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## NIGERIAN ELECTRICITY REGULATORY COMMISSION

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### Invitation to a Public Hearing on Proposals to Cap Estimated Billings and Create an ISO

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The Nigerian Electricity Regulatory Commission (NERC), in furtherance of its mandate to ensure an efficient and fair electricity market that ensures an adequate, reliable and affordable supply of electricity to Nigerian homes and businesses invites operators, consumers, and the general public to a public consultation to consider for approval by the Commission, two proposals, namely, (1) a proposal to cap the amount that a distribution company can charge an unmetered consumer until he or she is metered; (2) a proposal to create an Independent System Operator (ISO) from the Transmission Company of Nigeria.

#### ***Proposal to Cap Estimated Billing***

NERC proposes to issue an order stipulating the maximum amount that any unmetered customer will pay to the distribution company that provides him or her electricity services. This amount will continue to apply until the customer is metered by the distribution company. NERC proposes to set this cap at a level that will protect unmetered customers and provide sufficient incentives for the Discos to quickly meter such customers.

The context of this proposed new regulation is the realization that distribution companies are not doing enough to meter unmetered customers. Since the takeover of the network by the preferred bidders on November 1 2013, we have not seen aggressive metering as promised by their preferred bidders. This has led to overbilling of customers especially in the face of dwindling supply of electricity. The main reason for low rate of metering has been the inadequate financial liability of the sector. But this excuse is no longer viable as the NERC sought to solve this problem through the Credited Advanced Payment for Meter Implementation (CAPMI) which provides discos with the opportunity to finance metering through consumer finance. In spite of this innovative financial

crowd-sourcing initiative, minimal metering has occurred because discos have not been determined to meter their consumers

The Commission therefore needs to provide the incentive for speedy metering of unmetered customers by limiting the amount of revenue that a distribution company can earn from unmetered customers. This transfers the cost of non-metering of customers from hapless customers to operators who have the responsibility and capability of metering customers.

***Proposal to Create an Independent System Operator (ISO)***

The Electric Power Sector Reform Act mandates the NERC to create and maintain an efficient, transparent and fair electricity market that continuously allows customers access to adequate, reliable, safe and affordable electricity services. As part of the features of such a market the Act prescribes the establishment of an independent system operator immediately after substantial privatization on such terms as NERC will indicate. The NERC now wishes to unbundle the Transmission Company of Nigeria (TCN) into a Transmission Service Provider (TSP) and an Independent System Operator (ISO). The ISO is conceived to be jointly owned by the operators in the market and operate totally independent of government so as to be fully impartial and professional in the dispatch of energy. And ISO is a global model that guarantees credibility and confidence in the electricity market such that investors in independent power projects (IPPs) will have no fear of discrimination in the use of transmission network.

The public consultation holds as follows:

**Venue: Hearing Room, Nigerian Electricity Regulatory Commission, Plot 1099 Adamawa Plaza, First Avenue, Abuja**

**Date: Tuesday, June 2, 2015**

**Time: 10.am**

You can submit written opinions and comments on the proposals through [info@nercng.org](mailto:info@nercng.org) or drop hard copy of your write-up with the Secretary to the Commission at the NERC Headquarters at Adamawa Plaza, First Avenue Street, Off Shehu Shagari Way, CBD, Abuja

**Signed**

**Secretary to the Commission**