



PAYMENT DURING INTERIM MARKET

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content

- ▶ 1. Introduction
- ▶ 2. Market Escrow Remittance Account
- ▶ 3. Execution of joint mandate
- ▶ 4. Payment date
- ▶ 5. Invoice payment
- ▶ 6. Baseline Remittance
- ▶ 6. Penalty for Low DisCos Payment
- ▶ 7. MYTO 2 Subsidy administration
- ▶ 8. Report format for Subsidy Calculation
- ▶ 9. Payment to GenCos
- ▶ 10. Payment to Service Providers & the Commission
- ▶ 11. General payment system
- ▶ 12. Progressively

Introduction

- ▶ The aim here is:
- ▶ To Establish the payment arrangements and flows of funds,
 - From DisCos' Escrow Remittance Account to MO Market Clearing Accounts and;
 - From MO Market Clearing Accounts to all beneficiaries that earn revenue from the market.

Market Escrow Remittance Account

- ▶ Rule 27 Interim Rule, requires DisCos to continue the usage of the existing Escrow Account in respective DisCos.
- ▶ Where a DisCo chooses to operate with another Bank other the present Bank:
 - DisCo should first obtain clearance from NERC,
 - MO should be duly informed of the new bank details.
- ▶ All collections in all cash collection centers of any DisCo must be transferred on weekly basis and on the last working day of any month, to the Escrow Account.

Execution of joint mandate

- ▶ The DisCos Escrow Remittance Account will have a joint mandate between the DisCos and MO.
- ▶ MO will contribute two “A” signatories while
- ▶ The DisCos will also contribute two “B” signatories.
- ▶ The Account is non cheque account.
- ▶ All outflows from the account will be by jointly agreed mandate executed by MO and the Disco.

Payment date

- ▶ DisCos payment to MO clearing Account is due on 21st of each month or next working day following, where 21st is weekend or public holiday.
- ▶ MO will advice each DisCo's banker with the final settlement statement/invoice on or before the 19th of each month.

Invoice payment

- ▶ Each DisCo is to pay full market invoice
- ▶ Where for any reason a DisCo cannot pay full invoice, payment should be greater than or equal to baseline remittance in Interim rule 18.
- ▶ MO will have access to all Disco accounts during the Interim Period.
- ▶ MO will call for special reconciliation any month a DisCo pays below baseline remittance.
- ▶ Any unpaid balance will be carried forward against each DisCO.

Baseline Remittance (rule 18)

Disco	Baseline remittance (as a percentage of MO's invoice)
Abuja EDC	53.50%
Benin EDC	37.88%
Eko EDC	97.65%
Enugu EDC	41.24%
Ibadan EDC	65.37%
Ikeja EDC	87.55%
Jos EDC	20.70%
Kaduna EDC	33.16%
Kano EDC	62.97%
PH EDC	47.45%

Penalty for Low DisCos Payment

- ▶ DisCos will pay interest on any payment below the baseline remittance (rule 35& 36)
- ▶ The interest rate shall be NIBOR plus 7.5% and will continue apply until the debt is paid off by the disCo.

MYTO 2 Subsidy administration

- ▶ DisCos should submit collection report to MO every month for the purpose of calculating MYTO subsidy earned by DisCos.
- ▶ The report should reach MO on 5th day of every month and should indicate clearly the transactions relating to R1 & R2 customers
- ▶ MYTO subsidy due to any DisCo will first be applied in making good any outstanding invoices
- ▶ The balance after settling outstanding invoice will be transferred back to the DisCo.

Report format for Subsidy Calculation

MONTH: XXXX

DISCOS	TOTAL CASH COLLECTION FOR THE MONTH	CLASS OF TARIFF	TOTAL NO CUSTOMERS THAT PAID IN EACH CLASS OF TARIFF	TOTAL PAYMENT MADE BY EACH CLASS OF TARIFF
XXX EDC	XXXX	R1	XXXX	XXXX
		R2	XXXXX	XXXX
		OTHERS	XXXX	XXXX

Payment to GenCos

- ▶ MO will start making payments to GenCos, and other service provider on the 26th of each month
- ▶ In reference to Interim Rule 20, where full payment is not received from DisCos, MO is expected to pay:
 - ▶ a. GenCos
 - 45% capacity charge
 - 100% energy charge
- ▶ All GenCos will pay for their gas obligation from the above receipts from MO.

Payment to Service Providers & the Commission

- ▶ b. TSP – 70% of its expected MYTO 2 revenue
- ▶ c. The Commission – 70% of its expected MYTO 2 revenue
- ▶ d. MO – 60% of its expected MYTO 2 revenue
- ▶ e. SO – 60% of its expected MYTO 2 revenue
- ▶ F. NBET – 20% of its expected MYTO 2 revenue

General payment system

- ▶ In compliance with Interim Rules 21,
- ▶ Participants will receive their full revenue if DisCos pay in full.
- ▶ Where there is shortage in receipts from DisCos,
- ▶ MO will first apply rule 20 above,
- ▶ Any remaining fund will be apportioned using
 - $\frac{\text{PAR}}{\text{TDMR} + \text{OF}} \times (\text{TDMR} + \text{OF})$
 - AMAR

General payment system contd

- ▶ Where
- ▶ PAR is participant's allowable revenue for the month
- ▶ AMAR is aggregate monthly allowable revenue
- ▶ TDMR is DisCos remittance for the Month.
- ▶ OF is other funds, e.g MTYO subsidy.
- ▶ MO will also apply the formula any month the fund available cannot meet the provisions of rule 20

Progressively

- ▶ MO plans to adopt more effective and transparent payment system.
- ▶ Measures being put in place are:
 - Full utilization of market settlement software to handle settlement, invoicing and payments seamlessly.
 - Engagement of payment Agent to manage and ensure efficient and transparent payment system.

Thanks for
your
attention

