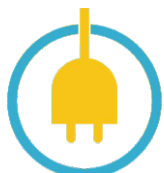




NERC SECOND QUARTER 2022

Report Summary



Clean Technology Hub
energy innovation centre



NERC SECOND QUARTER 2022 REPORT SUMMARY

Curated by Clean Technology Hub

The Nigerian Electricity Regulatory Commission (NERC or the Commission), in line with the mandates enshrined in the Electric Power Sector Reform Act (EPSRA) 2004, has continued to perform its function of regulating the technical, operational, and commercial performance of the Nigerian Electricity Supply Industry (NESI). Through this regulatory oversight function, the Commission ensures the implementation of regulatory interventions to deliver first-rate services to electricity consumers.¹

The Nigerian Electricity Regulatory Commission released its quarterly report for the second quarter of 2022. The report analyzes the state of the Nigerian Electricity Supply Industry (NESI) covering the operational and commercial performance, regulatory functions, and consumer affairs, among others. Here are a few highlights:

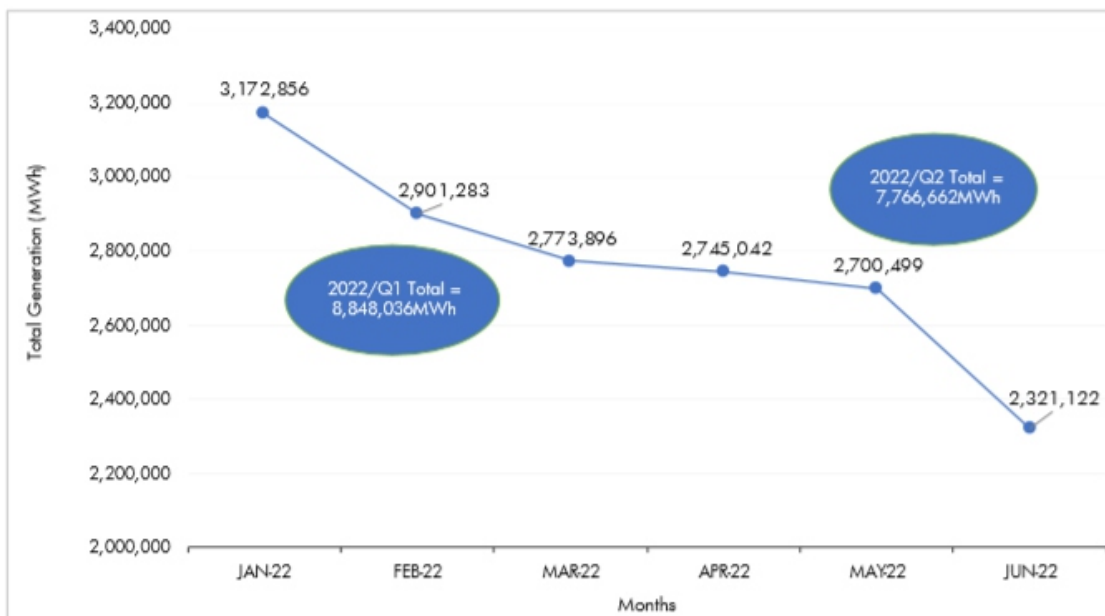
OPERATIONAL PERFORMANCE

- There were twenty-six (26) grid-connected power stations in 2022/Q2 consisting of eighteen (18) gas, four (4) hydro, two (2) steam, and two (2) gas/steam-powered plants.
- The plants' average available generation capacity during the quarter was 4,508.38MW representing a 4.33% decrease (-203.96MW) compared to 4,712.34MW recorded in 2022/Q1.
- The total quarterly generation in 2022/Q2 was 7,766.66GWh. There was a decrease of 1,081.38GWh (-12.22%) from 8,848.04GWh of energy generated in 2022/Q1.
- The system frequency on the grid performance in 2022/Q2, was outside the normal operating limits (50Hz \pm 0.25Hz) but remained within the higher and lower bound stress limits (50Hz \pm 1.25Hz). The system voltage was however outside the prescribed regulatory boundaries (330kV \pm 16.5kV).

¹ NERC (2022). Quarterly Report: Second Quarter 2022. Abuja: Nigerian Electricity Regulatory Commission (NERC). Available at <https://bit.ly/3m75jlk>



[Image 1](#): Available Generation Capacity (January 2022-June 2022).²



[Image 2](#): Total generation Capacity (January 2022-June 2022)³

² P. 9.

NERC RECOMMENDATION

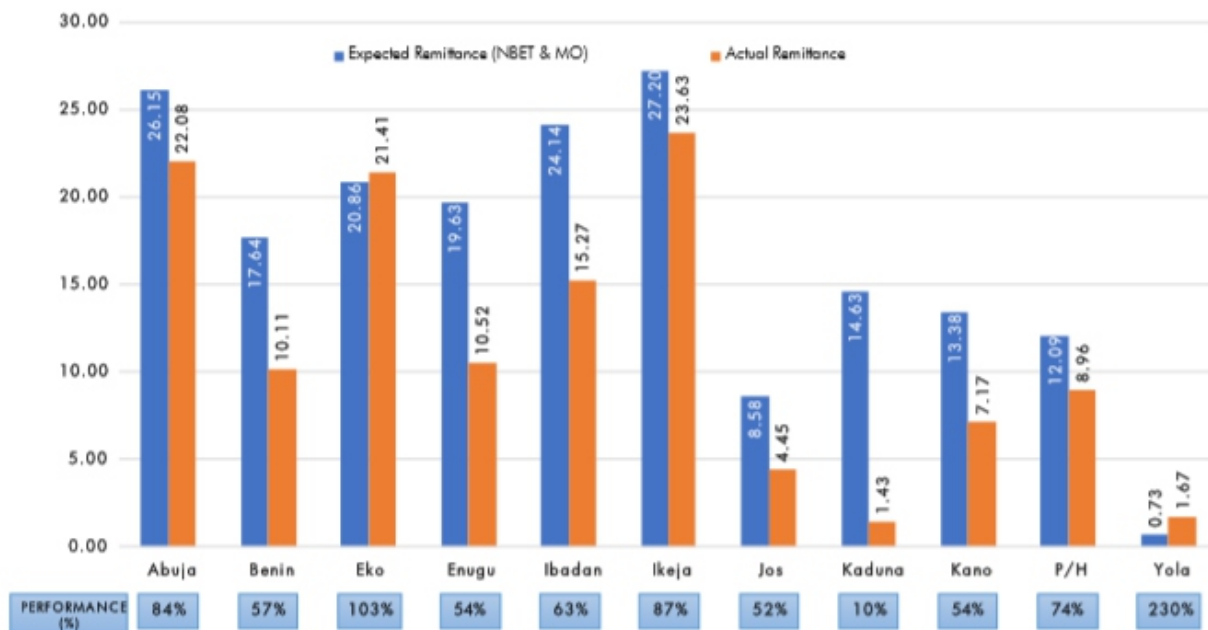
To mitigate further reductions in available capacity and resultant hourly generation, the Commission directed that planned maintenance of power plants should be coordinated by the System Operator (SO).

The SO needs to invest and incorporate operational procedures that will improve its real-time visibility and ability to enforce grid discipline among the GenCos and Discos to ensure that frequency and voltage are maintained within designed operational limits.

COMMERCIAL PERFORMANCE

- The total energy received by all DisCos in 2022/Q2 was 6,344.14GWh while the energy billed to end-use customers was 4,959.53GWh, indicating an average billing efficiency of 78.17%. This represents an increment of 0.79 pp from the 77.38% recorded in 2022/Q1.
- The total revenue collected by all DisCos in 2022/Q2 was ₦188.29 billion out of ₦265.68 billion billed to customers —this corresponds to a collection efficiency of 70.87% which represents a 1.53 pp increase compared to 2022/Q1.
- The ATC&C loss in 2022/Q2 was 44.60% comprising technical and commercial loss (21.83%) and collection loss (29.13%). The ATC&C loss decreased by 3.28 pp compared to 2022/Q1 (47.88%). All DisCos did not meet their allowed ATC&C loss targets as specified in the MYTO.
- In 2022/Q2, out of the total invoice of ₦184.91 billion issued to NBET by GenCos, NBET was only able to invoice ₦149.89 billion to DisCos
- The total invoice from MO to DisCos in 2022/Q2 for which a 100% remittance is expected was ₦35.12 billion. However, only ₦24.34 billion was received across all the DisCos.
- In 2022/Q2, TranscorpSBEE and Mainstream-NIGELEC received invoices of \$2.42 million and \$5.56 million from MO and remitted \$2.42 million (100%) and \$5.55 million (98%) respectively.

³ P. 10.



[Image 3](#): DisCo invoices and remittances in 2022/Q2⁴

NERC RECOMMENDATION

The Commission has emphasized its imperative for DisCos to employ technologies and operational procedures to increase both billing and collection performances, in order to forestall long term financial challenges. These could include holistic energy accounting procedures, customer and infrastructure metering, among others.

REGULATORY FUNCTION

- In 2022/Q2, the Commission approved the issuance of
 - two (2) new generation licenses;
 - one (1) trading license;
 - renewal of one (1) existing license; and
 - amendment of one (1) on-grid generation license.
- The Commission also approved twenty-three (23) mini-grid registration/permits and granted captive power generation permits to eight (8) new companies with an aggregate capacity of 174.08MW and fourteen (14) Meter Service Providers (MSP).

⁴ P. 13

CONSUMER AFFAIRS

- Out of 12,643,630 registered energy customers as at June 2022, only 4,898,721 (38.74%) were metered.
- A total of 167,956 meters were installed in 2022/Q2 compared to the 85,510 meters installed in 2022/Q1. By comparison, the net metering rate increased from 37.79% metering in March 2022 to 38.74% in June 2022.

COMMISSION FEEDBACK

The report noted that the commission would continue to engage relevant stakeholders to ensure month-on-month increments in metering rates while instituting safeguards against overbilling of unmetered customers. This can be done by setting maximum limits to the amount of energy that may be billed to an unmetered customer every month.

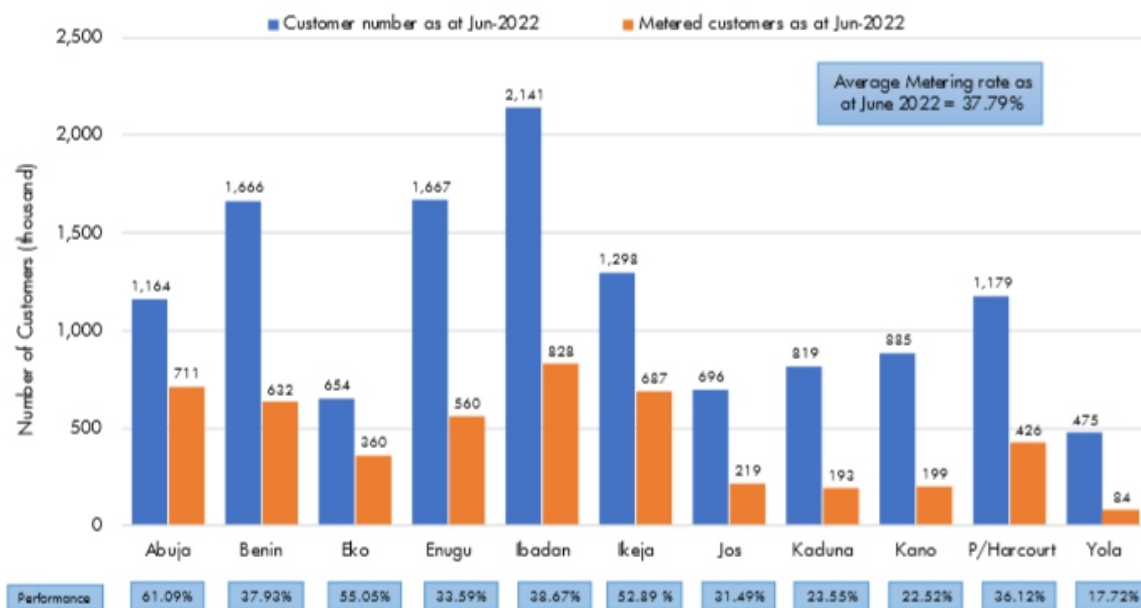
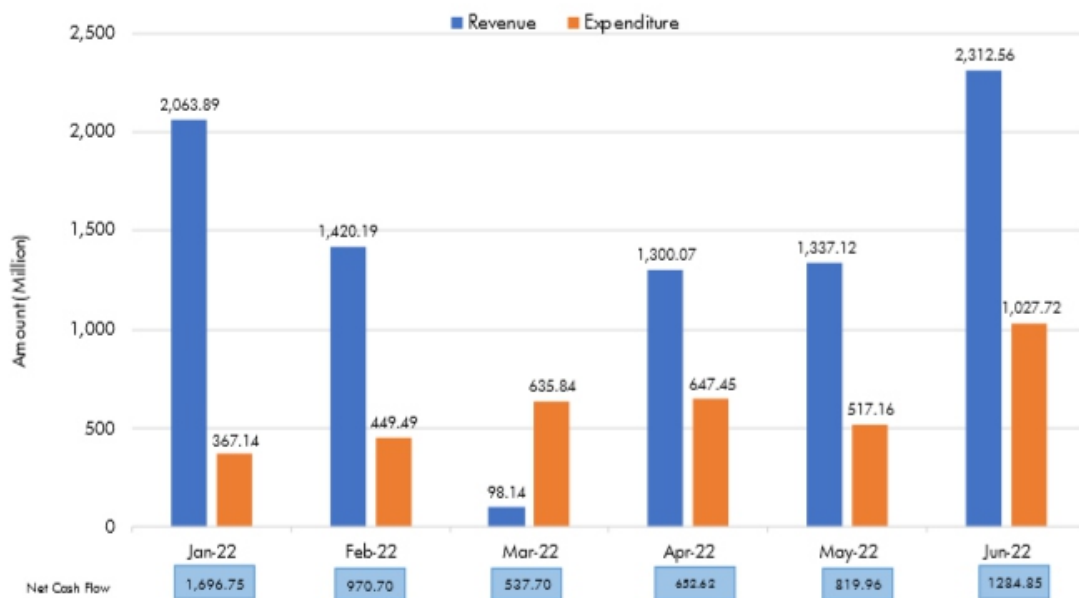


Image 4: Status of Customer metering as at June 2022⁵

THE COMMISSION'S FINANCIAL REPORT

- The total revenue realized by the Commission in 2022/Q2 was ₦4,949.76 million representing an increase of ₦1,367.54 million (+38.18%) from the ₦3,582.22 million realized in 2022/Q1. During the same period, the total expenditure also increased by ₦739.86 million (+50.94%) from ₦1,452.47 million in 2022/Q1 to ₦2,192.33 million.
- A comparison of the revenue and expenditure patterns of the Commission in 2022/Q2 shows a positive net cash flow of ₦2,757.43 million; up by ₦627.68 million (29.47%) compared to the ₦2,129.75 million in 2022/Q1.



[Image 5](#): Commission's Revenue and Expenditure (January-June 2022)⁶

⁵ P. 15