

## Shifting Gears in a time of Multiple Transitions: Power sector transitions & the flexible advisory approach

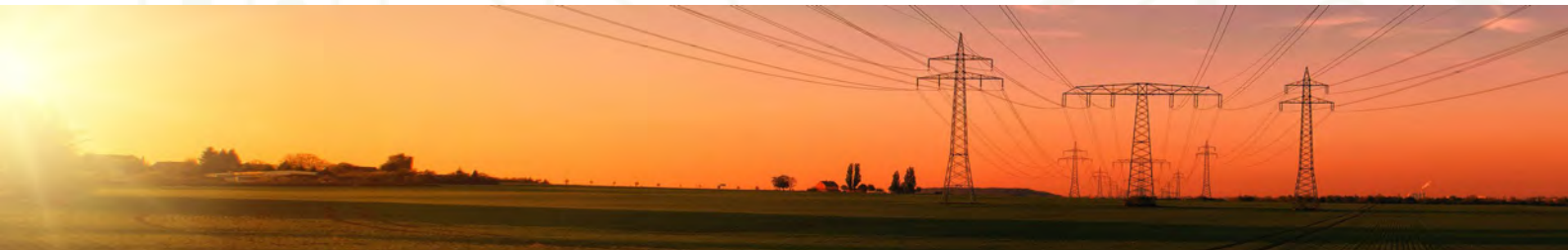
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### The energy transition

Nigeria's actions towards its net-zero commitment by 2060 include an update of the Nationally Determined Contributions (NDC), the passing of the Climate Change Act 2021, and the development of a National Climate Change Policy (NCCP) 2021-2030. In 2023, the Federal Government signed off on Methane Mitigation Guidelines to regulate methane emissions from the oil and gas industry. Efforts are also ongoing to expand energy access for many 'left behind' electricity consumers by the Rural Electrification Agency through ongoing renewable energy projects.

The energy transition affects how on-grid electricity is

generated, transmitted, and distributed. For instance, using data to inform regulatory decisions and minimising waste along the electricity delivery value chain come into sharper focus during a transition. These thematic issues are part of the United Kingdom Nigeria Infrastructure Facility's (UKNIAF) package of technical advisory support for government stakeholders in the electricity sector. As the transition to a low-carbon reality evolves and stakeholders continue to negotiate and agree on what this means for Nigeria in real-life terms, a simultaneous transition is happening in Nigeria's power sector.



### Decentralising Nigeria's electricity market

A 2023 amendment to the 1999 Constitution removed restrictions regarding the rights of State Governments to [generate, transmit and distribute electricity](#). Before this, State governments had limited their electrification efforts to off-grid electricity supply in areas not covered by the national grid. The constitutional amendment was followed in July 2023 by the repeal of the Electric Power Sector Reforms Act (EPSRA) of 2005 and the passage of the Electricity Act. Under this Act, the respective States are now empowered to make laws for the generation, transmission and distribution of electricity within their territories.

These changes have been met with legitimate concerns about the States' capacity to implement their newfound powers. Regardless, at least 12 States have formally notified the Nigerian Electricity Regulatory Commission (NERC) that they have passed the relevant laws and set up their electricity regulatory commissions and accordingly wish to have the regulatory powers formerly exercised by NERC transferred to them, as required by Section 230(2), Electricity Act. This, of course, is the precursor step to these States setting up their respective electricity markets. More States expected to follow in the coming months.

# UKNIAF's learning journey

UKNIAF has been the vanguard of providing technical advisory support to State and Federal Government Ministries, Departments and Agencies (MDAs) in Nigeria's electricity delivery value chain. The shift towards work in State electricity markets, is an entirely new area of work in the country. Therefore, UKNIAF adopted a deliberate pathway for engaging with States to help them and the programme gain a better understanding of how best the States could be helped.

This pathway began with informal stakeholder conversations and a stocktake of ongoing engagements, which led to the facilitation of the first [Roundtable](#)

meeting of State Governments, held under the aegis of the Nigeria Governors' Forum (NGF) and the British High Commission. During this roundtable, the Energy Commissioners Forum was formed, and shortly afterwards a toolkit for establishing sub-national markets was collaboratively developed by UKNIAF and the NGF. Following this, a scoping study identified entry points for State-level work and ranked State readiness to start this process. Currently UKNIAF is focussing on State-level work, particularly in the areas of legal and institutional frameworks, capacity building, and demonstrator projects.



## What did we learn along this pathway?

**Informal stakeholder conversations:** These informal conversations acted as an opportunity to determine the extent to which different stakeholders might be interested in working together, and to begin to understand the challenges and the opportunities that existed. This allowed UKNIAF to begin to lay a foundation for future discussions with no formal commitment from any institution.

**1st State Governments Roundtable:** The Roundtable gave State Governors an opportunity and platform to contribute to the debate. They expressed a different set of perspectives which had not been adequately explored. Importantly, this demonstrates a need to provide opportunities for the voices of those who are directly affected by law and policy changes to be heard.

**Energy Commissioners Forum formed:** A crucial outcome of the Roundtable was the formation of the Energy Commissioners Forum. While the Roundtable was facilitated by UKNIAF, this organic response was welcomed as a move from 'Policy to Practice' and was made possible by the flexibility of the UKNIAF approach, and the desire for the process and thinking to be "owned" by the States.

**Sub-national market toolkit:** Many questions were

asked at the Roundtable – too many to answer adequately. UKNIAF developed this [toolkit](#) to provide straightforward answers to these questions. This toolkit also increased levels of awareness of [subnational markets](#), with many States using this resource to initiate conversations and explore means of setting up their subnational markets.

**Scoping Study:** Working in response to State demand, UKNIAF conducted a Scoping Study assessing States' status of Legal and Regulatory Framework, Political Will and Institutional Capacity, and Technical Status. [By sharing the results of this study](#) with other development partners UKNIAF supports mutual institutional synergy in providing assistance.

**Donor Collaboration:** The establishment of sub national markets is an emergent and fast evolving issue with many interested parties. UKNIAF is navigating this space sharing our findings, experiences and updates to avoid unnecessary replication. As a result, opportunities for donor collaboration and value addition continue to emerge. As an example, UKNIAF currently supports the African Development Bank to design their call for proposals and EOIs on subnational markets.

# Key insights from our experience

## Transformational change can happen at different levels, but you need to adjust your focus.

A significant focus of UKNIAF's work in the electricity sector is working with national institutions. To work with the emerging subnational electricity market landscape, the programme needed to link this broader programme objective with the subnational engagement.

Thus, UKNIAF has a focus on employing lessons learned from national-level power sector work to support States in their sub-national work. This transfer of tools, information, and capacity to the States is at the heart of UKNIAF's approach to ensuring that programme outcomes are sustained beyond the programme's life.

## Transformational change can be opportunistic, but flexibility is needed.

In complex and fast-paced contexts, a programme's ability to identify emerging policy moments and respond strengthens its success. These moments may not be part of the original programme's political economy analysis or projections, so programme flexibility is required to leverage these opportunities.

In this instance anecdotal evidence suggests that the passage of the Electricity Act was not widely anticipated at that time, despite a well-known need and ongoing conversations. UKNIAF was focused on other energy transition indicators at the time, but the programme quickly linked this work to sub-national markets and the broader energy transition.

Nigeria's compliance with agreed global and national transition goals can only work when the States are aware of national policy commitments and can take concrete steps to address them. Therefore, setting up sub-national markets presents an opportunity to integrate national low-carbon transition targets into State-level planning and action.

## Experience & reputation underpin success.

The programme required flexibility to respond positively to a unique and unanticipated event, but the programme's reach across institutions within the sector was a function of the collective wealth of experience on the implementing team and the reputation they had built over the years. Experience and flexibility in combination bolstered UKNIAF's response and reputation helped persuade and encourage other stakeholders to engage.

## Flexibility in programmatic approach has significant risks that need to be mitigated collaboratively.

Flexibility in programming often leads to trade-offs, which require reallocation of programme resources, risking the non-delivery of planned and anticipated results.

Together with other stakeholders UKNIAF used a programme risk matrix to identify risks and their corresponding mitigation measures. This approach allowed the programme to cooperatively examine various risks, including delivery and reputational risks. This process enabled the programme and partner institutions to be more reflective and fostered a shared understanding of potential challenges that could impact delivery within the agreed timelines.

## Multi-disciplinary collaboration between institutions to cocreate and deliver results.

Some of the actions along the outlined pathway are familiar to contexts similar to UKNIAF, but multidisciplinary collaboration and innovation is required to deliver results. This is especially true in a context that relies on development funding and, at the same time, on skilled and experienced technical experts who may have had minimal interface with the development sector.

In situations like this, a Q & A session or a brown bag lunch inside the client government agency may be more effective for transferring knowledge and skills than a regular workshop. On the other hand, a regular workshop might best suit an intervention's beginning and middle stages, while a less formal event organised after significant experience and learning have been gained, may be more applicable.

The mix of actors in the space also suggests that it might be best to adopt innovative ways through which technical experts, development experts, and representatives of the government agencies co-create tools and products instead of having technical teams design the product and then try to socialise it within government institutions.

