



PRESIDENTIAL QUARTERLY BUSINESS FORUM



POWER SECTOR OVERVIEW

Banquet Hall - Presidential Villa

Electricity Supply and the Economy



The Federal Government Economic and Recovery Growth Plan 2017-2020 ("ERGP") sets out the medium-term structural reforms to diversify Nigeria's economy, including improving the quality and quantity of electricity supply as one of the top priorities. The ERGP recognises the fundamental role of power in the development of all sectors of the economy. The World Bank Enterprise Surveys analysis confirms that electricity supply is consistently the biggest constraint to doing business in Nigeria compared to access to finance, licensing & permit, tax rate, crime and corruption.

Small and medium sized enterprises, exporters, and manufacturers identify electricity access as a key obstacle. The multiplier effect from improving the services of the power sector will be felt across all sectors that rely heavily on electricity supply.

About Power Sector Recovery Programme (PSRP)

The Power Sector Recovery Programme is a series of carefully thought out policy actions, operational, governance and financial interventions to be implemented by the Federal Government of Nigeria (FGN) over the next five (5) years to:

- Restore the financial viability of Nigeria's power sector,
- Improve transparency and service delivery and
- RESET the Nigerian Electricity Supply Industry (NESI) for future growth.

This document was developed by the Federal Government of Nigeria with assistance from the World Bank Group (WBG).

The PSRP Components:

1. Financial Interventions



Dimension and Fund Future Sector Deficits

- Fund implied future sector deficits from 2017 to 2021 and execute a plan to fund the required Electricity Market Support until tariffs attain cost recovery levels.

Eliminate Accumulated Sector Revenue Deficits

- Payment of past sector debt.

Eliminate MDA Debts

- Payment of historical MDA debts and automate future payments for electricity consumed by the Federal Government Ministries, Departments and Agencies.

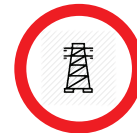
Cost Reflective Tariff

- Implement tariff setting methodology and tariffs that enable the industry to be financially self sustaining.

World Bank Funding

- Provide World Bank Group support in preparing and implementing a credible Power Sector Recovery Programme totalling up to US\$2.5 billion as well as International Finance Corporation (IFC) investment and Multilateral Investment Guarantee Agency (MIGA) support to unlock additional US\$2.7 billion in private investment.

2. Operational and Technical Interventions



Baseline Power Generation, Transmission and Distribution

- Ensure daily minimum power generation of 4,000MWH/H on the national grid with adequate reserve for grid stability.

Improved DisCo Performance

- Enhance distribution performance by aggressive AT&C loss reduction, financial restructuring, recapitalization and the implementation of credible Business Continuity Plans where required.

3. Governance Interventions



Restore Sector Governance

- Foster governance through the appointment of qualified Boards to government agencies and appointment of qualified Government representatives to the boards of DisCos.

Improve Sector Transparency

- Foster improved transparency by establishing data driven processes for decision-making across the value chain.

Initiate a Contract-based Market

- Formalize the Transitional Electricity Market (TEM) and resolve through arbitration, and other means, all legal issues that are impeding contract activations.

PSRP Communications and Engagement

- Develop and implement a clear communications strategy with outreach to the public, judiciary, industry, legislators and other key stakeholders.

PSRP Monitoring and Evaluation

- A Delivery Unit has been established to coordinate and monitor the PSRP implementation.

4. Policy Interventions



Establish and Implement Forex Policy

- Develop and implement a foreign exchange policy which will include power sector forex rates and assure access to foreign currencies for power companies.

Increase Electricity Access

- Implementing off-grid renewable energy solutions aimed at providing electricity supply to rural communities.

Encourage Private Sector Investments

- Clarify the terms and conditions of government support for investment in generation, transmission and distribution; promote incremental customer-focused growth through bilateral power purchase contracts using independent electricity distribution networks, mini-grid and eligible customer regulations.

Issue Tariff Policy

- The tariff policy will balance protection of electricity customers with the interests of investors in outlining a trajectory to cost recovery tariffs. A review of tariff setting methodology will also be conducted.

Ongoing Power S

450 MW

Azura Power Plant

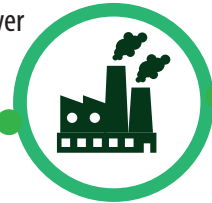


10 MW

Katsina Wind Po

40 MW

Gurara Power
Plant



215 MW

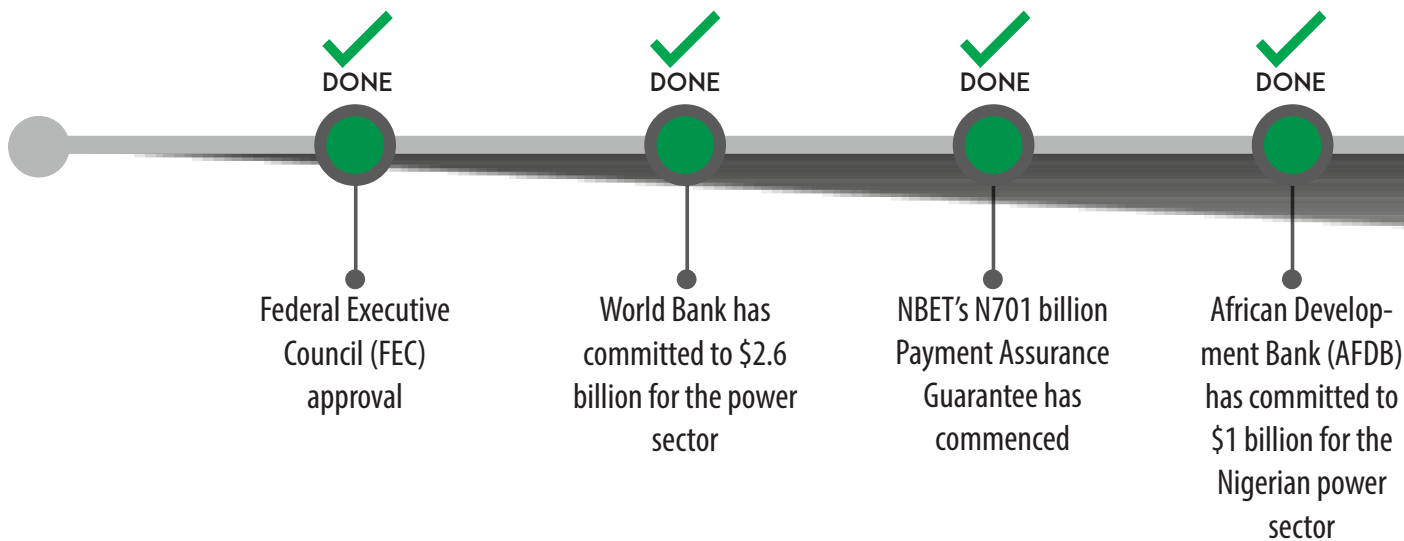
Kaduna Power Plant



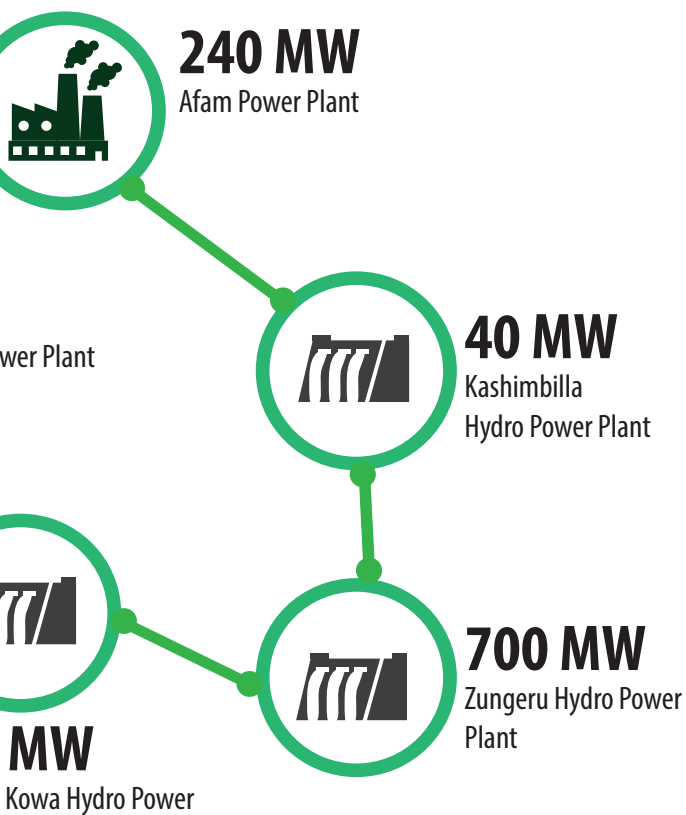
29

Dadin
Plant

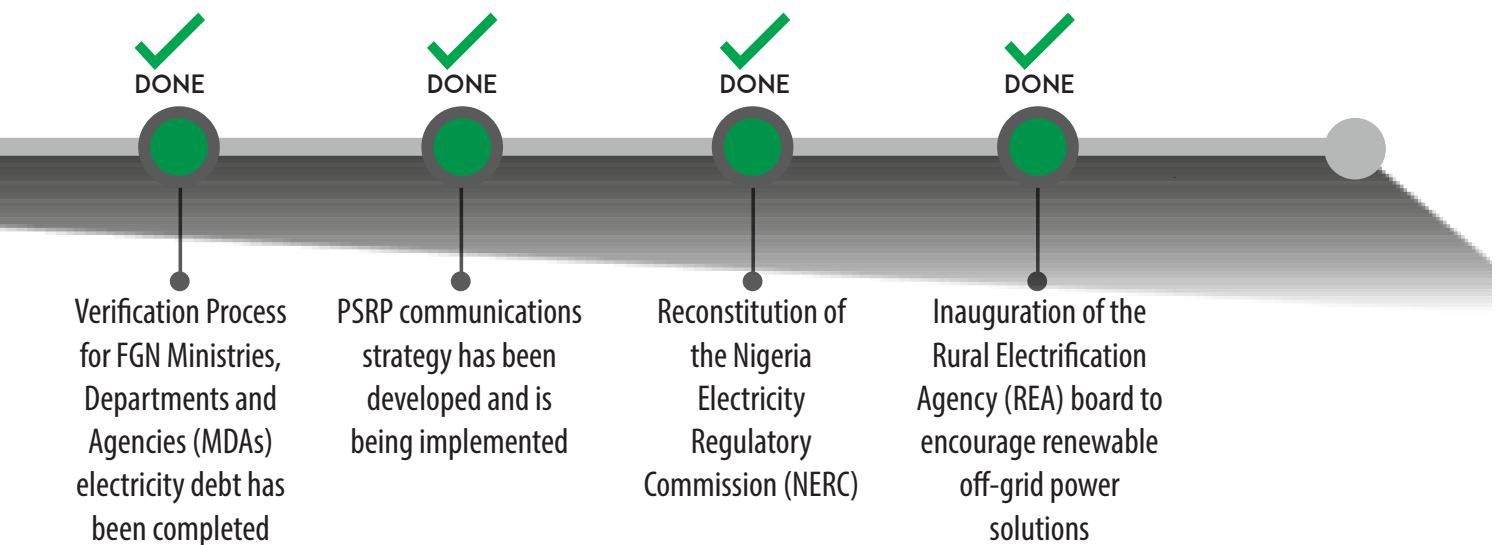
PSRP Achieve



ector Projects



ed Milestones





Hon. Minister of Power, Works and Housing, Mr. Babatunde Fashola SAN (right) during a facility tour and inspection at the commencement of the despatch of additional 220MW from Egbin Power to boost power supply in Lagos on December 11, 2015. With him is the Managing Director/Chief Executive Officer, Egbin Power Plc, Mr. Dallas Peavey Jr (middle) and another top management staff.

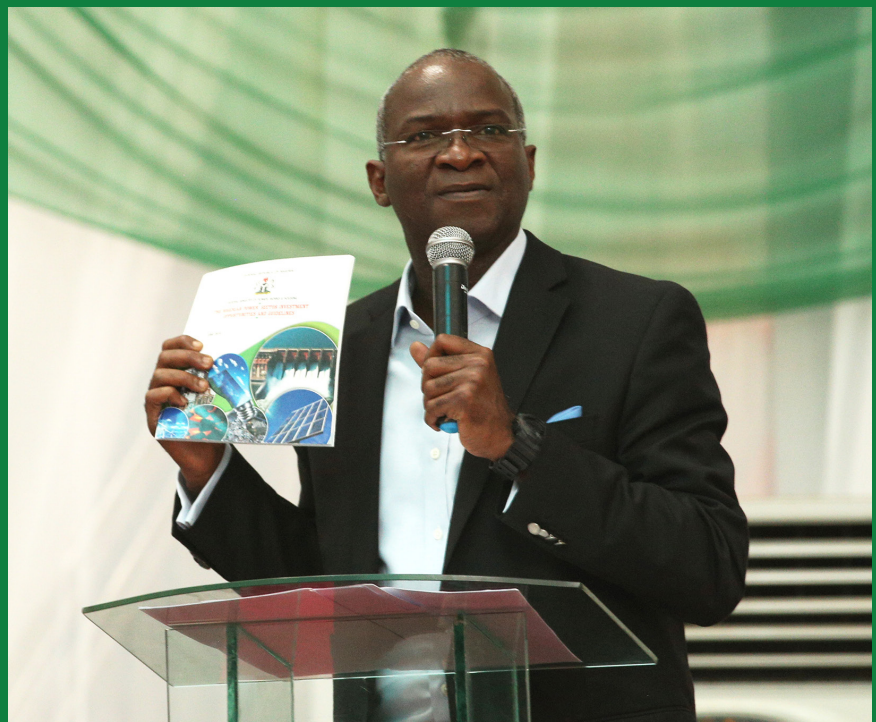


Hon. Minister of Power, Works & Housing, Mr. Babatunde Fashola, SAN (2nd right) inspecting solar panels after the commissioning of the 1.2MW Solar Power Plant donated by the Government of Japan to the Federal Republic of Nigeria. With him is the Ambassador of Japan to Nigeria, Mr. Sadanobu Kusaoke (left) and Representative of Yachiyo Engineering Consultants (YEC), Mr. Victor Wenigieme (2nd left) in Lower Usuma Dam, Bwari - Abuja on August 23, 2016.

Hon. Minister of Power, Works & Housing, Mr. Babatunde Fashola, SAN (right) addressing the audience during the Executive Session of the National Council on Power with the theme, "Achieving Incremental, then Stable, then Uninterrupted Power" at the Umaru Musa Yar'Adua Hall, Murtala Muhammed Square, Kaduna State on July 14, 2016.



Hon. Minister of Power, Works & Housing, Mr. Babatunde Fashola, SAN presenting the Nigerian Power Sector Investment Opportunities and Guidelines brochure during the Executive Session of the National Council on Power themed, "Achieving Incremental, then Stable, then Uninterrupted Power" at the Umaru Musa Yar'Adua Hall, Murtala Muhammed Square, Kaduna State on July 14, 2016.



The Role of the Private Sector

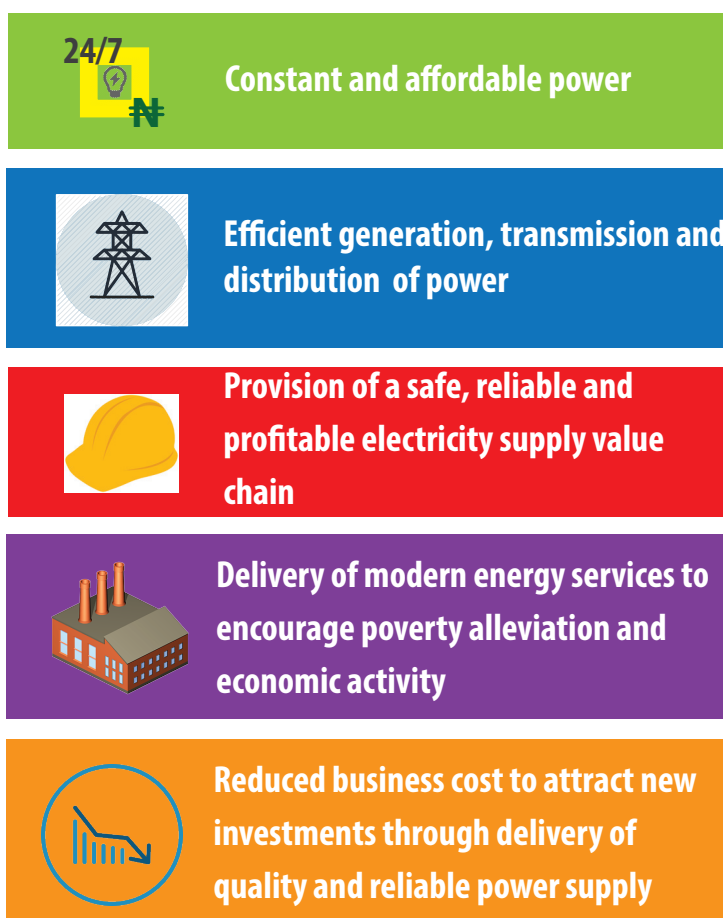
The private sector has an important role in solving Nigeria's power challenge. The unbundling of the Power Holding Company of Nigeria in 2013 was a decisive step by the Federal Government of Nigeria to bring in private sector investment, processes and efficiencies into the power sector. This marked the beginning of the private sector participation geared to address financial, technical and operational inefficiencies.

The success of the Nigerian power sector is contingent on private sector participation in a viable and regulated electricity industry.

The Power Sector Recovery Programme continues in this vein with provisions for policy interventions that will encourage private sector investments.



Expected Outcomes of Private Sector Participation



Opportunities in the Power Sector

Given the massive demand for infrastructure in the coming years coupled with rapid urbanization in Nigeria's towns and cities, there is significant need for investment at all levels of the electricity value chain, from fuel supply, through generation to transmission and distribution. With industry deregulation, there are many areas of private sector opportunities with potential for high impact and high financial return.

Aggregation of consumer demand as an eligible customer



Mini-Grids

How to REGISTER AN ISOLATED MINI-GRID PROJECT with distribution BELOW 100KW



Visit NERC's website www.nercng.org for information on the Mini-Grid Regulation and the required registration documents.

Metering

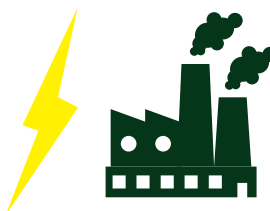
Opportunities to supply smart meters to DisCos are growing with NERC figures projecting a minimum meter shortfall of 3 million.

3 MILLION
Meters Needed



Independent Power Producer (IPP)

Electricity generation for supply to the grid, to individual distribution companies or to eligible customers.





For more information on the Power Sector Recovery Programme (PSRP),
please contact us at psrp@aptovp.org