

Economic & bottom tier prospects in Nigeria's 2023 Electricity Act: What's your appetite?

November 2024

The 2022 Constitutional Amendment expands the power of Nigeria's 36 States to generate, transmit and distribute on-grid electricity. Before this amendment, State governments' powers were mostly limited to off-grid electricity supply

A buffet of economic opportunities

By Barr. Jumoke Delano

The Electricity Act 2023, along with changes to Nigeria's constitution, offers a variety of new economic opportunities for investors, businesses, and professionals in Nigeria's Electricity Supply Industry (NESI). With States now able to make their electricity laws, the market is becoming more decentralized,

creating space for new players.

Picture the NESI as a grand buffet with different stations, each offering a different dish or opportunity in the power sector. Let's explore the options on offer.



A Contractors' Feast: Supplying Goods & Services

The first station is for contractors and suppliers. To keep the system running, NESI requires a steady supply of goods like transformers, meters, and equipment.

There's also demand for IT consultancy, automation, maintenance, and revenue assurance services. If you are in the business of providing hands-on services or equipment, this is the perfect dish for you.

The Bite-Sized Appetizer: Small-Scale Projects

For those who prefer smaller, bite-sized portions, you can start with smaller-scale investments in franchising or mini-grids. These projects allow you to test a business idea before scaling up. Sosai Renewables set up two ten-kilowatt solar mini-grids, two solar dryers, and solar kiosks in the Baawa and Kadabo communities in Kaduna State. By tracking the positive effects of these installations, such as reduced CO₂ emissions and better health, the team has shown how improved energy access can benefit other communities in the area.

The Main Course: Large-Scale Investments

The buffet offers large-scale investment opportunities in power generation, transmission, and distribution for those with an enormous appetite. Building power plants or transmission/distribution networks, such as independent electricity distribution networks (IEDN) and independent electricity transmission networks (IETN), require significant capital. Of note is Solad Integrated Power Solutions Ltd and Viathan Engineering Ltd collaboration on Solad's flagship project at Sura market, Lagos, to provide 1000+ small businesses with reliable and affordable power from Viathan's gas generation plant.

The Light Lunch: Passive Investment

The buffet offers large-scale investment. Not everyone is that hungry. If you prefer to let your money work for you, there's a station for passive investment. You can invest in electricity networks and earn a return without having the responsibility of running a distribution, transmission, or generation company.

The Trader's Special: Electricity Trading

The buffet offers electricity trading for those who like to buy and sell like brokers. You can buy energy in bulk from power generators and sell it to distribution companies or retailers. This can be done in both small and large scales.

The Clean Eater

This station is for you if you prefer a greener, healthier option. As demand for off-grid solutions like solar power grows, there's an opportunity to provide clean, renewable energy options to customers. This helps to reduce Nigeria's carbon footprint and meet growing customer demand for alternative power. One example is where Abuja Electricity successfully collaborated with the Rural Electrification Agency and Powergen Nigeria Ltd to install an interconnected hybrid solar 0.352MW mini-grid in Toto Community, Nasarawa State.

An Employment Potluck: Job Opportunities

Finally, the buffet offers many employment opportunities for job seekers. With the electricity sector expanding, there are jobs for professionals from all disciplines—engineering, sciences, arts, and more.

Conclusion

The Electricity Act 2023 has set the table with a buffet of opportunities in Nigeria's power sector. Whether you are an investor, contractor, professional, or job seeker, there's something for everyone. Visit the Nigerian Electricity Regulatory Commission (NERC) or the Rural Electrification Agency (REA) websites to learn how you could take a seat at the table.

The future of Nigeria's energy sector is bright—so what's your craving?

The proof of the jollof rice is in the eating

By Dr. Stella Odiase

I am not about to start a sub-regional war with a discussion as to whether jollof rice originated in Senegal or whether jollof rice from Ghana tastes better than Nigerian jollof rice. As someone with friends and family in each country, I will stick with the idea that 'it depends on how the rice decides to taste on a given day.' After all, sometimes the meal doesn't turn out as tasty as the cook hoped it would, and this happens even for the best chefs; too much or not enough salt, too much water or oil or too little; all sorts of ingredients thrown in at random, and the resultant pot of 'what on earth is this that we cannot eat.' Sometimes, the same thing happens in policy making – the good intentions don't translate into practical use.

I agree with Jumoke about the variety of economic options presented by the Electricity Act 2023. Still, the regular man or woman on the street may wonder what's in it for me. Rest assured that at least three things are on the menu for you.



No food poisoning allowed

The Act emphasises the importance of Consumer Protection, which the Nigerian Electricity Regulatory Commission (NERC) is responsible for enforcing. This is reinforced by the proposal to establish the Power Consumer Assistance Fund, a mechanism for subsidising the cost of electricity for low-income customers.

Communal dining is encouraged

A decentralised electricity sector provides a platter that encourages community associations to incorporate energy retail companies. This opportunity has the potential to reach more numbers of last-mile electricity customers while at the same time fostering a sense of ownership and responsibility, which could help minimise electricity theft.

Steamaco*, a smart metering technology company shared a live experience during the October 2023 Roundtable for State Governments on sub-national markets. The Roundtable was facilitated by UKNIAF and co-convened by the Nigeria Governors' Forum (NGF) and the British High Commission. Steamaco described a successful collaboration between a rural community, a distribution company (DisCo), and themselves that improved collection efficiency from 40% to 100%. They also trialed an AI app that detected power theft within two days of occurrence.

Women are welcome

Thirdly, the Act also references the need for the Federal Ministry of Power, Rural Electrification Agency, Nigerian Electricity Regulatory Commission, and the National Power Training Institute of Nigeria to 'promote gender mainstreaming'. Even though the Act does not clarify what this means for the Power sector, and gender does not mean 'women', any policy reference to gender mainstreaming presents an opportunity to ensure equitable access to public goods and services.

It's on the menu, but does it exist?

To continue the food analogy, a menu is sometimes just a collection of photoshopped images that are unavailable when you request them. Whatever the case, it is the responsibility of whoever puts the menu together to ensure the availability of advertised products. The Electricity Act intends to facilitate a Power sector that works for Nigerians regardless of socio-economic status. In this case, the Federal Ministry of Power is the Menu designer.

Conclusion

It is difficult to gauge how well the jollof rice tastes if one does not know about it or only hears of it but cannot afford or access it in real life. The challenge for the Federal Ministry of Power is making more Nigerians aware that the buffet is open, which dishes are available, who is invited to dinner, and how ordinary Nigerians can get to the buffet table. Otherwise, many Nigerians will wonder, does it all taste as lovely as it looks on the menu?

* <https://steama.co/case-study1>



Women on the Grid Hub