

## CEO INTERVIEW

# Why we insist DisCos meter all electricity users by 2020 - Momoh

By Simon Echefun Sunday

**M**ost MDs/CEOs of the DisCos were absent at the recent Meter Assets Providers (MAP) conference in Lagos. What is your take on that?

It is not acceptable because this meeting is about facilitating the objectives and ambitions of each of the MDs/CEOs of the DisCos to close the metering gap. We have franchising entrepreneurs who want to participate and help us to close the gap. For them not being here, we are concerned but we have sent a message to them that we know they may be busy - we are all busy - but we want that their leadership is actually in support of this particular Meter Assets Providers (MAP) scheme.

This is a once in a life time opportunity in Nigeria where customers for the first time will not have to ask 'I have no meter and I need metering device in my home, and I do not like the estimated billing'. To make that happen, meters must be provided and the regulations NERC passed. I intend to make this happen in which case we are counting on the leadership of the DisCos.

I hope that despite the fact they are not here, the message will get to them and they will take it serious and help us to promote this methodology so that all Nigerian customers who want power in their homes can be metered so they can accurately pay for the electricity they use.

**You recently said the implementation period of metering Nigerians is from January 2019 under MAP. With the reports from the DisCos so far, is that timeline feasible?**

We are not taking it lightly with the DisCos. We will remind them that there is a need for them to do it timely. Some of them are already doing the necessary things like getting the letters of intent and the Expression of Interest (EOI) have been out there, and many providers have already submitted their bids and have been prequalified both technically and financially. It is just that we need more timely solution to the reaction on the expectation that we have set.

We don't guarantee that it will be January 1, 2019 but at least before 2020, all Nigerian homes will be metered and all customers who want power in their homes will be metered. Let's just work with the DisCos and our MAP firms to get this done. So as NERC, we are going to be on the back of the DisCos to encourage them to get it done.

**Are there sanctions for**

Professor James Adeche Momoh is the chairman/CEO of Nigerian Electricity Regulatory Commission (NERC), the power sector regulator. In this exclusive interview, Momoh who assumed the position early this year, discussed why the commission is pushing the Distribution Companies (DisCos) to meter all customers by 2020 through the Meter Assets Providers (MAP) Regulation it launched in April 2018.



■ Chairman, Nigerian Electricity Regulatory Commission (NERC), Prof. James Adeche Momoh

**those who are not complying with the timeline after it was extended in July?**

The sanctions are not for now because we have a time limit. Hopefully, we have promised Nigerians that we will get this done by 2020. We have time to push it and every quarter, there will be time limit for following up each of the DisCos and the sanctions will take place when they fail to meet the deadline for the requirements reports. For now we are still working together. That is why we held this meeting to remind them of what they need to do.

**Where is the commission on the capping of estimated billing for unmetered customers?**

Capping is just a lead way on how much a customer should be charged in lieu of meter being provided in their homes while that is being done. We have posted our consultation paper and we are receiving comments, in about 60 days, we would have completed receiving feedback from customers and stakeholders and it is at that point that we will put in an order that will be

enforced by NERC. But we don't want to live on capping estimated billing as alternative solution to metering. We are saying that it should be in lieu of the meter being provided, so the capping is running to shorten the time of metering.

Many Nigerians still see

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**provision of electricity as a social service and have called on government to subsidise the sector. What does NERC think of this?**

There are supports from government to ensure that the cost of electricity is subsidised not only by bringing cheaper technologies such as the mini grid that allows small businesses to have access to power. We are not in that age when we see electricity as social service. It is an economic business and it is not about free money.

**The DisCos see the mini grid model as a threat to their business. Would you support massive investment in this model?**

Wherever it is profitable and meaningful, mini grid should be promoted. Where we have limited number of customers, we don't have to pay for a large transmission use of system to get to those customers. We don't also want to account for a lot of losses in the sector. By having the mini grid that can easily be accessible with less wiring and less infrastructure to build, it is something to be pursued and I think with the many homes and villages we have in Nigeria, such technology should be considered.

In the villages, people use diesel engines to power their homes but mini grid can be cheaper and a source of power through wind or solar, or a hybrid in which case the technology is cheaper and an option now. But when talking about industrialisation, mini grid will not be an option as it cannot be compared with central power generation and transmission in terms of reliability and security.

**According to the Electric Power Sector Reform Act (EPSRA) 2005, money generated from fines and sanctions should go to the Rural Electrification Fund (REF). Is NERC complying with this?**

I don't have the exact figure here but every time we fine any firm violating our order or whatever money we have for the Rural Electrification Fund (REF), it goes to the Rural Electrification Agency (REA) that promotes all the support for mini grids, energizing economies, energizing university campuses and rural electrification. As money comes to us from

fines, it is not kept with us but goes to support rural electrification.

**Where is the power sector now on the issue of tariff review and implementation?**

Tariff review is ongoing because we are working on it. Remember that the tariff change will depend on so many factors, like the enumeration of customers, making sure more people are metered so that they are not charged for the power they didn't use. There is also the Gross Domestic Product (GDP) level of the country and population growth among others. These factors form the input needed to determine the cost of the tariff. So far, it is customer base tariff which has not changed and we are working on it with all these factors.

**Is there no timeline to this?**

There is timeline. Before the end of the year, we would have done the minor review which is first. The major review is done every five years; our minor review is ongoing and we have done the book review by visiting many of the DisCos to know their Aggregate Technical, Commercial and Collection (ATC&C) losses. Those are serious issues. When you have these losses, and by reviewing them, it helps us to come up with a better tariff, but without those figures, it is very hard to come up with what the real tariff should be. While the review is ongoing at NERC, we have been going around to hear from customers. For the DisCos getting their enumeration done, we are validating all the figures given to us in terms of customers that they have out there and in terms of revenue collection. Overall, efficiency is very important because we want to make sure we educate electricity users in terms of energy efficiency options to reduce their consumption losses.

When you take in all these costs and that of energy theft which is also a commercial loss, then we can say tariff should be this figure. For the increasing electricity users, what we are saying is that the more the users, the better and the reduction of the actual cost will be determined. So if we can increase the number of electricity users, the tariff will come down.