It also indicated that, save adequate subsidies, any deviation from cost-reflective tariffs could necessitate policy intervention or compensation to cover tariff shortfalls.

Under the EA, states are allowed to regulate intrastate electricity markets while NERC retains authority over the national grid which includes the wholesale of electricity costs and the overall market's cost-recovery framework.

67. *Editorial, 'Nigeria's electricity market puzzle' Punch (Lagos, 12 September 2025) <https://punchng.com/nigerias-electricity-market-puzzle/> accessed 3 December 2025*
68. *Enugu State Government, 'Enugu Electricity Regulatory Commission Issues New Tariff, Crashes Band A from N209 to N160 Per Kwh' (Enugu State Government, 20 July 2025) <https://enugustate.gov.ng/2025/07/20/enugu-electricity-regulatory-commission-issues-new-tariff-crashes-band-a-from-n209-to-n160-per-kwh/> accessed 3 December 2025; Leadership (Nigeria), 'EERC Slashes Band A Tariff From N209 To N160 Per kWh' Leadership (online) (4 months ago) <https://leadership.ng/eerc-slashes-band-a-tariff-from-n209-to-n160-per-kwh/> accessed 3 December 2025.*

EERC, for its part, insisted that its tariff order was lawful, justifiable, and rooted in a detailed cost review. EERC placed reliance on its 2024 Tariff Methodology Regulation, which EERC applied to MEDL's cost and license data to arrive at a "cost-reflective" tariff. EERC argues that federal subsidies on generation substantially reduce the real cost of supply. EERC views the tariff reduction as a matter of public policy and consumer protection, especially for "Band A" customers that often bear the highest charges under cost-reflective regimes. By lowering rates, EERC seeks to ease electricity costs for major consumers, presumably stimulating economic activity, reducing operating costs for businesses, and aligning with the broader goal of affordable electricity by the State. EERC's proponents including a number of other state regulators via Forum of Commissioners of Power and Energy in Nigeria (FOCPEN)[68] have backed the decision, framing it as a legitimate exercise of state regulatory powers under the Constitution and EA.

The tariff cut precipitated swift and painful consequences. According to media reports, the SubCo (MEDL) and its upstream supplier, EEDC announced reductions in electricity supply — in some cases by as much as 50 percent. This led to widespread blackouts across Enugu State, undermining the benefits of the lower tariff and inflicting hardship on consumers. According to DisCos, if other States implement similar tariff reductions, it may lead to blackouts leading to the customers resisting to pay their bills.

GenCos also objected to the tariff reduction, arguing that it deepens existing debt burdens (which already run into trillions of Naira), undermines their ability to service legacy obligations, and erodes investor confidence.

The dispute between NERC and EERC, beyond its immediate impact on Enugu, casts a long shadow over Nigeria's broader electricity reform and decentralisation agenda.

Several implications stand out:

A

Limits of State Autonomy in Practice:

While states now have regulatory authority over distribution, practical realities, notably dependence on a national grid, NERC licensed GenCos and TCN, limit how far they can deviate from the NERC tariff structure. State tariff orders cannot ignore the wholesale costs and legacy obligations embedded in NESI's structure.

B

Risk to Market Stability & Debt Sustainability:

Uncoordinated tariff reductions risk undermining cost-recovery, worsening the liquidity crisis in the sector, and discouraging investment in generation, transmission, and distribution infrastructure, especially as many players are already carrying heavy legacy debts.

C

Need for Harmonised Regulatory Frameworks:

The dispute reveals a gap in the post-EA-decentralised architecture: absence of a harmonised national-state tariff design framework. Without coordination, each SERC may try to adopt divergent tariff methodologies, increasing regulatory arbitrage, investor uncertainty, and market fragmentation.

D

Tension between Consumer Affordability and Financial Viability:

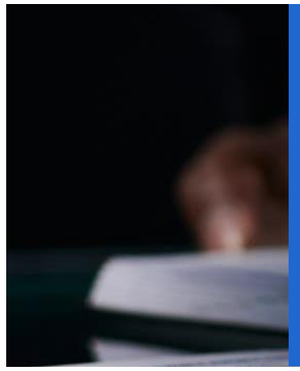
While lower tariffs are desirable for consumers and may stimulate local economic activity, tariff must be balanced against the need for financial viability across the electricity value chain. Subsidy assumptions, especially if subsidies are not guaranteed or cash-backed, can create unsustainable structural distortions.

E

Potential for Precedent:

Other states may try to replicate Enugu's tariff cut, leveraging State regulatory authority to deliver populist price reductions. If many States act similarly, it could destabilise the entire national market, unless there is an overarching mechanism to ensure cost recovery, subsidy funding, or compensation for shortfalls.

The Enugu "Band A" saga should be viewed as a warning shot: decentralisation without coordination may fragment Nigeria's electricity sector.



Licensees are required to submit annual compliance reports endorsed by the board chairman and company secretary, affirming either full compliance or providing justifications for any deviations

Code of Corporate Governance for NESI 2025.[69]

Since its inception, the NESI has undergone significant regulatory, structural, and institutional reforms aimed at improving operational efficiency, transparency, and sustainability. Persistent challenges, including underinvestment, operational inefficiencies, and inadequate infrastructure, have been compounded by systemic governance weaknesses such as weak internal controls, financial mismanagement, and lack of transparency. To address these issues, the NERC, under its powers pursuant to the EA, issued the NESI Code of Corporate Governance (NESI Code) on 30 May 2025.

The NESI Code establishes comprehensive, sector-specific governance standards designed to reinforce accountability, transparency, fairness, ethical leadership, board independence, investor confidence, and stakeholder engagement across all licensed entities in the NESI. The NESI Code introduces a principles-based governance framework, structured around nine (9) core principles, namely accountability, fiduciary responsibility, ethical conduct, fairness, transparency, reputational management, stakeholder relationships, and independence of judgment.

Compliance with the code is mandatory, with non-adherence subject to sanctions by NERC. Licensees are required to submit annual compliance reports endorsed by the board chairman and company secretary, affirming either full compliance or providing justifications for any deviations. The NESI Code also establishes a “fit and proper” framework for executive management and directors, detailing position-specific education, professional qualifications, managerial experience, and personal attributes to ensure capable and ethical leadership.

Significant governance provisions include prescribed board composition, mandatory committees, and limitations on multiple directorships. Large licensees are required to maintain a minimum of seven directors, with the majority being non-executive directors and a minimum of two independent directors, while smaller entities follow CAMA provisions. Directors are subject to a maximum cumulative tenure of twelve years, and CEOs are limited to ten years, with the intent of promoting succession and new perspectives while raising concerns about potential loss of institutional knowledge. Mandatory board committees include the Audit Committee, Regulatory Compliance and Risk Management Committee, and the Governance, Remuneration and Nomination Committee. Related-party transactions must be disclosed and reviewed by the Audit Committee, while whistleblowing mechanisms are encouraged to ensure protection and accountability.

While the NESI Code represents a shift from voluntary guidance to binding regulatory obligations, some ambiguities remain. These include, the classification of large versus small companies, subjective criteria for executive fitness, and potential regulatory fragmentation between federal and state-level electricity markets. Additionally, the imposition of strict tenure limits with respect to Directors and CEO raises questions regarding continuity, technical expertise retention, and investment incentives. Addressing these areas through clearer definitions, measurable benchmarks, and alignment with existing governance standards will be critical to ensuring that the NESI Code achieves its goal of embedding robust corporate governance and enhancing sectoral stability.

Our review of the NESI Code can be accessed via NERC Code of Corporate Governance for the Nigerian Electricity Supply Industry

69. *Code of Corporate Governance for the Nigerian Electricity Supply Industry 2025*

Guidelines on the Registration and Engagement of Third-party Collection Service Providers by Electricity Distribution Companies.[70]

In line with Nigeria's cashless policy, the NERC in 2010 issued Order No. NERC/183/2019 (Cashless Policy Order), mandating all DisCos to adopt cashless billing/collection. Industrial and commercial customers were to transition by 31 January 2020, while R3 residential customers were to transition by 31 March 2020. The Cashless Policy Order required all collection agents and service providers engaged by DisCos to be registered with NERC and CBN, however the Cashless Policy Order was difficult to implement due to lack of a detailed registration procedure. In order to address this gap, NERC issued Guidelines on Registration and Engagement of Third-Party Collection Service Providers (Guidelines) on 27 May 2025.

The Guidelines aim to provide guidance to DisCos on registration of third-party collection agents (CSPs) and applicable service charges. They promote transparency and accountability in revenue collection, standardize engagement of CSPs, enhance revenue collection in the NESI, ensure efficient revenue collection contracts, and minimize revenue loss from unregulated collection activities. CSPs are entities engaged by DisCos via a valid contract to collect revenue from electricity sales. Their obligations include remitting collected revenue to dedicated transaction accounts and being entitled to commission, as defined in the Guidelines.

The minimum requirements for registration and approval by NERC include a valid CBN license or permit, an executed contract with the DisCo, certificate of incorporation, banker reference letter, tax clearance certificate for the last three years, VAT registration certificate, list of sub-agents if any, software application integration agreement with NIBSS, and payment of a non-refundable registration fee of ₦100,000.

Collection Channels & Commission Rates[71]

Channel	Maximum Rate	Cap per Transaction (₦)
USSD ≤ ₦5,000	₦20	20
USSD ≥ ₦5,000	₦50	50
Banking Services (Switching Companies)	0.75%	1,000
NIBSS Web Central Pay	1.25%	1,000
ATM	1.25%	2,000
Mobile Payment Services (Wallet)	1.10%	2,000
Web/Internet/Chat/IVR/Payout/Mobile	1.50%	2,000
VAN	2.00%	2,000
Agency (POS/Cash/Vending)	1.50–2.00%	2,000
Rural Services	3.25%	2,000

70. *Guidelines on Registration and Engagement of 3rd-Party Collection Service Providers*
71. *They remain in force until amended by NERC*

The Guidelines further provide that all contracts executed between CSPs with DisCos require NERC approval and registration. Notably, existing contracts executed by CSPs must be regularized within ninety (90) days of the issuance of the Guidelines. Generally, such collection service contracts must be prefunded, include Key Performance Indicators (KPIs), and specify transaction account details. The Guidelines also stipulate CSPs cannot claim commissions from collections from Maximum Demand (MD) customers.

The Guidelines enhance operational performance and mitigate cash collection risks. They address revenue leakage and arbitrary commission charges. The requirement for dedicated accounts ensures better visibility of revenue collected. The Guidelines facilitate investment and infrastructure improvement by DisCos and strengthen compliance with Principal Collection Account[72] (PCA)/Secondary DisCo Account Escrow Arrangements (SAEA) frameworks for financial oversight.

Low Micro-Insurance Penetration

Interaction with NERC and CBN may be bureaucratic. NERC and CBN should streamline processes.

Commissions must be cost-reflective to attract CSPs, and periodic review is recommended. The exclusion of MD customer collections should be reconsidered.

Greater clarity is needed on responsibility and safeguards to protect DisCos from financial risk. Contracts should include performance guarantees for CSPs.

Olaniwun Ajayi LP's review and comments on the Guidelines can be accessed here: Guidelines on the Registration and Engagement of Third-party Collection Service Providers by Electricity Distribution Companies.

70. *Guidelines on Registration and Engagement of 3rd-Party Collection Service Providers*
71. *They remain in force until amended by NERC*

Order of Mandatory Implementation of Free Governor Control[73]

The instability of the national grid continues to be a significant clog in the wheel of Nigeria's journey towards the development of the electricity sector. Over the course of the past year, NERC reported that the national grid experienced eight (8) system disturbances in 2024, consisting of five (5) total grid collapses and three (3) partial system events. TCN stated that a major cause of these incidents was the failure of some GenCos to comply with the requirements of the Grid Code. These incidents emphasise the need for regulatory intervention. Accordingly, NERC introduced an Order on the Mandatory Implementation of Free Governor Control (FGC) (the **FGC Order**).

The FGC Order establishes a framework to enhance the reliability and stability of Nigeria's power grid. It mandates all grid-connected generating units to install, activate, and operate fast-acting FGC systems by 30 November 2025, ensuring compliance with sections 12.6.2 and 15.8.3 of the Grid Code. GenCos are also required to provide Grade Level 5 Internet of Things-enabled metering systems capable of measuring active and reactive power, voltage, frequency, and power factor, with readiness communicated to the NISO by 31 October 2025.

NISO is responsible for integrating these metering systems, monitoring real-time FGC operation, maintaining hourly compliance records, and submitting monthly compliance reports to the NERC. Non-compliant GenCos face penalties of 10% of the invoiced amount for each defaulting unit and disconnection of units exceeding ninety (90) consecutive days of FGC non-compliance, with reconnection only after certification of compliance. Penalties collected are remitted to the Ancillary Service Account, and the NISO oversees invoicing, payment, and dispute resolution related to non-compliance.

Order on the Operationalisation of Tranche B of Meter Acquisition Fund.[74]

NERC issued an Order to operationalise Tranche B of the Presidential Metering Initiative (PMI) under the MAF framework, aimed at accelerating nationwide metering and closing Nigeria's metering gap of more than seven million customers. The order approves NGN 28 billion for DisCos, proportionally allocated to enable the metering of all outstanding Band A customers and expand coverage to Band B customers, with all meters provided at no cost to consumers. It mandates a transparent procurement by DisCos within ten days from the effective date conduct a transparent procurement process for the selection and execution of a contract with Meter Asset Providers (MAP) with verified and ready-for-deployment meter stock for the metering of end-use customer meters under the MAF scheme.

Meter Asset Provider must meet a minimum thirty percent (30%) local content requirement, hold valid permits, and deploy certified Meter Service Providers (MAPs).

Upon NERC's "No-Objection," MAPs are required to deliver all contracted meters within seven days, after which sixty percent (60%) of the contract sum is released following verification through Store Receipt Vouchers, and the balance forty percent (40%) upon confirmed installation. A five percent (5%) performance bond is required from MAPs, while DisCos must ensure KYC accuracy, network readiness, and NEMSA-certified installation processes. Delays caused by DisCos, such as incomplete customer data or unavailable network access attract penalties equivalent to the cost of uninstalled meters, deductible from their approved administrative operations expenses.

The order also imposes extensive reporting obligations: quarterly fund performance reports and a risk management report from the fund manager, meter deployment plans and monthly installation reports from DisCos, and weekly progress updates from MAPs, with DisCos additionally required to submit audited MAF financials. DisCos must verify customer premises readiness and bear the cost of relocating connection points where necessary for safety or revenue protection. All installations under Tranche B must be completed by 31 December 2025, supported by real-time software application integration between DisCos and the fund manager for transparent activation data, and all contracts must be filed with NERC in line with governance, ethical, and compliance standards.

73. *Order on the Mandatory Implementation of Free Governor Control (FGC), Order No: NERC/2025/094*
74. *Order on the Operationalisation of "Tranche A" of the Meter Acquisition Fund (MAF), Order No: NERC/2024/072*

Order on Performance Improvement Plan for TCN[75]

NERC issued the Performance Improvement Plan (PIP) in 2025 to address persistent operational weakness in the management of Nigeria's transmission network and system operations.

The PIP for the TCN and the NISO provides a roadmap to enhance service delivery, optimise capital expenditure, strengthen human capital, and improve system operations across the NESI. The updated PIP follows NERC's 2022 Guidelines and the 2023 Mandatory Filing Order on annual expenditure plans and capital projects exceeding ₦5 billion or variations above fifteen percent (15%). A review of the 2024 PIP revealed limited project execution, low accrual of funds to the dedicated PIP account, delays in obtaining "No Objection" certificates from the Bureau of Public Procurement, and the need for prioritisation of high-impact projects to improve grid reliability and visibility.

The PIP classifies projects into three categories: DisCo Prioritised Transmission Projects, TSP Priority Projects, and NISO Priority Projects, with a total investment of NGN 29.72 billion for critical NISO projects over 2025–2027. Funding sources include tariff revenue ring-fenced in dedicated accounts, the Transmission Infrastructure Fund (TIF), FG appropriation, PPI, Central Bank of Nigeria (CBN) and donor or other funds such as World Bank (WB), Japan International Cooperation Agency (JICA), Africa Development Bank (AFDB), French Development Agency (AFD).

TCN and NISO are required to prioritise these projects, maintain dedicated PIP accounts, seek NERC's "No Objection" for project awards and disbursements, and adopt competitive bidding and prequalification of OEMs for lines and substation projects. NGN 25.03 billion has been allocated to a SCADA Project Implementation Account to ensure completion of ongoing SCADA projects. Annual PIP updates are required to reflect evolving investment priorities, revenue requirements, and tariff reviews. Unutilised or imprudently spent CAPEX will be clawed back in subsequent tariff reviews.

Order on Mandatory Integration of GenCos to SCADA.[76]

On 22 May 2025, NERC issued the Order on the Mandatory Integration of Grid-Connected Generating Units into the new SCADA/EMS for the NESI (the **SCADA Order**), requiring all grid-connected GenCos to fully integrate their generating units into the TCN new Supervisory Control and Data Acquisition/Energy Management System (SCADA/EMS) by 31 December 2025. The directive aims to strengthen real-time grid visibility, improve system reliability, and enforce strict compliance with the Grid Code.

The SCADA Order, issued under NERC's powers in the EA, builds on Sections 12.2 and 20.16 of the Grid Code, which mandate GenCos to provide real-time operational data and maintain seamless communication with the NISO for effective grid management. According to the NERC, the ongoing SCADA/EMS and telecommunications upgrade by TCN has reached a stage where generation units must now be incorporated to ensure a fully functional national system.

Under the new framework, GenCos must transmit real-time data, including active and reactive power, voltage, frequency, circuit breaker status, and fault alarms directly to the National Control Centre. They are also required to install compliant field devices, upgrade communication infrastructure at their own cost, establish secure links with the control centre, and complete all testing and validation with NISO before the deadline. NISO will supervise the integration process and submit monthly compliance reports to NERC.

To enforce the SCADA Order, NERC approved stiff penalties for defaulting operators. GenCos that fail to meet the integration deadline will incur a one percent (1%) penalty on their total monthly energy invoice for each month of non-compliance. Persistent defaulters whose units fail to transmit real-time data or respond to supervisory control commands risk disconnecting from the national grid until NISO certifies full compliance. All penalties will be deducted during monthly market settlements and remitted to the ancillary services account (ACA). NERC stated that the measure is critical for improving grid stability, reducing disturbances, enhancing automated load dispatch, supporting accurate market settlement, and enabling efficient operations in Nigeria's evolving multi-tier electricity market.

73. *Order on Performance Improvement Plan ("PIP") for the Transmission Company of Nigeria Plc ("TCN") and the Nigerian Independent System Operator ("NISO") 2025; ORDER/NERC/2025/043*
74. *Order on The Mandatory Integration of Grid-Connected Generating Units into the new SCADA/EMS for the NESI; Order No: NERC/2025/057*

Amended Order on Unauthorised Access, Metre Tampering and Bye-Pass.[78]

The amended order on unauthorised access, meter tampering, and by-pass aims to mitigate unauthorised electricity access, meter tampering, and bypass, while establishing clear guidelines for reconnection, customer accountability, and compensation. DisCos are authorised to disconnect unauthorised connections without notice and may reconnect customers only after payment of administrative charges, reconnection fees, and any loss of revenue incurred. Charges vary by customer class, with Maximum Demand (MD) meters attracting higher penalties based on a percentage of the customer's last authorised consumption.

The order mandates DisCos to compensate customers for delayed reconnections exceeding forty-eight (48) hours and to back-bill for all unauthorised electricity consumption at prevailing tariffs. DisCos are required to maintain separate accounts for unauthorised access-related payments, submit monthly reports to the NERC, and strictly follow standard operating procedures for detecting and investigating unauthorised access. These procedures include data analysis, surveillance, field inspections, meter integrity tests, witness interviews, and the use of advanced metering technologies. DisCos are required to issue disconnection notices when tampering or bypass is confirmed, enforce penalties, take legal action where necessary, and collaborate with law enforcement to ensure compliance. The order reinforces customer protection, revenue accountability, and regulatory oversight in the NESI.

NERC Sanctions 8 DisCos on the Non-Implementation of Estimated Bill Cap.[77]

The NERC sanctioned eight electricity distribution companies (DisCos) for failing to comply with the approved monthly energy caps for unmetered customers from July to September 2024. The DisCos include AEDC, EKEDC, EEDC, IKEDC, JEDC, KEDCO, KAEDCO, and Yola Electric Distribution Company (YEDC). According to NERC, these operators breached the energy cap framework designed to prevent unfair billing of unmetered customers and ensure transparency in energy consumption estimations. Following its review, NERC imposed fines totalling over N628 million on the defaulting DisCos. In addition, all affected customers must receive appropriate credit adjustments no later than May 15, 2025. This serves as a warning that non-compliance with tariff rules and consumer-billing standards will continue to attract firm regulatory action.

77. *Nigerian Electricity Regulatory Commission (NERC), 'NERC Sanctions 8 DisCos for Non-Compliance with Estimated Bill Caps' (10 April 2025) <https://nerc.gov.ng/media/nerc-sanctions-8-discos-for-non-compliance-with-estimated-bill-caps/> accessed 3 December 2025*
78. *Amended Order on Unauthorised Access, Meter Tampering and By-Pass; Order No: NERC/2024/148*

Customer Bill of Rights and Obligation.[79]

The customer bill of rights and obligations was issued by NERC on 12 February 2025. This document sets out the rights of electricity consumers and their corresponding responsibilities within the NESI.

The document summarises the existing framework under the EA and the Customer Protection Regulations (CPR 2023) for the protection and empowerment of customers in the NESI.

Customers have the right to access reliable electricity, receive accurate metering and billing, obtain transparent information, be treated fairly, and have their personal data protected. They are entitled to reliable service, prompt resolution of outages, consumer education, and protection from fraudulent practices. Customers are obligated to pay bills on time, provide access for meter installation and maintenance, supply accurate information, pay final bills before vacating premises, and provide required materials for connections. They must cooperate with DisCo staff, communicate concerns, implement safety measures, conserve energy, comply with regulations, avoid unauthorized use or meter tampering, and notify DisCos upon moving into or out of premises. Reporting incidents such as outages or hazards is also required. These rights and obligations foster a collaborative relationship between customers and service providers, promote efficiency and safety, and ensure accountability and transparency in electricity supply.

NERC Celebrates 20th Anniversary.[80]

NERC celebrated two decades of regulating and shaping the NESI. This milestone shows NERCs growth from overseeing the unbundling and privatisation of the power sector and guiding the NESI through different stages, including the Interim and Transition Electricity Markets.

To mark its 20th anniversary, NERC hosted a series of events designed to showcase its achievements, engage stakeholders, and discuss the future of electricity regulation in Nigeria. The activities brought together representatives of government institutions, industry participants, development partners, and consumer groups to review progress in the sector and strengthen collaboration.

In the post-decentralization landscape, NERC will continue to regulate the national grid, transmission infrastructure, cross-border electricity trade, and interstate distribution. NERC will also regulate technical and market standards across the country.

As the NESI transitions toward decentralised State electricity markets, the need for coherent national standards and effective oversight remains critical to achieving Nigeria's electricity policy objectives. NERC's institutional depth and regulatory experience place it in a strong position to provide leadership in this new phase. While the coming decade will test the NERC's adaptability, it also presents an opportunity for NERC to consolidate its role as a central pillar of Nigeria's evolving electricity market.

NERC Board Reconstituted[81]

The governing body of NERC was reconstituted in December 2025 by President Bola Ahmed Tinubu, in furtherance of the powers conferred on the President under the EA.

Section 35 of the EA empowers the President to appoint the commissioners of NERC (from which the Chairman and Vice Chairman shall be selected) subject to the confirmation of the Senate. The President's nominees were confirmed by the Senate on 16 December 2025.

Following the confirmation, NERC is now led by Dr. Musiliu Olalekan Oseni as Chairman, Dr. Yusuf Ali as Vice Chairman, supported by Mr. Nathan Rogers Shatti, Mr. Dafe Akpeneye, and Aisha Mahmud Kanti Bellow, as second term commissioners, as well as Dr. Chidi Ike and Dr. Fouad Animashaun as first term commissioners.

The reconstitution of the governing body is coming at a pivotal moment in the EA era as the regulatory framework continues its evolution into a decentralised system with an impending amendment to the EA.

79. *BEDC Electricity Plc, 'Customer Bill of Rights and Obligations' (14 February 2025) <https://beninelectric.com/customer-bill-of-rights-and-obligations/> accessed 3 December 2025*
80. *Nigerian Electricity Regulatory Commission (NERC), 'NERC Marks 20 Years of Regulating and Advancing Nigeria's Electricity Sector' (29 October 2025) <https://nerc.gov.ng/media/press-release-nerc-marks-20-years-of-regulating-and-advancing-nigerias-electricity-sector/> accessed 3 December 2025*
81. *Bayo Onanuga, 'President Tinubu Reconstitutes the Board of the Nigerian Electricity Regulatory Commission' (State House, Abuja, 18 December 2025 https://statehouse.gov.ng/president-tinubu-reconstitutes-the-board-of-the-nigerian-electricity-regulatory-commission/ accessed 29 December 2025*

PART 03

MARKET DEVELOPMENTS – GENERAL, GENERATION, TRANSMISSION AND DISTRIBUTION

GENERATION

PRESIDENTIAL POWER SECTOR DEBT REDUCTION PLAN (PPSDRP)

In 2025, the Federal Government launched a ₦4 trillion Presidential Power Sector Debt Reduction Plan aimed at restoring liquidity and investor confidence in Nigeria's electricity market. Approved by President Bola Ahmed Tinubu and endorsed by the Federal Executive Council (FEC) in August 2025, the initiative authorises the issuance of government-backed bonds to settle verified arrears owed to GenCos and gas suppliers. The long-awaited intervention targets a legacy debt overhang that has constrained investment, weakened utility balance sheets, and undermined reliable power delivery for years. Special adviser to the President on Energy, Olu Verheijen, emphasised that addressing liquidity alone was not enough, highlighting the need to modernise the grid, improve metering and tariff alignment, enhance subsidy targeting, and build regulatory trust to attract large-scale private investment.

According to the PPSDRP implementation framework agreed between the Federal Government and GenCos, the ₦4 trillion bond programme will be issued in tranches under a multi-instrument issuance programme guaranteed by the Federal Government through the NBET Finance Company Plc, a special purpose vehicle sponsored by Nigerian Bulk Electricity Trading Plc (NBET). The first tranche — a ₦590 billion Series 1 Power Sector Bond — opened for investor subscription in December 2025 and is scheduled to close on 30 December 2025. The bond issuance is supported by sovereign guarantees, Central Bank of Nigeria liquidity status, and eligibility for pension fund investment, and is intended to settle longstanding verified debts and rebuild liquidity in the sector. The roll-out of the bond offer aims to address legacy debt accrued between February 2015 and March 2025 while boosting investor confidence in the electricity market.

The plan comes against a backdrop of persistent operational inefficiencies. According to NERC's September 2025 operational performance factsheet, Nigeria's grid operated at only 38 percent plant availability, with an average of 5,200 MW available for dispatch out of 13,625 MW installed capacity. Despite this, the average load factor stood at 78 percent, indicating that 4,091 MWh/h of available generation capacity was utilised. Leading energy producers for the period included Zungeru, Egbin, Kainji, and Jebba, which collectively contributed the bulk of the nation's power supply.

The PPSDRP is a step toward stabilising Nigeria's electricity market and unlocking the long-suppressed potential of the sector. By addressing the legacy debt overhang, the initiative is expected to restore confidence among investors, ensure timely payment to GenCos and gas suppliers, and create an enabling environment for new private-sector participation. Beyond the financial intervention, the plan signals a broader commitment to modernising the grid, enhancing regulatory transparency, and promoting sustainable sector reforms.

Olaniwun Ajayi LP acted as solicitor to the issue of the first tranche of ₦590 billion Series 1 PPSDRP bonds, advising on the structuring of the transaction for the settlement of legacy power sector debt, and providing legal guidance on documentation, regulatory compliance, and implementation of the bond issuance.

82. Jeremiah U, 'National Grid Loses 4,091 MWh/H in September' Vanguard News (17 October 2025) https://www.vanguardngr.com/2025/10/national-grid-loses-4091-mwh-h-in-september/ accessed 3 December 2025.

In June 2025, President Bola Ahmed Tinubu commissioned the 180 MW Afam II gas-fired power plant in Rivers State

GENERATION

RECORD POWER GENERATION AND GRID COLLAPSE

In March 2025, Nigeria's power sector achieved a historic milestone as national generation peaked at 6,003 MW, surpassing the Federal Government's long-standing 6,000 MW target.[82] The achievement followed major grid upgrades under the Siemens-funded Presidential Power Initiative, which added new transformers and substations across the country.[83] The TCN also transmitted its highest-ever peak generation of 5,801.84 MW to distribution load centres, a feat hailed by government officials as proof of progress in the power sector.

However, the celebrations were short-lived as the national grid collapsed barely two days after hitting peak generation capacity, with output dropping to about 1,400 MW, thereby further exposing the persistent weaknesses in system stability and load management.[84] Quarterly performance reflected these fluctuations. In Q1 2025, total generation rose by 10.9% to 10,304 GWh compared to the previous quarter, driven by increased output from major thermal and hydro plants such as Delta 1, Geregu 2, Egbin 1, Afam 2, Zungeru, and Kainji.[85] However, by Q2 2025, generation fell to 9,830 GWh, with average hourly output dropping to 4,501 MWh/h.[86] NERC attributed this decline to reduced load offtake by DisCos, which led to 18 plants scaling back operations or shutting down, including Odukpani 1, Geregu 2, Delta 1, Shiroro 1, and Afam 2.

The September 2025 Operational Performance Factsheet published by NERC further underscored the sector's structural challenges, with plant availability at just 38% and an average load factor of 78%. Only about 5,200 MW of the 13,625 MW installed capacity was available, and roughly 4,091 MWh/h was dispatched. Top producers for the quarter included Zungeru, Egbin, Kainji, and Jebba.[87] The Federal Government has set a new generation target of 7,000 MW as part of its plan to strengthen grid reliability and sustain power sector reforms.[88] To achieve 7,000 MW, simply increasing installed capacity will not be sufficient, it is essential to address systemic weaknesses such as legacy debt, high ATC&C losses, transmission infrastructure constraints, and to improve overall plant availability.

GENERATION

COMMISSIONING OF AFAM II POWER PLANT[89]

In June 2025, President Bola Ahmed Tinubu commissioned the 180 MW Afam II gas-fired power plant in Rivers State, marking a major milestone in Nigeria's drive to expand its electricity generation capacity. Developed by First Independent Power Limited (FIPL), a subsidiary of the Sahara Power Group, the plant was inaugurated virtually by the President from Lagos on 4 June 2025.

82. Jeremiah, Kingsley, 'Days after 6,000MW celebration, national grid crashes to 1,400MW' The Guardian Nigeria News (Abuja, 8 March 2025) <https://guardian.ng/news/days-after-6000mw-celebration-national-grid-crashes-to-1400mw/> accessed 3 December 2025
83. Isaac Anyaogu, 'Nigeria's Power Generation Rises 30% as Grid Overhaul Progresses' (Reuters, 6 March 2025) https://www.reuters.com/world/afica/nigerias-power-generation-rises-30-grid-overhaul-progresses-2025-03-06/ accessed 3 December 2025
84. Ibid at 74
85. Emem Udoh, 'Nigeria Records 10.92% Increase in Electricity Generation in Q1 2025' (Nairametrics, 4 July 2025) <https://nairametrics.com/2025/07/04/nigeria-records-10-92-increase-in-electricity-generation-in-q1-2025/> accessed 3 December 2025
86. Waliat Musa, 'Power generation, offtake drop by five per cent as DisCos lose N158 billion' The Guardian Nigeria News (Abuja, 8 October 2025) <https://guardian.ng/business-services/power-generation-offtake-drop-by-five-per-cent-as-discos-lose-n158-billion/> accessed 3 December 2025
87. Ediri Ejoh, 'National Grid Loses 4,091 MWh/h in September' Vanguard News (17 October 2025) <https://www.vanguardngr.com/2025/10/national-grid-loses-4091-mwh-h-in-september/> accessed 3 December 2025.
88. Ruth Okwumbu, 'Power Sector Beats FG's 6,000 MW Target, Minister Gives Condition to Hit 7,000 MW' Legit.ng (6 March 2025) https://www.legit.ng/business-economy/energy/1643861-nigerias-power-sector-finally-surpasses-fgs-6000mw-target-minister-calls-tariff-review/ accessed 3 December 2025.
89. Daniel Abia, 'Tinubu commissions 180 MW power project in Rivers State' Vanguard News (Port Harcourt, 4 June 2025) https://www.vanguardngr.com/2025/06/tinubu-commissions-180mw-power-project-in-rivers-state/ accessed 3 December 2025.

> The Afam II project, described as FIPL's most ambitious undertaking to date

The Afam II project, described as FIPL's most ambitious undertaking to date, represents a landmark public-private partnership (PPP) aimed at improving grid stability and advancing industrial growth. Structured in two phases, the facility adds significant baseload capacity to the national grid and is expected to serve as a model for future investments in Nigeria's power infrastructure.

During the commissioning, President Tinubu emphasised that energy remains "the lifeblood of any modern economy," stressing that private-sector collaboration is vital to resolving the nation's long-standing power challenges.[90] He lauded FIPL's sustained investment and operational excellence, noting that the success of Afam II demonstrates the potential of public-private partnerships in delivering critical national infrastructure.

The new plant is expected to supply electricity to both industrial and residential areas, supporting economic activities across the southern corridor and contributing to national energy security. Industry stakeholders have welcomed the commissioning as a timely and strategic boost to Nigeria's underperforming grid, with the project anticipated to generate thousands of indirect jobs and enhance investor confidence in the power sector.

Private-sector investment is crucial for bridging Nigeria's persistent electricity supply gap and achieving sustainable power sector growth. Projects such as the 180 MW Afam II gas-fired power plant demonstrate how private capital, technical expertise, and operational efficiency can complement public efforts to meet the country's growing electricity demand. Private investors bring not only funding but also performance-driven management, which is essential to optimizing plant operations, reducing downtime, and ensuring reliable power delivery.

GENERATION

STABILISING GENERATION CAPACITY THROUGH MAINTENANCE AND DISTRIBUTED ENERGY INITIATIVES

Nigeria's power sector in 2025 continued to grapple with operational disruptions and plant outages, underscoring the need for sustained maintenance and improved coordination across the value chain. Under the NERC Q2 report, 18 power plants recorded significantly reduced output due to low demand from DisCos and persistent fuel shortages. System frequency and voltage frequently deviated from normal operational bands, reflecting ongoing challenges in grid stability and dispatch management.[91]

In response, the Niger Delta Power Holding Company (NDPHC) unveiled a recovery plan aimed at restoring the 500 MW Alaoji combined-cycle power plant, which had been idle for nearly two years. Managing Director Jennifer Adighije announced that the facility would resume operations by August 2025, adding that NDPHC had already improved plant availability across its other generation assets. The company also emphasised the need for stronger coordination with the NISO and the integration of its facilities into the national SCADA system to enhance grid visibility and control.[92] As at December 2025 NDPHC reportedly injected 345MW of electricity into Nigeria's national grid, including electricity generated from restored previously idle turbines at stations such as the Alaoji power station, thus signalling fresh momentum to address chronic power shortages.[93]

89. Daniel Abia, 'Tinubu commissions 180 MW power project in Rivers State' Vanguard News (Port Harcourt, 4 June 2025) https://www.vanguardngr.com/2025/06/tinubu-commissions-180mw-power-project-in-rivers-state/ accessed 3 December 2025.
90. Jimisayo Opanuga, 'Tinubu Inaugurates 180 MW Afam II Power Facility in Rivers' The Guardian Nigeria News (4 June 2025) https://guardian.ng/energy/tinubu-inaugurates180mw-180mw-afam-ii-power-facility-in-rivers/ accessed 3 December 2025.
91. Tope Sunday, '18 Power Plants Cut Output in Six Months, Says NERC' The Whistler Newspaper (Nigeria, 13 October 2025) https:// thewhistler.ng/18-power-plants-cut-output-in-six-months-says-nerc/ accessed 3 December 2025.
92. Kaduna Electric, 'Alaoji Power Plant Begins Operations next Month – NDPHC' (Kaduna Electric, 17 July 2025) https://kadunaelectric.com/alaoji-power-plant-begins-operations-next-month-ndphc/ accessed 3 December 2025.
93. Nse Anthony-Uko, 'Niger Delta Power Holding Adds 345MW To National Grid' Leadership (online, 13 December 2025) https://leadership.ng/niger-delta-power-holding-adds-345mw-to-national-grid/ accessed 20 December 2025.

Meanwhile, investment momentum in captive and mini-grid generation continued to rise. In Q1 2025, NERC approved 16 captive power generation permits with a combined capacity of 952.64 MW and four mini-grid licences totalling 1,259 MW. These authorisations highlight a growing shift toward decentralised and embedded power solutions, particularly to meet the needs of industrial and rural consumers seeking more reliable electricity supply.[94]

Collectively, these developments signal a gradual transformation in Nigeria's power sector. While systemic challenges remain, the combined efforts of government agencies, independent power producers (IPPs), and private investors are beginning to expand capacity, enhance reliability, and diversify the energy mix. If sustained, these initiatives will stabilize the grid and position Nigeria on a trajectory toward a more secure and commercially viable electricity market.

> *As at December 2025 NDPHC reportedly injected 345MW of electricity into Nigeria's national grid, including electricity generated from restored previously idle turbines at stations such as the Alaoji power station, thus signalling fresh momentum to address chronic power shortages.*

94. Editorial, 'Resolve the needless electricity tariff crisis' Daily Trust (19 August 2025) https://dailytrust.com/resolve-the-needless-electricity-tariff-crisis accessed 3 December 2025.

The PPSDRP is a step toward stabilising Nigeria's electricity market and unlocking the long-suppressed potential of the sector. By addressing the legacy debt overhang, the initiative is expected to restore confidence among investors, ensure timely payment to GenCos and gas suppliers, and create an enabling environment for new private-sector participation. Beyond the financial intervention, the plan signals a broader commitment to modernising the grid, enhancing regulatory transparency, and promoting sustainable sector reforms.

Olaniwun Ajayi LP acted as solicitor to the issue of the first tranche of ₦590 billion Series 1 PPSDRP bonds, advising on the structuring of the transaction for the settlement of legacy power sector debt, and providing legal guidance on documentation, regulatory compliance, and implementation of the bond issuance.

GENERATION

KANO, KATSINA AND JIGAWA STATES SIGN N50 BILLION TRI-STATE ENERGY INVESTMENT AGREEMENT

In a significant development for Northern Nigeria's energy sector and economic advancement, the governments of Kano, Katsina and Jigawa States executed a ₦50 billion 'Tri-State Energy Investment Agreement' at the Electrification Summit, held in Marrakech, Morocco, between 16th and 19th of October, 2025.[95] In partnership with Future Energies Africa (FEA), the states intend to raise a ₦50 billion Electrification Fund, in the first instance, towards the establishment of a tri-state electricity market, for expanding electricity access via generation, grid extension, mini-grids and solar systems.

The states further resolved to acquire equity interests in Future Energies Africa (FEA), the core investor in the Kano Electricity Distribution Company (KEDCO), with the objective of strengthening KEDCO's strategic direction in reducing residential energy losses and ensuring reliable power supply to support economic inclusion and a conducive environment for industrial growth.[96]

The State Governments intend to explore the provisions of the EA to identify and adopt regulatory frameworks that are favourable for the implementation of the proposed partnerships in their tri-state electricity market. Additionally, together with the FEA, the representatives of the states will convene annual international retreats, and quarterly meetings to sustain the partnership, assess progress, set strategic direction, and strengthen collaboration within the North-Western tri-state electricity market.[97]

This arrangement is a welcome development, as it is expected to improve energy access, stimulate economic activity, and support industrial growth within the region, and its implementation is expected to be an interesting test of the existing regulatory framework of the electricity sector.

95. Waliat Musa, 'Kano, Katsina, Jigawa partner on tri-state electricity market, N50b electrification fund' The Guardian (Nigeria, 21 October 2025) < Kano, Katsina, Jigawa partner on tri-state electricity market, N50b electrification fund> accessed 12 January 2025.
96. Ibid.
97. NAN, 'KNSG, 2 other states sign N50bn energy investment deal' BusinessDay (Nigeria, 22 October 2025) < KNSG, 2 other states sign N50bn energy investment deal - Businessday NG> accessed 12 January 2025.

TRANSMISSION

OVERVIEW OF NIGERIA'S ELECTRICITY TRANSMISSION DEVELOPMENTS IN 2025

2025 has been a landmark period for Nigeria's electricity transmission value chain under the NESI. In February 2025, the TCN achieved a historic peak generation of 5,543.20 MW, marking short-term gains in national power output. By May 2025, although total installed generation capacity remained largely unchanged, average available capacity rose modestly to 5,639 MW, with an improved plant availability factor of 41%.

During this period, TCN announced that there had been no system-wide grid collapse in February, attributing this stability to the FG's increased focus on grid maintenance and operational coordination. However, TCN noted an instance of line tripping on the Osogbo-Ihovour and Benin-Omotosho transmission line in January 2025, Ikeja West transmission line in February 2025. The concurrent incidents led to a cascaded outage, affecting supply to major load centres within the Abuja, Lagos, and Osogbo axes. TCN reported another major disturbance to the transmission in March 2025 and a grid collapse in September 2025, underscoring the ongoing fragility of the national grid system.

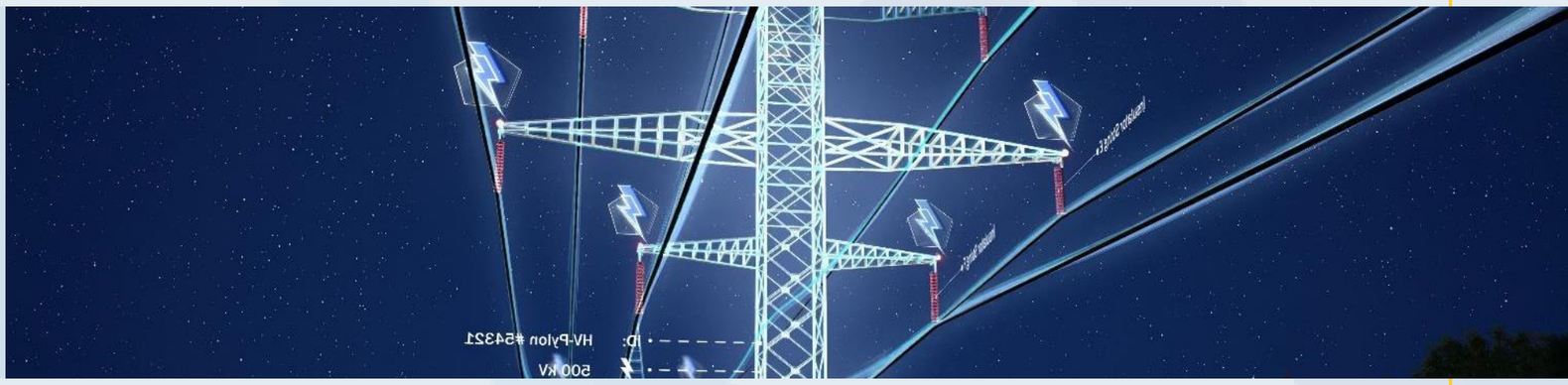
In February 2025, TCN commissioned a 100 MVA power transformer at the 132/33 kV Osogbo transmission substation in Osun State, part of a broader World Bank supported transmission network expansion program. The initiative aims to strengthen grid reliability and address capacity constraints in key regional networks.

Subsequently, in March 2025, TCN began upgrading its 2×45 MVA transformers to 2×100 MVA units at the Agbara 132/33 kV transmission substation in Ogun State (Lagos region). The project, designed to accommodate rising electricity demand in Agbara and surrounding industrial clusters, will enable three additional feeders to radiate from the substation. This upgrade is expected to allow EKEDC to deliver more stable and higher volumes of power to both commercial and residential consumers.

A major structural milestone occurred in May 2025, when the NERC and the FG implemented the long-anticipated unbundling of the Transmission Company of Nigeria into two separate entities:

the Transmission Service Provider (TSP), responsible for owning, maintaining, and expanding the physical transmission infrastructure; and

the NISO, tasked with real time grid operation, dispatch coordination, system balancing, and market interface functions.



This move was made pursuant to the EA and operationalised through NERC's order on the PIP for TCN and NISO. The PIP order established performance milestones, planning targets, and accountability mechanisms for both entities, effectively serving as a regulatory roadmap and performance contract to ensure improved reliability, transparency, and investor confidence in the transmission value chain.

Towards the end of May 2025, NERC issued additional operational guidance impacting transmission linked cash flows and market efficiency. One such measure was the guidelines on the registration and engagement of third-party collection service providers. Although primarily directed at distribution companies, the measure affects revenue assurance upstream, thereby influencing transmission cost recovery and project bankability. NERC's broader Q2 2025 regulatory posture included several other orders and operational reviews, collectively aimed at enhancing market efficiency, investor participation, and regulatory transparency in the NESI.

TCN reported in March 2025 that it was owed ₦457 billion by stakeholders across the electricity value chain, comprising ₦217 billion in legacy debt and ₦240 billion in recent receivables. These arrears have strained TCN's liquidity and operational efficiency, with direct implications for maintenance and project delivery timelines. Nevertheless, despite these financial constraints, the company's wheeling capacity, that is, its ability to transport electricity across the grid, has reportedly increased to 8,701 MW, reflecting modest but measurable improvements in network strength and operational reliability.

In June 2025, NERC and the FG announced the creation of a landmark financing mechanism designed to mobilise capital for critical transmission projects. The Transmission Infrastructure Fund (TIF) will be financed through a ₦2.17/kWh (approximately $0.0014/kWh) levy on electricity consumption, and its proceeds will be ring-fenced for the expansion and reinforcement of transmission lines, substations, and related infrastructure. This represents a pivotal step toward addressing the sector's long-standing funding gaps and aligning with the objectives set out under the TSP and NISO Performance Improvement Plans.[98]

In June 2025, NERC and the FG announced the creation of a landmark financing mechanism designed to mobilise capital for critical transmission projects.

TRANSMISSION

VANDALISM, GRID STABILITY, AND REFORM DEVELOPMENTS

Ongoing challenges such as vandalism, funding shortfalls, and load rejection continue to hinder the performance of Nigeria's transmission subsector, despite notable investments in network expansion and infrastructure upgrades. Grid stability remains a critical indicator of reliability, primarily measured by the system's ability to maintain frequency close to the 50Hz benchmark prescribed by the grid code. The acceptable operational frequency range is ±0.5% (49.75Hz to 50.25Hz). According to NERC, in Q4 2024, the average lower and upper daily grid frequencies were 49.39Hz and 50.91Hz respectively. As of May 2025, these values stood at 49.39Hz and 50.74Hz — both exceeding the prescribed limits by approximately 1%, highlighting persistent instability in grid operations.

Despite ongoing grid expansion projects and regulatory reforms, TCN's operations remain constrained by vandalism and chronic underinvestment. Compounding the situation, the refusal of some DisCos to take up allocated loads due to technical and commercial limitations has forced the shutdown of 40 transmission substations across the country. These recurring constraints undermine efforts to sustain transmission efficiency and service reliability.

According to TCN, a total of 178 transmission towers were vandalised in the first half of 2025 alone, surpassing the record figures reported in 2024. Most incidents were concentrated in Bayelsa, Rivers, Abia, and Kano States. The general manager of transmission services attributed the attacks to a combination of economic hardship, political sabotage, and organised criminal activity, all of which have resulted in prolonged outages and disrupted expansion efforts. In collaboration with the Office of the National Security Adviser (ONSA), TCN has intensified efforts to secure key infrastructure. Pilot schemes involving advanced surveillance technology are being developed for deployment in vulnerable areas, complemented by public awareness campaigns and community engagement programmes aimed at deterring vandalism and fostering local cooperation.

98. Newsdeck, 'NERC Introduces N2.17/kWh Tariff Levy to Fund Transmission Infrastructure Projects' Environment Africa Magazine (28 May 2025) https://www.environmentafricamag.com/2025/05/28/nerc-introduces-n2-17-kwh-tariff-levy-to-fund-transmission-infrastructure-projects/ accessed 3 December 2025.

In response to the escalating cases of vandalism, the Minister of Interior, Hon. Olubunmi Tunji-Ojo, announced in February 2025 the creation of a specialised security unit known as the “Power Rangers”, composed of officers of the Nigeria Security and Civil Defence Corps (NSCDC). Modelled after the successful Mining Marshals initiative in the solid minerals sector, the “Power Rangers” are tasked with safeguarding critical electricity infrastructure nationwide. As of December 2025, there have been no further official statements or widely reported developments on the operations, deployment or activities of the Power Rangers unit.

As part of its broader institutional reform agenda, TCN inaugurated the PIP/Power Sector Recovery Operation Committee (PSROC) on 17 June 2025. The PSROC is tasked with enhancing the reliability, efficiency, and investment attractiveness of the transmission network, an essential step toward meeting national electrification goals and encouraging both local and international financing for grid projects.

In parallel, NERC introduced the TIF in May 2025 and although this charge does not yet appear as a separate line item on customer tariffs, the TIF is designed to mobilise financing for critical transmission infrastructure and innovative capacity enhancement projects. Stakeholders have emphasised the need for transparency and effective governance to ensure that the TIF achieves its intended impact.

Further supporting sector reform, NERC inaugurated the grid code review panel (GCRP) in March 2025 to strengthen operational efficiency and align technical standards with evolving grid realities. The GCRP is mandated to review proposed amendments to the grid code, after which recommendations will be submitted to the Initial Stakeholders Advisory Panel and subsequently to NERC for approval.

Furthermore, in October 2025, Nigeria commenced discussions with the Export/Import Bank of China for a $2 billion facility to finance a new “Super Grid” project. The initiative aims to modernise and decentralise power transmission infrastructure, linking Nigeria’s eastern and western industrial corridors. The project is a cornerstone of the FG’s plan to enhance grid reliability and attract large industrial users — many of whom had previously disconnected due to supply inconsistencies — back to the national grid. This ambitious reform marks a crucial step toward resolving Nigeria’s long-standing transmission bottlenecks and moving closer to a stable, efficient, and investment-friendly electricity market.

TRANSMISSION

TRANSMISSION UPGRADE AND SCADA MODERNISATION

In 2025, Nigeria made significant progress in upgrading its power transmission infrastructure to support increased generation and improve grid reliability. The TCN announced plans to expand its wheeling capacity from 8,500 MW to 10,000 MW by 2026, in line with rising national generation output.

Ongoing World Bank and Siemens-funded projects added substantial capacity through new transformers, substations, and transmission lines. Under the World Bank’s Network Expansion and Transmission Access Project (NETAP), 6,000 MVA of transmission capacity has been completed, with an additional 3,000 MVA under development. Key projects include the Kano–Kaduna 330 kV double-circuit line, the Zaria 330 kV substation, and the 132 kV Jaji substation in Kaduna State.[99]

The PPI, implemented through FGN Power Company and Siemens Energy, has delivered 10 mobile substations and 10 new transformers, with Phase 1B approved to reinforce seven existing transmission substations nationwide. The ongoing SCADA/Energy Management (EMS) project currently 69 percent[100] complete as of December 2025, will enable real-time grid monitoring, automated fault detection, and enhanced dispatch coordination once operational.

TCN has also deployed a Generation Load Drop Sensitivity system and introduced digital automation across all substations to stabilise system frequency and reduce downtime. These developments have improved grid visibility, expanded monitoring coverage to 27 power stations, and reduced disturbance incidents significantly. Complementary renewable integration projects are underway, with 100 MW solar installations planned across 19 northern states to diversify supply and support sustainable generation growth. Together, these initiatives mark a major step toward modernising Nigeria’s transmission backbone and strengthening the link between generation and distribution capacity.

99. Angbulu S, ‘FG Eyes 10,000MW Power Transmission Capacity’ Punch Newspapers (6 March 2025) https://punchng.com/fg-eyes-10000mw-power-transmission-capacity/ accessed 3 December 2025.
100. Johnbosco Agbakwuru, ‘TCN to stabilise national grid with monitoring system, as power generation hits 5,801.84MW’ Vanguard (online, 6 March 2025) https://www.vanguardngr.com/2025/03/tcn-to-stabilise-national-grid-with-monitoring-system-as-power-generation-hits-5801-84mw/?utm_source=chatgpt.com accessed 22 December 2025.

TRANSMISSION

LAGOS PLANS SMART GRIDS IN NEW ELECTRICITY ROAD MAP

In May 2025, the Lagos State Government unveiled plans to deploy smart grids as a core component of its new electricity road map, aimed at delivering stable, efficient, and transparent power supply to residents and businesses.[101] The initiative forms part of efforts to modernise the Lagos electricity market, reduce losses, improve billing accuracy, and enhance overall system reliability through advanced metering infrastructure and intelligent grid technologies.

The road map seeks to unify energy-related policies into a single, integrated electricity strategy, addressing persistent challenges in urban power distribution while promoting sustainability and private sector participation in the state's evolving electricity ecosystem.[102] This forward-looking plan aligns with Lagos State's ambitions to achieve greater energy security, support economic growth, and set a benchmark for subnational power sector reforms in Nigeria.

TRANSMISSION

FEC APPROVES N13 BILLION COMPENSATION UNDER LAGOS POWER PROJECT, OKAYS MAJOR NATIONAL GRID UPDATES

In August 2025, the Federal Executive Council (FEC), presided over by President Bola Ahmed Tinubu, approved N13 billion for compensation payments under the Lagos Transmission Industrial Project (also referred to as the Lagos-Ogun Transmission Project).[103] The funds are designated for right-of-way acquisitions, compensating property owners and communities affected by transmission line routes in Lagos and Ogun States to facilitate infrastructure development along key industrial corridors.

In the same meeting, the FEC approved additional proposals for procuring new power transformers, including $34 million and related naira funding for high-capacity units (such as 150MVA and 100MVA transformers) to upgrade the ageing national grid and enhance bulk power delivery.[104] These approvals aim to improve electricity supply reliability, reduce transmission constraints, and support industrial growth by strengthening grid infrastructure nationwide.

The decisions underscore the government's commitment to addressing power sector bottlenecks through targeted investments and compensation mechanisms to enable critical transmission expansions.

TRANSMISSION

TCN BOOSTS POWER TRANSMISSION CAPACITY IN 2025

In December 2025, TCN announced a significant increase in its electricity wheeling capacity to 8,700 MW, achieved through sustained investments, infrastructure rehabilitation, and the commissioning of new assets. [105] The Managing Director/CEO of TCN, Sule Abdulaziz, highlighted this milestone in his 2025 end-of-year message, noting that funding of approximately $1.16 billion from development partners supported key projects that expanded transformer capacity and enhanced grid reliability nationwide.

A major highlight occurred on March 4, 2025, when TCN transmitted an all-time peak generation of 5,801.84 MW, accompanied by a record maximum daily energy delivery of 128,370.75 MWh, the highest in Nigeria's history.[106] Between January 2024 and November 2025, TCN commissioned 82 new power transformers, adding over 8,500 MVA to the national grid, improving system stability and positioning the country to better meet rising electricity demand despite challenges such as vandalism.

These advancements reflect TCN's ongoing efforts to modernise the transmission network, support increased generation evacuation, and contribute to Nigeria's broader goals for reliable and expanded power supply.

101. Lagos plans smart grids in new electricity road map", Punch Newspapers (Nigeria, 28 May 2025), https://punchng.com/lagos-plans-smart-grids-in-new-electricity-road-map accessed 13 November 2025.
102. agos to Unify Energy-related Policies into Single, Electricity Strategy, THISDAYLIVE (Nigeria, 27 May 2025), https://www.thisdaylive.com/2025/05/27/lagos-to-unify-energy-related-policies-into-single-electricity-strategy accessed 13 November 2025.
103. FG approves N13bn compensation, $34m transformer procurement to boost power supply, Vanguard News (Nigeria, 13 August 2025), https://www.vanguardngr.com/2025/08/fg-approves-n13bn-compensation-34m-transformer-procurement-to-boost-power-supply accessed 13 November 2025.
104. FEC approves N13 billion compensation under Lagos Power Project, okays major national grid upgrades, Nairametrics (Nigeria, 14 August 2025), https://nairametrics.com/2025/08/14/fec-approves-n13-billion-compensation-under-lagos-power-project-okays-major-national-grid-upgrades accessed 13 November 2025.
105. TCN Boosts Power Transmission Capacity in 2025, Voice of Nigeria Broadcasting Service (Nigeria, 22 December 2025), https://von.gov.ng/tcn-boosts-power-transmission-capacity-in-2025 accessed 13 November 2025.
106. $1.16bn funding takes transmission capacity to 8,700MW — TCN MD, Vanguard News (Nigeria, 21 December 2025), https://www.vanguardngr.com/2025/12/1-16bn-funding-takes-transmission-capacity-to-8700mw-tcn-md accessed 13 November 2025.

DISTRIBUTION

DISTRIBUTION SECTOR RECOVERY PROGRAMME (DISREP):

DISREP was one of the Federal Government's central intervention mechanisms for strengthening Nigeria's electricity distribution network in 2025. The programme, backed by a US $500 million World Bank facility, seeks to reduce losses, improve metering accuracy and modernise distribution infrastructure[107].

By early 2025, contracts for approximately 1.44 million smart meters had been executed, forming part of the broader metering component of DISREP.[108] The Federal Government announced in April 2025 that the first batch of Distribution Sector Recovery Programme (DISREP) funded meters, 75,000 smart meters, was scheduled for delivery, followed by an additional 200,000 units in May 2025.[109] This confirmed that the nationwide deployment phase of DISREP had formally commenced.

The programme targets the delivery of 3.2 million meters by 2026, a figure repeatedly reaffirmed by the BPE in its 2024/2025 public briefings.[110] DisCo also began direct on-ground implementations in 2025. For instance, KEDC announced the rollout of 128,000 prepaid meters through DISREP in late 2025[111]. Similarly, the IBEDC resumed the installation of over 55,000 free prepaid meters under DISREP Phase I as part of its accelerated deployment programme[112].

The DISREP plays a crucial role in Nigeria's electricity sector because it directly addresses long-standing structural weaknesses in the distribution value chain, particularly the persistent metering gap, high technical and commercial losses, and chronic revenue shortfalls that undermine the financial stability of the entire NESI. DISREP's funding of 3.2 million smart meters represents the most significant metering intervention since privatisation and is vital for reducing estimated billing, strengthening energy accountability, and restoring customer confidence in billing integrity.

DISTRIBUTION

THE PRESIDENTIAL METERING INITIATIVE (PMI)

PMI represents one of the Federal Government's most ambitious interventions to address Nigeria's long-standing metering deficit and strengthen financial transparency within the electricity distribution sector. Under the initiative, the Federal Government approved a ₦700 billion investment in 2025. The PMI targets the deployment of more than 1.1 million meters by the end of 2025, a milestone expected to significantly enhance customer enumeration, consumption accuracy, and grid visibility across all distribution networks. [113]

107. Bureau of Public Enterprises, 'Distribution Sector Recovery Programme (DISREP)' https://www.bpe.gov.ng/pixpopup-item/distribution-sector-recovery-program-disrep/ accessed 3 December 2025.
108. World Bank, 'DISREP Procurement Summary Report' (4 December 2024) https://documents1.worldbank.org/curated/en/099013025165516812/pdf/P172891 1c752690a01abcb1fed9850eb8ec.pdf accessed 3 December 2025.
109. Obas Esiedesa, 'FG Expects 1st Batch of 3.2m Meters in April – Minister' Vanguard (Abuja, 6 April 2025) FG expects 1st batch of 3.2m meters in April — Minister - Vanguard News accessed 3 December 2025.
110. Bureau of Public Enterprises (n 51).
111. Mohammed Abubakar, 'DISREP: KEDCO to roll out mass metering exercise across franchise Independent' (online, 29 October 2025) https://independent.ng/disrep-kedco-to-roll-out-mass-metering-exercise-across-franchise/ accessed 22 December 2025.
112. Adamu Jubril, 1BEDC resumes installation of over 55,000 free meters, warns against extortion The Telegraph Nigeria 'The Telegraph (online, 30 November 2025) https://telegraph.ng/news/2025/11/ibedc-resumes-installation-of-over-55000-free-meters-warns-against-extortion/ accessed 22 December 2025.
113. Yunus Yusuf, 'FG secures N700 bn to deploy 1.1 m electricity meters nationwide – Adelabu', Newsverge (28 October 2025) https://newsverge.com/2025/10/28/fg-secures-n700bn-to-deploy-1-1m-meters-minister/ accessed 3 December 2025.

DISTRIBUTION

NEW STATE-LICENSED SubCos[114]

The establishment of SubCos is rooted in NERC's orders transferring regulatory oversight to States that have satisfied the statutory prerequisites for state market take-off. These prerequisites include the enactment of a state electricity law, the establishment of a state electricity regulatory authority, the appointment of its governing council and staff, and formal notification to NERC and relevant sector institutions. Upon the effective date of a transfer order, the affected successor DisCo(s) is required to incorporate a state-specific subsidiary(ies) distribution company.

The SubCo model ensures continuity of service while allowing States to exercise full regulatory control over electricity distribution within their states. Following the transfer of assets, liabilities, personnel, and contractual rights to the SubCo, NERC's regulatory oversight within the State ceases, and the State regulator assumes exclusive jurisdiction over the state electricity market.

As of November 2025, the process of disaggregation of DisCos into SubCos had been completed in fifteen States following the transfer of regulatory oversight. Each DisCo and relevant SubCo is listed in our Transition Outlook earlier set out above.

In October 2025, Lagos State Electricity Regulatory Commission (LASERC) officially issued distribution licences to Excel Electricity Distribution Company and IE Energy Lagos Limited, SubCos of EKEDC and IKEDC, respectively, authorising them to manage electricity distribution under the LASERC's jurisdiction. Excel Electricity Distribution Company Limited is a wholly owned subsidiary within the EKEDP group and serves the extant franchise area of EKEDP within Lagos state, while IE Energy Lagos Limited is a wholly owned subsidiary within the IKEDC group serving IKEDC's franchise areas within Lagos state. In 2025, the Imo State Electricity Regulatory Commission issued a licence to Transpower Electricity Distribution Company Limited, a subsidiary of EEDC, for the purpose of electricity distribution in Imo state.

This restructuring does not imply the entry of new distribution operators into these state markets, nor does it mean that electricity consumers are being transferred to unfamiliar service providers. Rather, it reflects a corporate and regulatory separation between interstate and intrastate distribution operations, necessitated by the decentralisation of electricity regulation following the transfer of regulatory oversight from NERC to the various SERCs. In other words, the SubCos take charge of electricity distribution in those states while the parent successor DisCos continue to operate distribution activities in states without their own electricity markets.

From a consumer perspective, there is no immediate structural change to the physical network, billing relationship, or day-to-day service interface in the states with their electricity markets. The same infrastructure, personnel, and operational systems continue to be deployed, albeit through a state-licensed entity with a separate corporate brand that is now directly accountable to SERCs rather than NERC. Customers previously served by the successor DisCos are therefore now served by their subsidiaries.

As of November 2025, the process of disaggregation of DisCos into SubCos had been completed in fifteen States following the transfer of regulatory oversight.

114. Caleb Obiowo, 1KEDC, EKEDC remain as Lagos licenses new DisCos' Nairametrics (7 October 2025) https://nairametrics.com/2025/10/07/ikedc-ekedc-remain-as-lagos-licenses-new-discos/ accessed 3 December 2025.

DISTRIBUTION

NIGERIA JOINS THE UNIFIED WEST AFRICA POWER GRID[115]

In 2025, Nigeria took a major step in regional electricity market integration by formally advancing its participation in the Unified West Africa Power Grid, a continental initiative designed to interconnect power systems across West African states. This development is anchored through the West African Power Pool (WAPP), which has been working to integrate national grids so electricity can be traded freely across borders, improve supply stability, and optimize regional generation capacity.

In August 2025, Nigeria completed final synchronisation tests for the North Core Transmission Project—a 330 kV international line connecting Nigeria–Niger–Benin–Burkina Faso. This project positions Nigeria to export power and also draw on regional supply during domestic shortages, reducing the frequency and severity of grid collapses.

Nigeria expanded its involvement in the ECOWAS Regional Electricity Market, which entered its second phase in 2025 by enabling competitive cross-border electricity trading among member states. With this, Nigeria is now able to participate not just as a supplier but also as a stabilising anchor, given its relatively larger generation base.

An additional strategic benefit of Nigeria's integration into the regional electricity market is the ability to manage excess generation capacity arising from downstream constraints. In recent years, limitations in distribution capacity and offtake by DisCos have frequently resulted in stranded or under-utilised generation, even where generation and transmission capacity are technically available. Participation in the West African regional power market creates an outlet through which surplus electricity that cannot be absorbed domestically can be exported to neighbouring countries, subject to contractual arrangements and system availability. This export capability provides an alternative revenue stream for GenCos and reduces forced load shedding at the generation end.

Nigeria's entry into the unified West African power trading framework represents a strategic evolution in electricity sector policy. While regional interconnection alone does not eliminate domestic supply constraints or grid disturbances, it broadens the tools available for system balancing, enhances resilience through diversification of supply sources, and positions Nigeria as a central participant in the long-term development of a stable and integrated West African electricity market.

DISTRIBUTION

WPG SELLS 60% STAKE IN EKEDC TO TRANSGRID ENERCO FOR N360 BILLION

Transgrid Enerco Limited, a Nigerian consortium comprising North–South Power (owners of the Shiroro Hydropower Plant), and Axxela, has completed the acquisition of a 60 percent equity stake in Eko Electricity Distribution Company (**EKEDC**) for ₦360 billion. The transaction, which marks the first market-driven acquisition of a Nigerian distribution company since the 2013 power sector privatisation, was concluded following a competitive bidding process and the execution of all transaction and financing documents in Lagos. An initial ₦180 billion was paid in cash, with the balance secured through bank guarantees. Transgrid Enerco confirmed that it has achieved financial close, having successfully raised the required debt and equity financing.[116]

Following the completion of the acquisition, the previous board led by West Power and Gas Limited resigned, paving the way for a new board chaired by Engr. (Dr.) Olubunmi Peters. Other board members include Prof. George Nwangwu, Faruk Aliyu, Kolapo Joseph, and Rasheed Olaoluwa, with Ayo Gbeleyi remaining as the Bureau of Public Enterprises (BPE) representative. In addition, the former Chief Executive Officer, Rekhiat Momoh, stepped down, and the new Board appointed Wola Joseph-Condotti as Interim CEO to ensure operational continuity.[117]

115. West African Power Pool (WAPP), 'North Core Project Nears Completion as Regional Grid Integration Advances' Press Release (2025) https://www.ecowapp.org accessed 3 December 2025; ECOWAS Commission, 'ECOWAS Regional Electricity Market Enters Second Phase' (Official Release, 2025) https://www.ecowas.int accessed 3 December 2025; World Bank, 'North Core Regional Transmission Project Gains Momentum in West Africa' World Bank Update (2025) https://www.worldbank.org accessed 3 December 2025; Nigerian Ministry of Power, 'Nigeria Strengthens Ties with West African Power Pool Through Grid Synchronisation Activities' Press Statement (2025) https://power.gov.ng accessed 3 December 2025.
116. Bunmi Aduloju, 'WPG Sells 60% Stake in EKEDC to Transgrid Enerco for N360 Billion' The Cable (30 December 2025) WPG sells 60% stake in EKEDC to Transgrid Enerco for N360bn Accessed 15 January 2026.
117. Dayo Adeyemi, 'EKEDC Announces Leadership Transition as Transgrid Enerco Takes Over' (MSN) EKEDC announces leadership transition as Transgrid Enerco takes over Accessed 15 December 2025.

The acquisition represents a significant vote of confidence in Nigeria's power sector and, in particular, the distribution segment of the NESI. By bringing together institutional capital and technical expertise across the energy value chain, the transaction is expected to strengthen EKEDC's operational efficiency through targeted infrastructure upgrades, improved cash-flow management, and enhanced operational discipline. For the distribution sector more broadly, the transaction signals the viability of market-driven consolidation and long-term private investment, which could catalyse further reforms, improve service reliability, and enhance the overall financial sustainability of electricity distribution companies in Nigeria over the long term.

DISTRIBUTION

AMCON SELLS IBEDC FOR N100 BILLION

The Asset Management Company of Nigeria (AMCON) has confirmed the sale of the Ibadan Electricity Distribution Company (IBEDC) for ₦100 billion, nearly double the amount initially offered before renegotiation. The disclosure was made by AMCON's Managing Director and Chief Executive Officer, Mr. Gbenga Alake, during a media engagement. The sale aligns with the Federal Government's April 2024 announcement to divest five electricity distribution companies under the management of banks and AMCON, namely IBEDC, Abuja, Benin, Kaduna, and Kano DisCos. IBEDC is the first of these companies to be successfully sold under the programme.[118]

Notwithstanding the completion of the sale, the transaction remains the subject of ongoing litigation before the Federal High Court, Abuja. A civil society organisation, the African Initiative Against Abuse of Public Trust, has instituted Suit No. FHC/ABJ/CS/866/2025 against AMCON, the Nigerian Electricity Regulatory Commission (NERC), the Bureau of Public Enterprises (BPE), and IBEDC, alleging that the sale was secretive, illegal, and involved an undervaluation of the asset. The group contends that the proposed price for a 60 percent stake is significantly lower than the amount paid during the 2013 privatisation, notwithstanding the fact that the sale was concluded during the pendency of the dispute.[119]

The sale of IBEDC represents a critical intervention aimed at rescuing a financially distressed distribution company and restoring operational stability. By transferring ownership to new investors at an improved valuation, the transaction has the potential to unlock fresh capital, strengthen governance, and support much-needed investments in network infrastructure, metering, and service delivery. More broadly, it reinforces the government's strategy of resolving legacy debts and ownership challenges in the electricity distribution sector through structured divestments.

However, the ongoing court dispute presents a material risk that could strain the transaction and create uncertainty for the new ownership, lenders, and other stakeholders. Prolonged litigation may delay operational reforms, affect investor confidence, and undermine the intended stabilisation of the DisCo. Accordingly, it is critical for AMCON to pursue an effective and timely resolution of the dispute to ensure transactional certainty, safeguard the integrity of the sale, and enable the new owners to fully implement turnaround measures necessary for IBEDC's long-term sustainability.

118. Nigerian Assets Company, AMCON Sells Ibadan Electricity Firm, IBEDC for N100 Billion Despite Lawsuit, (Sahara Reporters, 3 July 2025). Nigerian Assets Company AMCON Sells Ibadan Electricity Firm, IBEDC For N100billion Despite Lawsuit | Sahara Reporters Accessed 15 December 2025.
119. Ibid

DISTRIBUTION

AMPERION SELLS MAJORITY STAKE IN GEREGU POWER IN US$750 MILLION DEAL

Nigerian billionaire, Femi Otedola, has divested his controlling interest in Geregu Power Plc in a transaction valued at approximately US$750 million, marking one of the largest private-sector divestments in Nigeria's power industry. The transaction was effected through the acquisition by MA'AM Energy Ltd of a 95 percent stake in Amperion Power Distribution Company Limited, the investment vehicle through which Otedola indirectly held a 77 percent controlling interest in Geregu Power. As a result, effective control of Geregu Power has transferred from Otedola and Calvados Global Services Limited to MA'AM Energy, an Abuja-based integrated energy company. The transaction did not involve a direct transfer of Geregu Power shares and therefore does not alter the company's public shareholding structure on the Nigerian Exchange (NGX), although ultimate beneficial ownership has changed. The deal, which closed on 29 December 2025 was financed by a consortium of Nigerian banks led by Zenith Bank, with Blackbirch Capital acting as financial adviser.[120]

The change in control signals a new phase for the company, with MA'AM Energy expected to leverage its integrated energy expertise to sustain operations, optimise performance, and potentially deepen Geregu Power's role in the Nigerian Electricity Supply Industry. For shareholders, the transaction represents a major shift in ultimate ownership while preserving the existing public shareholding structure and NGX listing. While shareholders have commended Otedola's stewardship and value creation, the transition has generated cautious optimism, with key concerns centred on whether the new controlling shareholder will maintain Geregu Power's strong financial performance and consistent dividend record. The acquisition underscores both the maturity of Geregu Power as an asset capable of attracting large-scale investment and the importance of continuity in governance and financial discipline to sustain shareholder confidence under the new ownership.

120. Nana Oye Ankrah, 'Otedola Sells Majority Stake in Geregu Power in US$750 Million Deal' Africa Business Insight (29 December 2025). Otedola sells majority stake in Geregu power in US$750m deal - Africa Business Insight accessed 15 January 2026

RENEWABLE ENERGY

SOLARIZATION OF PUBLIC INSTITUTIONS[121]

In the 2025 budget, the FG made a strategic investment in renewable energy by allocating ₦100 billion to the National Public Sector Solarisation Program (NPSSP). A total of ₦100 billion was allocated to the NPSSP. This initiative aims to deploy solar mini-grids in public institutions, such as federal universities and teaching hospitals, with the dual purpose of reducing the government's operational expenditure on diesel and providing a predictable revenue stream for private solar developers who build, operate, and maintain these assets.

RENEWABLE ENERGY

DISTRIBUTED ACCESS THROUGH RENEWABLE ENERGY SCALE-UP (DARES)

Nigeria is actively participating in Mission 300, the Africa wide initiative launched by the World Bank Group and the African Development Bank to expand electricity access to 300 million people across the continent by 2030. Under this framework, Nigeria's DARES Project is a key programme implemented by the Rural Electrification Agency (REA), aimed at scaling decentralised renewable energy solutions such as solar mini grids and standalone systems to unserved and underserved communities. In April 2025, the Rural Electrification Agency (REA) signed its first grants under DARES. Several private firms secured grants to build solar mini-grids and standalone solar solutions to expand electricity access to underserved communities. The rollout under DARES is designed to reach 17.5 million Nigerians through a mix of mini-grids, standalone solar home systems (SHS), and other distributed renewable energy solutions [122]

121. Olalekan Adigun, 'FG allocates ₦100bn for solar mini-grids in public institutions to cut energy costs' Nairametrics (11 February 2025) https://nairametrics.com/2025/02/11/fg-allocates-n100bn-for-solar-mini-grids-in-public-institutions-to-cut-energy-costs/ accessed 3 December 2025.
122. Rural Electrification Agency (REA), 'REA Signs First Set of Grant Agreements under the Distributed Access through Renewable Energy Scale-Up (DARES) Project' Press Release (17 April 2025) https://nep.rea.gov.ng/posts/Press_Release_First_DARES_Signing.html accessed 3 December 20; World Bank, 'Nigeria to Expand Access to Clean Energy for 17.5 Million People' (Press Release, 15 December 2023) https://www.worldbank.org/en/news/press-release/2023/12/15/nigeria-to-expand-access-to-clean-energy-for-17-5-million-people accessed 3 December 2025.

By mid-2025, REA also entered a strategic funding partnership with First City Monument Bank (FCMB) to provide a ₦100 billion electricity-access financing facility to support solar deployments under DARES. Private-sector developers engaged in DARES. Companies such as Baobab+ Nigeria, Privida Power Limited, and other solar firms signed grants or began deploying solar mini-grids and home-system packages under the DARES framework.

International Finance Corporation (IFC) continued to support Nigeria's decentralised renewable energy expansion under the DARES platform, a US $200 million debt facility designed to catalyse private sector led off grid and mini grid solutions across West and Central Africa. IFC's first investment under this platform included a US $5 million financing package to Husk Nigeria for the deployment of up to 108 solar hybrid mini grids, increasing electricity access in underserved communities.

RENEWABLE ENERGY

US$200 MILLION MOU BETWEEN REA AND WeLight[123]

In March 2025, REA and WeLight announced the signing of a memorandum of understanding for the development of a US$200 million project expected to deliver up to four hundred (400) mini-grids and fifty (50) MetroGrids across rural areas in Nigeria by 2030. The project is expected to boost the supply of electricity to millions of people living in rural communities. The proposed project is reportedly backed by the World Bank Group and the African Development Bank.[124] WeLight, the company driving the project, is a renowned operator in rural electrification across sub-saharan Africa formed by major international organizations including Axian Group, Sagemcom, and Norfund. [125]

RENEWABLE ENERGY

GERMANY – RENEWABLE ENERGY GRANT AND ENERGY TRANSITION SUPPORT

In June 2025, the Federal Government of Nigeria signed a €20 million renewable energy partnership agreement with Germany, executed through the KfW Development Bank in collaboration with the Africa Enterprise Challenge Fund. The grant is aimed at advancing Nigeria's energy transition, promoting renewable energy deployment and technical capacity building, and reducing reliance on fossil fuels. The project emphasises expanding access to clean energy in underserved areas and strengthening vocational training in renewable technologies [126]

RENEWABLE ENERGY

NIGERIA – CHINA RENEWABLE ENERGY PARTNERSHIP

The Energy Commission of Nigeria (ECN), in partnership with the China Energy Engineering Corporation Ltd (CEEC) and the Nigerian Governors' Forum, signed a memorandum of understanding (MoU) in April 2025 to support renewable energy infrastructure development. This strategic agreement provides a framework for enhancing state level energy planning and expanding solar, wind, and hydro solutions, and includes plans to establish a Nigeria China Renewable Energy Research Centre to drive innovation and capacity building in the clean energy sector .[127]

123. Isaac Anyaogu, 'Nigeria strikes $200 million deal to power rural areas with renewable mini grids' Reuters (10 March 2025), https://www.reuters.com/world/africa/nigeria-strikes-200-million-deal-power-rural-areas-with-renewable-mini-grids-2025-03-10/ accessed 10 January 2025.
124. Oluwatosin Ogunjuyigbe, 'Nigeria signs $200m renewable energy deal to power rural areas' BusinessDay (Lagos, 11 March 2025) < https://businessday.ng/energy/article/nigeria-signs-200m-renewable-energy-deal-to-power-rural-areas/ > accessed 10 January 2026.
125. WeLight, 'Who are we' < https://www.welight-africa.com/about-us/ > accessed 20 December 2025.
126. Petlong Dakhling, 'Nigeria, Germany Sign €20 Million Renewable Energy Partnership Deal' African Energy Council (10 June 2025) https://africanenergycouncil.org/nigeria-germany-sign-e20m-renewable-energy-deal/ accessed 25 December 2025.
127. Bunmi Aduloju, 'ECN, Chinese Firm Sign Deal to Boost Nigeria's Renewable Energy Infrastructure' The Cable (20 April 2025) https://www.thecable.ng/ecn-chinese-firm-sign-deal-to-boost-nigerias-renewable-energy-infrastructure/ accessed 25 December 2025.

RENEWABLE ENERGY

CCETC POWER INFRASTRUCTURE INVESTMENT

In October 2025, CCETC pledged to install a 3 MW power plant at the Gateway International Agro Cargo Airport in Ogun State free of charge and develop an associated industrial park to support economic activities. This commitment reflects Chinese private sector interest in supporting Nigeria's energy infrastructure and industrial growth, with CCETC indicating a strategy to expand its operational footprint across the region[128].

RENEWABLE ENERGY

INFRACREDIT'S CREDIT ENHANCEMENT SUPPORT FOR CEESOLAR'S OFF-GRID ENERGY PROJECT IN NIGERIA

Infracredit, in November 2025, provided credit enhancement support for the local currency debt issues of CEESOLAR Energy's Limited, a distributed renewable energy developer, under a co-financing arrangement with the Climate Finance Blending Facility.[129] This support comprises bridge financing through the Construction Finance Warehouse Facility and Infracredit guarantees. The financing enables CEESOLAR to further accelerate energy access in rural and underserved areas in Cross Rivers State, with the construction and commissioning of four (4) isolated solar hybrid mini-grids.

RENEWABLE ENERGY

PowerGen PARTNERS WITH AfDB FOR 120MW RENEWABLE ENERGY PROJECTS IN AFRICA

In January 2025, Power Gen Renewable Energy (PowerGen) announced its partnership with African Development Bank (AfDB) and other international investors for the deployment of scalable platform of 120 MW of renewable power, renewable mini-/metro-grids and commercial and industrial (C&I) power solutions, inclusive of battery energy storage across Africa.[130] The initial phase of the project will be conducted in DR Congo, Nigeria and Sierra Leone. The project, upon completion, aims to ensure that 70,000 African households have access to sustainable energy.

In January 2025, Power Gen Renewable Energy (PowerGen) announced its partnership with African Development Bank (AfDB) and other international investors for the deployment of scalable platform of 120 MW of renewable power, renewable mini-/metro-grids and commercial and industrial (C&I) power solutions, inclusive of battery energy storage across Africa.

128. Press Release, 'Chinese Firm Set to Establish Power Generation Plant, Industrial Park in Ogun' Premium Times (12 October 2025) https://www.premiumtimesng.com/promoted/825779-chinese-firm-set-to-establish-power-generation-plant-industrial-park-in-ogun.html accessed 25 December 2025.
129. Wasiu Alli, 'InfraCredit's Guarantee mobilises local currency debt for CEESOLAR's energy project' BusinessDayNG (11 November 2025) <https://businessday.ng/companies/article/infracredits-guarantee-mobilises-local-currency-debt-for-ceesolars-energy-project/?amp> accessed 15 January 2025.
130. AfDB, 'African Development Bank, PowerGen, and Partners Launch Transformative Renewable Energy Platform to Scale Clean Energy Access Across the Continent' (AfDB, 17 January 2025) <https://www.afdb.org/en/news-and-events/press-releases/african-development-bank-powergen-and-partners-launch-transformative-renewable-energy-platform-scale-clean-energy-access-across-continent-80107> accessed 15 December 2025

RENEWABLE ENERGY

NIGERIA SECURES US$1.1 BILLION AFRICAN DEVELOPMENT BANK FUNDING

In January 2025, the Federal Government of Nigeria secured a US$1.1 billion financing package from the African Development Bank (AfDB) with the aim of expanding electricity access and strengthening the country's power infrastructure. At the Mission 300 Africa Energy Summit in Dar es Salaam, Tanzania, President Tinubu announced that the funding is designed to accelerate progress toward universal energy access by supporting grid expansion, off grid solutions, and related energy projects that will benefit an estimated 5 million Nigerians by the end of 2026.[131]

This finance commitment forms part of Nigeria's broader strategy to tackle persistent energy challenges, reduce reliance on fossil fuels, and improve the reliability and affordability of electricity for households, businesses, and critical services.[132]

The AfDB funding is projected to help unlock additional investment from both public and private partners, enhance institutional capacity, and support reforms in the power sector that will improve billing, revenue mechanisms, and service delivery. This initiative underscores the Bank's role as a key development partner and reflects ongoing efforts to bolster infrastructure and inclusive economic growth in Africa's largest economy.[133]

RENEWABLE ENERGY

BII-ODYSSEY US$7.5 MILLION FINANCING

British International Investment plc recently concluded the grant of an up to US$7,500,000.00 (Seven Million, Five Hundred Thousand US Dollars) term loan to Odyssey Energy Solutions Procure I, Inc., as borrower, to support the construction and delivery of solar hybrid mini-grid projects across Nigeria under the DARES Programme. The seven (7) year facility is structured to provide short term construction finance and procurement support to a portfolio of approved mini-grid developers. The financing is expected to accelerate project commissioning, expand reliable electricity access in off-grid communities and contribute to the effective implementation of Nigeria's decentralised renewable energy and rural electrification objectives.

RENEWABLE ENERGY

ESTABLISHMENT OF THE US$500 MILLION DISTRIBUTED RENEWABLE ENERGY (DRE) FUND

In March 2025, the US$500 million DRE Nigeria Fund was unveiled as a strategic financing initiative by the Nigeria Sovereign Investment Authority (NSIA), in partnership with Sustainable Energy for All (SEforALL), the International Solar Alliance (ISA), and Africa50, to catalyse investment in decentralised clean energy solutions across Nigeria.[134] The Fund is designed to mobilise and deploy long-term capital into distributed renewable energy assets, including mini-grids, solar home systems, commercial and industrial power solutions, embedded generation, and energy storage. The DRE Nigeria Fund aims to attract private and institutional investors, expand reliable energy access for households and businesses, and accelerate electrification in underserved and off-grid communities, while supporting Nigeria's broader energy transition and economic development objectives.

131. Press Release, 'FG secures $1.1bn AfDB loan to power 5m people by 2026 — Tinubu' Vanguard (20 January 2025) <https://www.vanguardngr.com/2025/01/fg-secures-1-1bn-afdb-loan-to-power-5m-people-by-2026-tinubu/> accessed on 15 December 2025
132. Ibid
133. Press Release, 'Tinubu govt secures $1.1bn AfDB loan to provide electricity for 5million people' Business News (30 January 2025) <https://wabusinessnewsng.com/tinubu-govt-secures-1-1bn-afdb-loan-to-provide-electricity-for-5million-people/> accessed on 15 December 2025
134. Barbados Bridgetown, 'NSIA, SEforALL, ISA, & Africa50 Unveil US$500 Million DRE Nigeria Fund' (Nigeria Sovereign Investment Authority, 12 March 2025) <https://nsia.com.ng/nsia-seforall-isa-africa50-unveil-us500-million-dre-nigeria-fund/> accessed 15 December 2025.

RENEWABLE ENERGY

ARNERGY'S SUCCESSFUL US$18 MILLION SERIES B FUNDING ROUND

Arnergy, a leading indigenous renewable energy developer concluded the successful raising of $18 million Series B Funding in April 2025.[135] The round was led by CardinalStone Capital Advisers Growth Fund. Other participants in the round include British International Investment and existing investors, Norfund, Breakthrough Energy Ventures, EDFI MC, and All On. The financing is aimed at growing its Amergy's lease-to-own solar energy installations This deal signifies growing investor confidence in the Nigerian renewable energy market.

RENEWABLE ENERGY

SUN KING SECURES N128 BILLION FINANCING FOR ELECTRIFICATION PROJECT IN NIGERIA

Sun King, in partnership with the International Finance Corporation (IFC) and Stanbic IBTC Bank, has secured an $80 million fully Naira-denominated loan facility to expand access to off-grid solar energy in Nigeria. The financing supports Sun King's pay-as-you-go model, enabling households and small businesses to adopt clean and reliable solar power without prohibitive upfront costs, while significantly reducing foreign exchange risk through local-currency lending.

The facility is expected to materially improve electricity access, particularly for low-income, rural, and underserved communities where grid supply is unavailable or unreliable. By allowing customers to pay small daily, weekly, or monthly instalments, the model lowers affordability barriers and accelerates adoption of solar home systems and rooftop solutions. In a country where nearly 40 percent of the population lacks access to electricity, this financing will help bridge the access gap, enhance energy resilience, and support productive economic activities for households and small enterprises.

Beyond energy access, the investment is likely to stimulate rural employment, boost local productivity, and reduce reliance on expensive and polluting diesel generators. It also strengthens Nigeria's clean energy transition by crowding in private capital, supporting local-currency financing, and aligning with national and multilateral initiatives such as Mission 300 and the DARES programme. Overall, the facility represents a scalable and sustainable pathway to expanding electricity access while advancing climate and development objectives in Nigeria.[136]

135. Lucidity Insights Research Team, 'Unlocking Potential: Sub-Saharan Africa Startup Funding April 2025 Highlights' (Lucidity Insight, 29 May 2025) <https://lucidityinsights.com/infobytes/ssa-startup-funding-highlights-april-25> accessed 14 January 2026
136. Sun King, IFC, and Stanbic IBTC Bank Close $80 Million Debt Facility to Expand Solar Access in Nigeria, (International Finance Corporation, 15 May, 2025). Sun King, IFC, and Stanbic IBTC Bank Close $80 Million Debt Facility to Expand Solar Access in Nigeria 2

RENEWABLE ENERGY

SCAF CO-FINANCING KONEXA'S US$80 MILLION SOLAR ENERGY PROJECT

Konexa, a renewable energy developer and investor, is advancing its clean energy initiatives in Nigeria with support from the Seed Capital Assistance Facility (SCAF). The facility is backing the structuring of Konexa's next development phase, an $80 million renewable energy project comprising a 50 MW solar power plant and associated infrastructure. The project is designed to supply clean electricity to two Nigerian Breweries industrial sites in Lagos and Enugu, while also supporting the expansion of Konexa's private renewable energy trading platform. Early-stage development capital is being provided by SCAF (25%), Climate Fund Managers (50%), and Norfund (25%).[137]

The project highlights the critical role of early-stage and catalytic financing in unlocking renewable energy investments in Nigeria. By supporting feasibility, environmental assessments, and financial structuring, the funding improves the project's bankability and accelerates its path to financial close. The initiative will help decarbonise industrial power consumption, reduce reliance on fossil fuels and diesel generation, and strengthen energy reliability for large commercial users. More broadly, it demonstrates how targeted development capital can enable scalable clean energy solutions, attract private investment, and contribute to expanding affordable and sustainable electricity access in a country where a significant portion of the population remains underserved.

RENEWABLE ENERGY

SUSTAINABLE ENERGY ACCESS PROJECT

In April 2025, the Federal Government of Nigeria, through the Ministry of Innovation, Science and Technology and in collaboration with the Energy Commission of Nigeria (ECN), officially launched the Sustainable Energy Access Project (SEAP).[138] The ambitious programme seeks to deliver at least 5 megawatts of clean, sustainable power to each of Nigeria's 774 Local Government Areas (LGAs), with particular focus on rural and underserved communities, while simultaneously promoting clean cooking technologies and strengthening national energy security.[139]

The initiative prioritises solar photovoltaic and other distributed renewable energy solutions to address energy access gaps in areas where grid extension is impracticable, delivering reliable, affordable, low-carbon power to households, micro-enterprises, health centres, schools, and other critical community infrastructure to support socio-economic development.

At the launch event, a tripartite Memorandum of Understanding (MoU) was signed between the Association of Local Governments of Nigeria (ALGON), Data Analytics & Solutions International Ltd, and CCK Electric Power Technology Company. This strategic partnership underscores the government's commitment to cross-sector collaboration as a means to scale energy access rapidly and sustainably.

137. SCAF Backs Konexa's $80mln Solar Power Project in Nigeria (28 May 2025). SCAF Backs Konexa's $80mln Solar Power Project in Nigeria - Ecofin Agency Accessed 15 January 2025
138. Oluwabukola Jimoh, 'FG Launches Sustainable Energy Access Projects (SEAP) with 30MW Commissioning in Ogun State, LPG In Nigeria' (LPG Blog, 23 April 2025), https://lpginnigeria.com/details/fg-launches-sustainable-energy-access-projects-seap-with-30mw-commissioning-in-ogun-state accessed 15 December 2025.
139. 'Nnaji highlights Tinubu's strides in energy, innovation, and jobs in two years', Vanguard (1 June 2025), https://www.vanguardngr.com/2025/06/nnaji-highlights-tinubus-strides-in-energy-innovation-and-jobs-in-two-years accessed 15 December 2025.

RENEWABLE ENERGY

FG PARTNERS APPL AND LONGI FOR THE DEVELOPMENT OF A 2,600MW SOLAR POWER PLANT

In March 2025, the Federal Ministry of Innovation, Science and Technology (FMIST) executed Sub-Saharan Africa's largest solar procurement arrangement for the supply of 2,600 megawatts of solar power, in partnership with Alternative Petroleum & Power Limited (APPL) and LONGi Solar France SARL, a subsidiary of the global renewable energy giant LONGi Green Energy Technology Co., Ltd.[140]

The project is designed to power large-scale green hydrogen production by leveraging Nigeria's abundant solar resources. It aims to drive clean energy generation, industrial growth, hydrogen exports, and the development of innovative mobility solutions. According to experts, this landmark advancement in Nigeria's energy sector is projected to generate over 20,000 direct jobs, spanning opportunities in engineering, logistics, research and development, manufacturing, and maintenance across the country.[141]

RENEWABLE ENERGY

ADAMAWA STATE GOVERNMENT SIGNS PARTNERSHIP AGREEMENT WITH THE RURAL ELECTRIFICATION AGENCY (REA)

In March 2025, the Adamawa State Government signed a partnership agreement (Memorandum of Understanding) with the Rural Electrification Agency (REA) during a high-level roundtable engagement held in Abuja themed "Unlocking Private Sector Opportunities in Distributed Renewable Energy."[142] The agreement aims to facilitate the development of a 300MW solar photovoltaic (PV) farm and attract up to $1.9 billion in investments to significantly expand renewable energy access across the state, with a strong emphasis on rural communities.[143]

The strategic partnership also seeks to address chronic power shortages in underserved areas by promoting large-scale solar projects, distributed renewable solutions, and private sector involvement to deliver reliable, clean electricity. This initiative is expected to boost economic growth, support local industries, improve quality of life, and contribute to Nigeria's renewable energy targets through enhanced rural electrification efforts.[144]

RENEWABLE ENERGY

NET BILLING REGULATION:

The regulation will allow customers with solar panels or other on-site renewable systems to export excess electricity to the grid and receive financial compensation or credits. This development will improve the economic viability of solar rooftop systems, mini-grids, and other distributed generation projects, making them more attractive to both commercial and residential investors. The regulation will also reduce the financial risk for developers of distributed energy by allowing developers to monetise excess power. This will encourage more private companies to enter or expand in the renewable energy market.

140. Fadeyi Toluwalase, 'Nigeria Partners LONGi To Launch 2,600MW Solar Project For Green Hydrogen Production' P.M. Express (28 March 2025) https://pmexpressng.com/nigeria-partners-longi-to-launch-2600mw-solar-project-for-green-hydrogen-production/ accessed 15 December2025.
141. Revocube Energies, 'Nigeria Signs 2,600MW Solar Deal with LONGi' Revocube Energies (28 March 2025)https://blog.revocubeenergies.com/nigeria-signs-2600mw-solar-deal-with-longi/ accessed 15 January 2026
142. Martins Eze, 'Adamawa State Signs Deal to Address Power Shortages in Rural Areas', The Electricity Hub (Nigeria, 4 March 2025), https://theelectricityhub.com/adamawa-state-signs-deal-to-address-power-shortages-in-rural-areas accessed 15 December 2025.
143. 'Adamawa, REA To Unlock $1.9b Investment Through 300MW Solar PV Farm', Channels Television (Nigeria, 4 March 2025), https://www.channelstv.com/2025/03/04/adamawa-rea-to-unlock-1-9b-investment-through-300mw-solar-pv-farm accessed 15 November 2025.
144. Matthew Denis, 'Adamawa govt signs MoU with REA to promote renewable energy devt, access', Nigerian News Direct (Nigeria, 3 March 2025), https://nigeriannewsdirect.com/adamawa-govt-signs-mou-with-rea-to-promote-renewable-energy-devt-access accessed 15 January 2026.

RENEWABLE ENERGY

US$500 MILLION INVESTMENT AGREEMENT BETWEEN KATSINA STATE GOVERNMENT AND GENESIS ENERGY

In April 2025, the Katsina State Government signed a landmark US$500 million investment MoU with GENESIS Energy Group, a UK-based pan-African clean energy infrastructure developer.[145] The agreement focuses on the development, financing, construction, operation, and maintenance of critical energy projects to improve power access and drive industrial growth in the state.

The partnership involves GENESIS committing capital and technical expertise through equity and profit-sharing arrangements, with no debt or collateral burden on the state, aiming to expand renewable energy infrastructure and support economic development.[146]

This deal reflects growing subnational efforts to attract private investment for sustainable energy solutions and aligns with national renewable energy priorities.

RENEWABLE ENERGY

RURAL ELECTRIFICATION AGENCY (REA)'S US$1.6 BILLION PIPELINE TO SCALE OFF-GRID RENEWABLE ENERGY PROJECTS

In July 2025, the REA announced a funding pipeline of approximately US$1.6 billion to accelerate the deployment of solar mini-grids, standalone systems, and other off-grid renewable energy solutions across Nigeria.[147] The funds, sourced through public-private partnerships, multilateral institutions, and climate finance, target underserved rural communities to expand electricity access.

The pipeline includes expected contributions such as US$200 million from the Japan International Cooperation Agency, supporting REA's efforts to scale distributed renewable energy and achieve universal access goals.[148]

This initiative strengthens Nigeria's off-grid electrification strategy and complements national programmes for sustainable energy expansion.

145. GENESIS Energy, Katsina State Government Sign Landmark US$500M Investment MOU, Environment Africa Magazine (Nigeria, 14 April 2025), https://environmentafricamag.com/2025/04/14/genesis-energy-katsina-state-government-sign-landmark-us500m-investment-mou accessed 15 December 2025.
146. Sola Onamodu, "GENESIS Energy, Katsina Govt In Landmark US$500M Investment MOU", SocietyNow (Nigeria, 15 April 2025), https://societynow.ng/genesis-energy-katsina-govt-in-landmark-us500m-investment-mou accessed 15 December 2025.
147. Damilolo Aina, "Rural electrification agency mulls $1.6bn for solar mini-grids, clean energy", Punch Newspapers (Nigeria, 22 July 2025), https://punchng.com/rural-electrification-agency-mulls-1-6bn-for-solar-mini-grids-clean-energy accessed 15 December 2025.
148. National Energy Compact For The Federal Republic Of Nigeria, The World Bank (2025), https://thedocs.worldbank.org/en/doc/2340747bcba6747a15a4ff8cba935fce-0010012025/original/M300-AES-Compact-Nigeria.pdf accessed 15 January 2026.

RENEWABLE ENERGY

CONCESSION OF FARIN RUWA HYDROPOWER PLANT

In 2025, the Federal Government of Nigeria, through the Federal Ministry of Water Resources and Sanitation, granted a concession for the Farin Ruwa Hydropower Project to Strom Infrastructure Investment and Management Limited (via its special purpose vehicle, Farinruwa Power Limited).[149] The project, located in Nasarawa State, involves the revival, development, and operation of a hydropower facility with an estimated capacity of 20-40 MW, harnessing the Farin Ruwa River to generate clean, reliable renewable energy.

The concession agreement provides Strom with full development and operational rights, marking a key step in the government's public-private partnership (PPP) strategy to revitalize dormant hydropower assets, boost renewable energy supply, and support rural electrification and economic growth in the region. This transaction was advised on by Olaniwun Ajayi LP, underscoring the role of legal expertise in structuring complex infrastructure concessions.

The initiative aligns with broader national efforts to expand hydropower generation through private sector involvement, contributing to Nigeria's renewable energy targets and energy security objectives.

RENEWABLE ENERGY

OPERATIONALISATION OF THE CARBON MARKET

In early 2026, following the formal launch of Nigeria's Carbon Market Framework at the Abu Dhabi Sustainability Week (ADSW) in January 2026, the country advanced the operationalization of its carbon market mechanisms. The Framework, building on the National Carbon Market Activation Policy and related regulations under the Climate Change Act, establishes governance structures, a national carbon registry, and pathways for compliance and voluntary carbon trading aligned with Article 6 of the Paris Agreement.

This development enables the generation, verification, and trading of high-integrity carbon credits from sectors such as forestry, renewable energy, agriculture, and clean cooking, aiming to unlock significant climate finance, attract investments, and support Nigeria's net-zero ambitions by 2060 while generating substantial revenue from global carbon markets.

Olaniwun Ajayi LP published a detailed analysis on the operationalisation of the Nigerian Carbon Market, examining its legal foundations, institutional arrangements, market integrity safeguards, and implications for investment and climate strategy. The article is available here: Operationalisation of the Carbon Market.

The operationalization marks a pivotal milestone in Nigeria's participation in the global green economy and complements subnational initiatives like the Lagos Carbon Exchange.

149. Farin Ruwa Hydropower Project - Strom, https://strominfraco.com/our-portfolio/farinruwa-power accessed 1 February 2026.

PART 03

DEAL SPOTLIGHT

SPOTLIGHT INTERVIEW QUESTIONS WITH OLU ARUIKE
Husk Power ₦5 Billion Revolving Credit Facility

Could you share a brief overview of your background and role at Husk Power?

I currently lead Husk Power's operations in Nigeria as Country Director – Nigeria, while also overseeing market expansion and strategic growth across the region as Vice President, Business Development – West Africa. My role spans commercial strategy, partnerships, market development, regulatory engagement, and scaling Husk's distributed energy resources platform across Nigeria and the broader West African region.

Prior to joining Husk Power, I built my career across two global banks, a female-led impact investment firm, and a clean energy non-profit, gaining experience across finance, investment, development, and the renewable energy ecosystem. This cross-sector background allows me to operate effectively at the intersection of capital, policy, infrastructure, and community development.

I am Nigerian by origin and a global citizen by experience, and I strongly believe that sub-Saharan Africa's challenges can only be solved through locally grounded solutions that leverage indigenous knowledge, culture, and context, combined with world-class systems, capital, and execution. At Husk Power, this philosophy shapes how we build scalable, sustainable energy infrastructure that delivers long-term economic and social impact for Nigerian communities.

In moving toward a cleaner energy future, what fundamental challenges must Nigeria confront in displacing fossil fuels, and what reforms or innovations could meaningfully change the trajectory?

Nigeria has been very clear and intentional in its regulatory and policy frameworks, and vocal about its net-zero targets and commitments. However, this clarity at the highest level is yet to be felt by those who should be driving the transition, from moving households from kerosene stoves to clean cookstoves, and from danfo or keke to electric vehicles and two- and three-wheelers.

That said, much more engagement is needed at all levels. This engagement must be clear and direct, collaborative efforts between actors should be encouraged, and any subsidies should be demand-driven. We have been on the wrong end of supply-side subsidies for far too long, with no clear results.

Olu Aruike
Country Director for Nigeria
Husk Power Systems

Access to long-term local currency debt has long been cited as a key bottleneck for mini-grid growth in Nigeria. How does this transaction directly address that challenge, and what barriers remain?

No sector in any country has achieved scale without local currency financing. Local currency debt (or any form of financing) has been largely absent in supporting minigrids, but this has also been a question of lenders waiting to see proof of viability. Local currency funding for an infrastructure-heavy sector like ours is rarely catalytic at the early stage and must mature with the market.

With Husk Power proving profitability at the EBITDA level in 2022/2023, we knew the next step was to unlock more capital, and then local capital suited to our type of business. In doing so, we have helped unlock that pathway, alongside others in the sector. However, there remains a broader challenge: business governance structures are still often seen as too weak, or overly reliant on concessional financing, to recognise that the pathway to scale requires local currency financing and the avoidance of currency mismatches.

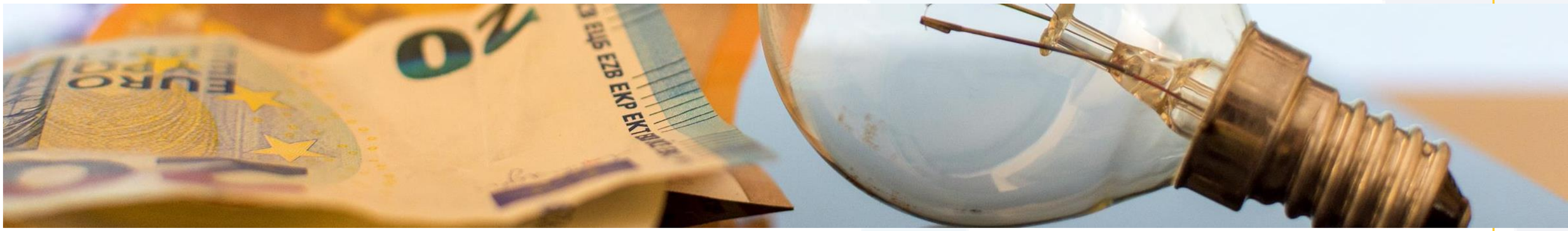
How does Husk Power intend to deploy the facility across standalone mini-grids, interconnected mini-grids (IMGs), and commercial and industrial (C&I) solar projects?

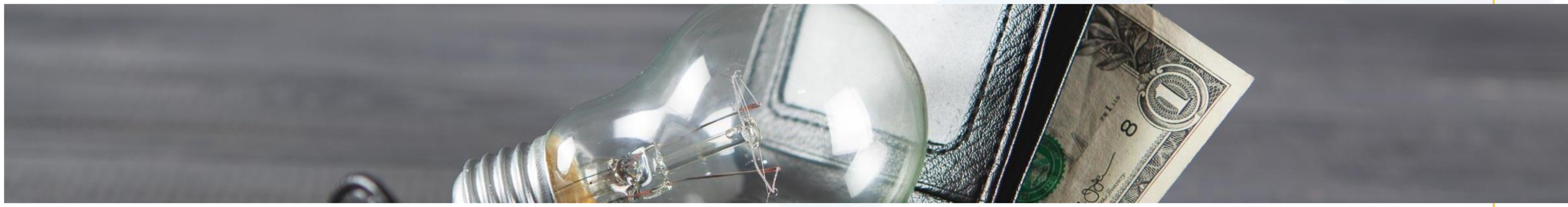
The projects under this facility will primarily be used to build out Husk Power's standalone minigrid pipeline in Nigeria, with planned expansion to include our upcoming interconnected minigrids (IMGs) and commercial and industrial (C&I) solar projects. We plan to rotate this facility 3 times at the minimum over the next 9 years and also plan to come back to UCIF for at least 10x the size of the facility by 2027.

Husk Power previously secured a US$5 million IFC facility for its Nigerian operations. How does this naira-denominated facility complement your earlier foreign-currency financing?

Both facilities are structured to support our minigrid expansion across Nigeria. Blending local currency capital with foreign-denominated funding, including and specifically the IFC facility, allows us to deploy more minigrids at lower cost while reducing foreign currency exposure and the risk of currency mismatch.

We are excited to have partnered with both IFC and UCIF on these facilities, and that these strong financing institutions are backing us as we continue our expansion across Nigeria.





From an operational and risk-management standpoint, how does local-currency debt improve project sustainability?

Currency mismatch remains one of the core structural challenges in our sector, and local currency debt directly mitigates this risk. Local currency debt also directly addresses this problem of repayments as these when made in local currency can be matched to local revenue sources.

In addition, local currency capital can be applied as working capital to strengthen day-to-day operations and activities. It also supports the creation of local ecosystems that enable scale, as local currency is used for local procurement, services, and general operating expenses.

What lessons from this transaction should developers, investors, and policymakers take away as Nigeria pursues universal energy access?

The first lesson is that achieving universal energy access is everyone's responsibility. Collaboration to deliver innovative structures that enable the sector to scale is essential, and the sector cannot grow without cooperation among participants.

Secondly, local currency financiers need to be open and innovative in their approach to financing a sector like ours. The sector remains in a nascent state, although giant strides have been made within the last decade, and that means that collaborative learning (or pivoting) to drive innovation is critical to continued success.

What would success look like five years from now as a result of this transaction—for Husk Power and for Nigeria's renewable energy market more broadly?

We expect this transaction to unlock many more local-currency transactions for DER projects in Nigeria over the next few years. For Husk Power, we have been very intentional in our commitments to Nigeria, its government, sub-nationals, and its people.

Having now repositioned as an AI-enabled platform serving communities, as well as commercial and residential customers, in a sustainable and people-oriented manner, success would mean thousands of direct and indirect jobs, income growth for the businesses we serve, improved lifestyles for the individuals we provide reliable power to, contribution to GDP growth for the sub-nationals we support and continued profitability on our pathway to an IPO in the next few years.

PART 04

CASE DIGEST

SUIT NO: CV/723/2023 – MRS. EUNICE A. OMESILI VS. ABUJA ELECTRICITY DISTRIBUTION COMPANY PLC. (AEDC)

CASE SUMMARY:

The Claimant, Mrs. Eunice A. Omesili, approached the High Court of the Federal Capital Territory via Originating Summons dated and filed on December 21, 2023. The suit sought determination on whether the Claimant was entitled to compensation for the wrongful acts of the Defendant (**AEDC**). The claims stemmed from AEDC's alleged wrongful disconnection of power supply, failure to address complaints for over four years, leading to trauma and hardship, and the applicability of the principle “ubi jus ibi remedium” (where there is a wrong there is a remedy) to entitle her to damages.

The Claimant sought several specific declarations, including that the arbitrary disconnection of her electricity supply on March 20, 2019, without notice was unlawful, and that the unilateral addition of NGN211,959.00 as “old energy bills” into her prepaid meter (leading to 50% deductions on every recharge since June 7, 2019) was unlawful. The Claimant further sought NGN30,000,000 compensation for hardship and violation of rights, and NGN2,000,000 cost of litigation.

The Claimant demonstrated that she had pursued redress by filing a civil suit (Suit No. CV/1462/19) in March 2019, which was struck out on April 25, 2022, upon the Defendant's application. Following this, she commenced the domestic customer complaint resolution processes, including filing complaints with the Customer Complaint Unit (**CCU**), the NERC Forum, and an appeal to the NERC. NERC subsequently issued a resolution on December 5, 2023, turning down her appeal for compensation but stating that the "powers to award compensation such as demanded in your appeal reside with the Courts".

AEDC filed a Preliminary Objection arguing that the suit was premature and incompetent, thus depriving the High Court of jurisdiction. The Defendant contended that the Claimant failed to fulfill conditions precedent because she did not apply to NERC for a review of its decision and subsequent appeal to the Federal High Court as stipulated under Section 51 of the EA. AEDC also asserted that the claim for damages or compensation was a common law right not available under the statutory dispute resolution framework. Furthermore, the Defendant argued that refiling the suit after the previous one (CV/1462/19) was struck out constituted an abuse of court process.

THE DECISION OF THE COURT:

The Court, presided over by Hon. Justice Y. Halilu, upheld the Preliminary Objection. The Court found that the instant suit was filed despite the continued subsistence of a ruling striking out the Claimant's previous suit (Suit No. CV/1462/2019) on similar grounds. The Court declined jurisdiction and consequently struck out the suit (Suit No. FCT/HC/CV/723/2023) on January 23, 2025. The decision was predicated on the finding that the action constituted an abuse of Court Process. The Court emphasized that instituting a multiplicity of actions on the same subject matter against the same opponent on the same issues constitutes an abuse of court process, as the rationale of the law is that there must be an end to litigation.

The ruling serves as a crucial reminder to stakeholders that failure to fulfil mandatory conditions precedent or engaging in proceedings deemed an abuse of process, are fatal to a case, rendering the proceedings a nullity. The Court declined to assume jurisdiction because the previous ruling still subsisted, and the Claimant had failed to appeal or comply with the remedy-seeking process previously mandated before filing the fresh action.

PART 05

KEY CHALLENGES AND SECTORAL CONSTRAINTS

The following are the key challenges and sectoral constraints faced by the Power Sector in 2025:

Grid Instability and System Fragility

Grid stability remains one of the most persistent and systemic challenges in Nigeria's power sector, with far-reaching implications for reliability of supply, investor confidence, and the overall performance. While generation capacity has expanded, transmission infrastructure has not kept pace. Despite achieving a historic peak generation of 6,003 MW in March 2025, the subsequent collapse of the national grid within days underscores a persistent challenge in system stability. Frequent grid collapses with the most recent collapse occurring in December 2025, voltage and frequency deviations, and weak load management mechanisms caused by an overstretched and aging transmission network, weak system operations, and inadequate investment in grid infrastructure continue to constrain the ability of the generation sub-sector to sustain high output levels. These events demonstrate that generation growth is not matched by commensurate improvements in system coordination and grid resilience, further exacerbating the fragility of the current system.

Low Plant Availability and Underutilisation of Installed Capacity

Fundamental challenge facing the generation sub-sector is low plant availability. As at September 2025, only about 5,200 MW of Nigeria's 13,625 MW installed capacity was available for dispatch, reflecting a plant availability rate of just 38 percent. This gap is driven by equipment degradation, deferred maintenance, fuel supply constraints, and prolonged outages. Even when capacity is available, average dispatch of approximately 4,091 MWh/h highlights the disconnect between installed capacity and actual power delivered to the grid.

DisCo Load Offtake Constraints

Reduced load offtake by DisCos remains a major structural bottleneck for generation. In Q2 2025, several power plants were forced to scale down or shut down operations due to insufficient demand from DisCos, despite available capacity. This has led to generation curtailment at major plants such as Geregu, Delta, Afam, Shiroro, and Odukpani. Weak DisCo liquidity, high ATC&C losses, and constrained distribution infrastructure directly affect GenCos' ability to operate optimally and recover costs.

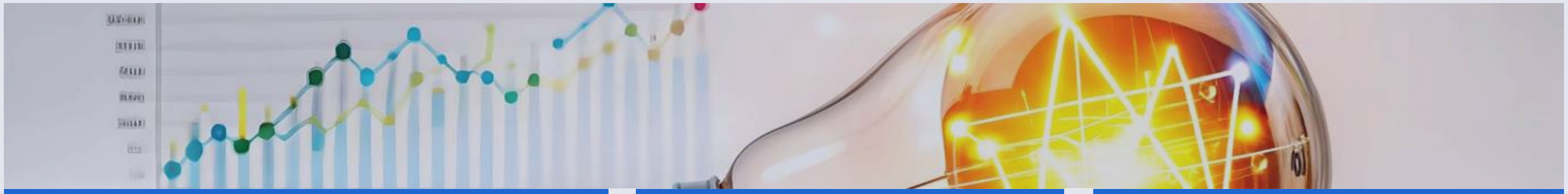
Fuel Supply and Gas Constraints

Gas-fired generation plants continue to face fuel supply disruptions due to pipeline vandalism, payment arrears to gas suppliers, and inadequate gas infrastructure. These constraints contribute to forced outages and reduced generation output. The reliance on gas for baseload generation means that instability in the gas supply chain directly translates into instability within the power generation sub-sector.

Maintenance Deficits and Ageing Infrastructure

Several generation assets continue to suffer from deferred maintenance and ageing equipment, resulting in frequent breakdowns and prolonged outages. Initiatives such as NDPHC's recovery plan for the Alaoji power plant and the reintegration of idle turbines signal progress, but they also reflect the scale of rehabilitation required across the generation fleet to restore reliability and improve availability.

Liquidity Constraints



As in previous years, the power sector continued to grapple with severe liquidity constraints throughout 2025. GenCos remain burdened by substantial legacy debts, estimated at approximately ₦4 trillion, for power supplied over several years. In April, the GenCos threatened a nationwide shutdown in response to the mounting arrears.[150] DisCos likewise faced persistent collection challenges, with significant shortfalls between energy billed and payments received. Consequently, their ATC&C losses have remained at unsustainably high levels. This weak financial position across the value chain has constrained investment, limiting the sector's ability to address critical infrastructure deficiencies and close the enduring gap between electricity supply and demand.

To address these obligations, the Federal Government has initiated the PPSDRP to gradually clear outstanding market debts. While these efforts provide temporary relief, the fundamental challenge is that continuous bailouts and subsidy are fiscally unsustainable for the FG. Long-term sector viability cannot rely on recurring government subventions. Instead, the sector must transition to cost-reflective tariffs, drastically reduce ATC&C losses, and improve revenue collection efficiency across the value chain.

Persistent illiquidity also significantly deters private investment. Investors perceive the sector as high-risk due to chronic cash flow shortages, non-payment for energy delivered, and inadequate returns on capital. This discourages both local and foreign financiers from investing in new generation capacity, transmission upgrades, metering infrastructure, and distribution networks. Without reliable cash flows and a bankable tariff regime, the sector cannot mobilize the scale of capital required to modernize infrastructure or close the longstanding supply-demand gap.

Regulatory, Policy and Governance Challenges

While significant efforts have been made over the years to address the regulatory and policy and governance issues in the sector, these challenges persisted in NESI in 2025. As Particularly, the independence of regulators such as NERC was a notable consideration in 2025. This has manifested mainly when government interference prevents NERC from conducting the periodic tariff reviews required under its regulations, typically every five years, and from approving cost-reflective tariffs.[151] Policy coordination amongst governments also presented a challenge in 2025. To illustrate, the federal government and state governments appeared to have different conceptions of the direction of a decentralized NESI as reflected in the debates around the proposed amendments to the EA.

150. *Mary Izuaka, 'Electricity: GenCos threaten shutdown over N4 trillion debt' Premium Times (Nigeria, 15 April 2025)https://www.premiumtimesng.com/news/headlines/788001-electricity-gencos-threaten-shutdown-over-n4-trillion-debt.html accessed 14 October 2025.*
151. *NERC Issues New Regulations on Electricity Tariff Review amid Controversy - Financial Energy Review' Financial Energy Review (5 February 2025) https://financialenergyreview.com/nerc-issues-new-regulations-on-electricity-tariff-review-amid-controversy/ accessed 3 November 2025.*

Decentralization challenges

In view of the ongoing decentralization efforts, NERC has gradually transferred regulatory oversight to States that have established their state electricity markets. However, the co-existence of the two tiers of electricity markets in Nigeria has led to some regulatory frictions and overlaps that have threatened the stability of the market and the confidence of investors which NESI has struggled to build over the years. A notable example this year is the tariff dispute between NERC and the EERC as discussed above.

Beyond its immediate commercial implications, the dispute underscored unresolved constitutional and regulatory boundaries, particularly around tariff-setting, grid access, and market operations. It also highlighted the absence of a harmonized framework for coordinating the roles of federal and state regulators in the transitional phase of decentralization.

While the dispute appears to have been settled, the risk of similar conflicts remains high, especially as more states establish SERCs and begin asserting tariff and licensing authority. Without clear, consistently applied regulatory demarcations and a cooperative governance mechanism, the sector faces potential fragmentation. Such fragmentation could result in inconsistent tariffs, uncertainty in power contracting, and higher regulatory risk premiums, ultimately discouraging new investment and slowing the sector's transition to a more competitive market. Investors are closely monitoring the progress of state electricity markets, as investment decisions will largely depend on the extent to which these markets demonstrate bankability, including regulatory certainty, cost-reflective tariffs, and credible payment assurance mechanisms.

Metering Challenges

While mass metering programmes and associated capital injections such as the Meter Acquisition Fund (MAF) have reduced the metering deficit in NESI, the gap remains material. As at 30 June 2025, only 6,422,933 of the 11,821,194 active registered customers (approximately 54.33%) across the twelve DisCos were metered.[152] Metering-related complaints continue to account for a significant proportion of customer grievances lodged with DisCos. The persistent metering deficit continues to structurally elevate ATC&C losses, with only Eko DisCo meeting its ATC&C loss target in Q2 2025. This dynamic further weakens the long-term financial resilience of DisCos and undermines their ability to sustainably improve service delivery and creditworthiness.

152. NERC, '2025 Q2 Report' (2025).

Insecurity and Infrastructure vandalism

As discussed in this report, the transmission sector still faces challenges to the transmission infrastructure. In the first six (6) months of 2025 alone, forty-two (42) cases of vandalism of transmission infrastructure were reported, with about eighty-six (86) towers vandalised.[153] TCN recorded 11 (eleven) cases of damage to property/infrastructure due to explosions, fire outbreaks or acts of vandalism over the second (2nd) quarter of 2025.[154] Security agencies have stepped up to the challenge. The EA introduced a raft of offences for the destruction of national electricity assets. However, we have not seen an uptick in the reported prosecution for electricity-related offences.

This persistent vulnerability has broader implications for the sector. Frequent vandalism not only undermines system stability but also raises insurance costs, deters investment in critical transmission corridors, and delays ongoing grid expansion projects. Investors and financiers increasingly factor security risks into their project evaluations, often demanding higher risk premiums or avoiding high-risk corridors entirely.

153. *Olalekan Adigun, 'TCN records 42 vandalism incidents, 178 transmission towers affected in first half of 2025' Nairametrics(19 June 2025) <https://nairametrics.com/2025/06/19/tcn-records-42-vandalism-incidents-178-transmission-towers-affected-in-first-half-of-2025/ > accessed 20 October 2025.*
154. *NERC, '2025 Q2 Report' (2025).*

2026 OUTLOOK

FORWARD LOOK

REGULATORY CHANGES

We expect the amendments to the EA o be concluded and the Amendment Act assented to in 2026. Among the notable proposed changes are: the establishment of a Forum of Electricity Regulators — envisaged as a central coordinating platform comprising NERC and the various SERCs; clearer delineations of the regulatory boundaries between NERC and the SERCs; and the formal classification of electricity as an essential service. These developments have, unsurprisingly, elicited divergent stakeholder reactions, reflecting both the political economy sensitivities of subnational regulatory autonomy, and the broader debate on the appropriate architecture of sector governance and market oversight in a decentralised electricity landscape. Nonetheless, we expect that a consensus will be reached amongst the stakeholders before Q3 of 2026.

CREATION OF MORE STATE ELECTRICITY MARKETS AND INCREASED ACTIVITY IN STATE ELECTRICITY MARKETS

To date, NERC has not effected the transfer of regulatory oversight to all States as contemplated under section 230 of the EA. Of the thirty-six (36) States of the Federation, NERC has issued Orders transferring regulatory authority to only 15.[155] A number of these States have begun formal operationalisation of their State electricity markets. Against this backdrop, we anticipate that 2026 will mark an inflection point, with the creation of more state electricity markets, including expanded licensing activity and the issuance of State-level regulatory instruments. State governments of states with state electricity markets are also expected to engage in investment promotion activities. However, this decentralisation dynamic also heightens the risk of regulatory overlap, fragmented market design philosophies, and asynchronous market development trajectories across the Federation.

155. *Figure from NERC's website as of the date of writing first draft. Figure to be updated closer to publication.*

ESTABLISHMENT OF MORE STATE SUBCOS AND RESTRUCTURING OF SUCCESSOR DISTRIBUTION COMPANIES:

In 2026, more State SubCos will be incorporated by the successor distribution companies as more States establish their electricity markets, sustaining the 2025 momentum. These state SubCos will manage the distribution activities in the franchise areas of their respective Successor DisCos. Consequently, we envisage that the incorporation of these State SubCos will require that Successor DisCOs undertake internal restructuring exercises. As earlier noted, this restructuring exercise will be done in accordance with the NERC Order on the Delineation of Assets and Liabilities for successor distribution companies. The restructuring exercises are expected to be complex and successor DisCos must carefully plan and navigate the process with the right advice so as not to violate any law, regulation or contractual arrangement.

STRENGTHENING OF THE TRANSMISSION INFRASTRUCTURE

Transmission remains a critical pillar of NESI, and notable developments are underway within this segment. One such development is the ongoing amendment of the grid code, the key technical instrument that prescribes the operational rules, performance standards, and conditions of access to the national grid. In 2025, NERC constituted the GCRP and formally commenced a comprehensive amendment process.[156] A draft revised grid code has now been issued for stakeholder comments, and we expect that the codification process will be concluded in 2026. Another major development which we expect to reach significant stage in 2026 is Phase Two (2) of the PPI, which will deliver even upgraded existing power lines and ten new ones, covering 544 km and capable of carrying 7,140 MW of power.[157]

BILATERAL TRADING

Pursuant to the July 2024 Order on the Transition to Bilateral Trading in the Nigerian Electricity Supply Industry, NBET is no longer expected to enter into new power purchase agreements, marking a decisive shift away from its historical role as the central bulk offtaker. the implementation Under the Order, NBET's mandate would be largely transitional, focused on administering and managing certain agreements in its existing contractual portfolio while the market migrates toward direct bilateral trading arrangements.

As NBET will gradually exit the market, the implementation of the Order is anticipated to significantly address longstanding challenges within the industry such as liquidity issues, exacerbated by non-cost reflective tariffs and poor billing and collection practices by the DisCos. While the Order was set to take effective immediately in July 2024, the Order has not yet been fully implemented by NERC. In 2026, we expect that the Order will be fully implemented to allow NESI successfully transition into a bilateral trading market where GenCos can contract directly with DisCos or Trading companies.

156. NERC, 'NERC Tasks Grid Code Review Panel On Efficient Sector Operations' NERC (12 March 2025) https://nerc.gov.ng/media/nerc-tasks-grid-code-review-panel-on-efficient-sector-operations/ accessed 27 October 2025.
157. Sami Tunji and Damilola Aina, 'Govt begins phase 2 of 12,000MW Siemens power project' Punch (25 August 2025) https://punchng.com/govt-begins-phase-2-of-12000mw-siemens-power-project/ accessed 27 October 2025.

RENEWABLE ENERGY

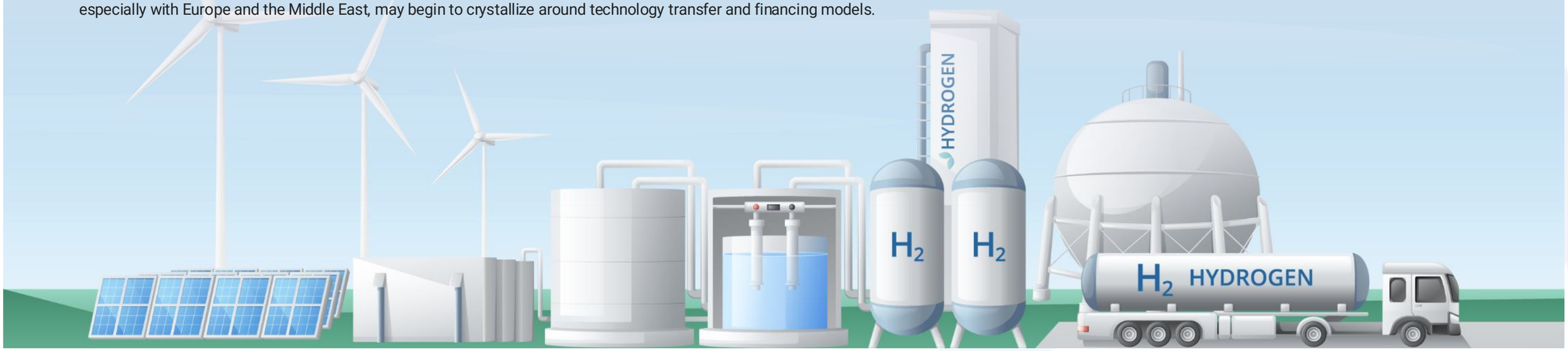
2025 saw a continuous upward trajectory in Nigeria's renewable energy adoption journey; and as the 2026 cycle begins, we expect renewable energy to take a more prominent role and transition from a peripheral solution into a more embedded component of Nigeria's electricity supply architecture. This progress is expected to be driven, amongst other factors, by a confluence of (x) the enabling regulatory framework created by the EA; (y) the desire to expand energy access and increase generation capacity; and (z) the alignment of renewable energy solutions with broader economic and climate objectives.

The continuous process of decentralisation of regulatory authority to States also creates room for more homegrown and context appropriate renewable energy initiatives, with states likely to adopt tailored incentive structures, licensing regimes and procurement models to attract renewable energy investment.

In keeping with the patterns in previous years, we expect to also see more adoption of renewable energy solutions within the distributed and off-grid segments, especially with a higher rate of adoption for commercial and industrial (C&I) purposes thanks to projects being undertaken by entities such as Husk Power Energy Systems Nigeria Limited.

HYDROGEN AS A POWER SOURCE

In 2026, hydrogen, particularly green hydrogen, is expected to advance from conceptual discussions to early pilot-phase implementation across parts of Africa, including Nigeria. Governments and private investors are likely to intensify feasibility studies focused on industrial clusters, ports, and gas-rich regions where hydrogen production can be integrated with existing infrastructure. International partnerships, especially with Europe and the Middle East, may begin to crystallize around technology transfer and financing models.



TAKING ADVANTAGE OF THE ENERGY POOL

By 2026, participation in the WAPP is expected to strengthen as countries pursue regional energy integration to stabilise supply and optimally dispatch generation resources. Nigeria, in particular, may escalate efforts to upgrade interconnection capacity and harmonise cross-border trading protocols. With growing emphasis on balancing intermittent renewables and managing peak demand, the regional pool could become a more strategic tool for improving reliability and lowering generation costs. If coordinated effectively, 2026 may mark a turning point where the energy pool transitions from limited bilateral trading to more structured, competitive regional power exchanges.

WASTE-TO-ENERGY

In 2026, Waste-to-Energy (WtE) is projected to gain momentum as urban centres continue to struggle with rising waste volumes and inadequate disposal systems. State governments and private developers may accelerate WtE project pipelines, especially in major cities where landfill pressures and environmental concerns are highest. More structured PPP frameworks could emerge, enabling bankable project models capable of converting municipal solid waste into power or heat. While regulatory and financing constraints remain, 2026 is expected to see at least a few early-stage projects reach procurement or construction phases, positioning WtE as a credible complementary generation source.

BATTERY-BASED ENERGY STORAGE SYSTEMS (BBES)

Battery-based energy storage is set for significant growth in 2026 as falling global battery prices and rising renewable penetration strengthen the business case for storage. Utility-scale BBES deployments may expand to support grid stability, frequency control, and peak-shaving, while mini-grid and C&I developers increasingly integrate storage to enhance reliability and reduce diesel dependence.

Policymakers are also expected to advance regulatory frameworks for storage compensation, enabling storage assets to participate in ancillary service markets. Overall, 2026 could become a defining year in which BBES moves from pilot projects to broader commercial adoption, reinforcing Nigeria’s and the region’s transition toward a more flexible and resilient power system.

Glossary

AEDC	Abuja Electricity Distribution Company Plc
AFD	French Development Agency
AfDB	African Development Bank
ALGON	Association of Local Governments of Nigeria
AMCON	Asset Management Company of Nigeria
APPL	Alternative Petroleum & Power Limited
ASERC	Abia State Electricity Regulatory Commission
ATC&C	Aggregate Technical, Commercial, and Collection
ATM	Automated Teller Machine
BASERC	Bayelsa State Electricity Regulatory Commission
BBES	Battery-Based Energy Storage Systems
BE	Billing Efficiency
BEDC	Benin Electricity Distribution Company
BII	British International Investment
BPE	Bureau of Public Enterprises
BYERA	Bayelsa Electricity Regulatory Authority
C&I	Commercial and Industrial
CAMA	Companies and Allied Matters Act 2020
CBN	Central Bank of Nigeria
CCETC	China Civil Engineering Construction Corporation
CCGT	Combine Cycle Gas Turbine
CCU	Customer Complaint Unit
CEEC	China Energy Engineering Corporation
CEO	Chief Executive Officer
CPR	Customer Protection Regulations
CSP	Collection Service Providers
DARES	Distributed Access through Renewable Energy Scale-Up
DisCo	Distribution Company
DISREP	Distribution Sector Recovery Programme
DRE	Distributed Renewable Energy
EA	Electricity Act 2023
EAE	Energy Accounting Efficiency
ECN	Energy Commission of Nigeria
ECOWAS	Economic Community of West African States
EEDC	Enugu Electricity Distribution Company
EERC	Enugu Electricity Regulatory Commission
EKEDC	Eko Electricity Distribution Company
EMS	Energy Management System
EPSR	Electric Power Sector Reform
ESERC	Edo State Electricity Regulatory Commission
FCMB	First City Monument Bank
FEA	Future Energies Africa
FEC	Federal Executive Council
FG	Federal Government
FGC	Free Governor Control
FGN	Federal Government of Nigeria
FIPL	First Independent Power Limited
FMIST	Federal Ministry of Innovation, Science and Technology
FOCPEN	Forum of Commissioners of Power and Energy in Nigeria
GCRP	Grid Code Review Panel
GenCo	Generation Company
GWh	Gigawatt hours
Hz	Hertz
IBEDC	Ibadan Electricity Distribution Company
ICT	Information and Communication Technology
IEDN	Independent Electricity Distribution Network
IFC	International Finance Corporation
IKEDC	Ikeja Electricity Distribution Company
IPP	Independent Power Producer
ISA	International Solar Alliance

ISERC	Imo State Electricity Regulatory Commission
IVR	Interactive Voice Response
JEDC	Jos Electricity Distribution Company
JICA	Japan International Cooperation Agency
KAEDCO	Kaduna Electricity Distribution Company
KEDCO	Kano Electricity Distribution Company
KPI	Key Performance Indicators
KSERC	Kogi State Electricity Regulatory Commission
kV	Kilovolt
KYC	Know Your Customer
LASERC	Lagos State Electricity Regulatory Commission
LGA	Local Government Area
LPG	Liquefied Petroleum Gas
MAF	Meter Acquisition Fund
MAP	Meter Asset Provider
MD	Maximum Demand
MEDL	MainPower Electricity Distribution Limited
MO	Market Operator
MoU	Memorandum of Understanding
MW	Megawatts
MWh/h	Megawatt-hours per hour
MVA	Mega Volt-Ampere
MYTO	Multi-Year Tariff Order
NASENI	National Agency for Science and Engineering Infrastructure
NASERC	Nasarawa State Electricity Regulatory Commission
NBA	Net Billing Arrangements
NBS	Net Billing System
NBET	Nigerian Bulk Electricity Trading Plc
NCP	National Council on Privatization
NDPHC	Niger Delta Power Holding Company
NEMSA	Nigerian Electricity Management Services Agency
NERC	Nigerian Electricity Regulatory Commission
NESI	Nigerian Electricity Supply Industry
NETAP	Network Expansion and Transmission Access Project
NGN	Nigerian Naira
NGX	Nigerian Exchange
NIBSS	Nigeria Inter-Bank Settlement System
NICE	Notices of Intention to Commence Enforcement
NISO	Nigerian Independent System Operator
NPSSP	National Public Sector Solarisation Program
NSCDC	Nigeria Security and Civil Defence Corps
NSERC	Niger State Electricity Regulatory Commission
NSIA	Nigeria Sovereign Investment Authority
OCGT	Open Cycle Gas Turbine
OEM	Original Equipment Manufacturer
OGERC	Ogun State Electricity Regulatory Commission
ONSA	Office of the National Security Adviser
OSERB	Ondo State Electricity Regulatory Bureau
OSERC	Oyo State Electricity Regulatory Commission
PAF	Plant Availability Factor
PCA	Principal Collection Account
PEDCL	Pacesetter Electricity Distribution Company Ltd
PHED	Port Harcourt Electricity Distribution Company
PIP	Performance Improvement Plan
PMI	Presidential Metering Initiative
POS	Point of Sale
pp	Percentage Points
PPI	Presidential Power Initiative
PPP	Public-Private Partnership
PPSDRP	Presidential Power Sector Debt Reduction Plan

PSERC	Plateau Electricity Regulatory Commission
PSROC	Power Sector Recovery Operation Committee
PSDRP	Power Sector Debt Reduction Programme
PV	Photovoltaic
Q1	1st Quarter
RD	Rectification Directives
REA	Rural Electrification Agency
RES	Renewable Energy System
SAEA	Secondary DisCo Account Escrow Arrangements
SCADA	Supervisory Control and Data Acquisition
SCAF	Seed Capital Assistance Facility
SEAP	Sustainable Energy Access Project
SEforALL	Sustainable Energy for All
SERC	State Electricity Regulatory Commission
SHS	Standalone Solar Home Systems
SubCo	Subsidiary Company
TCN	Transmission Company of Nigeria
TIF	Transmission Infrastructure Fund
TLF	Transmission Loss Factor
TSP	Transmission Service Provider
UCIF	United Capital Infrastructure Fund
VAT	Value Added Tax
WAPP	West African Power Pool
WB	World Bank
WPG	West Power Gas
WtE	Waste-to-Energy
YEDC	Yola Electric Distribution Company

OLANIWUN AJAYI

CONTACT US

Lagos
The Adunola, 401 Close,
Banana Island, , Ikoyi,
Lagos, Nigeria
lawyers@olaniwunajayi.net

Abuja
4th Floor Leadway House,
Plot 1061, Cadastral Avenue,
Central Business District,
Abuja, Nigeria.
ap@olaniwunajayi.net

Port Harcourt
17, Road 315, Flat 5, BICS
Suites, 25 Herbert Macaulay
Street, Old GRA, Port
Harcourt, Rivers State,
Nigeria

London
29th Floor, 30 St Mary Axe,
London. EC3A 8AF, United
Kingdom
+44 (0) 207 337 6012