ENERGY AND NATURAL RESOURCES REPORT

2025

VOLUME 3

CHAPTER 2

MID-YEAR REPORT ON THE NIGERIAN POWER SECTOR

1.0 INTRODUCTION

The year 2024 marked a pivotal moment for Nigeria's Power Sector. The Sector witnessed sweeping reforms aimed at repositioning it for growth and sustainability. Notably, eight Sates took decisive steps toward decentralised electricity regulation, exercising their authority under the Electricity Act to transition to State-level oversight. In parallel, the Federal Government eliminated subsidies on Band A electricity tariffs, a move designed to attract investment and strengthen commercial viability across the value chain.

The Minister of Power, Adedayo Adelabu, reported that tariff adjustments alone generated an additional N700 million in revenue for the Sector and drove a record 70% year-on-year increase in collections compared to 2023.[1]

Yet, beneath these gains lie deeply rooted structural challenges that continue to undermine the Sector's performance, ranging from rising debt burdens and infrastructure deficits to widespread vandalism, right of way issues and persistent energy theft.

In this 2025 Power Sector Mid-Year Report, we provide key insights into the current state of the Nigerian Electricity Supply Industry ("NESI"), highlight major market and regulatory developments recorded over the past six months, and outline projections for the second half of the year.

[1] https://nairametrics.com/2025/04/17/power-sector-revenue-surges-by-n700-billion-in-2024-hits-record-70-growth-minister-adelabu/ (Last accessed June 21, 2025)

[2] https://dailytrust.com/n457bn-debt-right-of-way-affecting-electricity-transmission-tcn/#google_vignette (Last accessed June 22, 2025)

Generation

Nigeria's grid-connected generation capacity continues to show signs of minimal incremental improvement despite lingering constraints. As of Q4 2024,[3] the Nigerian Electricity Regulatory Commission ("NERC") reported that the 28 grid-connected power plants had a total installed capacity of 13,625MW, with an average available capacity of 5,296.89MW[4] and a plant availability factor of 38.88%.

In February 2025, the Transmission Company of Nigeria ("TCN") recorded a historic peak generation of 5,543.20MW, reflecting short-term gains in output. By May 2025, although total installed capacity remained unchanged, average available generation capacity rose slightly to 5,639 MW, with an improved plant availability factor of 41%.[5]

[3] https://nerc.gov.ng/wp-content/uploads/2025/03/2024_Q4-Report.pdf (Last accessed June 21, 2025)

[4] https://punchng.com/nigeria-hits-record-5543mw-power-generation/ (Last accessed June 21, 2025)

[5] https://www.linkedin.com/posts/nercng_nerc-operationalperformance-powerplants-activity-7341368654824890368-7kjS/?utm_source=share&utm_medium=member_desktop&rcm=ACoAADEtokQBRzeQWuiwYTocV6N5sJ82keD1buY (Last accessed June 21, 2025)

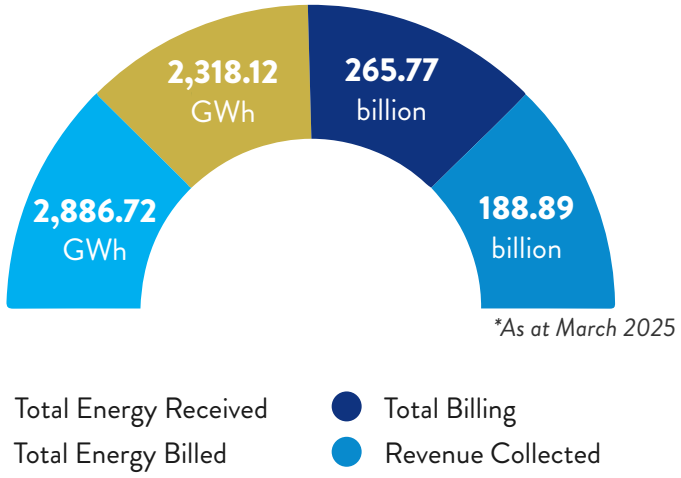
Transmission

Grid stability remains a critical indicator of the reliability of Nigeria's transmission infrastructure, measured primarily by the system's ability to maintain frequency close to the 50Hz benchmark prescribed by the Grid Code. The acceptable operational frequency range is ±0.5% (49.75Hz to 50.25Hz).[6]

According to NERC, in Q4 2024, the average lower and upper daily grid frequencies stood at 49.39Hz and 50.91Hz, respectively.[7] As of May 2025, lower and upper daily grid frequencies stood at 49.39Hz and 50.74Hz, both exceeding the prescribed limits by approximately 1%.[8]

Distribution

Performance in the distribution segment remains challenged by inefficiencies in energy billing and revenue collection. In Q4 2024, DisCos received a total of 7,420.58 GWh and billed 6,207.84 GWh to end-users, translating to a billing efficiency of 83.66%.[9] Revenue collection stood at N509.84 billion from a total billing of N658.40 billion, reflecting a collection efficiency of 77.44%.[10] In March 2025, total energy received stood at 2,886.72 GWh, with 2,318.12 GWh billed, reflecting a slightly lower billing efficiency of 80.30%. Total billings amounted to N265.77 billion, of which N188.89 billion was collected, indicating a collection efficiency of 71.07% and reflecting a 6.37% decline compared to Q4 2024.



[6] Ibid

[7] Ibid

[8] https://www.linkedin.com/posts/nercng_nerc-operationalperformance-powerplants-activity-7341368654824890368-7kjS/?utm_source=share&utm_medium=member_desktop&rcm=ACoAADEtokQBRzeQWuiwYTocV6N5sJ82keD1buY (Last accessed June 21, 2025)

[9] https://nerc.gov.ng/wp-content/uploads/2025/03/2024_Q4-Report.pdf (Last accessed June 21, 2025)

[10] Ibid

The first half of 2025 laid bare the critical state of the Power Sector. According to the United Nations Development Programme, Nigeria continues to lose over N2 billion annually due to unreliable electricity supply.[11] Even more alarming, 28.1% of the electricity generated is lost, placing Nigeria among the top three countries in Africa with the highest rate of energy loss.[12]

At the heart of this inefficiency is a mounting debt crisis. The Federal Government's outstanding liabilities to Generation Companies ("GenCos") and Distribution Companies ("DisCos") now exceed N4 trillion, comprising legacy debts and market shortfalls.[13] This financial strain continues to threaten the survival of these market players and their capacity to sustain electricity supply, prompting urgent calls on the Federal Government from stakeholders, including the Senate Committee on Power.[14]

This liquidity issue has triggered a ripple effect across the value chain. By Q1 2025, Geregu and Transcorp Power had accrued a combined debt of N216 billion to gas suppliers, an increase of N19.7 billion from the figures recorded by 2024 year-end.[15] In the same period, the TCN reported that it was owed N457 billion by various market participants, further compounding the liquidity crisis across the Sector.[16]

Despite ongoing grid expansion projects and regulatory reforms, TCN's operations remain constrained by vandalism and chronic underinvestment. Meanwhile, the refusal of some DisCos to take up allocated loads, due to commercial and technical limitations, has led to the shutdown of 40 transmission substations across the country.[17]

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[11] https://punchng.com/nigeria-loses-over-n2bn-annually-to-poor-power-supply-undp/ (Last accessed June 21, 2025)

[12] https://www.vanguardngr.com/2025/04/how-nigeria-loses-28-of-generated-electricity-adoghe-cu-don/ (Last accessed June 21, 2025)

[13] https://www.channelstv.com/2025/06/03/presidency-to-pay-%E2%82%A62tn-from-%E2%82%A64tn-electricity-debts/#:~:text=The%20Federal%20Government%20in%20February,over%20N4%20trillion%20in%20debt.&text=A%20file%20photo%20of%20electricity,supplied%20to%20the%20national%20grid. (Last accessed June 21, 2025)

[14] https://punchng.com/fgs-electricity-debt-balloons-by-n800bn-senate/ (Last accessed June 21, 2025)

[15] https://businessday.ng/market-intelligence/article/nigerias-power-crisis-deepens-as-geregu-transcorp-gas-debts-hit-n216bn/ (Last accessed June 21, 2025)

[16] https://www.vanguardngr.com/2025/06/electricity-transmission-companys-debt-rises-to-n457bn/ (Last accessed June 21, 2025)

[17] Ibid

Generation

a. Legacy Debt

In December 2024, the persistent inability of GenCos to settle outstanding liabilities led gas suppliers to halt supply to the Power Sector.[18] Given that over 70% of on-grid electricity is generated from thermal sources, the disruption necessitated urgent intervention by the Federal Government to avert a nationwide Power crisis.[19]

At a recent NESI stakeholders' meeting, a representative of the Special Adviser to the President on Energy, Olu Verheijen, acknowledged the Federal Government's outstanding debt of over N4 trillion and the critical financial and operational challenges facing both GenCos and DisCos.[20] The representative also noted that while repayment options were actively being explored, no definitive timeline for settlement could be provided at the time.[21]

b. Review of Gas Pricing

In response to the ongoing operational challenges faced by GenCos, the Nigerian Midstream and Downstream Petroleum Regulatory Authority, pursuant to Section 167 of the Petroleum Industry Act 2021, revised the domestic base price of natural gas for the Power Sector to US$2.13/MMBtu.[22] This followed an earlier upward review of about 11% in 2024.[23]

[18] https://punchng.com/n2-7tn-debt-fg-intervention-halts-gas-supply-cut/ (Last accessed June 21, 2025)

[19] Ibid

[20] http://channelstv.com/2025/06/03/presidency-to-pay-%E2%82%A62tn-from-%E2%82%A64tn-electricity-debts/ (Last accessed June 21, 2025)

[21] https://www.arise.tv/fg-begins-talks-with-gencos-over-%E2%82%A64tn-debt-vows-urgent-payment-to-avert-sector-collapse/ (Last accessed June 21, 2025)

[22] https://kadunaelectric.com/power-generation-nmdpra-slashes-gas-price-for-gencos/#:~:text=However%2C%20in%20a%20new%20document%20titled%20'Announcement,at%20the%20rate%20of%20$2.13%20per%20MMBTU.&text=For%20the%20commercial%20sector%2C%20the%20DBP%20is%20put%20at%20$2.63%20per%20MMBTU. (Last accessed June 21, 2025)

[23] Ibid

c. Privatisation of NIPP Power Plants

For over eight years, discussions have persisted around the privatisation of select power plants under the National Integrated Power Projects ("NIPP"),[24] managed by the Niger Delta Power Holding Company ("NDPHC"), which is jointly owned by the Federal, State, and Local Government Councils. However, progress has been hindered by persistent liquidity constraints, bankability concerns, protracted approval processes, and ownership disputes among the three tiers of government.[25]

In 2022, reports indicated that the Federal and State Governments had reached an agreement to proceed with the sale of five power plants:

- The 434MW Geregu II plant in Kogi State
- The 451MW Omotosho II plant in Ondo State
- The 750MW Olorunsogo II plant in Ogun State
- The 563MW Odukpani plant in Cross River State
- The 451MW Benin-Ihovbor plant in Edo State[26]

It was anticipated that 47% of the proceeds would be applied to funding the 2023 Federal budget, with the remaining 53% allocated to the States.[27] However, as of June 2025, the process remains stalled. Reports suggest that the transaction has reached a stalemate due to uncompetitive and relatively low pricing from bidders, undermining the valuation expectations of the government stakeholders.

[24] https://www.thisdaylive.com/2017/10/09/fg-approves-sale-of-three-nipp-gencos/ (Last accessed June 22, 2025)

[25] Ibid

[26] https://punchng.com/govs-fg-agree-on-nipps-sale-to-fund-budgets/ (Last accessed June 22, 2025)

[27] Ibid

Transmission

a. Vandalism

In response to the escalating vandalism of transmission infrastructure, the Minister of Interior, Olubunmi Tunji-Ojo, announced in February 2025 the formation of a specialised security unit, "Power Rangers", comprising officers of the Nigeria Security and Civil Defence Corps ("NSCDC").[28] The initiative, inspired by the success of the Mines Marshals in the Mining Sector, is aimed at safeguarding critical electricity infrastructure nationwide.[29] While an official launch date has not been confirmed, the screening and selection of officers is reportedly underway.

According to the TCN, 178 transmission towers were vandalised in the first half of 2025 alone, exceeding the record numbers reported in 2024.[30] Incidents were more concentrated in Bayelsa, Rivers, Abia, and Kano States.[31] The General Manager of Transmission Services at TCN attributed the attacks to a mix of economic hardship, political sabotage, and criminal activity,[32] which have led to prolonged outages and disrupted efforts to stabilise and expand the transmission network. TCN is reported to have intensified efforts in collaboration with the Office of the National Security Adviser[33] to secure critical infrastructure. Pilot schemes are being developed to deploy state-of-the-art monitoring technology in vulnerable locations. In addition, media campaigns and community engagement initiatives are ongoing to raise awareness and strengthen local cooperation against vandalism.[34]

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[28] https://persecondnews.com/2025/02/14/fg-launches-power-rangers-to-protect-power-installations/#:~:text=Nigeria's%20Minister%20of%20Interior%20Olubunmi,and%20infrastructure%20across%20the%20country. (Last accessed June 22, 2025)

[29] Ibid

[30] https://dailypost.ng/2025/06/20/178-transmission-towers-vandalised-within-six-months-tcn/ (Last accessed June 22, 2025)

[31] Ibid

[32] Ibid

[33] Ibid

[34] Ibid

b. Inauguration of Performance Improvement Plan/ Power Sector Recovery Operation Committee

As part of its broader reform agenda, TCN inaugurated its Performance Improvement Plan/Power Sector Recovery Operation Committee on June 17, 2025.[35] The Committee is tasked with improving the reliability and efficiency of the transmission network, an essential step toward attracting both local and international investment into the Power Sector.[36]

c. Establishment of the Transmission Infrastructure Fund

As part of efforts to revitalise the transmission segment of the electricity market, NERC, in May 2025, introduced the Transmission Infrastructure Fund ("TIF" or the "Fund"), to be financed through a N2.17/kWh charge on energy consumed by electricity customers.[37] Notably, this charge does not appear as a separate or additional fee on customer tariffs just yet.[38]

The TIF is intended to support the financing of critical transmission infrastructure projects and innovative initiatives aimed at improving transmission services across the Sector. Stakeholders have emphasised the need for transparent and effective management of the Fund to ensure it achieves its intended objectives.[39]

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[35] https://energyworthonline.com.ng/2025/06/18/tcn-inaugurates-committee-to-drive-power-sector-recovery-and-performance-improvement-program/ (Last accessed June 22, 2025)

[36] Ibid

[37] https://www.vanguardngr.com/2025/05/nerc-sets-up-transmission-infrastructure-fund-with-n2-17-kwh-tariff-charge/ (Last accessed June 23, 2025)

[38] Ibid

[39] Ibid

Distribution

The Distribution segment of Nigeria's Power Sector continues to face entrenched structural and commercial challenges. These include significant infrastructure deficits, persistent governance lapses, poor billing and collection systems, and the heavy burden of unresolved legacy debt. Despite numerous Federal Government interventions, such as the National Mass Metering Programme, Meter Asset Financing Scheme, and the Meter Acquisition Fund, Nigeria's metering gap remains considerably wide. Billions of Naira have been invested in these initiatives, yet progress has been hindered by inefficiencies and mismanagement, with several DisCos and metering vendors currently facing allegations of diversion of funds.[40] Notably, the case involving Ziklagsis Network Ltd. underscores the growing scrutiny around accountability for funds disbursed under these schemes.[41]

a. Metering and Billing

As of 31 December 2024, NERC reported that only **6,288,624** customers, being about **46.57%** of the total **13.5 million** registered electricity consumers had been metered.

However, targeted efforts are emerging. Aba Power, for instance, has committed to closing its metering gap by deploying 100,000 smart meters in 2025.[42] Installations are set to commence on a feeder-by-feeder basis, signalling a structured rollout strategy.[43]

In a continued effort to curb estimated billing within the Sector, NERC issued a press release in April 2025 sanctioning eight DisCos - Abuja, Enugu, Eko, Ikeja, Jos, Kaduna, Kano, and Yola, for failing to comply with the monthly energy caps it had prescribed between July and September 2024. The DisCos

[40] https://www.thecable.ng/adelabu-how-private-company-withheld-fgs-n32bn-meter-supply-fund-for-20-years/ (Last accessed June 22, 2025)

[41] Ibid

[42] https://businessday.ng/news/article/aba-power-to-deploy-300000-free-meters-to-homes-offices/ https://www.thecable.ng/adelabu-how-private-company-withheld-fgs-n32bn-meter-supply-fund-for-20-years/ (Last accessed June 22, 2025)

[43] Ibid

were fined a total of N628,031,583.94, representing 5% of the gross overbilling recorded during the period. NERC also directed that all affected customers be compensated through corresponding credit adjustments by May 15, 2025. It remains unclear how many DisCos have complied with this directive and the extent of their compliance.

Similarly, the Enugu State Electricity Regulatory Commission ("EERC") has ordered MainPower Electricity Distribution Company to refund over 20,000 overbilled customers for the month of April 2025, with refunds to be effected no later than the July 2025 billing cycle.[44] Demonstrating a firm regulatory stance, the EERC further stated that non-compliance with its directive would attract a daily fine of N500,000. This enforcement action was necessitated by a sharp increase in MainPower's level of non-compliance with estimated billing caps from 24% between February and March 2025 to 34% in April 2025.

b. Restructuring of Underperforming DisCos

In response to the commercial inefficiencies of DisCos, particularly in Northern and Eastern Nigeria, the Minister of Power, Adedayo Adelabu, recently announced the Federal Government's plan to commence a restructuring programme.[45] Rather than a full takeover, the intervention is to be framed as a collaborative initiative. Under this arrangement, DisCos are expected to provide access to operational data, while external experts retained by the Federal Government will assess and recommend operational improvements. The pilot phase of this restructuring is scheduled to take place between May and August 2025. This move reflects the Government's broader intention to enhance the viability of Distribution Companies and attract much-needed Private Sector investment.

[44] https://theelectricityhub.com/enugu-electricity-regulator-orders-disco-to-refund-20000-customers-for-overbilling/ (Last accessed June 23, 2025)

[45] https://www.vanguardngr.com/2025/05/fg-to-restructure-two-underperforming-discos-power-minister/ (Last accessed June 22, 2025)

c. Legal Disputes Over IBEDC

In 2013, Integrated Energy Distribution and Marketing Limited "(IEDML") acquired a 60% equity stake in IBEDC during the partial privatisation exercise.[46] The transaction was financed via a syndicated loan, with Polaris Bank (then Skye Bank) acting as facility manager, and other co-lenders including UBA. Following IEDML's default, AMCON acquired the non-performing loan and subsequently appointed a Receiver/Manager over IEDML, thereby taking control of majority stake in IBEDC.[47] In 2024, AMCON initiated the sale of the 60% majority stake.[48] Archlight Nigeria Limited emerged as the preferred bidder with a purchase offer of $62 million, while 86 Gardens Limited allegedly negotiated to co-invest in exchange for a 50% share of the equity.[49] The terms of the agreement between them were reportedly never fulfilled, triggering ongoing legal disputes between the parties.

In addition to the ongoing dispute, concerns about AMCON's valuation of the 60% stake in IBEDC have intensified. A civil society organisation, African Initiative Against Abuse of Public Trust, has filed a suit at the Federal High Court in Abuja seeking to halt the sale, arguing that the proposed $62 million purchase price is significantly below the $169 million originally paid for the 60% stake in 2013. Meanwhile, UBA has also applied to be joined in the legal proceedings involving Archlight Nigeria Limited and 86 Gardens Limited, alleging that AMCON overreached by unilaterally appointing a Receiver/Manager and attempting to sell the entire 60% interest without consulting other secured creditors or limiting the transaction to Polaris Bank's interest in the 60% equity stake.[50] UBA also contends that the proposed sale price grossly undervalues the asset, representing less than 20% of its real worth.

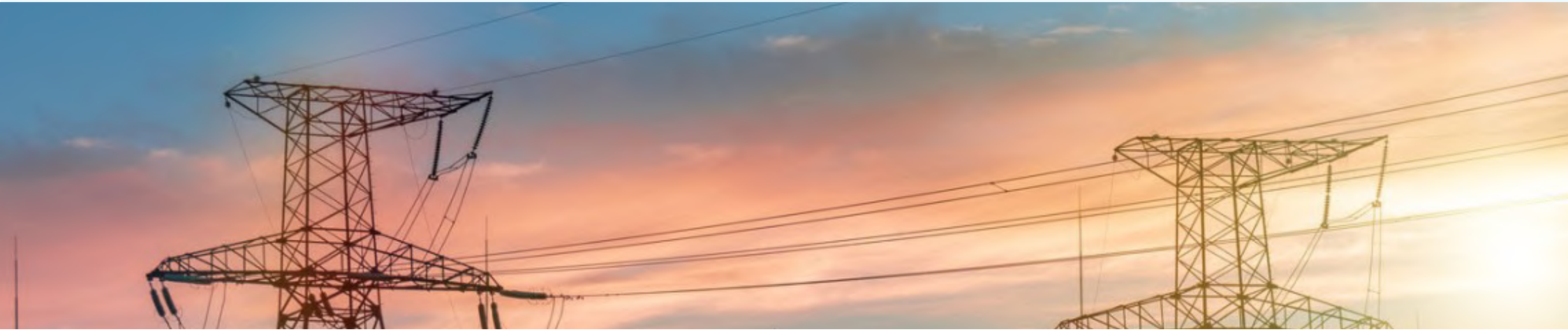
[46] https://21stcenturychronicle.com/why-we-took-over-ibadan-electricity-company-amcon/ (Last accessed June 22, 2025)

[47] Ibid

[48] https://punchng.com/uba-moves-to-join-suit-challenging-ibedc-sale/ (Last accessed June 22, 2025)

[49] https://guardian.ng/news/uba-moves-to-join-legal-battle-over-controversial-sale-of-ibedc/ (Last accessed June 22, 2025)

[50] https://punchng.com/uba-moves-to-join-suit-challenging-ibedc-sale/ (Last accessed June 22, 2025)



d. BEDC Raises Alarm Over Alleged Government Takeover in Ondo State

In Ondo State, Benin Electricity Distribution Company ("BEDC") has raised concerns over what it described as an attempted assumption of operational control by the State Government following communications originating from the Special Assistant to the Ondo State Government on Power.

In a statement issued in May 2025, BEDC condemned the development, characterising it as unauthorised, misleading, and contrary to the collaborative engagement that had been ongoing between BEDC and the Ondo State Government to address electricity challenges in the State. BEDC referenced its legitimacy to operate within the State via a subsisting license and reaffirmed its commitment to partnership with the State in addressing electricity supply challenges.

In the first half of 2025 ("H1 2025"), several regulatory developments occurred within the Power Sector. These include:

a. Advancement in State Level Regulation

Plateau and Niger States received NERC's Order sanctioning the transfer of regulatory oversight of electricity activities within their respective territories. In parallel, Abia, Delta and Gombe State have enacted their respective Electricity Law, while Kwara State's Energy Reform Bill passed its second reading in the State House of Assembly.

In response to challenges faced by DisCos in complying with Section 230 of the Electricity Act 2023 (as amended), which requires the creation of State level subsidiaries and the transfer of all assets and liabilities within transitioning States to those subsidiaries, NERC issued the "Order on the Delineation of Assets and Liabilities of Distribution Licensees" on March 28, 2025. Further details on the implementation of this Order are available in our earlier publication.

In Lagos State, the transition process has advanced significantly. In May 2025, the Lagos State Government inaugurated the members of the Lagos State Electricity Regulatory Commission ("LASERC").[51] In June 2025, LASERC reportedly issued the LASERC ORDER/001/2025, asserting jurisdiction over electricity market operations within the State.[52] The Order prohibits the conduct of electricity-related activities without a LASERC-issued licence and imposes penalties of N20 million for non-compliance and further penalty of N20,000 per day for each day of continued default. The Order reportedly also provides that the national regulatory instruments such as the Grid Code, safety and metering standards, remain applicable, subject to further directives from LASERC.

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[51] https://www.energytimesng.com/sanwo-olu-inaugurates-state-electricity-regulatory-commission-rolls-out-mandate/ (Last accessed June 24, 2025)

[52] https://www.channelstv.com/2025/06/11/lagos-issues-order-to-regulate-electricity-market-operations/#:~:text=The%20order%2C%20which%20takes%20immediate,or%20permit%20issued%20by%20LASERC. (Last accessed June 24, 2025)

In Enugu State, the EERC issued a generation licence in April 2025 to Tempo Power Solutions Ltd for a 5MW gas-fired power plant,[53] bringing the total capacity of generation licences issued by EERC to 15MW since the State assumed regulatory authority in 2024.

b. Regulation of Electricity Theft

In January 2025, as part of ongoing efforts to curb collection losses and address the growing incidence of electricity theft within the Power Sector, the NERC issued the Amended Order on Unauthorised Access, Meter Tampering and Bypass ("Amended Order").[54] This new directive updates the 2017 Order on the same subject and aligns with the provisions of the Customer Protection Regulations 2023.

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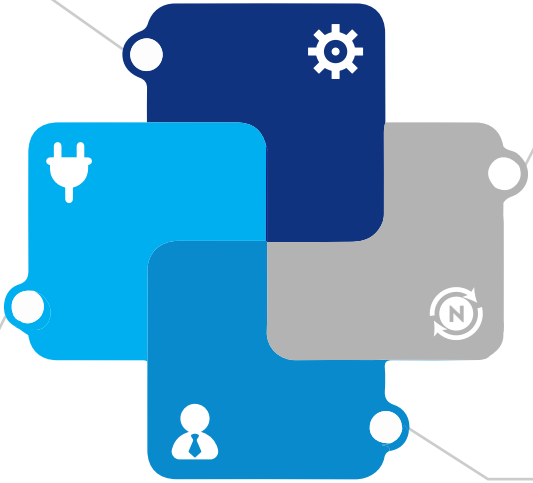
[53] https://www.thisdaylive.com/2025/04/10/enugu-electricity-commission-issues-fresh-5mw-power-licence-says-more-under-way/ (Last accessed June 24, 2025)

[54] https://nerc.gov.ng/wp-content/uploads/2025/02/Amended-Order-on-Unauthorised-Access-Meter-Tampering-and-By-Pass-.pdf (Last accessed June 24, 2025)

Key highlights of the Amended Order include:

Administrative Charges And Meter Replacement

Customers who engage in meter tampering or bypass must pay an administrative charge and cost of meter replacement before reconnection. Administrative charges range from N100,000 to 600% of the customer's last authorised monthly consumption, depending on whether it is a first or repeat offence, and whether the customer is a Maximum Demand ("MD") or Non-MD customer.



Back Billing

Customers found to have gained unauthorised access will be liable to pay for DisCo's loss of revenue through back billing, calculated at the prevailing tariff rate for the established period of theft.

Reconnection Fees

Reconnection cost of N10,000 applies to Non-MD customers, while MD customers are required to pay N50,000.

Customer Compensation

Where a DisCo fails to reconnect a customer within 48 hours of full payment of the administrative and reconnection charges, the customer will be entitled to compensation in the form of energy credit equivalent to 100% of their daily energy consumption.

c. Ministry of Power Unveils the National Integrated Electricity Policy

As anticipated in our 2024 Power Sector Industry Overview, the Ministry of Power, in February 2025, published the National Integrated Electricity Policy ("NIEP" or the "Policy"). The NIEP provides a comprehensive framework to guide the development and governance of the Power Sector under the Electricity Act. Key highlights of the NIEP are available in our detailed publication on the Policy.

d. Review of Grid Code

In March 2025, NERC announced the inauguration of the Grid Code Review Panel ("GCRP") as part of efforts to enhance operational efficiency within the Power Sector.[55] The GCRP is charged with the preliminary evaluation of proposed amendments to the Grid Code. Following its review, the draft will be submitted to the Initial Stakeholders Advisory Panel for further consideration before final approval by NERC. As of the time of compilation of this Report, no timeline had been provided for the completion of the review process.

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[55] https://nerc.gov.ng/media/nerc-tasks-grid-code-review-panel-on-efficient-sector-operations/ (Last accessed June 24, 2025)

e. Integration of Grid-Connected Generating Unit with SCADA

In May 2025, NERC issued the Order on the Mandatory Integration of Grid-Connected Generating Units into the New SCADA/EMS for the NESI to enhance operational efficiency, real-time monitoring, and coordination of generation assets within the Sector. The Order mandates all grid-connected GenCos to integrate their generating units with TCN's Supervisory Control and Data Acquisition ("SCADA") and Energy Management System ("EMS") by December 31, 2025. Non-compliance will attract a 1% penalty on the energy invoice for the month of default as well as disconnection from the grid. The Nigerian Independent System Operator ("NISO") is designated to monitor compliance and enforce penalties through invoicing and settlement processes.

f. NERC issues Guidelines for the Registration of Third-Party Collection Service Providers

As part of ongoing efforts to reduce collection losses and enhance payment efficiency within the Sector, NERC, on May 27, 2025, issued the Guidelines on the Registration and Engagement of Third-Party Collection Service Providers ("the Guidelines"). The Guidelines were issued in furtherance of NERC's Order No. NERC/183/2019, which mandates the transition of Industrial, Commercial, and R3 (now Maximum Demand Residential) customers to cashless payment platforms and requires the formal registration of collection agents and service providers operating in the Sector. A comprehensive overview of the Guidelines is available in our detailed Newsletter on the subject.

g. NERC Introduces the NESI Code of Corporate Governance

On May 30, 2025, NERC released the Code of Corporate Governance for the Nigerian Electricity Supply Industry (the "Code").[56] The Code aims to promote sound corporate governance practices and strengthen the management of Licensees within the NESI.

Key provisions include mandatory annual compliance reporting, requirement for all Licensees' Boards to establish Governance, Remuneration, and Nomination Committees and delineate procedures for reporting illegal or unethical conduct. Compliance with the Code is mandatory for all Licensees, with penalties for default as prescribed by law or by NERC from time to time.

[56] https://nerc.gov.ng/wp-content/uploads/2025/05/Code-of-Corporate-Governance-for-NESI-2025.pdf (Last accessed June 24, 2025)

In 2024, Nigeria's Energy Transition Plan ("ETP") underwent a periodic review, resulting in the release of ETP 2.0, an updated version reflecting recent data and evolving policy priorities.[57] The revised ETP now projects a total installed power capacity requirement of 277 GW by 2060, slightly higher than the 274 GW target set in the initial version of the Plan. ETP 2.0 also revises Nigeria's financing needs upward.[58] It estimates that the country will require approximately $500 billion in additional investment above business-as-usual (BAU) levels to achieve its transition targets, as against the $410 billion projected in ETP 1.0.

Since the publication of ETP 1.0 in 2022, the Federal Government has introduced a series of enabling policies and programmes to support its implementation, including the Nigerian Gas Flare Commercialisation Programme (2022), Nigerian Automotive Industry Development Plan (2023), Renewable Energy Roadmap (2023), Presidential CNG Initiative (2024), National Clean Cooking Policy (2024), National Integrated Energy Policy (2024) and the National Integrated Resource Plan (2024).

In parallel, State governments have begun initiating sub-national programmes to advance the energy transition. Notably, at the Lagos Energy Summit in April 2025, the State Government announced its Clean Energy Plan, which targets the delivery of an ambitious 6GW of power within three years[59] and the development of five energy hubs to enhance power infrastructure and generation capacity.[60]

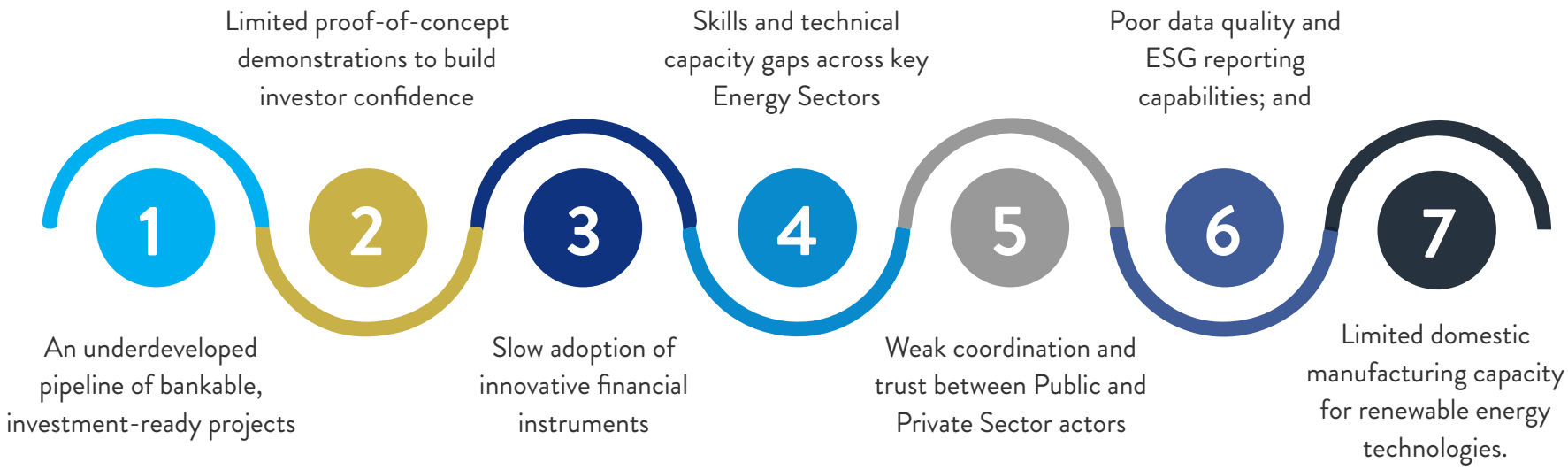
[57] https://www.seforall.org/system/files/2025-05/Nigeria-ETIP-u.pdf (Last accessed June 24, 2025)

[58] Ibid

[59] https://independent.ng/lagos-targets-six-gigawatts-in-three-year-ambitious-clean-energy-plan/ (Last accessed June 24, 2025)

[60] https://www.vanguardngr.com/2025/02/well-build-five-energy-hubs-for-improved-power-supply-sanwo-olu/ (Last accessed June 24, 2025)

Despite these efforts, implementation progress remains constrained by limited investment. ETP 2.0 highlights several emerging barriers to unlocking private capital, including:[61]



These constraints underscore the need for more structured approach and stronger collaboration between government, industry, and development partners to unlock the scale of private capital required for Nigeria's energy transition.

[61] https://www.energytransition.gov.ng/finance-and-investment/ (Last accessed June 24, 2025)

6.0 POWER AND CLEAN ENERGY PROJECTS

1. PowerGen Renewable Energy Partners with African Development Bank

One of our renewable energy clients, PowerGen Renewable Energy, has partnered with the African Development Bank and other international investors for the deployment of a 120MW renewable energy portfolio.[62] The portfolio is intended to include mini-grids, metro-grids, and commercial and industrial power solutions across several African countries, including Nigeria.

2. FG Launches Sustainable Energy Access Projects

The Federal Government has launched the Sustainable Energy Access Projects with the commissioning of a 30MW power facility in Shagamu.[63] The initiative aims to provide a minimum of 5MW of clean energy in each of Nigeria's 774 local government areas, improving access to reliable and sustainable electricity nationwide.

3. Aso Rock Goes Solar

The Federal Government has embarked on a N10 billion solar power project for Aso Rock, prompted by the unsustainable cost of electricity bills.[64] The project is part of the broader push toward energy cost reduction and sustainability in government operations.

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[62] https://theelectricityhub.com/the-african-development-bank-afdb-has-partnered-with-powergen-and-other-investors-to-deploy-120-mw-of-renewable-energy-solutions/ (Last accessed June 24, 2025)

[63] https://nairametrics.com/2025/04/15/fg-launches-30mw-shagamu-power-project-begins-nationwide-energy-access-in-774-lgas/ (Last accessed June 24, 2025)

[64] https://www.proshare.co/articles/aso-rock-goes-solar-a-signal-to-abandon-or-reform-nigerias-power-sector?menu=Economy&classification=Read&category=Power%20%26%20Energy (Last accessed June 24, 2025)

4. Governor Otti approves 10MW Independent Power Project in Abia State University

In April 2025, Governor Alex Otti approved the development of a 10MW Independent Power Project to address power supply challenges at Abia State University and its surrounding communities.[65] The project signals a strong commitment to improving electricity access within the State.

5. Nigeria signs 2,600MW Solar Deal with LONGi

Nigeria has entered into a strategic agreement with LONGi for the development of a 2,600MW solar power plant to supply Nigeria's Green Hydrogen Hub in Akwa Ibom State.[66] The green hydrogen project is expected to create 20,000 jobs and reduce Nigeria's reliance on fossil fuels.

6. Commissioning of 180MW Afam II Power Plant in Rivers State

In June 2025, the Federal Government commissioned the 180MW Afam II Power Plant in Rivers State.[67] Executed by Sahara Group within 16 months, the project was commended by President Bola Tinubu as a key milestone in expanding the national grid and improving energy access.

7. Sun King secures N128bn for Electrification Project in Nigeria

Off-grid solar company Sun King recently announced that it has secured a N128 billion local currency facility from the International Finance Corporation and Stanbic IBTC Bank Ltd.[68] The funding will support the delivery of solar solutions to 4 million Nigerian households over the next five years.

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[65] https://nannews.ng/2025/04/18/gov-otti-approves-10mw-independent-power-project-for-absu/ (Last accessed June 24, 2025)

[66] https://theelectricityhub.com/nigeria-seals-2600mw-solar-deal-with-longi-solar-france/#:~:text=Nigeria%20has%20signed%20a%202%2C600,of%20Green%20Medical%20Oxygen%20daily. (Last accessed June 24, 2025)

[67] https://punchng.com/tinubu-inaugurates-sahara-groups-180mw-power-plant/ (Last accessed June 24, 2025)

8. FG commissions New Power Substation in Borno State

In June 2025, the Vice President commissioned a 1×7.5MVA 33kV/11kV distribution injection substation at Borno State University.[69] Executed by the NDPHC, the substation is expected to improve the reliability of electricity supply to the university and surrounding areas.

9. Arnergy Solar Raises $18 Million to Expand Solar Access

Arnergy Solar has raised $18 million in Series B funding to scale solar deployment and foster expansion across key sectors in Nigeria[70] The round was led by CardinalStone Capital Advisers Growth Fund, with a $3 million investment from British International Investment and support from existing investors including Norfund, Breakthrough Energy Ventures, EDFI Management Company, and All On. The funding is intended to support the rollout of 12,000 additional solar systems by 2029, expand Arnergy's rent-to-own model and drive growth in healthcare, education, and SME Sectors.

10. Konexa secures SCAF's Support for $80 Million Solar Project

In May 2025, Konexa confirmed that it had secured backing from the Seed Capital Assistance Facility ("SCAF") for its $80 million clean energy project in Nigeria. The project includes a 50 MW solar power plant and supporting infrastructure.[71] The project is also intended to supply electricity to Nigerian Breweries facilities in Lagos and Enugu. SCAF will provide 25% of the early-stage development capital, alongside Climate Fund Managers, who will provide 50% and Norfund, 25%.

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[68] https://applesbite.com/sun-king-secures-n128bn-to-electrify-4-million-nigerian-households/ (Last accessed June 24, 2025)

[69] https://economicconfidential.com/2025/06/new-power-substation/ (Last accessed June 24, 2025)

[70] https://solarquarter.com/2025/04/24/nigerias-arnergy-solar-secures-18-million-series-b-round-to-scale-solar-deployments-expand-access-in-key-sectors/ (Last accessed June 30, 2025)

[71] https://www.ecofinagency.com/news/2805-47046-scaf-backs-konexa-s-80mln-solar-power-project-in-nigeria#:~:text=On%20Monday%2C%20May%2026%2C%202025,power%20plant%20and%20supporting%20infrastructure. (Last accessed June 30, 2025)

7.0 PROJECTIONS FOR H2 2025

The second half of 2025 is expected to witness intensified activity across several fronts as both Federal and State actors push forward key reforms in the Nigerian Power Sector.

a. State-Level Regulatory Developments

The decentralisation of electricity regulation is set to intensify in H2 2025. Kwara State is expected to pass its Energy Reform Bill and establish its regulatory framework in line with the Electricity Act.

Following similar patterns in Lagos, Enugu, and other States, more sub-national regulators are anticipated to begin issuing guidelines and orders for market regulation. In Lagos, LASERC is expected to commence active licensing, enforcement, and supervision of market participants. In parallel, regulators would also begin to issue more licences to drive activity within their markets.

b. Completion of DisCo Restructuring at the State Level

DisCos operating within transitioning States are projected to complete the incorporation of State-level subsidiaries and the transfer of assets, as required by NERC's Order on asset delineation.

c. Federal Intervention in DisCo Operations

Although there is limited official confirmation on the commencement of the Federal Government's DisCo restructuring pilot programme, media reports indicate that the pilot phase is scheduled between May and August 2025. If effectively implemented, the initiative could drive operational improvements, enhance service delivery, and revive investor confidence in the distribution segment.

d. Review of the Grid Code

Progress is expected in the ongoing review of the national Grid Code, following the inauguration of the Grid Code Review Panel in March 2025. The draft version of the revised Code is expected to be submitted to the Initial Stakeholders Advisory Panel for further input and is anticipated to form the basis of a revised regulatory framework for transmission operations by the end of the year.

e. SCADA/EMS Integration and Compliance Monitoring

Meanwhile, compliance with NERC's Order on SCADA/EMS integration is projected to accelerate, as GenCos work towards the December 31, 2025, deadline. The NISO is expected to begin active monitoring and enforcement of compliance following the deadline.

f. Sector Liquidity and Financial Stability

Liquidity constraints remain a significant threat to Sector sustainability. Outstanding liabilities of over N4 trillion continue to weigh heavily on GenCos and DisCos. Although the Federal Government is exploring repayment options, no definitive timelines have been provided. If delays persist, financial instability could trigger another round of gas supply disruptions and reduce generation output, undermining recent progress across the value chain.

g. Unlocking Investment Barriers under the Energy Transition Plan

Efforts to address key investment barriers identified in Nigeria's Energy Transition Plan 2.0 are expected to intensify in the second half of 2025. Tackling issues such as weak project pipelines, limited investor confidence, and poor data quality will be critical to accelerating implementation and achieving measurable progress by year-end.

8.0 CONCLUSION

To drive significant progress in the Sector before year-end, it is essential that the Federal and State Governments take deliberate steps to implement existing plans and policies. Active collaboration among stakeholders, market participants, and consumers will also be critical to achieving these objectives.

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