

**SPACES FOR CHANGE**



**2012**

**E-Conference Report:  
Nigeria's Power Sector Reforms**



## Acknowledgements

On Saturday, August 18, 2012, Spaces for Change (S4C), a human rights organization committed to promoting awareness of government policies and programs, and facilitating citizen engagement in policy and governance processes, hosted an E-Conference on Power Sector Reforms, featuring Dr. Sam Amadi, Chairman of the National Electricity Regulatory Commission (NERC) as the lead discussant. This report documents the proceedings of the 2-hour moderated e-conference.

The e-conference presented a forum for interaction and engagement between the top government official and 1,800 Nigerian citizens, at home and in the diaspora, on the Federal Government's efforts towards achieving stable electricity supply, and a significant turn-around in the nation's power sector. A total of 52 questions submitted by the participants prior to the e-conference, were synthesized into broad themes for discussion. Typical of S4C's online conferences, a simultaneous live streaming of the key issues and highlights of the discussions on Twitter, via the #PowerSectorReforms, enlarged the interactive space, enabling more participants from all walks of life, and from different parts of the world to join the online conversation.

Spaces for Change would like to thank the lead discussant, Dr. Sam Amadi and the 1,800 members of the S4C Discussion Room on the Facebook networking site, for their invaluable contributions: presentations, questions, comments, debate, analytical papers, and feedback during the e-conference. Special thanks go to the conference moderator, Zainab Usman, of the International Crisis Group, Brussels, Belgium, for her extremely engaging conference moderation and coordination. Additional thanks go to the members of the **Working Group on Power Sector Reforms** constituted after the conference, namely; Igure Peter, Pamela Braide, Ore Disu, Victoria Ibezim-Ohaeri, Zainab Usman, Stella Ananga Iyimoga, Usman Bala Mohammed, Bunmi Divinewealth Awoyemi and Jaye Gaskia. Comprised of civil society leaders, industry experts, researchers, policy analyst and media representatives, this Working Group will establish the boundaries, mandate, modus and membership of a civil society coalition, with a mandate to monitor the procurement processes and service delivery in the Nigerian power sector. Victoria Ibezim-Ohaeri compiled this report of the conference proceedings.

Famed for its expertise in leveraging technology, crowd sourcing concepts and web-based communication tools to promote public awareness, and facilitate citizen engagement in the policy, legislative and institutional platforms and processes of the Nigerian oil and power sectors, S4C will use this report as an advocacy tool, and continue to use its array of online and offline platforms to amplify the conference outcomes. By working to stimulate public interest and trigger informed dialogue on key developmental issues such as oil and gas, energy, environment and urban governance, S4C is determined to create a powerful movement of citizens that can push for policy and legislative changes on a variety of vital issues affecting the citizenry.

# SPACES FOR CHANGE

Established in May 2011, Spaces for Change (S4C) is a non-profit, human rights organization working to infuse human rights into social and economic decision-making processes and platforms in Nigeria. Using the human rights framework and youth-centered strategies, the organization creates spaces for the often-excluded young people, marginalized groups and communities to become active participants in public decision making, and strong advocates of social and economic justice.

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# SPACES FOR CHANGE

## Report of Conference Proceedings

**SPACES FOR CHANGE:** Thank you for joining us, Sir. With the reports of improvement in electricity supply across the country, the question on everybody's lips is: "Are the power sector reforms yielding fruit already?"..."Will the improvement last, or is it merely induced by the high rainfall season which keeps Kainji and the Shiroro Dams generating output at optimum capacity?" ..."How can citizens meaningfully engage, participate in, or support the power sector reform processes?" We have collated some of the specific questions many Nigerians are asking. I will present two at a time.

The first question on everyone's lips brilliantly captured by Kunle Rotimi goes thus:

*"To what extent has the National Electricity Regulatory Commission (NERC) prepared to enhance the productive and executive capacities of key personnel in the power sector to sustain the perceived improvement in supply?"*

**Sam Amadi:** Our focus has been to create a regulator that can effectively regulate a dynamic market. One of the first things I did as chairman of NERC was to create knowledge platforms that will capacitate the staff to be at the cutting edge of the sector. We have the Distinguished Visitors Program, the NERC Fellowship for academics, we also have a Memorandum of Understanding (MOU) with Nigerian Universities Commission to create a curriculum for master and doctorate degrees on power system management. We are also discussing with Nigerian Institute of Advanced Legal Studies (NIALS) for a professorial chair on energy law and regulation from NERC. So, we are on top of it.

**SPACES FOR CHANGE:** *Would it then be appropriate to infer, based on your response that such capacity building of personnel in the power sector would take time to yield the expected dividends?*

**Sam Amadi:** I think the reform is yielding fruit. The improvement is not a hoax. The Roadmap and the Electric Power Sector Reform (EPSR)<sup>1</sup> Act passed in March 2005, are well articulated. But the problem has been implementation. There will be continuous improvement in the system as we continue to implement sincerely and intelligently, the provisions of the Act.

NERC has always provided an opportunity for the citizens to get engaged. We want to form a civil society organizations' (CSO) coalition on the power sector to monitor procurement and

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<sup>1</sup> This Act necessitated the emergence of the Power Holding Company of Nigeria (PHCN) as the holding company of the assets and liabilities of the National Electric Power Authority (NEPA). The Act further authorized the unbundling of PHCN into various successor companies, in preparation for the privatization exercise. Apart from the establishment of an asset and liability company, the Act also established a Regulator for the sector -NERC.

service delivery in the sector. I will be glad if this meeting can turn to such a coalition or at least its beginning.

Yes, it will take some time. But we have some low hanging fruits today. Because of the integrity and competence of NERC, many investors are coming to the sector. Today, we have the best privatization exercise ever in the country. We are doing well. But we must do better

**SPACES FOR CHANGE:** That's a wonderful suggestion you made and we will strive to ensure such meetings and avenues for citizen engagement would be continuous.

The next question put forward by Alero Mobola Adollo echoes the concerns of many and it goes thus:

*"Why do we have a marked improvement (in electricity supply) in certain areas but a regression in others?"*

**Sam Amadi:** It is because in some places the distribution network is weak, while in other places it is strong. The production is not just the amount of power, but also

Saying that there is regression in some areas is not very correct. There are many power plants that require gas to fire, but the amount of 9000 megawatts by year end is unrealistic. If everything works well we can get about 5000 megawatts and no more by December 2012

**SPACES FOR CHANGE:** Understandably, any sort of reform that seeks to overhaul a systemic problem would take time to yield desired and even results. Closely related to this unevenness in improvement of supply is that many are of the opinion that this improvement is just a temporary thing; that it has more to do with the rainy season rather than infrastructural upgrades. Victoria Ibezim-Ohaeri thus puts forward this question/comment:

*"... in my experience, some level of power stability is witnessed at this time every year. That inspires the belief that the reported increase may be linked to the high seasonal rainfall. So a better way to assess performance is to compare the frequency of electricity supply during the rainy and the dry seasons."*

**Sam Amadi:** You are right to say that the improvement in power is seasonal. But I am focusing on the creation of an enabling environment for sustainable improvement. Yes, after the rainy season we will drop about 200 to 300 mega watts. But the real measure of success for me is how the structure of the sector is being made sustainable for massive haulage of power. We have over 20000 mw of licensed power which we want to make actual. If we succeed to create a market that allows for these licensees to get to bankability for their projects, then we are home and dry. So, we should not invest much hope on this small improvement.

**SPACES FOR CHANGE:** Thank you sir. That's a very critical point you made that power supply and generation would drop by about 200 to 300 megawatts in the dry season, and that the main issue is not the marginal improvements but the overall "emerging structure".

*The issue now is this, what efforts is government making to convey this clearly to ordinary Nigerians (i.e. that there would be a slight decrease after the rainy season)? From my observations and I'm sure many here would agree with me, there is a problem of clear communication of policies and their trajectories a lot of times.*

*So what effort is being made to convey this strongly to Nigerians and assuage fears that this improvement in supply and indeed the whole of the power sector reforms are not just a hoax but would take time?*

**Sam Amadi:** The government usually lacks the capacity to communicate well and manage expectation. There is some improvement in the sector that will last. But the improvement is in generation will drop slightly and pick up later in the years to come. It also depends on how we quickly resolve the power situation. The key thing is to let Nigerians know that although in the next 8 months or so, we may not see a major haul of new power, in the subsequent 8 months we will make significant and sustainable progress. NERC will take that communication. There is always a risk of being proactive in bureaucratic culture. Someone will attack you for being very dominant. This is the bad side of public sector. But NERC will take up that challenge.

**SPACES FOR CHANGE:** Building on your response to the first question, Dayo Olaide asks:

*"...How are the various capacity building activities contributing directly to the improvement that is now being reported in power supply? This is important to serve a lesson on how to connect/link capacity building to actual service delivery."*

**Sam Amadi:** Capacity building did not contribute much to the improvement. The current improvement in generation is a matter of repairs to some plants which resulted in recovery of lost capacity, and of course, the rise in rainfall that has helped us to recover about 200 to 300 megawatts lost during the dry season. I don't see the footprint of capacity building directly in the increase. Capacity building is resulting in better policy and management of the transition to competitive electricity market which is the objective of the reform

**SPACES FOR CHANGE:** Temitope Adeyinka asks: *"What is your position on the indictment of the Obasanjo regime by the Elumelu-led House committee on the investment of \$16 billion in the power sector between 1999 - 2007? Why didn't we see much/any improvement in power supply given that level of investment? I ask this basically because President GEJ's power sector roadmap is basically built on the 2005 EPSR act and all the attendant organizational and infrastructural policies and plans. Are part of those investments showing in some of the successes we're seeing presently?"*

**Sam Amadi:** My favorite thesis is what i call "the 7 disciplines of successful power sector reform". One of those disciplines is prudent public sector investment. The framework of the reform requires that before you make any investment in the sector, you should establish the need for that investment through regulatory review. If we followed that approach, we will not have the corruption we witnessed under Obasanjo. Even today, we have continued to make those undisciplined imprudent investment. Some of the investment by Obasanjo are very helpful. The NIPP project was a fantastic idea. But corruption delayed its success. Maybe today, we would have talking about 5000 additional capacity

**SPACES FOR CHANGE:** *You have just emphasized the importance of prudent public sector investment and further stated that "...the framework of the reform requires that before you make any investment in the sector you should establish the need for that investment through regulatory review. If we followed that approach we will not have the corruption we witnessed under Obasanjo."*

*I am sure many ordinary Nigerians at this point would like to know what safeguards the government has put in place to ensure these reforms are not consumed and bogged-down by corruption, as witnessed under Obasanjo. What is the government doing differently this time around to ensure the reforms are not hampered by corruption?*

**Sam Amadi:** The major initiative in this wise is the establishment of a regulator. That is the most intelligent and surest safeguard. The second safeguard is to properly fund that regulator so it can monitor the sector effectively. This has not happened. The third is that the regulator enforces its regulation. This has to happen otherwise all the fine provisions and plans come to little. So, the structure of safeguards is still weak. Our focus this year and next is to strengthen the structure of safeguards by involving consumers and civil society groups in promoting transparency and accountability in the sector. This is the reason NERC became the first organization to sign up wholly to the Freedom of Information Bill (FOI). We want CSOs to work with us to make accountability possible. Don't forget that bureaucrats will not fall in love with regulators. They will like to make them incapable.

**SPACES FOR CHANGE:** *Several people here such as Pamela Braide Sam Kunle Oyelude Usman Bala Mohammed and Favour Babatope Afolabi put forward similar questions on time frame for efficiency, energy efficiency and pre-paid metering.*

*What is the time frame for improvement? What marked improvements should we expect over the next 12, 24, 36 months in terms of megawatts based on the ongoing reforms? What are the scheduled bill increases and end user behaviour to promote Energy Efficiency (EE)?*

*Prepaid Meters are still being paid for through a bank draft, yet, we were told it should be free. Why do we have the prepaid digital meters alongside the 'free' regular digital meters?*

...and Sir, the last set of questions put forward by Bunmi Divinewealth Awoyemi Chetaala Ilo Ume Disu Adewodun Yemi Daniel Ipoola are thus:

*Given that the NERC has awarded 40 licences to potential independent producers since 2005 but so far they have not been seen to render service. How long will it take to connect the yet to be connected completed NIPPs to the gas pipeline network? Can you list the National Integrated Power Projects (NIPPs) that have been completed and are yet to be connected to gas? What kind of synergy exists between the NERC and the Rural Electrification Agency?*

*What is the NERC doing to ensure that networks are in place and coverage is more extensive in areas that are not currently being serviced at optimal level? Wouldn't it help to have an outsourced partnership that monitors electricity supply and actually is able to confirm online/offline if there is power in a particular zone or not?*

**Sam Amadi:** Meters are no longer to be paid for by customers. That is the law. But practice may be different in many different places. Please refuse to pay for meters and report anyone who asks or collect money for meter to NERC and Economic and Financial Crimes Commission (EFCC). But remember that some customers may not wait for the regular deployment of meter and resort to self-help. We said everyone will have meters for 18 months. This means some people may not get a meter in the first two months or so. If the customer becomes very anxious and resort to black market transaction, there is little we can do.

On the issue of rural electrification, we are working closely with the Rural Electrification Agency of Nigeria (REA). REA is the agency that is responsible for rural electrification. They work with our regulatory framework. I had a meeting with them last two days to put out a rural electrification agenda which will focus on using renewables to connect villages to the grid. There are two ways to expand network: through REA or expansion of service by DISCOs. Once cost recovery improves and capacity increases to connect more customers, the DISCOs will connect more and more people. We have put together relevant regulations like the Independent Electricity Distribution Network (IEDN) and the Independent Electricity Transmission Network (IETN) etc.

**SPACES FOR CHANGE:** Thank you for your time.

**Sam Amadi:** Thank you too!