

Electricity Market and Regulatory Risk Review

February 2018

Summary

- **MoP informs Discos of the Appointment of Government nominees to Board of Discos** – Clearly the MoP has no role in the process and any appointment would have to be through BPE. The Shareholders Agreement is clear that BPE is entitled to nominate one Director and the Companies and Allied Matters Act is clear that it is the members at the annual general meeting that have the power to appoint new Directors.
- **Power Purchase Costs** – Consistent with the freezing of retail tariffs, the MO has continued to apply the 2017 MYTO tariffs for January 2018 and has recognised the disputed matter first raised by EMRC and correctly applied the Transmission Loss Factor (TLF) calculation!
- **12 Solar IPPs at risk** – FGN have queried the approved tariff of US¢11.5/ kWh (~₦35/kWh) as too expensive and in turn are withholding sign off on the Put Call Option Agreements (PCOAs) in the PPAs.
- **PSRP Update** – There were further meetings in the month on the PSRP, including the World Bank meeting with Discos on 23 February to find out how Discos expect to use the \$500m facility earmarked for the Distribution sector.