



# NESG Energy Policy Commission General Assembly

 Thursday **28th**  
**March** 2024

 **Virtual  
Event**

 **12PM**



<p><b>Date:</b> Thursday, March 28, 2024</p> <p><b>Time:</b> 12:00 pm</p> <p><b>Venue:</b> Virtual</p>	<p style="text-align: center;"><b>SESSION REPORT</b></p> <p><b>Session Title:</b> ENERGY POLICY COMMISSION GENERAL ASSEMBLY</p> <p><b>Details of Discussants:</b></p> <ul style="list-style-type: none"> <li>● Ms Stella Duru, Member, Energy Policy Commission Steering Committee</li> <li>● Dr Segun Adaju, Facilitator, Energy Policy Commission</li> <li>● Engr Belije Madu, Thematic Lead, Power Thematic Group</li> <li>● Mr. Obiajulu Umeh, Thematic Lead, Gas Thematic Group</li> </ul> <p><b>Moderated by:</b></p> <p>Mr Adedeji Kehinde– Anchor, Energy Policy Commission</p>
<p><b>Background</b></p>	<p>The Energy Policy Commission (EPC) is a platform aimed at addressing and removing bottlenecks, identifying viable opportunities and developing effective frameworks to expand and scale the energy industry across the renewable energy, oil and condensates, and power and gas subsectors.</p> <p>One of the most critical areas requiring attention in Nigeria today is the energy sector. The role of energy in reversing negative socioeconomic outcomes, facilitating industrialisation and job creation and ultimately engendering economic growth and development cannot be overstated. The inefficiencies and inadequacies of the energy sector have limited Nigeria and created a myriad of economic and socioeconomic challenges. Therefore, the attainment of adequate energy supply might very well be catalytic for Nigeria’s economic and social development.</p> <p>While the energy sector faces numerous challenges, the EPC has identified two (2) critical policy areas required to accelerate the development of the energy sector.</p> <p>They include:</p> <ol style="list-style-type: none"> <li>1. Reform of the Nigerian Electricity Supply Market to ensure the successful conclusion of the Power Sector Reforms.</li> <li>2. Development of a Nigeria Energy Implementation, Reliability and Affordability Dialogue, Framework and Plan.</li> </ol> <p>The Policy Commission is set to focus its policy reform efforts in 2024 on driving the development of essential frameworks and policies to strengthen the energy sector.</p>
<p><b>Context</b></p>	<p>In recognition of the need for support from sector experts, the Energy Policy Commission hosted the General Assembly (GA) to engage experts on the proposed research, policy advocacy and stakeholder engagement plan of the Policy Commission in 2024. The General Assembly provided an opportunity for members of the EPC to learn about its activities, the agenda for the year and how to support its research and policy advocacy efforts. The event also served as a platform for agenda-setting for the year and provided an opportunity to recruit and onboard new members to the Policy Commission.</p>

**Opening Remarks**  
**Ms Stella Duru**  
**Steering Committee Member,**  
**NESG Energy Policy**  
**Commission**

Ms Stella Duru in her opening remarks noted the following:

The Nigerian energy sector is inundated with several challenges. The Nigerian electricity sector specifically is faced with daunting data which paints an abysmal and sad picture of the Nigerian Power Sector.

The current situation of the Nigerian electricity sector can be described as follows:

- There are currently over 200million people in Nigeria relying on about 4,500MW of power generated from the national grid, whilst around 40,000MW is generated from Premium Motor Spirits (PMS) fueled generators;
- There exist huge value-chain debts, including the debts incurred by the Ministries, Departments and Agencies (MDAs). Meanwhile, about 1.6 trillion Naira is being budgeted by the Federal Government for subsidising the power sector in 2024;
- There are very frequent grid collapses which continually plunge the country into darkness for days on end;
- The sector continues to grapple with exchange rate volatility, sector illiquidity, inadequate/obsolete/dated transmission/distribution infrastructure, Power theft and security issues, Gas supply constraints, and the absence of a dialogue framework and plan for energy policy implementation, reliability and affordability.

In light of these numerous challenges facing Nigerian Energy Sector, the Energy Policy Commission has identified two broad policy change areas which would form the primary focus of its policy advocacy efforts in 2024.

These policy change areas are:

- The reform of the Nigerian Electricity Supply Market to Ensure the Successful Conclusion of the Power Sector Reforms; and
- The development of a Nigeria Energy Implementation, Reliability and Affordability Dialogue Framework and Plan.

Regarding the reform of the Nigerian electricity supply industry, it was noted that it has been about nineteen (19) years since the Electric Power Sector Reform Act became law, which midwived the unbundling of the Nigerian power sector with the aim of creating an enabling environment for electricity operations in Nigeria so that the supply of power is competitive, efficient, safe, affordable, and cost-reflective. The 2023 Electricity Act, which repealed it, has conferred on states the powers to make laws regarding the generation, transmission and distribution of electricity within their respective states; and

the latitude to regulate the generation, transmission and distribution of electricity within their respective states. Such reforms are welcome as they play a pivotal role in addressing Nigeria's power sector challenges, which will need to be effectively and efficiently addressed for a fully transformed Nigerian Energy Sector.

However, there are a few critical questions that must be answered:

- What are the true gains of the reforms thus far? Have the objectives of the partial privatization been achieved and will total privatization better aid the sector?
- How should the non-cost reflective electricity tariffs be addressed?
- When will the government fully remove the electricity subsidy?
- How should the metering gap in the electricity supply industry be closed?
- How should a more diversified energy mix be ensured and increased investments in renewable energy be encouraged?
- How can the attractiveness of the sector for investors be ensured?
- How can an enabling dialogue framework that engenders energy development, reliability and affordability be created?

**Presentation about the NESG  
Mr. Stephen Daniel  
Associate, NESG Think Tank  
Operations Department**

Mr Stephen Daniel started his presentation with a quote from Kingdon (1984), which says, "Policy change and impact comes about when three streams—problems, politics, and policies—connect. Each stream has its own forces acting upon it and ultimately influencing it. The streams do not just converge by chance but rather from consistent and sustained action by advocates". He noted that most times, those who understand the problems are not talking to those who can design the policies to address the identified problems. Therefore, the NESG believes in sustained policy advocacy through public private dialogue and that policy change happens when there is a connection between problems, politics, and policies. He also added that it takes a willing reformer to achieve policy change.

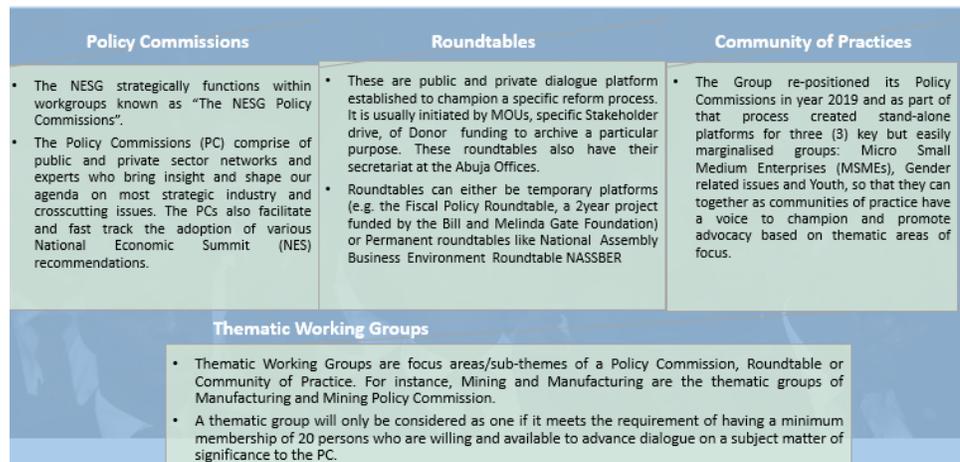
Further, he highlighted the mission of the NESG, which aims to promote and champion the reform of the Nigerian economy into an open, globally competitive economy by enabling this convergence within the private and public sectors. The vision of the NESG is to become the leading private sector Think-Tank in Africa to make it happen. He also noted the four strategic pillars and roles of the NESG, namely:

- Dialogue Partner: Driving Policy Change through Public Private Dialogue Platforms and Engagements; shaping policy through public debates
- Connector: the NESG brings stakeholders together and connects actors together to achieve the desired policy reform
- Watchdog: the NESG is apolitical and adopts an evidence-based approach in its policy advocacy.

- Intervener: the NESG has a policy innovation centre, which is saddled with performing interventions in the economy

Further, he noted that the NESG believes that evidence should be supported by dialogue, which has informed the group's Public-Private Dialogue (PPD) Structures. He went ahead to explain the various PPD platforms at the NESG with special emphasis on the structure of policy commissions and the importance of the annual Work Plans. He added that the Energy Policy Commission has four Thematic Groups namely: Power, Renewable Energy, Gas and Oil & Condensates.

### NESG PPD Structures, Platform and Frameworks



He stated the following PPD Guiding Principles:

1. Mandate and Institutional Alignment
2. Structure and Participation
3. Champion(s) and Leadership
4. Facilitation and Management
5. Outputs
6. Outreach and Communication
7. Monitoring and Evaluation
8. Subnational
9. Sector-specific
10. Relevance to FDI
11. Post-conflict/disaster/crisis
12. Development Partners

The Public Private Dialogue Risks were also highlighted as follows:

1. Vested Interests
2. Not fully representative
3. Leading to a talk-shop
4. Risk of hijack or one-man show
5. Risk of being politicised

	<p>6. Risk of duplication of efforts</p> <p>Mr. Stephen Daniel concluded his presentation by highlighting the responsibilities expected of members of the Policy Commission and the value proposition of volunteering at the NESG.</p>
<p><b>Presentation on the Energy Policy Commission's Past Activities</b></p> <p><b>Dr Segun Adaju</b>  <b>Facilitator, Energy Policy Commission</b></p>	<p>Dr Adaju in his presentation noted the following:-</p> <p>The Energy Policy Commission (EPC) is a veritable public-private dialogue platform to address and remove bottlenecks, identify viable opportunities, and develop effective frameworks to expand and scale the energy industry across the renewable energy, oil, and condensates and power and gas sub-sectors. The EPC also facilitates the adoption of various energy-related Nigerian Economic Summit recommendations with a view to fast-tracking growth and development of the economy.</p> <p><b>Summary of 2023 Policy Commission Activities</b></p> <p><b>Research Activities</b></p> <p>The Policy Commission, in collaboration with Loughborough University, conducted Research and developed a report on the "Review of Electrical Infrastructure Growth in Nigeria, Ghana and Côte d'Ivoire (Africa)". The study reviewed the current dynamics and future direction of electricity production and distribution, as well as the utilisation viability of electricity for cooking, over the coming ten (10) years for the three selected ECOWAS States.</p> <p>In the second quarter of 2023, the Energy Policy Commission secured a grant to conduct research on Carbon Trading and Energy Transition Plan in Nigeria in collaboration with the African Climate Foundation. The project was carried out in collaboration with the Sustainability Policy Commission. In light of this, the Policy Commission had several engagements with the Sustainability Policy Commission to discuss private-sector engagement towards a successful Energy Transition in Nigeria.</p> <p>The Policy Commission, in collaboration with the Sustainability Policy Commission, also carried out a survey to assess stakeholders' understanding of the carbon market and carbon finance, the challenges and roles of stakeholders, and the required incentives for the successful implementation of Nigeria's Energy Transition Plan (NETP).</p> <p>The Policy Commission, in collaboration with the Sustainability Policy Commission, hosted a webinar on Private Sector Engagement Towards a Successful Nigerian Energy Transition Project on 27th November 2023. The webinar provided a platform for</p>

stakeholders to share their knowledge and experience in the Energy Transition and carbon market.

### **Stakeholder Engagements**

The Policy Commission attended an engagement session with the Health Policy Commission to provide insights on its White Paper on Enhancing Local Production of Medicines and Vaccines on Thursday, 16th March 2023.

The Policy Commission, on 23rd March 2023, attended the Nigerian Petroleum Downstream, Industry and African Refiners and Distributors Association (ARDA) Virtual Workshop themed: "Deregulation of the Nigerian Downstream Sector: The Day After". At the event, discussions on the institutionalisation of the professionalisation of the midstream and downstream petroleum sectors were held.

### **Policy Dialogues/Events**

The Policy Commission hosted a sectoral roundtable on "Igniting Growth: Energy and Nigeria's Global Race" at the 29th Nigerian Economic Summit on Tuesday, 24th October 2023. The roundtable discussions were aimed at challenging existing assumptions, reimagining more effective strategies, and contributing to specific problem-solving tasks in relation to Gas Transition in Fueling Sustainable Energy, Fossil Market and its Contribution to Sustainable Energy Growth, Regulation in Power Sector Investment Transformation, Private Sector Engagement in Driving Clean and Renewable Energy; and Carbon Financing in Achieving Sustainable Energy.

## **Presentation of the Key Policy Reform Areas**

**Engr Belije Madu  
Mr. Obiajulu Umeh  
Dr Segun Adaju**

The Policy Commission leaders presented the key policy reform areas that will be the focus of the Policy Commission in 2024.

### **POWER THEMATIC GROUP**

Identified Key Issues in the power sector as presented by Engr Belije include the following:

- Lack of policy implementation regarding renewable energy
- Lack of substantial and sustainable energy generation.
- Lack of progress made on the energy transition plan
- Limited transparency in policy implementation
- Non-stable business environment
- Lack of effective governance structure

### **Two Policy Change Areas**

**Policy Change Area 1:** Reforming the Nigerian Electricity Supply Market to ensure the successful conclusion of the Power Sector Reforms.

### **Key Highlights**

- Policy Advisory briefs on successful conclusion of the power sector reforms, aimed at ensuring a sustainable and affordable electricity market for Nigeria. (April and Sept 2024)
- Engagement of Market participants and stakeholders.
- Engagement of Government decision makers- Presidency.
- Public Advocacy.

**Policy Change Area 2:** Nigeria Energy Implementation, Reliability and Affordability Dialogue, Framework and Plan.

### **Key Highlights**

- Development of an overarching energy resource and subsidy framework and plan that addresses energy Implementation, reliability and affordability.
- Develop a position paper on the Energy Implementation and Affordability Dialogue.
- Conduct an Energy Implementation, reliability, and Affordability study (to define an Energy Implementation and Affordability framework and path for Nigeria).
- Engage Energy Sector stakeholders.

### **Implementation Plan**

- Develop a Position Plan
- Engage Stakeholders
- Workshop to validate position and deliver solution set
- Engage Critical Decision Makers
- Key Actions Plans for 2024 and 2025
- Expected Policy Reform and/or Strategy Reassessment

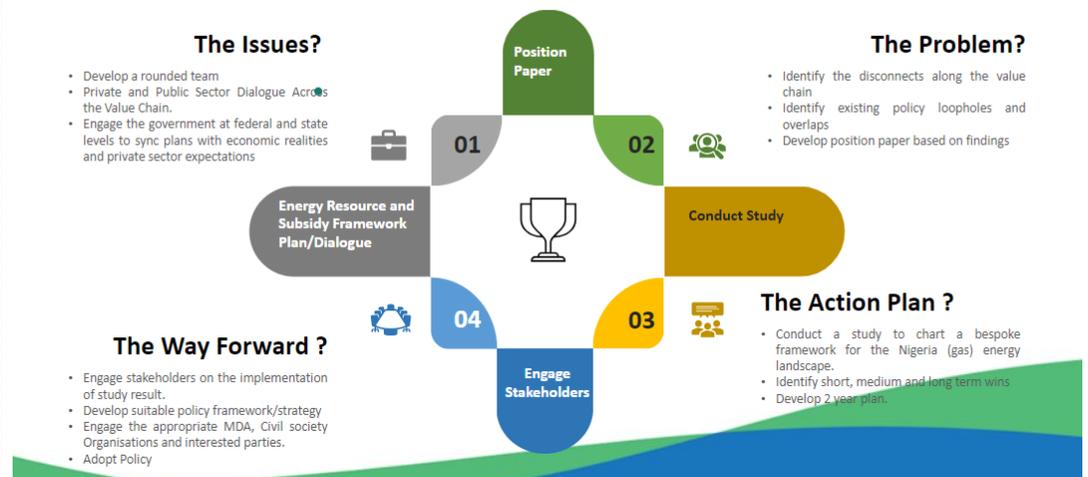
### **Highlights of Key Next Steps**

- Develop power sector policy brief
- Engage market participants and stakeholders on the policy brief
- Develop a concept note for the energy implementation dialogue
- Conduct Preliminary Study

### **GAS THEMATIC GROUP**

Mr. Umeh, the Thematic Lead for the Gas Thematic Group presented the following as the focus areas for the Gas Thematic Group

## POLICY CHANGE AREAS - GAS



### Highlights of Key Next Steps

#### Resuscitate the Gas TG

- All stakeholders to be represented, via volunteers and representation
- Routine team meetings and progress report

#### Develop Position Paper

- Conduct multiple stakeholder dialogues, polls and surveys.
- Develop position paper based on findings

#### Secure Funding/Resources

- Engage Development Finance Institutions and corporate establishments for funding to carry out the study

#### Execute Study

- Develop term of reference for the study
- Engage relevant subject matter experts and commission the study

#### Identify Policy Reform Areas

- Circulate study findings and engage stakeholders towards implementation of study report
- Identify requisite policy/strategy changes and/or requirements

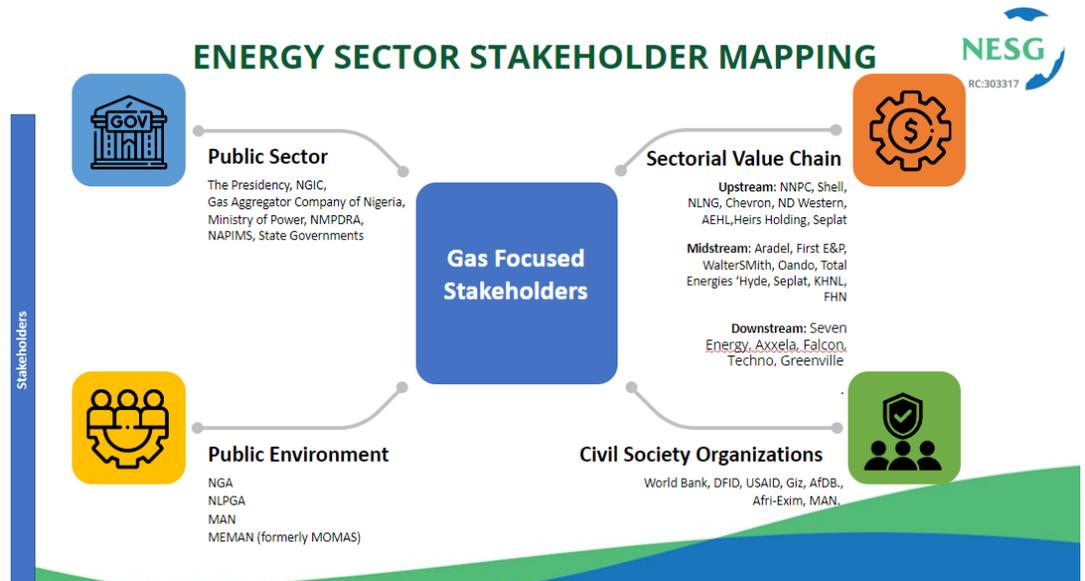
#### Develop 2-3 Year Plan

- Highlight key action plans
- Synchronise action plans with existing federal and state plans/projects

### RENEWABLE ENERGY THEMATIC GROUP

Dr Segun Adaju presented the following as the areas the Renewable Energy Thematic Group seeks to drive reforms on.

- Achieving the deployment of the 14 IPPS that have been licensed to generate power via solar grids
- The incorporation of mini grids into power distribution
- Policy incentives for Renewable energy in Nigeria
- Development of a policy document that enforces the Standardization and certification of equipment and experts (Solar panels)
- Upscaling the decentralization distribution decentralization with the development of the new electricity act (Lagos is taking the lead)



### Power Sector Stakeholder Mapping

	Public Sector	Sectorial Value Chain	The Public Environment	Civil Society Organisations
<b>Stakeholders</b>	<ul style="list-style-type: none"> <li>• Ministry of Power / REA</li> <li>• Nigerian Electricity Regulatory Commission.</li> <li>• Electricity Generation Companies (<u>GenCos</u>).</li> <li>• Transmission Company of Nigeria (TCN).</li> <li>• Electricity Distribution Companies (<u>DisCos</u>) Customers.</li> <li>• Nigerian Bulk Electricity Trading Plc.</li> <li>• Gas Aggregator Company of Nigeria.</li> <li>• Nigerian Electricity Management Service Agency (NEMSA)</li> </ul>	<ul style="list-style-type: none"> <li>• Electricity Distribution Companies (<u>DisCos</u>) ownership.</li> <li>• Electricity Distribution Companies (<u>DisCos</u>) Management.</li> <li>• Electricity Generation Companies.</li> <li>• Transmission Company of Nigeria.</li> <li>• Gas Suppliers.</li> <li>• NDHPC</li> <li>• 14 Solar IPPs</li> <li>• Players – Daystar, Starsight, <u>Rensource</u></li> </ul>	<ul style="list-style-type: none"> <li>• MAN</li> <li>• Lagos Chamber of Commerce and Industry</li> <li>• Renewable Energy Association of Nigeria</li> <li>• ANED</li> <li>• AGPC</li> </ul>	<ul style="list-style-type: none"> <li>• World Bank.</li> <li>• DFID.</li> <li>• USAID.</li> <li>• Giz.</li> <li>• AfDB.</li> <li>• <u>Afri-Exim</u>.</li> <li>• MAN.</li> </ul>

### Expected Policy and Economic Impact

- A functional Nigerian Electricity Supply Market, with zero Market and Tariff shortfalls. Optimized demand & supply-side dynamics to catalyze private sector

investments, fair market competition, and create a self-sufficient, profitable, liquid, and solvent power sector

- Increase On-grid delivered power from current 4GW to ~15GW by 2027, and further to at least 25GW by 2031, in order to achieve improvement in nationwide access to reliable electricity.
- Deliver at least 7GW of reliable Off-Grid electricity (industrial 5GW and residential 2GW) and achieve 20% mix of energy supply from renewable powered sources by 2027. By 2031, achieve >70% electrification access.
- Increase gas reliability for domestic use across the different energy forms.
- Energy Affordability by more than 70% of Nigerians
- Sustainable and Appropriate use of energy via a viable energy mix

## Stakeholder Input

### Contribution

There is a need for the NESG to review and provide recommendations where necessary for the draft power policy document, which is an output of the stakeholders meeting organised by the Ministry of Power in December.

The NESG, in its bid to pursue reform, should also consider critiquing past policies and the draft that would be released by comparing the Power Sector Policy of 2001, the Roadmap for Power Sector Reform of 2010. Critical questions to be asked include: What was there before; what hasn't worked; and why hasn't it worked?

There is also a need for clarity on what the challenge of the power sector seems to be—a policy issue or an implementation issue? This will determine if there is a need to finetune the policy or take steps aimed at implementation.

The need to also address the insufficient budgetary allocation for the power sector subsidy was also brought to the fore, and the importance of the NESG in driving policy conversations was highlighted.

### Response

Engr Belije, in response to the aforementioned contributions noted that the NESG can only play an advisory role to the minister due to the nature of the power sector. The draft policy once received would be shared with the stakeholders for comments, after which the comments would be compiled and sent to the minister.

### Contribution

While Nigeria has policies, which can be improved upon, the major challenge has been in the implementation of these policies, as such there might be a need for the Policy

Commission to embed a handholding implementation framework into its plan for the year.

This framework would ensure that the stakeholder engagements carried out by the Policy Commission, including position papers shared, show real time progress of work done. It is also imperative for the Policy Commission to think through quick wins that could be worked on in the short, medium and long term is also imperative. Seeing as there is an intersection around deliverables within the power and renewable energy thematic groups, there would be a need to ensure that no duality of functions exists.

### **Contribution**

It is important to note the timing for advocacy. The importance of advocating to influence rather than advocating to change when policies have been issued or written by the government is important, because it becomes challenging to change after the government has issued the policy. Advocating for policy change takes time and as such, more focus should be on advocating to influence.

There is also a need to ensure that there is an integrated approach to policy recommendations; this is because across the value chain, while the sectors may be independent, they are highly integrated. Approaching policy recommendations without recourse to other sectors within the value chain will mean that there isn't complete progress made due to the connectivity of the sectors.

### **Contribution**

The NESG needs to drive the regular submission of audited uniform statement account reports by licensees to the Nigerian Electricity Regulatory Commission. The submission of these accounts is important because they are useful in getting accurate figures on subsidies and tariffs. The consequences for the non-submission of these accounts should also be put in place.

### **Response**

Engr Belije, in response, noted that the DisCos submit their reports which are accessible on their websites.

### **Comment**

When designing solutions for Nigeria, such solutions should be within the Nigerian context to ensure that the solutions are workable.

## Appendix

## DisCos Financial Report Tracking Table

S/ No	Disco	20 15	20 16	20 17	20 18	2019	2020	2021	2021 Time Stamp
1	Abuja	Av ail.	Av ail.	Av ail.	Av ail.	Avail.	Avail.	Availa ble	uploaded 19 Sept 2022 14:31:00)
2	Eko	Av ail.	Av ail.	Av ail.	Av ail.	Avail.	Avail.	Availa ble	Uploaded on 28 <sup>th</sup> April 2023
3	Ikeja	Av ail.	Av ail.	Av ail.	Av ail.	Avail.	Avail.	Availa ble	Uploaded on 28 <sup>th</sup> December 2022
4	Benin	Av ail.	Av ail.	Av ail.	Av ail.	Avail.	N/A	N/A	N/A
5	Enugu	Av ail.	Av ail.	Av ail.	Av ail.	Avail.	Avail.	Availa ble	Confirm
6	Jos	Av ail.	Av ail.	Av ail.	Av ail.	N/A	N/A	N/A	N/A
7	Kadun a	Av ail.	Av ail.	Av ail.	Av ail.	Avail.	Avail.	N/A	N/A
8	Kano	Av ail.	Av ail.	Av ail.	Av ail.	Avail.	Avail.	N/A	N/A
9	Port Harco urt	Av ail.	Av ail.	Av ail.	Av ail.	Avail.	Avail.	Avail.	11 <sup>th</sup> January 2023
10	Ibadan	Av ail.	Av ail.	Av ail.	Av ail.	Avail.	N/A	N/A	N/A
11	Yola	N/ A	N/ A	N/ A	N/ A	Availa ble	Availa ble	Availa ble	29th NOV. 2022   01:18:10