



ORDER NO/NERC/197/2020

**BEFORE THE NIGERIAN ELECTRICITY REGULATORY COMMISSION
IN THE MATTER OF THE REPEAL OF THE NIGERIAN ELECTRICITY
REGULATORY COMMISSION (METHODOLOGY FOR ESTIMATED BILLING)
REGULATIONS 2012 AND ORDER ON THE TRANSITIONAL CAPPING OF
ESTIMATED BILLS ISSUED TO UNMETERED CUSTOMERS BY DISTRIBUTION
LICENSEES IN THE NIGERIAN ELECTRICITY SUPPLY INDUSTRY**

Title

1. This regulatory instrument may be cited as the **ORDER ON THE CAPPING OF ESTIMATED BILLS IN THE NIGERIAN ELECTRICITY SUPPLY INDUSTRY.**

Commencement and Repeal

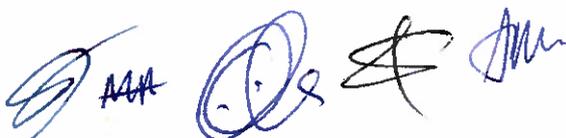
2. This Order repeals the Nigerian Electricity Regulatory Commission (Methodology for Estimated Billing) Regulations 2012 ("Estimated Billing Methodology Regulations") and shall take effect from 20 February 2020 and shall cease to have effect on the issuance of a new Order on the same subject matter by the Nigerian Electricity Regulatory Commission ("NERC" or the "Commission").

Context

3. The Commission is mandated by section 32(1)(a) of the Electric Power Sector Reform Act 2004 ("EPSRA") to "create, promote, and preserve efficient industry and market structures, and to ensure the optimal utilisation of resources for the provision of electricity services".
4. The Commission pursuant to section 96 of EPSRA; which provides that "the Commission may make regulations prescribing all matters which are by this Act are required or permitted to be prescribed or which, in the opinion of the Commission, are necessary or convenient to be prescribed for carrying

out or giving effect to this Act"; issued to the following regulations to address the issue of downstream revenue assurance between distribution licensees ("DisCos") and their customers –

- a. Nigerian Electricity Regulatory Commission's Connection and Disconnection Procedures for Electricity Services 2007.
 - b. Nigerian Electricity Regulatory Commission's Meter Reading, Billing, Cash Collection and Credit Management for Electricity Supplies Regulations 2007.
 - c. Estimated Billing Methodology Regulations.
5. DisCos are required to meter customers in accordance with requisite standards of performance. The legacy situation at acquisition of majority stake in the distribution assets from government was that the majority of customers were unmetered and there has been little change in the situation as the deployment of meters by DisCos has been outpaced by the growth in customer numbers in NESI. Data received from the ongoing customer enumeration exercise indicates that the customer population has grown from 5million in 2012 to over 10million as at December 2019 with about 52% of the population being invoiced on the basis of estimated billing.
6. The need for the introduction of a standard methodology of estimated billing in NESI became inevitable during the transitional period required to close the metering gap and the Estimated Billing Methodology Regulation was introduced as a means of ensuring that customers were not issued arbitrary bills that were unrelated to actual consumption or any other metric for estimating their energy consumption. Section 3 of the Estimated Billing Methodology Regulations provides that "the following categories of customers may be issued estimated bills –
- a. *Customers with faulty meters: These are existing customers who have been issued meters which are no longer functional.*
 - b. *Customers whose meters cannot be read: These are customers whose meter readings could not be obtained by the DisCo due to inaccessibility occasioned by locked doors, customers not being at home at the time of reading the meter, presence of dogs on the premises, etc.*



- c. *Existing customers without meters: These are directly connected customers that have not been provided with meters."*
7. The successful implementation of the Estimated Billing Methodology Regulations was hindered by the inadequate level of metering of feeders and distribution transformers which form the source data for the effective application of the estimation methodology.
 8. The inadequacy of accurate data required for the estimation of consumption of unmetered consumers produced the most significant customer complaints with non-provision of meters and unrealistic billing of unmetered customers accounting for over 65% of complaints lodged at customer care centers of DisCos, disputes filed at Forum Offices and subsequent appeals to the Commission.
 9. The significant level of customer dissatisfaction arising from unrealistic estimated bills have also adversely impacted on the market revenues as a consequence of customer apathy and declining willingness to settle their invoices in full.
 10. The most recent initiative of the Commission to fast track the closure of the metering gap was the issuance of the Meter Asset Provider ("MAP") Regulations with a target of metering all customers within 3 years. The MAP Regulation was approved on 8 March 2018 to achieve the following objectives:
 - a. Encourage the development of independent and competitive meter services in NESI.
 - b. Eliminate estimated billing practices in NESI.
 - c. Attract private investment in the provision of metering services in NESI.
 - d. Close the metering gap through accelerated meter roll out in NESI.
 - e. Enhance revenue assurance in NESI.
 11. The third-party investors for the provision of meters under the MAP Regulations have been procured by the DisCos, under a competitive framework of the said Regulations, to provide meters to customers based on multiple financing options. However, several constraints including changes in fiscal policy and the limited availability of long-term funding have led to



limited success in the meter roll out. The imperative for mitigating the risk of unrealistic and arbitrary billing of unmetered customers however remains a key priority during the transitional period until Commission's target of "meters for all" in the MAP Regulations is achieved in NESI.

12. All customers of DisCos are classified on the basis of consumption/use into the following categories –

- a. Residential ("R"): These are customers that use the grid connected premises exclusively for residential purposes. This customer class has 4 subclasses i.e. R1 (lifeline customers who consume less than 50kWh in a month), R2 (single and 3-phase), R3 (low voltage maximum demand) and R4 (high voltage maximum demand).
- b. Commercial ("C"): These are customers that use the grid connected premises for any purpose other than exclusively as a residence or as a factory for manufacturing goods. This customer class has 3 subclasses i.e. C1 (single and 3-phase), C2 (low voltage maximum demand) and C3 (high voltage maximum demand).
- c. Industrial ("D"): These are customers that use the grid connected premises for manufacturing purposes including welding and ironmongery. This customer class has 3 subclasses i.e. D1 (single and 3-phase), D2 (low voltage maximum demand) and D3 (high voltage maximum demand).
- d. Special ("A"): These are customers that use the grid connected premises for agriculture (with the exclusion of agro-allied processing), water boards, religious houses, government and teaching hospitals, government research institutes and educational establishments. This customer class has 3 subclasses i.e. A1 (single and 3-phase), A2 (low voltage maximum demand) and A3 (high voltage maximum demand).
- e. Street lighting ("S"): Both single and 3-phase street lighting are classified as S1.

13. The Commission had issued a directive to all DisCos in June 2016 on the mandatory metering of all maximum demand ("MD") customers in NESI no later than 30 November 2016. The deadline was subsequently extended to 1 March 2017 at the instance of the DisCos and the Commission thereafter issued the following directives –



- a. *"Any MD customer not provided a meter by 1 March 2017 shall not pay any electricity bill presented by a DisCo on the basis of estimated billing methodology and these customers are advised to report to the Commission.*
 - b. *No DisCo shall disconnect any MD customer that was not metered by 1 March 2017 on the basis of the customer's refusal to pay an invoice issued on the basis of estimated billing after the compliance deadline.*
14. The Commission issued Order No/NERC/183/2019 on the mandatory migration of R3 class of residential customers, industrial and commercial customers to cashless settlement platforms and other matters relating to revenue protection in NESI on 30 December 2019. Paragraph 13 of the Order provides that *"all DisCos shall ensure full accountability of energy flow with the installation of appropriate metering infrastructure that is integrated with the customer management system of all industrial, commercial and R3 class of residential customers by 31 December 2020"*.

Objectives

15. The objectives of this Order are to –
- a. To introduce parity in the treatment of unmetered R2 and C1 customers with their metered counterparts in NESI.
 - b. To protect unmetered R2 and C1 customers from arbitrary billing by ensuring that unmetered R2 and C1 customers pay for electricity at rates comparable to metered R2 and C1 customers that receive service from the same business unit as them.
 - c. To stop the practice of arbitrary billing of unmetered R2 and C1 customers at rates that are largely at variance from their actual consumption.
 - d. To expedite the metering of unmetered R2 and C1 customers in NESI.
 - e. To steer DisCos towards fast tracking meter deployment under the MAP Regulations or any other financing arrangement approved by the Commission.



- f. To improve customer satisfaction in NESI and the willingness of customers to pay for electricity by addressing the pervasive apathy for estimated bills issued to unmetered customers.
- g. To reduce the incidence of high collection losses in NESI.

Determination of Energy Cap

16. The Commission conducted public hearings in accordance with its rulemaking process, where the following 3 methods for the determination of energy caps for the billing of unmetered customers were duly considered during the stakeholder consultation –
- a. Method I: The imposition of an energy cap on the basis of the projected average monthly consumption of each tariff class in the MYTO model for the DisCo.
 - b. Method II: The imposition of an energy cap for the billing of unmetered customers on the basis of the average consumption of each tariff class within a franchise area.
 - c. Method III: The imposition of an energy cap on the bill of unmetered customers within a business unit at the average vending of customers of the same tariff class within the same area.
17. The Commission reviewed the comments from stakeholders during the consultation process and adopted Method III because it leverages on data closest to the unmetered customer and also correlate with the average availability of supply within the business unit.
18. The Commission acknowledges that all customer classes with the exception of R2 and C1 are deemed to have been metered by DisCos or granted sufficient regulatory intervention to protect them from arbitrary billing by DisCos.

THE COMMISSION HEREBY ORDERS as follows –

- A. The Estimated Billing Methodology Regulation is hereby repealed and shall cease to have effect as a basis for computing the consumption of unmetered customers in NESI.



- B. DisCos shall ensure that all customers on tariff class A1 in their franchise areas are properly identified and metered by 30 April 2020.
- C. All unmetered R2 and C1 customers shall not be invoiced for the consumption of energy beyond the cap stipulated in Schedule 1 of this Order.
- D. The illustrative guidance below shall be used for computing the bills of unmetered R2 and C1 customers -

A customer of XYZ DisCo resident in White Acre under R2 (single phase) tariff class has an energy cap of 78kWhr per month and a tariff of NGN24/kWhr. The maximum that XYZ DisCo can invoice such a customer is $78\text{kWhr} \times \text{NGN}24/\text{kWhr} = \text{NGN}1,872.00$ per month. Customers are to note that energy consumed for the purpose of estimated billing is capped during the transitional period till they are metered but the actual amount payable shall vary in the event of any approved tariff reviews affecting their customer class.

- E. All R1 customers, who by definition consume no more than 50kWhr of energy per month, shall continue to be billed at NGN4/kWhr and a maximum of NGN200 per month unless amended by an Order of the Commission.
- F. The energy cap prescribed by the Commission shall only apply to R2 and C1 customers. All other customers on higher tariff classes must be metered by DisCos no later than 30 April 2020, failing which these customers are not liable to pay any estimated bill issued by the DisCo. Any customer on such higher tariff classes not metered beyond 30 April 2020 shall remain connected to supply without further payment to the DisCo, until a meter is installed on the premises under the framework of MAP Regulations or any other financing arrangement approved by the Commission.
- G. Customers whose current estimated bills are lower than the prescribed energy cap shall remain so without any upward adjustment until a meter is installed by the DisCo under the MAP Regulations or any other initiative approved by the Commission.
- H. Any customer that rejects the installation of a meter on their premises by a DisCo shall not be entitled to supply and **MUST BE DISCONNECTED** by the DisCo, and shall only be reconnected to the network with the installation of a meter.

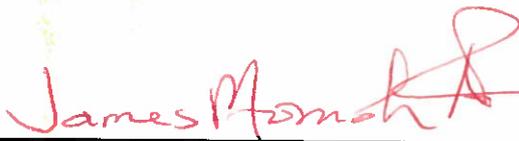


- I. Where a customer's meter becomes faulty and a replacement meter cannot be provided by the DisCo within 2 working days, the customer shall be billed an average of the last 3 months billing/vending in accordance with section 16(1) of the MAP Regulations until the meter is replaced.
- J. The Commission shall periodically review the meter deployment targets achieved by DisCos and shall on a quarterly basis review the base data on vending records and supply availability for the purpose of reviewing the energy caps prescribed in this Order.

Amendment

19. The Commission may amend this Order by making supplementary or further Orders to address the subject matter.

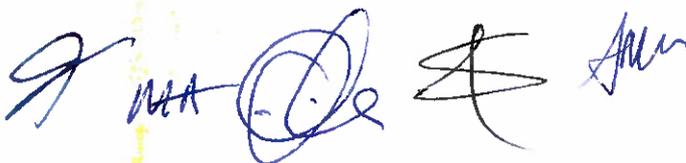
Dated this 20th day of February 2020



**James A. Momoh
Chairman**



**Dafe C. Akpeneye
Commissioner
Legal, Licensing & Compliance**



Schedule 1
Abuja Electricity Distribution Company Plc

Monthly Energy Cap		
Business Unit	Tariff Class	
	R2 (kWh)	C1 (kWh)
Ado	107	159
Akwanga	90	110
Apo	291	193
Asokoro	616	676
Bida	83	215
Bosso	86	113
Bwari	95	131
Garki	330	216
Gwagwalada	92	131
Gwarimpa	364	244
Idah	60	94
Jabi	374	258
Jikwoyi	101	132
Kabba	94	99
Karu	100	125
Katampe	160	127
Keffi	103	200
Kontagora	140	174
Kubwa	114	120
Kuje	87	93
Lafia	94	237
Life Camp	280	286
Lokogoma	282	224
Lokoja	125	172
Lugbe	174	162
Maitama	432	548
Mararaba	93	123
Masaka	83	93
Minna	105	160
Mpape	83	93
Okene	105	131
Suleja	92	183
Wuse	405	296
Zuma	95	185

Approved Tariff as at 20 February 2020: R2 @ NGN24.30 per kWh; C1 @ NGN37.39 per kWh

Benin Electricity Distribution Company Plc

Monthly Energy Cap

Business Unit	Tariff Class			
	R2S (kWh)	R2T (kWh)	C1S (kWh)	C1T (kWh)
Ado-Ekiti	79	163	108	186
Agbor	133	152	231	361
Akure	71	134	86	263
Asaba	125	239	161	411
Auchi	130	149	136	244
Effurun	119	202	135	340
Etete	64	133	65	199
Evbuotubu	60	80	60	113
GRA	75	184	69	359
Ido-Ekiti	73	160	103	118
Igbara-Oke	73	112	100	144
Ikpoba Hill	60	99	71	115
Isoko	117	119	137	153
Koka	111	168	135	373
Obiaruku	107	153	125	250
Oghara	97	214	103	174
Okada	98	127	164	150
Ondo	63	97	69	138
Owo	80	114	98	199
PTI	113	199	146	417
Sapele	170	194	190	215
Sokponba	62	80	70	134
Udu	81	213	80	177
Ugbowo	84	96	101	181
Ughelli	199	201	268	276
Uromi	103	136	119	195
Warri	83	170	80	200

Approved Tariff as at 20 February 2020: R2S @ NGN31.26 per kWh; R2T @NGN34.40 per kWh, C1S @ NGN34.90 per kWh, C1T @ NGN36.27 per kWh

Eko Electricity Distribution Company Plc

Monthly Energy Cap

Business Unit	Tariff Class			
	R2S (kWh)	R2T (kWh)	C1S (kWh)	C1T (kWh)
Agbara	91	219	93	254
Apapa	119	376	143	300
Festac	118	185	136	216
Ibeju	121	190	108	194
Ijora	145	313	135	296
Island	269	774	196	648
Lekki	238	490	195	496
Mushin	110	157	101	240
Ojo	89	123	92	177
Orile	147	211	151	282

Approved Tariff as at 20 February 2020: R2S @ NGN24.00 per kWh; R2T @NGN25.79 per kWh, C1S @ NGN24.00 per kWh, C1T @ NGN30.00 per kWh

Enugu Electricity Distribution Company Plc

Monthly Energy Cap

Business Unit	Tariff Class			
	R2S (kWh)	R2T (kWh)	C1S (kWh)	C1T (kWh)
Aba	90	436	112	202
Abakaliki	85	188	86	95
Abakpa	80	162	112	158
Ariaria	80	167	154	98
Awka	79	185	106	182
Awkunanaw	82	164	115	218
Ekwulobia	97	280	66	97
Mbaise	67	371	66	114
New Owerri	60	356	93	176
Nnewi	83	258	94	437
Nsukka	74	118	84	188
Ogbaru	60	80	60	241
Ogidi	60	86	84	146
Ogui	67	362	156	340
Onitsha	114	179	77	179
Orlu	66	346	66	97
Owerri	95	153	88	207
Umuahia	70	584	91	263

Approved Tariff as at 20 February 2020: R2S @ NGN30.93 per kWh; R2T @NGN34.28 per kWh, C1S @ NGN34.28 per kWh, C1T @ NGN39.25 per kWh

Ibadan Electricity Distribution Company Plc

Monthly Energy Cap

Business Unit	Tariff Class	
	R2 (kWh)	C1 (kWh)
Akanran	89	94
Apata	128	163
Baboko	83	103
Challenge	124	201
Dugbe	138	165
Ede	108	124
Ijebu	85	99
Ijeun	98	112
Ikirun	101	114
Ileife	69	91
Ilesha	135	189
Jebba	118	246
Molete	126	157
Monatan	121	177
Mowe-Ibafo	66	80
Ogbomoso	69	87
Ojoo	89	101
Olumo	88	110
Omuaran	118	165
Osogbo	199	306
Ota	125	227
Oyo	66	80
Sagamu	95	103
Sango	85	135

Approved Tariff as at 20 February 2020: R2 @ NGN24.97 per kWh; C1 @ NGN29.91 per kWh

Ikeja Electric Plc
Monthly Energy Cap

Business Unit	Tariff Class			
	R2S (kWh)	R2T (kWh)	C1S (kWh)	C1T (kWh)
Abule Egba	113	131	115	192
Akowonjo	116	134	137	192
Ikeja	207	328	154	340
Ikorodu	112	121	109	180
Oshodi	143	163	140	261
Shomolu	159	321	123	315

Approved Tariff as at 20 February 2020: R2S @ NGN21.30 per kWh; R2T @NGN21.80 per kWh, C1S @ NGN27.20 per kWh, C1T @ NGN28.47 per kWh

Jos Electricity Distribution Company Plc

Monthly Energy Cap

Business Unit	Tariff Class	
	R2 (kWh)	C1 (kWh)
Azare	83	80
Bauchi	107	99
Bukuru	108	113
Gboko	94	126
Gombe	117	132
Jos Metro	88	94
Makurdi	108	124
Otukpo	87	125

Approved Tariff as at 20 February 2020: R2 @ NGN29.81 per kWh; C1 @ NGN42.64 per kWh

Kaduna Electricity Distribution Company Plc

Monthly Energy Cap

Business Unit	Tariff Class			
	R2S (kWh)	R2T (kWh)	C1S (kWh)	C1T (kWh)
Barnawa	60	80	60	106
Birnin Kebbi	60	86	60	80
Doka	60	116	60	96
Gusau	64	130	60	80
Makera	60	80	60	123
Rigasa	60	102	60	80
Sokoto	60	90	60	100
Zaria	65	129	60	137
Kafanchan	60	80	60	80

Approved Tariff as at 20 February 2020: R2S @ NGN26.37 per kWh; R2T @NGN28.05 per kWh, C1S @ NGN31.20 per kWh, C1T @ NGN37.88 per kWh

Kano Electricity Distribution Company Plc

Monthly Energy Cap

Business Unit	Tariff Class			
	R2A (kWh)	R2B (kWh)	C1A (kWh)	C1B (kWh)
Jigawa North	61	82	60	101
Jigawa South	69	95	66	87
Kano Central	83	183	86	241
Kano East	90	141	70	181
Kano Industrial	98	167	134	286
Kano West	97	141	103	146
Katsina Central	61	82	60	101
Katsina North	89	133	68	210
Katsina South	71	89	64	138

Approved Tariff as at 20 February 2020: R2S @ NGN22.50 per kWh; R2T @NGN29.61 per kWh, C1S @ NGN23.69 per kWh, C1T @ NGN29.62 per kWh

Port Harcourt Electricity Distribution Plc

Monthly Energy Cap

Business Unit	Tariff Class	
	R2 (kWh)	C1 (kWh)
Garden City Central	133	218
Garden City East	160	192
Garden City Industrial	147	180
Garden City Main	193	203
Garden City New	117	149
Glory City Main	114	148
Paradise City Main	145	223
Paradise City North	92	94
Promise City Main	111	135
Promise City South	122	170

Approved Tariff as at 20 February 2020: R2 @ NGN30.23 per kWh; C1 @ NGN38.96 per kWh

Yola Electricity Distribution Company Plc

Monthly Energy Cap

Business Unit	Tariff Class			
	R2S (kWh)	R2T (kWh)	C1S (kWh)	C1T (kWh)
Biu	235	167	282	282
Bulumkutu	181	176	249	249
Damaturu	155	211	162	162
Gombi	90	124	152	152
Jalingo	232	282	270	270
Jimeta	249	387	233	233
Kanem	63	80	120	120
Kona	63	80	120	120
Mubi	63	80	120	120
Nguru	179	358	246	246
Numan	336	288	319	319
Potiskum	309	395	332	332
Wukari	60	166	60	80
Yelwa	226	272	219	219
Yerwa	159	373	218	218

Approved Tariff as at 20 February 2020: R2S @ NGN23.25 per kWh; R2T @NGN24.75 per kWh, C1S @ NGN32.44 per kWh, C1T @ NGN34.30 per kWh