

NIGERIA ELECTRICITY MARKET INSIGHTS



The big numbers for the Industry

Power delivered to industry for February

61%

below the 2019 MYTO 10-year Order projection

Average cost reflective tariff in February was

49.1
₦/kWh

Compared to MYTO average tariff of 31 ₦/kWh

Total shortfall from Handover to end of January 2019 (EMRC estimate)

₦2.03
Trillion

More key figures in the annex

1 Headlines for February

- **Revised end date considerations for Discos Performance Agreements**

On 21st February 2019 Bureau of Public Enterprises (BPE) had a meeting with the Discos on a proposed "Market Reset". BPE gave a presentation on the status report of a review of the Performance Agreement target dates given the historical issues and current realities of NESI.

Conditions precedent that need to be fulfilled by the Government and Discos have been set to trigger the proposed extension to the Performance Agreements.

No timeline was set for the fulfillment of the conditions precedent. However, the expectation is that a 3 years extension will be granted to make 2019 year three and the Target Year December 2021.

- **Regulation by Contract – An Alternative Solution**

Given the conditions precedent set out by BPE and NERC for the tariff resets to take place reflects a lack of trust in the performance of the sector participants. Going forward we suggest that this mistrust is would be best met by by a multi-party contract between the Disco, BPE, and NERC. This multi-party contract could replace the existing performance agreement and provide a firmer basis for the performance of the sector going forward.