

HOW MO CAUSES MARGINAL IMPROVEMENT IN NIGERIA ELECTRICITY MARKET

The Nigeria Electricity Market performance has been a cause of concerned to participants and stakeholders in the Power Sector. Eric Ephraim Ene, write on the actions taken so far by the Market Operations (MO), of TCN to address the dwindling fortune of the market.

Since the commencement of the Transition Electricity Market (TEM), stakeholders have counted more losses than gains as the market performance declined. Specifically, the market fell, after the coming in of the private investors and declaration of Transitional Electricity Market (TEM) in February 2015. The down ward trend has caused some investors to engage in buck passing without adherence to the Market Rules and TEM order. However, the recent Market Operator's Reports at the 21st, 22nd and 23rd Sectorial Meeting of the Nigerian Power Sector, indicated some signs of marginal improvement in market settlement.

Some Power sector experts have attributed this marginal improvement on Return on Invoice to better understanding of the sector by the operators and the newly introduced to interest charged on outstanding payments of some Distribution Companies (DISCOS).

Reviewing the performance of the market, the Market Operator, Mr. Moshood Saleeman at the stakeholders meeting presided over by the Hon. Minister of Power, Works and Housing, Mr. Babatunde Fashola (SAN), rolled out the dash board summary of energy delivered to DisCos, the status of settlement, payment, shortfall and associated interest. He disclosed that the last three months of September, October and November 2017, witnessed marginal improvement in the market performance from 25 per cent up to 3rd quarter of 2017 to 37 per cent in the last quarter of 2017.

According to him, the improvement in settlement payment by DisCos was driven by the implementation of Market Rules, which stipulate penalties for defaulting market participants. The implication of this measure is that any Disco who failed to remit 100 per cent monthly settlement payments, in accordance with the Market Rules is charged interest on the balance brought forward. Hence, defaulters are penalized in other to guarantee efficient and optimum performance of market administration.

Expectedly, the Market Operations (MO) saddled with the responsibility of ensuring a fair playing field and non-discriminatory market administration to all Market Participants, has demonstrated enormous will to get things right in the system. The enforcement of this law will motivate DisCos to device means of improving their revenue profile and by extension, boost the market performance.

Unlike the Generation Companies (GENCOS), that have the Nigerian Bulk Electricity Trading Company (NBET) as their off-taker, service providers do not have this privilege, hence they experience set back in capital investment, due to low remittance from DisCos.

Cursory look at the performance of the service provider's monthly invoices and DisCos remittances point to the fact that the market has not lived up to expectation, especially since the privatization and declaration of Transitional Electricity Market (TEM) in February 2015. The performance may be attributed to some factors that are inimical to the full enforcement of Market Rules by the Nigerian Electricity Regulatory Commission (NERC) and non-attainment of 100 per cent performance by participants.

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