ROUND TABLE DISCUSSION AND THINK TANK PANEL: THE ENUGU UPDATE

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OUTLINE OF PRESENTATION:

- Mandate of NERC
- Principal Functions of NERC
- Some Responsibilities of the Engineering, Standards & Safety Division – In respect of Performance Standards & Codes
- Achievements Recorded by NERC
- Challenges – Grid Code Implementation
- Overcoming the Challenges
- Opportunities
- Conclusion
MANDATE OF NERC

“ENSURE THAT ELECTRICITY IS ADEQUATE, SAFE, RELIABLE, AND AFFORDABLE”
Principal Functions of NERC

- Promote competition and private sector participation
- Set appropriate Tariffs
- Establish or approve appropriate operating codes and safety, security, reliability and quality standards
- Establish appropriate consumer rights and obligations regarding the provision and use of electricity services
- License and regulate persons engaged in the generation, transmission, system operation, distribution and trading of electricity.
Part VI (81) of the EPSR Act 2005 empowers the Commission to establish Performance Standards & Codes for the NESI.

- Establishment of Technical, Commercial and Customer Service Performance Standards and Targets to be met by the Industry Operators.


- Routine Inspection and Audit of power generation, transmission and distribution equipment and facilities.

- Investigation and Reporting of Incidents.
MAJOR ACHIEVEMENTS

✓ Approved Standard Criteria for Licensing Applications & Regulations

✓ Approved Grid, Distribution and Metering Codes

✓ Bulk Trading, Vesting Contracts nearly completed

✓ MYTO – Multi-Year Tariff Order

✓ Approved NERC Business Rules – 1st in the Nation

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MAJOR ACHIEVEMENTS … Cont’d

- Licensed 22 New Companies as at October, 2007 with 20 IPPs (over 8000MW). National Electricity Scorecard Soon.

- Working on:
  - Model PPA
  - PPA Benchmarking
  - Power Procurement Procedures
  - Rural Electrification Regulation

- Health & Safety Standards and Codes/USTDA in Progress

- Development of Performance Management and Standards

- Development of the Framework for Inspections / Auditing of Power Supply Infrastructures

- etc.
CHALLENGES

- There may be difficulties in implementation
- Inadequate awareness
- Difficulty in information dissemination
- Enforcement issues
- Compliance Issues
- Derogation Management

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CHALLENGES… Cont’d

- Proper application of Monitoring Tools
- Inadequate financial resources.
- Starting from a blank sheet (no previous knowledge of power regulation in the country).
- Inadequate communication with industry stakeholders
- Information Asymmetry
- Suspicion of Regulator by industry stakeholders and consumers
- Inadequate training of industry personnel
CHALLENGES…Cont’d

- Aspects of consumers’ lawlessness (illegal wire taping, theft, vandalism etc.)
- Activities in other energy sector (e.g. gas industry)
- How quickly can tariffs be cost reflective
- Attitudinal behaviour of Industry Operators
Overcoming The Challenges

- Consultation and Participation of all stakeholders.
- Adequate funding (e.g. Federal Govt budget allocation, timely release of funding, empowerment etc).
- Grid Code Review Panel to help review sections of the code where necessary.
- Seek assistance from experts (internal and external).
- Networking and sharing of best practices with other African electricity regulators (e.g. AFUR, NERSA).
- Training, Training, Training.
OPPORTUNITIES

Proper Implementation of the Grid Code will:

✓ Ensure a healthy competition and non-discriminatory access to the Grid
✓ Lead to smooth Electricity Industry Planning & Operations
✓ Ensure Power System Security, Quality and Reliability
✓ Ensure Sanity and grid discipline
✓ Ensure availability and coordination of ancillary services like black start, Frequency, Voltage, Reactive Power etc.
✓ Allow for realistic Forecasting, Scheduling and Dispatching of Load
✓ Enable Proper Outage Coordination
✓ In the long run allow for operating reserves
Conclusion.

- NERC success in implementing the Grid Code depends on:
  - Buy-in of all Stakeholders
  - Addressing major challenges – e.g. Funding, performance improvement etc.
  - Reducing general consumer frustration
  - Credibility of NERC amongst industry stakeholders and consumers
  - Industry cost reflective tariffs
  - Attracting adequate investments across the industry
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THANK YOU FOR THE ATTENTION !!!

For more information, please log on to: www.nercng.org