

## ELECTRICITY &gt;&gt;

# 'Nigerian DisCos are the worst performing in West Africa'

Mr Usman Gur Mohammed is the Chief Executive Officer, Transmission Company of Nigeria (TCN). In this interview, he said claims by the electricity distribution companies (DisCos) that poor people don't pay their bills are incorrect. He also stated that Nigerian DisCos are the worst performing when compared with their counterparts across West African countries. Excerpt:

From Kayode Ekundayo, Lagos

**S**ome electricity distribution companies have been suspended from the Market Operator administered market in recent weeks. How has their non-compliance to the rules affected the industry?

Anywhere there is no growth, there will be anarchy. In any organization or association that is working contrary to the rules there will be anarchy and there is no way the best can come out of such association. So, complying with laid down rules is very important. The market is said not to be at its best because people (operators) are not complying with the rules despite the fact that they have signed an agreement that they are going to comply with them. So, you cannot midway and say you cannot comply with the rules. That's the reason why we took a decision to enforce the rules. We would have taken that decision long before now but you know 'he who goes to equity must go with clean hands'.

So, we have to show some level of performance given the historical background of TCN before we can try to enforce those rules. That's why we started the enforcement and it is yielding result.

People are complying and working according to the rules. But don't forget, it is not just now that we started rules' enforcement. If you remember in 2017 when we came in newly, Nigeria had never enforced the 'Free Governor' rule. But I am glad to tell you that largely all electricity generation companies in Nigeria are now complying with the 'free governor' policy. It is not easy, because they have to buy some equipment and install in their machines.

We also insisted that the DisCos have to comply with the market rules. You know, we cannot take up the fight at the same time; it has to be

one after the other. Having enforced the free governor policy, we have to enforce some market discipline too, especially those within our control.

**Have you considered the effect of such rules on electricity consumers?**

Where we enforce the market rule, especially where we suspend a DisCo, suspension comes with some level of explanations. The market rule gives you the power to disconnect the whole supply to that DisCo. We look at the feeder that supplies the offices of the discos and we disconnect them from the feeders that feed them. We don't disconnect everybody, we are also Nigerians and we are mindful of the fact that we don't want people to feel bad about us.

As we speak, no DisCo is under disconnection except Kano DisCo. All others have complied with the rule and we have reconnected them. None of them even lasted for one week except Kano DisCo. On Kano DisCo, we decided to reconnect it due to the Sallah celebration but we will disconnect them after the Sallah. The feeders we disconnected Kano from are also feeding other households, but the intention is to force them to comply with the market's rules and do the right things.

**Some DisCos say your policy is having adverse effects on their business, what is your take on that?**

First of all, what we are doing in Nigeria is gaining the market. All the discos have universal licenses and not a restricted one. It is not a license that says if you are in Lagos, leave Ajegunle out and serve only Apapa. No, they are supposed to serve everybody. Secondly, the Aggregate Technical Collection and Commercial (ATC&C) losses, based on the performance agreement they signed included poor and rich people. To prioritize



■ MD/CEO, TCN, Mr Usman Gur Mohammed

supply to some areas at the detriment of others does not make sense because their license is not restrictive.

We are not expanding the grid based on hear-say. If a disco tells you what we are doing is affecting its business model, ask it which study it conducted that gave it that policy it is working with. We have conducted a credible study which is called a 20-year Disco-Transmission Expansion Plan. The plan looks at the needs of the distribution companies and came up with a report that says this is how you should expand because most of the discos are not performing and are not even investing.

To escape from their failure of lack of investment, they will say we are putting capacity where they don't need it. We are not just putting capacity; we are also adding redundancy for electricity to be stable. Electricity stability requires what we called redundancy and the least you can have is N-1 which means that any place where they need 60KvA, you will give them 60KvA x 2 and that is what we are doing under the programme. There is nothing like we are giving supply where they don't need it.

What is happening is that some of them are gaming the market. They refuse to put prepaid meters in some places, but supply them energy for few hours and

charge them on filthy charges (estimated billing or crazy billing).

**Some stakeholders have been calling for the privatization of TCN, do you subscribe to that?**

In Nigeria, we have a peculiar problem that you have to take into account before you privatize TCN. The problem is that it is very difficult to get a Right of Way (RoW). For 330KvA, you need 25 meters distance and for 132KvA you will need 15 meters. If you privatize TCN today, the owner may not get RoW because this is very

difficult in Nigeria. Because it is still under government control, we have been able to partner most of the state governments where we are doing projects.

If it is privately owned, the state government may charge arbitrarily because private business is for profit-making. It is left for us as Nigerians to judge whether it is the right thing to do. Some of the economies that are similar to Nigeria including the Power Grid of India are performing very well. Power Grid of India has a capacity of 320GW as at now and it is still government-owned. Eskom is government-owned; Grid World of Ghana is government-owned. The Grid of Cote D'Ivoire is still government-owned.

But if you put the right private sector people and you have the discipline to do the right thing, not that policymakers

share the company among themselves as we witnessed in past, it is possible that it will work. But you have to look at those reasons that I mentioned.

**System collapse is still a major issue, what are you doing to address this?**

The decision to stabilize the grid is a journey. It is a journey that we have started and it is better than before right now. For instance, we need to have a spinning reserve. This is a must to stabilize the grid, but up till now, we don't have it. As at this stage, the spinning reserve that we are supposed to have is 10 per cent. If the average generation is 4,000MW, the spinning reserve is supposed to be 400MW.

What we have procured is only 260MW which is not adequate. Even the inadequate one has not been deployed.

The second problem is that we need to have an international SCADA so that we have a register of events that will show whoever misbehaved on the grid and can adequately punish same. Our SCADA cannot see the entire system as at now, it can see some parts but it cannot see the entire grid. We are working very hard to ensure that this time around, we succeed in installing the SCADA.

We don't want to rush so that we won't repeat the same mistake we did in the past. All the things that will make us not to fail, we are doing them. Generation is low today because that is what the discos are demanding. We can only transmit what the discos are demanding.

During the raining season, the Discos will drop the load and it will be very difficult to tell the generators to drop the load. There was a time I ordered that the grid should be collapsed. At that time, if we didn't collapse the grid and stay for an additional 10 minutes, there would have been fire outbreak all over the country.

**You have stressed the need for the DisCos to recapitalize. What does this imply?**

The government cannot be passive anymore. The Federal Government should bring its own 60 per cent and this money should be defined not just money that comes from commercial banks that are short term, they should be long term investment. We also need to have regulatory certainty. No investor will come in if he cannot recover his money.