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How has the National Mass Metering Programme impacted the Estimated Billing System of the Unmetered End-Use Customers in the Nigerian Electricity Supply Industry?¹

Introduction

The essential focus of the National Mass Metering Programme (NMMP), instituted in September of 2020 included to increase the rate of metering, reduce tariff collection losses, encourage the local manufacture and provision of the Prepaid Meters (PPM) in the Nigerian Electricity Supply Industry (NESI). Its essential features include that the distribution companies (Discos) are expected to roll out six (6) million "free" meters over the next 18-36 months to unmetered end-use consumers. It is noteworthy that in October 2020, to kickstart the NMMP the Central Bank of Nigeria (CBN) put in place, the Framework for Financing of National Mass Metering Programme (CBN Framework) to provide financial support via loan facilities to the Discos and local meter manufacturers to finance the procurement and installation of one (1) million PPMs.

Following the Credited Advanced Payment for Metering Installation (CAPMI), and the Meter Asset Providers (MAP) scheme, NMMP is the latest of the government intervention efforts in the provision of this NESI's critical metering devices - PPM to the end-use customers. In our earlier commentaries, this author has written about the largely unsuccessful efforts at bridging the metering gap via CAPMI and MAP and how significant metering is yet to be recorded in the NESI.²

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² Accessible at <https://www.mondaq.com/nigeria/oil-gas-electricity/923040/recent-order-on-the-capping-of-estimated-bills-in-the-nigerian-electricity-supply-industry-a-timely-regulatory-scale-balancing-order> and <http://www.spaajibade.com/resources/wp->

1. No Cheering News yet

Notwithstanding the Metering initiatives and interventions of the Federal Government including via the NMMP, estimation of unmetered end-use customer's tariff still looms large in the NESI. Under the NMMP, the Mass metering of One (1) Million customers was scheduled for October 2020 to April 2021. But as at March 2021 when the Senate Committee on Power assessed the performance of the Nigerian Electricity Regulatory Commission (NERC) on the scheme, the committee gave NERC a 'thumbs down'. Although, the regulator stated that only the ₦33.4 billion out of the total sum of ₦59.2 billion (representing approximately 56.42 percent) earmarked for the NMMP has been released, the performance of the scheme was placed at a dismal 13%. The Senate did not mince words in telling the NERC that the performance was unacceptable.³ It will be interesting to find out whether the actual implementation performance index has risen astronomically within the following two months as promised by NERC at that meeting with the Senate Committee on Power.

However, the evidence available to this writer with regards to the number of customers, who want PPM but have not been able to get one suggests that the performance remains low. Some end-use customers who had applied (and fully paid) for PPM under the MAP Scheme for an upward of 5 to 6 months are yet to be provided with a PPM by the Discos. All these facts tend to confirm the view of the stakeholders in the NESI, including this writer, that the Discos appear to be reluctant to provide and install PPMs to the end-use customers.

2. Order on Structured Replacement of Faulty and Obsolete End-use Customer Meters in the Nigerian Electricity Supply Industry

We note that the NERC also issued an order to replace all obsolete meters and meter all unmetered customers via **Order No. NERC/246/2021** effective 4th March 2021. In that Order, NERC categorically put the metering gap at Seven (7) Million while another Three (3) Million end-use customers exist, whose meters were considered obsolete and due for replacement. The essence of Order No. NERC/246/2021 is to continue to impress it on the Discos to provide PPMs for their customers. It is (or should be) obvious to all by now that PPM is the way to revenue assurance in the NESI. But it is not clear whether the Discos have accepted that position as an axiomatic *sine qua non*. Our observation of the activities of NESI

[content/uploads/2018/04/Overview-of-the-Metering-Assets-Provider-Regulations-2018-Olalere-Matthew.pdf](https://africa-energy-portal.org/news/nigeria-mass-metering-senate-lampoons-nerc-over-13-performance)

³ Accessed at <https://africa-energy-portal.org/news/nigeria-mass-metering-senate-lampoons-nerc-over-13-performance> on 31st May 2021.

shows that in an attempt to comply with this order along with implementing the NMMP, the Discos are making the PPM available to those unmetered end-use customers with accumulated huge estimated bills on their record. The Discos are factoring such accumulated bills on the PPM upon installation. The effect is that most of such customers would be forced to enter into a payment plan to defray the outstanding accumulated bills on their accounts. As for those, who have been diligent in paying the huge estimated bills in the past, the approach of the Discos appears to be that since those are deemed to have the capacity to pay huge tariff for unused electricity, they should apply for the PPM via the MAP. Essentially, there is greater demand than available supplies of PPM in the NESI.

3. When National Electricity Grid Collapses

The end-use customers suffer the most whenever there is national electricity grid collapse, a phenomenon that now occurs at least quarterly (sometimes twice in a quarter) in the NESI. While those who have PPM simply seek alternative source of power supply during such grid collapse, and the Discos cannot bill them for the period when electricity was not supplied, the unmetered end-use customers continue to get billed huge estimated bills during such periods. It would seem that the Discos have in fact reverted to the scenario before the NERC's Order Capping the amount of estimated bill that could be served on unmetered customers. Incidentally, to add insult to injuries, some of the end-use customers who had fully paid for installation of a PPM several months prior to the recent national grid collapse still got huge estimated bills. It is doubtful whether the Discos are really applying the Amended Order on the Capping of Estimated Bills issued by NERC in November 2020.⁴ It is important that such customers challenge the huge estimated bills and where they are not satisfied with the resolution of their complaints to the relevant fora, they can contact a lawyer to press their claims against the Discos as may be appropriate on a case by case basis.

Conclusion

We reiterate that the provision/Installation of PPM remains a *sine qua non* to revenue assurance in the NESI. It is certain that the revenue assurance objectives of the Discos have also been challenged, and will continue to be challenged, as the Discos are unable to properly account for the utilisation of electricity by unmetered end-use customers. Failure to provide PPM to end-use customers will also continue to

⁴ See the author's earlier commentary on Amended Order on the Capping of Estimated Bills at <https://www.mondaq.com/nigeria/oil-gas-electricity/1018564/amended-order-on-the-capping-of-estimated-bills-in-the-nigerian-electricity-supply-industry-a-delicate-regulatory-balancing-act>

encourage irresponsible acts like bye-pass of meters, electricity theft, collusion between the Discos' staff members and end-use customers to steal electricity, electricity wastage, huge accumulated outstanding estimated and disputed bills, illiquidity in the NESI, possible bad debt to the banks by the Discos and sundry vices. All of these will ultimately lead to the undesirable end that the Discos will not have enough funds to reinvest in their businesses to improve service. That scenario is not good for any of the stakeholders in the NESI, not the least the Discos themselves. It is now clear to all and sundry that without the buy-in of the Discos, the NMMP too cannot make appreciable progress in achieving any of its set objectives. The Discos need to regularly review their internal service provision mechanisms especially as it relates to the procurement and installation of the PPMs to their customers. We call on the Discos to make deliberate efforts that will ensure that the NMMP and MAP do not go the way of CAPMI.

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