



Clean Technology Hub
Energy Innovation Centre

Budgeting for Energy Governance in Nigeria: State Ministry Allocations (2023–2025)

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Background

Section 230 of the Electricity Act 2023 specifies the process by which a State may obtain full regulatory oversight over its electricity market:

- a. Enact a law by whatever appellation to provide for the establishment of a State electricity market;
- b. Establish a State electricity regulatory authority for the State (the “State Regulator”) and appoint a governing body and staff for the said entity;
- c. Deliver a formal notification of the events in paragraphs (a) and (b) above and request the Commission to transfer regulatory authority over electricity operations in the State to the State Regulator;
- d. Within 45 days of receiving formal notification of the enactment of the law under subsection (7), the Commission shall draw and deliver to the State Regulator a draft order setting out a plan and timeline for the transition of regulatory responsibilities from the Commission to the State Regulator, which transition shall be completed not later than 6 months from the date on which the formal notification in subsection (7) was delivered to the Commission.

As of April 2025, 22 States had enacted electricity laws, while six States have bills under consideration in their houses of assembly.¹ Out of the 22 States with electricity laws, ten have initiated the process of transference of regulatory oversight from NERC (Plateau, Niger, Ogun, Ekiti, Kogi, Lagos, Ondo, Edo, Oyo, Imo, Enugu), with six States now having fully completed the process (Ekiti, Imo, Kogi, Ondo, Enugu and Lagos).²

States vary in the extent to which they have set up bureaucracies focused on promoting energy supply within their borders. They also vary in the budgetary allocations to these bureaucracies. This technical brief presents some data on the situation across Nigerian States in setting up and funding energy sector bureaucracies between 2023 and 2025. The analysis provides insights that may be valuable for State governors, Federal Government energy sector public institutions, and development partners in driving State government energy sector reforms and institution-building.

¹ Gaiya, A.B.S., Malo, I., & Kolawole, K. (2025). *Which Nigerian States have Enacted Electricity Laws?* Technical Brief. Abuja: Clean Technology Hub.
https://cleantechnologyhub.com/wp-content/uploads/2025/05/Which-Nigerian-States-have-Enacted-Electricity-Laws_compressed.pdf.

² Aina, D. (13 January 2025). "Four States get full electricity regulatory oversight — NERC", *Punch*.
<https://punchng.com/four-states-get-full-electricity-regulatory-oversight-nerc/>. BusinessDay Television (1 April 2025). "NERC recently transferred full regulatory oversight of Lagos State's electricity market to LASERC", YouTube. <https://www.youtube.com/watch?v=EiR7ENBnWwM>.

Methodology

We built a novel dataset containing budgetary allocation data from 108 government documents containing 2023, 2024, and 2025 approved budgets, as well as the existence and mandates of the energy sector governing bureaucracies.³ While the Appropriation Law is the best source of data on ultimate allocations approved by State houses of assembly and assented to by governors, such documents are less readily available. The Nigerian Governors Forum Digital Repository is the most comprehensive repository for State appropriation laws, but it does not contain the documents for 11 States (30% of States).⁴ Consequently, we make use of accessible approved budgets. The data from the documents has been scraped, analysed using descriptive statistics (mainly arithmetic means, percentages and correlations) and regression analysis, and visualised using charts and graphs.

The analysis covers 2023 to 2025 for two reasons. The first is to compare patterns in budgetary allocation before the enactment of the Electricity Act 2023 and the subsequent years. The second reason is that most States enacted their electricity laws or introduced electricity bills between 2023 and 2024.

Results

We provide data on the distribution of energy sector bureaucracies, the nature of ministerial mandates, the existence of regulatory commissions, and the absolute and relative sizes of budgetary allocations to these bureaucracies.



Energy Bureaucracies

Most States (27 or 75%) have a ministry of energy or power with mandate over their energy sector. Most of the States without such a ministry are located in the North West and North Central (Figure 1).



Section 230 of the Electricity Act 2023 enables States to take control of their electricity markets through a defined process.



By April 2025, 6 States had fully taken over electricity regulation from NERC.



75% of Nigerian States have a dedicated energy or power ministry.

³

⁴ Nigeria Governors' Forum (2024). "Appropriation Law".

https://ngfrepository.org.ng:8443/simple-search?query=&filter_field_1=subject&filter_type_1>equals&filter_value_1=APPROPRIATION+LAW&sort_by=score&order=desc&rpp=10&etal=0&start=0.

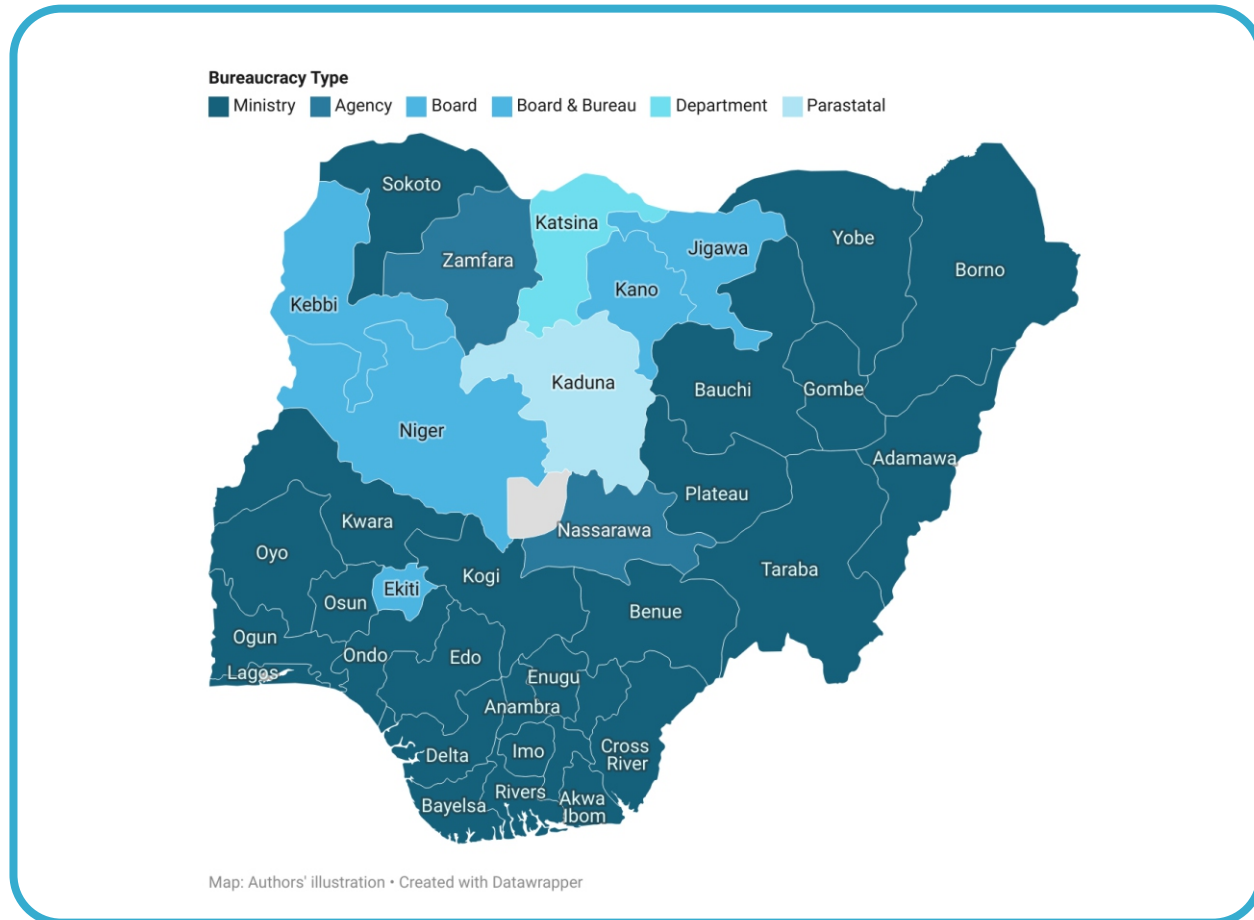


Figure 1: Types of energy bureaucracy in States.

For the 27 States with a ministry, 10 (or 37%) have ministries entirely dedicated to energy (the most common names are: Ministry of Energy, Ministry of Power; in the case of Ebonyi, Ministry of Power and Energy; and, in the case of Imo, a Ministry Of Power and Rural Electrification). The other 17 States have ministries with multiple sectoral mandates, such as Water Resources, Science and Technology, Transport, Mining/Mineral Resources, Rural Development, Works and Housing, Petroleum Resources/Development, or Public Utilities.



State	Institution
Abia	Ministry of Power and Public Utilities
Adamawa	Ministry of Works and Energy Development
Akwa Ibom	Ministry of Power
Anambra	Ministry of Power and Water Resources
Bauchi	Ministry of Power, Science and Technology
Bayelsa	Ministry of Power
Benue	Ministry of Power, Renewable Energy and Transport
Borno	Ministry of Transport & Energy
Cross River	Ministry of Power
Delta	Ministry of Energy
Ebonyi	Ministry of Power and Energy
Edo	Ministry of Mining and Energy
Ekiti	Ekiti State Electricity Board and Ekiti State Electricity Regulatory Bureau (under Ministry of Infrastructure and Public Utilities)
Enugu	Ministry of Energy and Mineral Resources
Gombe	Ministry of Energy and Mineral Resources
Imo	Ministry Of Power and Rural Electrification
Jigawa	Rural Electricity Board (under Ministry of Works & Transport)
Kaduna	Kaduna Power Supply Company Limited (KAPSCO) (under Ministry of Public Works and Infrastructure)
Kano	Rural Electrification Board (under Ministry of Rural & Community Development)
Katsina	Department of Power and Energy
Kebbi	Rural Electrification Board (under Ministry of Rural and Community Development)
Kogi	Ministry of Rural and Energy Development
Kwara	Ministry of Energy
Lagos	Ministry of Energy & Mineral Resources Development
Nassarawa	Nasarawa Electricity Power Agency (NaEPA) (under Ministry of Works, Housing & Transport)
Niger	Niger State Electrification Board
Ogun	Ministry of Energy
Ondo	Ministry of Energy, Mines and Mineral Resources
Osun	Ministry of Energy
Oyo	Ministry of Energy and Mineral Resources
Plateau	Ministry of Water Resources and Energy
Rivers	Ministry of Power
Sokoto	Ministry of Energy and Petroleum Resources
Taraba	Ministry of Energy and Economic Development
Yobe	Ministry of Transport and Energy
Zamfara	Zamfara Urban, Rural Electrification and Telecommunication Agency (ZURETA) (under Ministry of Works and Infrastructure)

Table: Authors' illustration • Created with Datawrapper

Figure 2: Names of primary energy bureaucracy in each State. States with dedicated energy ministries are highlighted in dark blue.

Whether a State has a ministry of energy, and whether the ministry is dedicated to energy or has multiple sectoral mandates is not correlated with the existence of an electricity law, the absolute allocations to energy bureaucracies, the share of allocations in total State budgets, and the change in these figures between 2023 and 2024. This suggests that having a dedicated Ministry of Energy has no impact or relationship with commitment to the energy sector, as indicated through electricity law enactment and budgetary allocations to fund energy bureaucracies.



Regulatory Commissions

Although NERC is in the process of transferring regulatory oversight to over ten State governments, six States have completed the process of the transfer of full regulatory oversight to their State electricity regulatory commissions (SERCs): Ekiti, Enugu, Ondo and Imo. This is because it is not enough for a State to enact an electricity law. A regulatory commission also needs to be established and staffed, which requires money at least for recurrent expenditure. For example, Plateau State enacted the Plateau State Electricity Market Act and the Plateau State Energy Corporation Act in February 2025. On 16 March 2025, NERC announced the transfer of regulatory oversight to the Plateau State Electricity Regulatory Commission (PSERC). However, there is no budgetary allocation to the PSERC under the 2025 State budget. It is expected that by 12th September 2025 —when transfers envisaged by the NERC order shall be completed — the PSERC will be fully functional to achieve full transfer of oversight.

In five cases, full transfer has been achieved. Ekiti State signed into law the Ekiti State Electric Power Sector LAW 2023 in October 2023, which allowed for the creation of the Ekiti State Electricity Regulatory Bureau (EKSERB). The EKSERB is domiciled under the Ministry of Infrastructure and Public Utilities. However, there were no budgetary allocations for the EKSERB in 2024 until the 2025 budget, which allocated N46 million to the Bureau. A similar situation exists for the Enugu Electricity Regulatory Commission (EERC), where N780 million was allocated under the 2025 budget. In contrast, the Ondo State Electricity Regulatory Bureau (OSERB) was originally established under the Ondo State Power Sector Law 2020, but provided budgetary allocations from the 2022 budget (N35 million), reaching N410 million under the 2025 State budget. Among these four States that have established electricity regulatory commissions and have provided for their budgetary needs in 2025, Imo State allocated the largest amount, at N2.6 billion. Lagos State budgeted N15 billion for the Lagos State Electrification Regulatory Commission.

The State with the most comprehensive set of institutions is Lagos. It not only has a ministry (Ministry of Energy and Mineral Resources Development), but also a Lagos State Electrification Fund (to finance electrification projects and sustainable energy solutions), Lagos State Electrification Regulatory Commission (to regulate the market), a Lagos State Electrification Agency, a Lagos State Electricity Board, and a Lagos Independent System Operator (to oversee system reliability and operational efficiency).⁵ However, an agency does not need to have been allocated funds in the Appropriation Law before it begins to operate. The Lagos State Electrification Agency (LSEA), for instance, is not mentioned in the 2025 Lagos State budget, but has been established and is operational, presumably with minimal funds.⁶



Budgetary Allocations

Budgetary allocations for energy sector bureaucracies increased in aggregate between 2023 and 2024, for both recurrent and capital expenditure (Figure 3). The increase was largely driven by capital expenditure growth, which added N75.6 billion, compared to a N14.8 billion increase in recurrent expenditure. The biggest jump occurred in 2025, as capital and total expenditure were 1.3 and 1.5 times the amounts in 2024. The N766.86 billion allocated to energy bureaucracies in States is significantly less than the N2.09 trillion allocated to the Federal Ministry of Power under the Federal Government's proposed budget for 2025.⁷ As a percentage of the total budget, the Ministry of Power was allocated the equivalent of 4.2% of the Federal Government's budget under the proposed 2025 budget, while States aggregately allocated 2.8% of their approved budgets.



Six States have completed full transfer of electricity regulation, but funding gaps still exist in some.



Lagos has the most comprehensive electricity institutions, including a ministry, fund, board, and regulator.



States' energy budget allocations grew sharply in 2025, but still lag behind Federal Government levels.

⁵ Akoni, O. (3 Decenver 2024). "Independent power supply: Sanwo-Olu signs Lagos electricity bill into law", *Vanguard*. <https://www.vanguardngr.com/2024/12/independent-power-supply-sanwo-olu-signs-lagos-electricity-bill-into-law-2/>.

⁶ Lagos State Government (25 February 2025). "Lagos Electricity Agency Holds Town Hall Meeting on Solar Infrastructure Security". <https://lagosState.gov.ng/news/all/view/67be34ab984d6e2dadbe13dc>.

⁷ NABRO (2025). 2025 FGN Budget Proposal Review. Abuja: National Assembly Budget and Research Office (NABRO), p. 13. <https://nabro.gov.ng/nabrodocs/budget/2025ProposalREVIEW.pdf>.

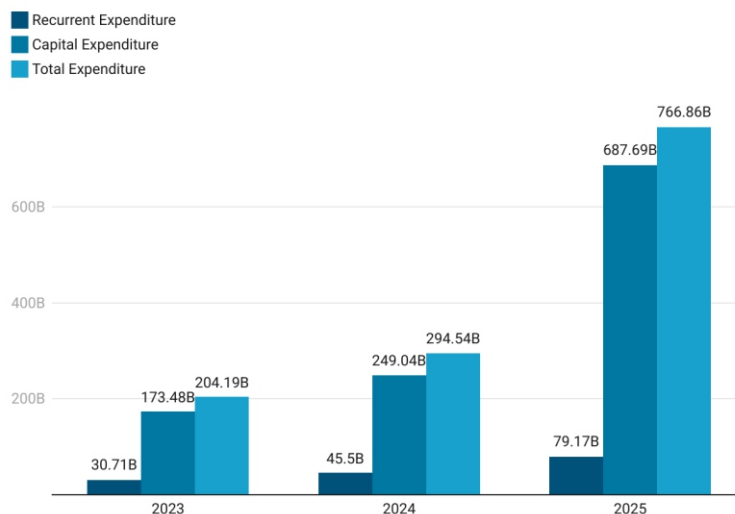


Chart: Authors' illustration • Created with Datawrapper

Figure 3. Aggregate budgetary allocations to energy sector bureaucracies across 36 States (2023–2025).

The States with the largest allocations in 2024 were Lagos, Kaduna, Anambra, Plateau and Delta (Figure 4) — four of which rank either among the ten States with the highest levels of Internally Generated Revenue (IGR) or ten States ranked the highest on fiscal sustainability.⁸

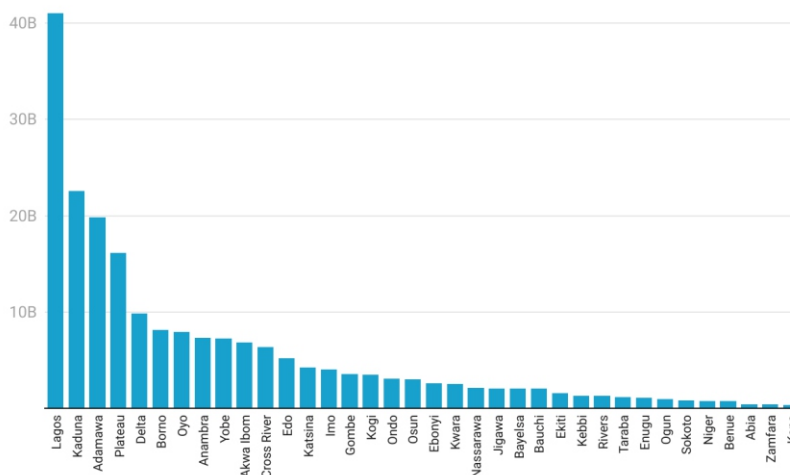


Chart: Authors' illustration • Created with Datawrapper

Figure 4. Budgetary allocations to energy sector bureaucracies across States in 2024.

⁸ Oyedokun, T. (29 October 2024). "36 Nigerian States, FCT and their internally generated revenue (IGR) in 2023", BusinessDay.

<https://businessday.ng/news/article/36-nigerian-states-fct-and-their-internally-generated-revenue-igr-in-2023/>.

BudGIT (2024). "2024 State of States report". <https://StateofStates.budgit.org/reports/details?year=2024>.

In 2025, except for Lagos, which retained top position, the States with the largest allocations are entirely different — Adamawa, Imo, Oyo and Ebonyi (Figure 5).

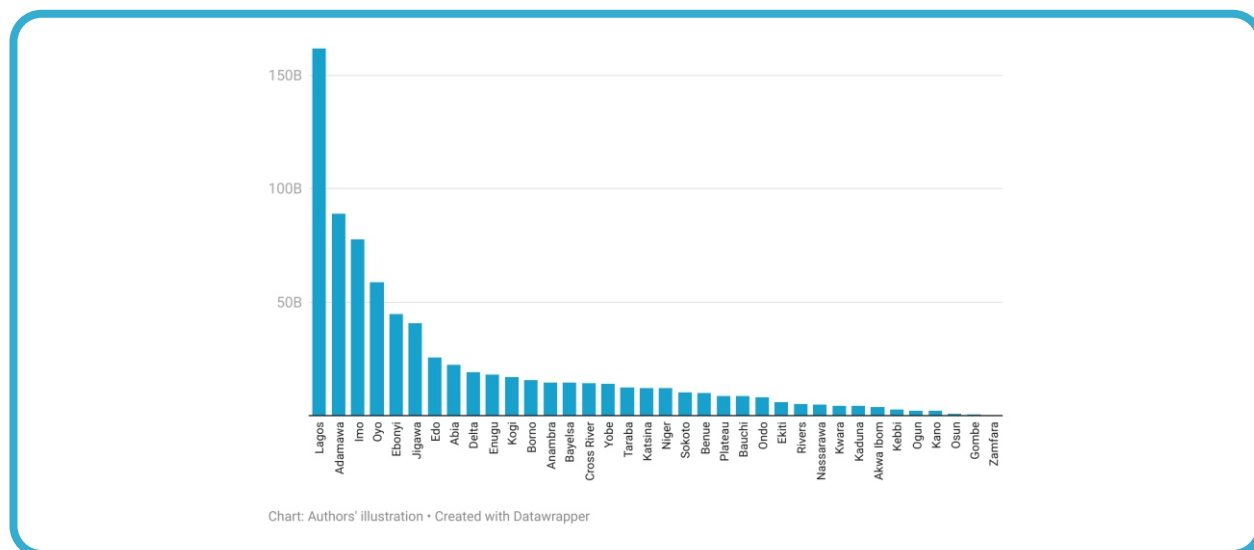


Figure 5. Budgetary allocations to energy sector bureaucracies across States in 2025

The States with the largest increase in expenditure (in percentage terms) in 2024 were Taraba (1614%), Abia (1385%), Sokoto (965%), Niger (461%) and Kano (243%). Seven out of ten States with the highest percentage growth in energy sector expenditure are northern States (Figure 6). Simultaneously, 70% of the ten States with a decline in expenditure were also northern.

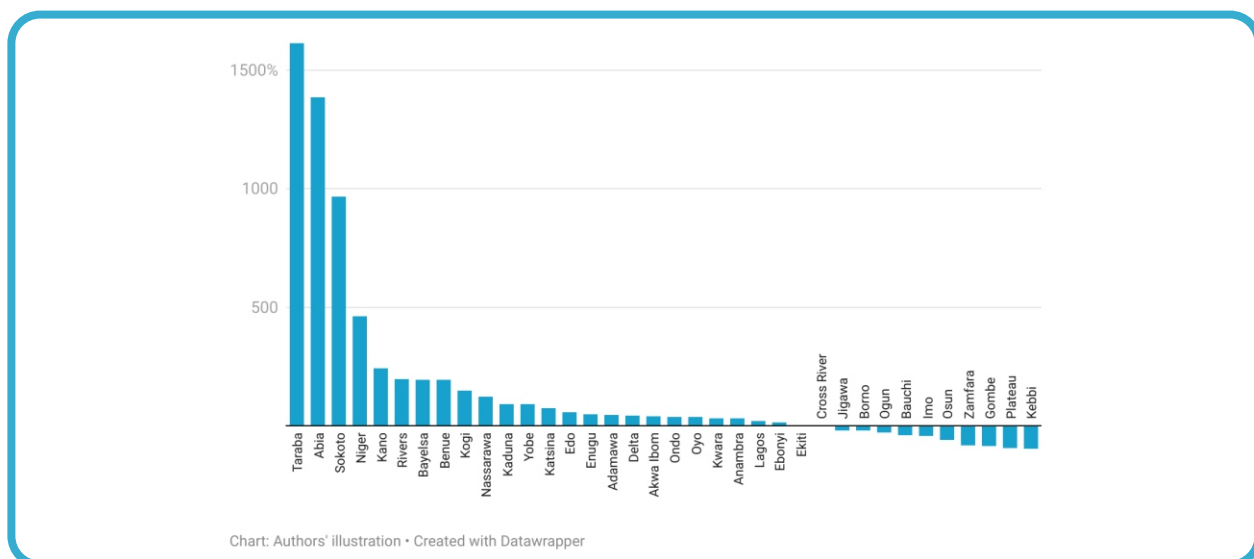


Figure 6. Percentage change in energy sector bureaucracy budgetary allocations between 2023 and 2024.

In 2025, northern States made up 50% of the top ten States with the largest increase in total allocations, but 70% of the bottom ten States (Figure 7). However, a lower number of States (4) had reductions in their allocations to energy bureaucracies, in contrast to 2024 which saw 10 States with budgetary reductions.

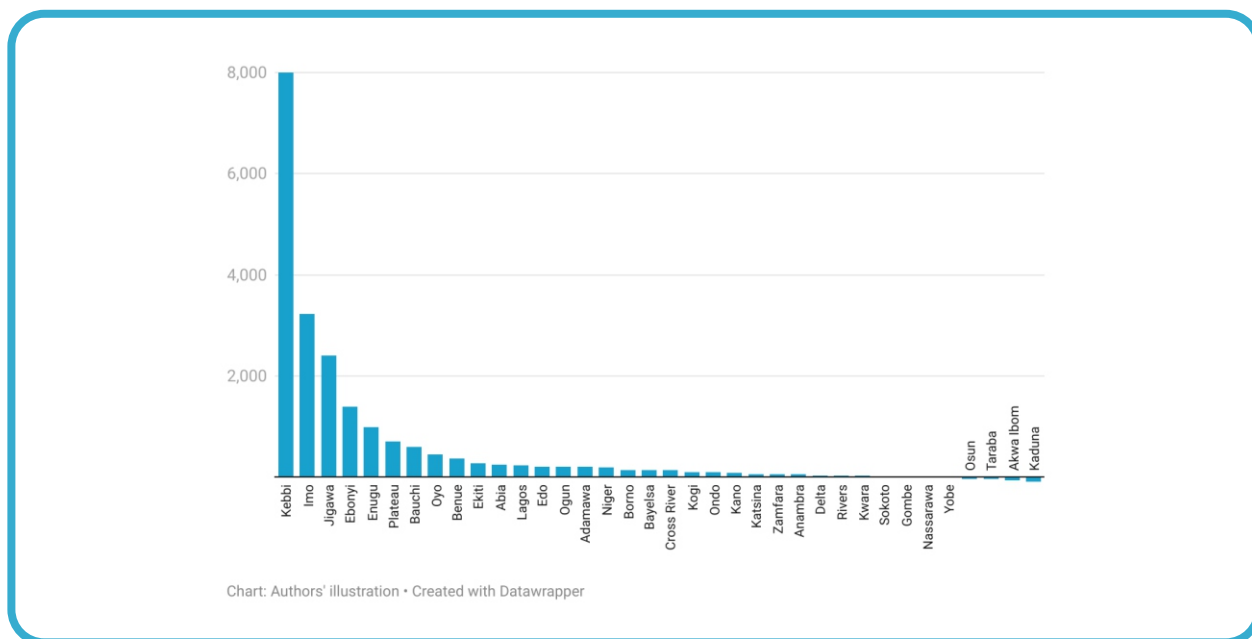


Figure 7. Percentage change in energy sector bureaucracy budgetary allocations between 2024 and 2025.

In 2025, the States with the highest budgetary allocation as a percentage of the total State budget are Adamawa (18%), Ebonyi (10%), Imo (9.6%), Oyo (8.6%) and Jigawa (5.8%). Only two States have an allocation share of 10% and above (Adamawa and Ebonyi), and 21 States (58.3%) increased their shares compared to 2023 and 2024 (Figure 8).

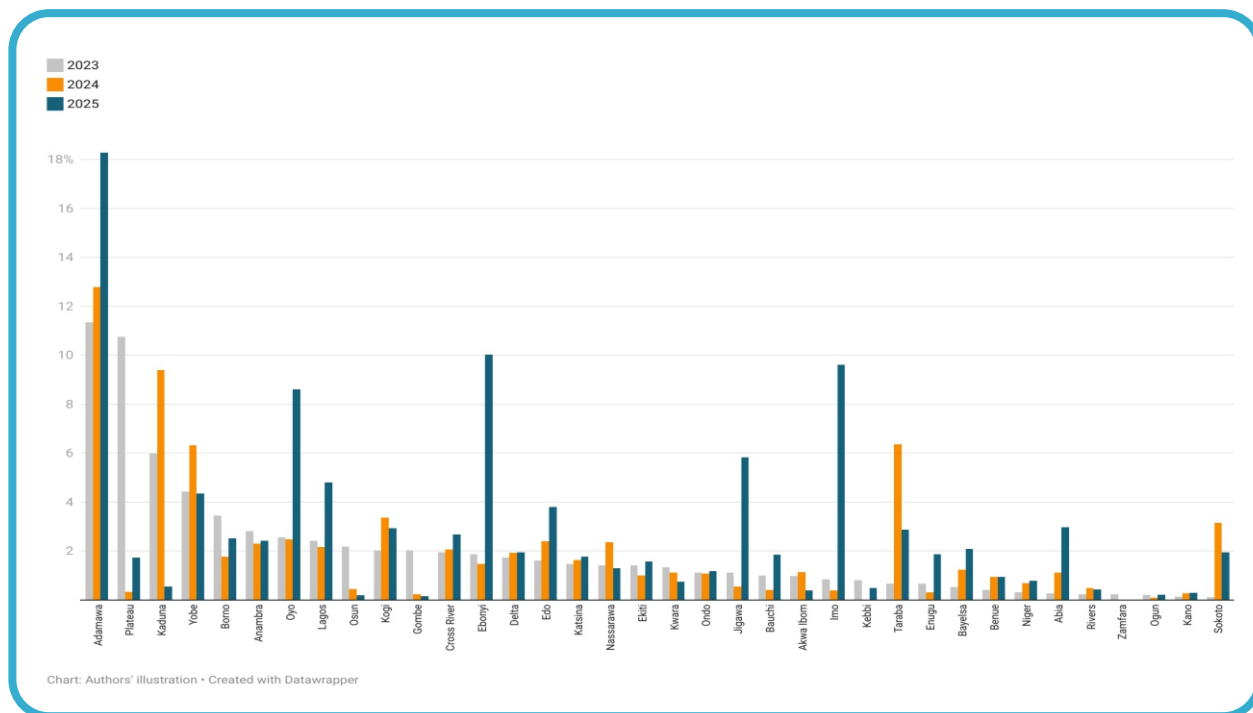


Figure 8. Total energy bureaucracy budget allocation as a percentage of the total State budget (2023–2024).

However, in 2023 and 2024, there were no discernible differences in expenditure levels between States that have enacted electricity laws and those that have not (Figure 9).⁹ The average expenditure, both in absolute terms and as a share of the total State budget, is not systematically higher for States that have enacted electricity laws. Average allocation in 2024 nonetheless increased significantly among States with no electricity law or bill, which indicates that such States may be gearing up to prepare for greater energy sector activity.

⁹ The correlation between having an electricity law (Act = 2, Bill = 1, None = 0) and share of budget allocated to energy bureaucracy is low (-0.006 in 2023 and -0.078 in 2024) and statistically insignificant.

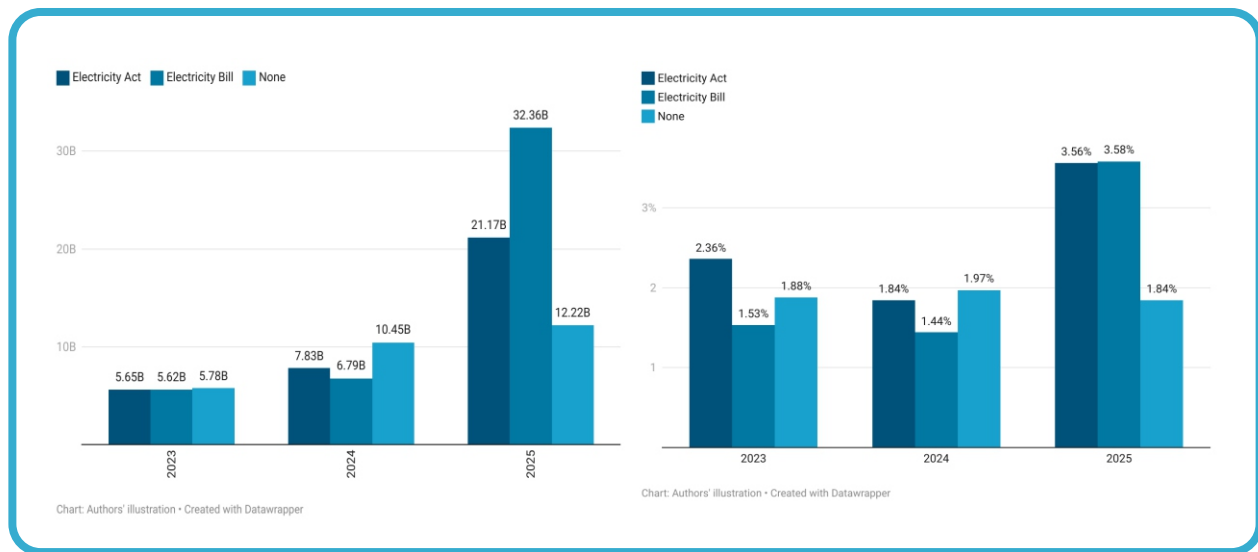


Figure 9. Average budgetary allocations to energy sector bureaucracies across States (left) and average allocation share of total State budget (right) at different stages of electricity legislation

On the other hand, the correlation between electricity law enactment and budgetary allocation of energy bureaucracy strengthened in 2025 both in terms of absolute allocation ($\rho = 0.25$) and allocation as a share of total budget ($\rho = 0.16$), with both taking the expected positive values.¹⁰ This suggests that it took two budget cycles before the change in the national electricity laws began to spur fiscal activity among State governments. Collectively, these observations may be considered to be evidence that the Electricity Act 2023 has stimulated greater State commitment to energy sector governance, both through legislation (for States that have enacted laws) and through expenditure (in 2024 for States that are yet to enact laws in 2024 and in 2025 for States that have enacted laws).

The correlation is not stronger, possibly due to two factors. First, even without the expanded powers provided by the Electricity Act 2023, and without a State electricity law, State electrification agencies and boards can undertake significant work in the electricity sector. They may repay debts owed to distribution companies by the State government;¹¹ their rural electrification agencies may focus on service unserved communities through the deployment of transformers for grid extension, mini-grids and solar home systems (which they had power to do before the Electricity Act 2023; and they may provide investment promotion incentives (such as tax holidays) and maximum assistance to project developers on alleviating barriers (such as land negotiations and security constraints) and federal

¹⁰ Correlation may take values between 0 (no correlation at all) to 100 (complete correlation).

¹¹ Owoseni, O. (2025). "Zamfara Clears N1 Billion Power Debt, Expands Electrification Agenda", *TV360 Nigeria*. <https://www.tv360nigeria.com/zamfara-clears-n1-billion-power-debt-expands-electrification-agenda/>.

regulatory delays. They may choose to rely on collaboration with federal agencies such as the Rural Electrification Agency (REA) and the Transmission Company of Nigeria.¹² For example, Nasarawa State held the highest number of mini-grids deployed under REA programmes, and this was before the State enacted the Nasarawa State Electricity Law 2024 in December 2024.¹³

Second, States require more time to be able to attract massive amounts of multilateral financing to budget large amounts of capital expenditure for electricity generation, transmission and distribution infrastructure. For example, Adamawa, which has the second highest allocation for its energy bureaucracy, records no revenue from Aids and Grants or Capital Development Fund Receipts, and stipulates only N636,000 in internally generated revenue. Even for Lagos, which allocates the largest amount for its energy bureaucracy, the same situation exists. Although the State has received technical assistance (such as from the United States Agency for International Development for the development of an Integrated Resource Plan and from Sustainable Energy for All in conducting a State-wide fossil fuel genset study), no massive multilateral funding has been provided similar to the \$750 million World Bank funding to the REA, \$500 million for the Distribution Sector Recovery Program (DISREP) funded by the World Bank, or the Nigeria Transmission Expansion Project funded by the World Bank and African Development Bank, among others.

What is more strongly correlated with budgetary allocations is the estimated cost of achieving 100% electrification by State.¹⁴ The high correlation coefficient of 0.83, as well as statistically significant regression results, indicate that a major factor that drives States to allocate more funds for their energy bureaucracies is the States' electrification needs (which in turn is influenced by the number of off-grid settlements and electrification technology mix).¹⁵

Additionally, while fiscal sustainability (measured using the BudgIT 2024 Sustainability Ranking score) is irrelevant on its own in explaining the variation in budget allocations, the

¹² NTA Network (8 November 2024). "Niger State Govt Distributes Transformers To Improve Socio Economic Development". YouTube. <https://www.youtube.com/watch?v=hYY2biNQGMc>. Borno Online (16 April 2025). "GOVERNOR BUNI'S ADMINISTRATION INVESTS IN POWER: NEW TRANSFORMER UNVEILED", Facebook. <https://www.facebook.com/groups/729086390445094/posts/9948940735126234/>.

¹³ Ofikhenua, J. (5 May 2025). "Nassarawa gives mini-grid developers tax holiday", *The Nation*. <https://thenationonlineng.net/nassarawa-gives-mini-grid-developers-tax-holiday/>.

¹⁴ Based on least-cost-electrification-based modeled estimates (based on default scenario values) for the investment costs of achieving 100% electrification by 2030 for each State, from the Global Electrification Platform. World Bank (2025). Global Electrification Platform. <https://electrifynow.energydata.info/explore/ng-2>.

¹⁵ Electrification need has a statistically significant and positive coefficient even after controlling for population size (as both electrification need and budgetary allocation may be affected by population size).

interaction between electrification needs and fiscal sustainability has greater explanatory power than each of these variables independently.¹⁶ This strongly suggests that the States with both higher electrification needs and stronger fiscal sustainability tend to allocate more funding to their energy bureaucracies.¹⁷ If electrification needs are high, but fiscal capacity is low, then a State would allocate less to its energy bureaucracy. In other words, the interaction of need and capacity explains a large part (68.7%) of the variation in State budgetary allocations to energy bureaucracies. These factors, however, do not strongly explain the variation in allocations as a share of States' budgets, which may additionally be driven by competing priorities in other sectors.

Conclusion

The broader range of powers made available to State governments to govern their electricity markets appears to be yielding some fruit in terms of increased activity among these governments in enacting laws and establishing energy sector bureaucracies. However, there is substantial heterogeneity in States' budgetary allocations to electricity bureaucracies and as a share of total budgets. Overall, however, such allocations have increased between 2023 and 2025, although as a share of total budgets, this did not increase in 15 States.

The transformations have not been more dramatic, as electrification needs and fiscal capacity vary substantially across States. In the absence of massive multilateral financing for State governments to fund large-scale generation, transmission and distribution projects, the difference in energy sector activity before the Electricity Act 2023 and the enactment of State electricity laws and afterwards is not dramatic. Therefore, most States can engage in energy sector activity, such as the procurement of transformers, providing investment incentives, and pursuing off-grid electrification. To spur more transformative action among State energy bureaucracies, their fiscal capacities need to be improved.



In 2025, States with both high electrification needs and strong fiscal capacity allocated the most to energy bureaucracies.



Despite new electricity laws, many States still show limited budget growth due to weak finances and lack of major multilateral funding.

¹⁶ BudGIT (2024). Sustainability Ranking. <https://StateofStates.budgit.org/sustainability>.

¹⁷ The BudIT fiscal sustainability index measures States' dependence on federally distributed revenue, growth in internally generated revenue, availability of public revenue for capital expenditure after meeting financial obligations, debt profiles and their capacity to borrow, States' prioritisation of capital expenditure.