

# NIGERIA ELECTRICITY MARKET INSIGHTS

## The big numbers for the Industry

Power delivered to Industry for  
October

**53%**

below the 2018 MYTO 10 year  
Order projection

Average cost reflective tariff in  
October was

**49**  
₦/kWh

Compared to MYTO average  
tariff of 32.50 ₦/kWh

Total shortfall from Handover to  
end of November 2018  
(EMRC estimate)

**₦1.6**  
Trillion

More key figures in the  
associated annexes



## 1 Headlines for November

- **Is January 2019 the time to declare Force Majeure?** There are limited events where Discos can declare Force Majeure and receive an extension to their Performance Agreement Targets. The failure of NERC to implement MYTO minor reviews in tariffs could be considered a Change in Law under Political Force Majeure. A minor review is due to occur on 1 January 2019. If Discos wish to declare Force Majeure and pause the Performance Agreement Targets the notice has to be issued between 1st and 10th January 2019.
- **Uniform System of Accounts:** NERC should not be using the accounts to justify backward looking erosion of Capex within the tariff period. The MYTO methodology is designed as “incentive-based regulation”. Uniform accounting data should only

inform the forward projection of costs at major reviews.

- **“Eligible customers” defecting without approval:** NERC has not officially granted eligible customer status to any customers yet. However, Discos are reporting that some transmission-connected customers are defecting without approval. The arrangements made by these self-declared “eligible customers” are very opaque. This needs to be formally brought to NERC, MO and NBET’s attention to request clarity on the position and support enforcing the regulations.
- **NBET Continues to Deviate from the MYTO:** In addition to the ongoing deviation from MYTO generation tariffs, NBET has introduced higher start-up costs and the number of expected start-ups in 2018 have been exceeded. Discos need to seek relief from these additional costs.