



**THE PRESIDENCY, BUREAU OF PUBLIC ENTERPRISES**

# EXPECTATION BY THE NIGERIAN PUBLIC FROM PRIVATISED GENCOS AND DISCOS

**By**

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**A Presentation on the sensitisation workshop  
on the implementation of the interim Rules**

**18 December 2013**

# Outline

- Introduction
- Objectives of FGN Privatization Programme.
- Expectations from Gencos and Discos
- Conclusion

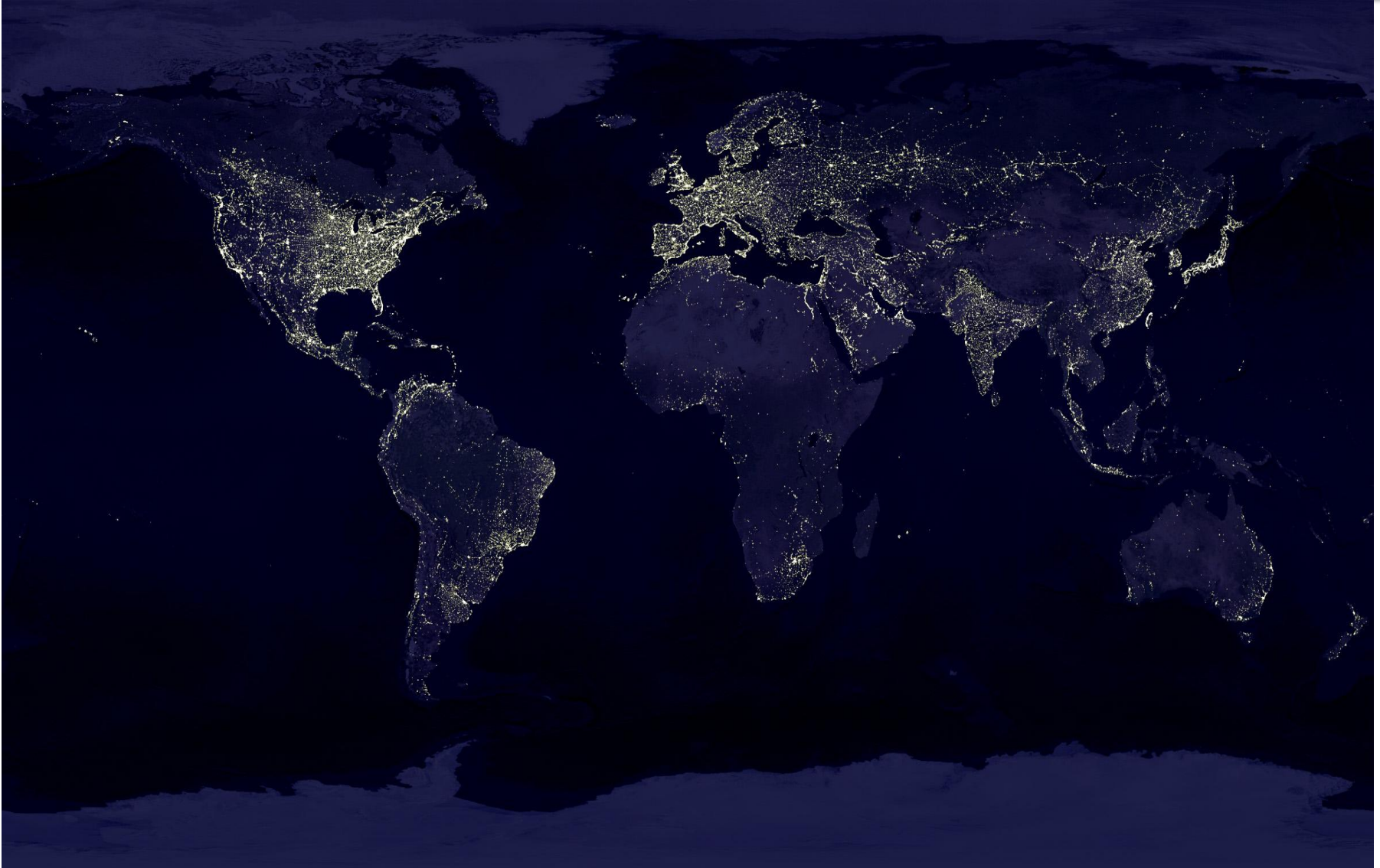


# Introduction

- ✓ At the onset of the democratically elected civilian administration in 1999, the Nigerian electric power sector had reached, perhaps, the lowest point in its 100 year history:
  - Of the 79 generation units in the country, only 19 units were operational. Average daily generation was 1,750 MW.
  - No new electric power infrastructure was built between 1989-1999.
  - The newest plant was completed in 1990 and the last transmission line built in 1987.
  - An estimated 90 million people were without access to grid electricity.
  - Accurate and reliable estimates of industry losses were unavailable, but were believed to be in excess of 50%.



# Geography of Economic Activity



# Nigeria on the World Stage



Country *	Generation Capacity (GW)	Watts per capita
S. Africa	40.498	826
Egypt	20.46	259
<b>Nigeria</b>	<b>5.96</b>	<b>40 (25 available)</b>
Ghana	1.49	62
USA	977.06	3,180
Germany	120.83	1,468
UK	80.42	1,316
Brazil	96.64	486
China	623.56	466
India	143.77	124
Indonesia	24.62	102

## Sources:

- World Fact book - <http://www.cia.gov/library/publications/the-world-factbook/index.html>

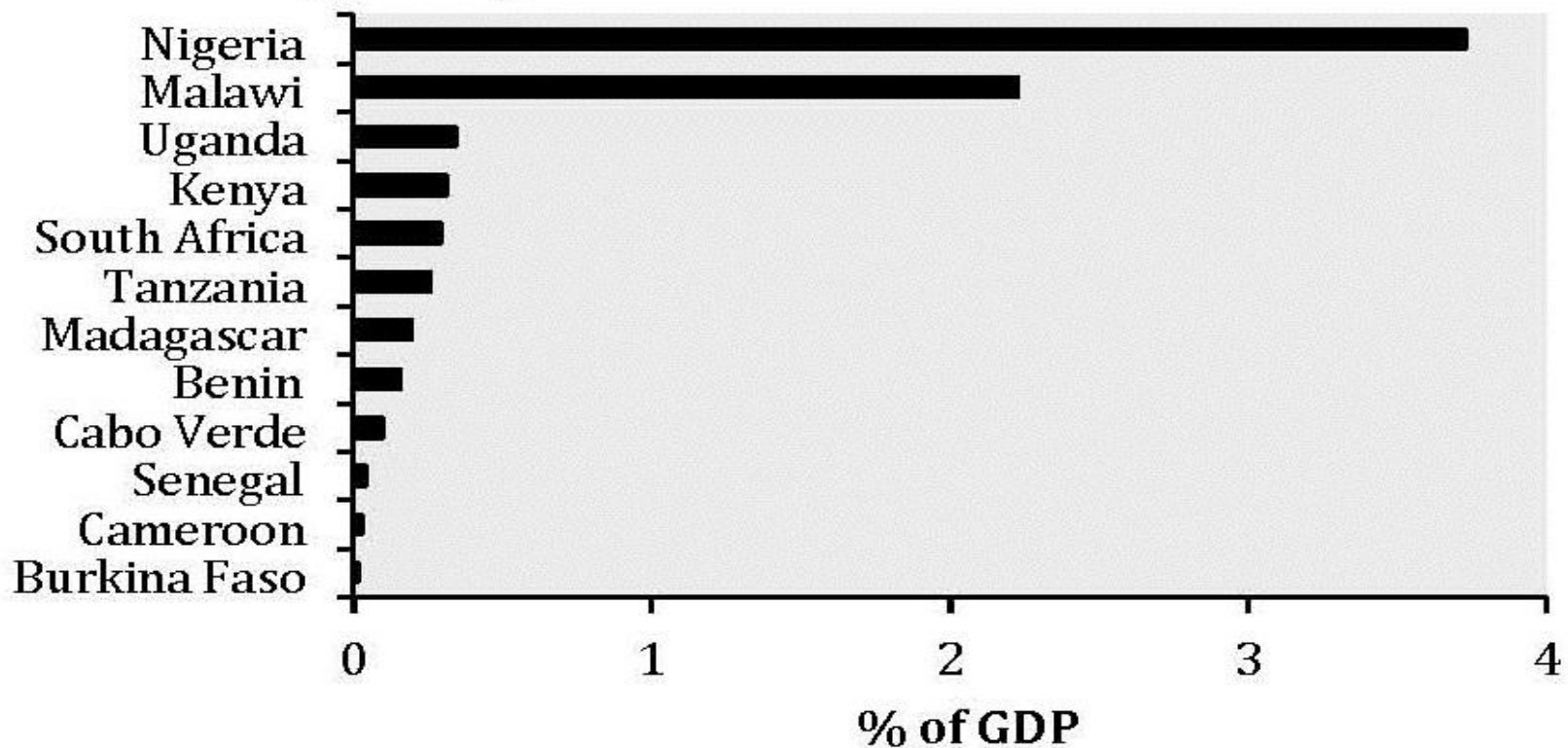
\* Energy Information Administration – [www.eia.doe.gov](http://www.eia.doe.gov)



# Effect of Power Outages

**Figure 10. Power outages are a major tax on Africa's economies**

Economic cost of power outages in select countries



Source: Derived from Eberhard and others (2009).





# Objectives OF FGN Power Reform

- ✓ To reduce the cost of doing business in Nigeria so as to attract new investment through provision of quality and dependable power supply to the economy for industrial, commercial and socio-domestic activities;
- ✓ To improve the efficiency of the distribution, generation and transmission network which is in a comatose state.
- ✓ To provide our people with basic and affordable infrastructure to enable them create employment for themselves
- ✓ The above can be achieved by creating a electricity market that is private sector driven
- ✓ This can be achieved by massive investment across the value chain to improve efficiency by the private sector.




# Current AT&C losses and purchasers Obligation to reduce losses



P	Successor Company	Bidder	Opening Loss	5 Year Remaining Loss Level	Disco ATC&C
					Relative Target (% remaining)= (End Loss)/(Opening Loss)
	Abuja	Kann	35.00%	12.78%	36.51%
	Benin	Vigeo	40.00%	12.19%	30.48%
	Eko	West Power & Gas	35.00%	12.76%	36.46%
	Enugu	Interstate	35.00%	6.70%	19.14%
	Ibadan	Integrated	35.00%	12.71%	36.31%
	Ikeja	NEDC	35.00%	9.99%	28.54%
	Jos	Aura	40.00%	18.09%	45.23%
	Kano	Sahelian	40.00%	13.02%	32.55%
	Port Harcourt	4Power	40.00%	14.90%	37.25%
	Yola	Integrated	40.00%	17.34%	43.35%

## Note:

- the final column (red) is what purchasers are contractually obligated to meet over 5 years
  - Opening loss levels are estimated and may be adjusted following baseline studies
  - 5 Year required remaining loss levels will be adjusted as per the purchaser obligations in the final column
- 



# Total Investment to be made in Discos

Distribution Company	Capex (\$)				
	2013	2014	2015	2016	2017
Abuja	\$36,606,000	\$36,606,000	\$36,606,000	\$36,606,000	\$36,606,000
Benin	\$24,314,000	\$24,314,000	\$24,314,000	\$24,314,000	\$24,314,000
Enugu	\$27,230,000	\$27,230,000	\$27,230,000	\$27,230,000	\$27,230,000
Ibadan	\$43,865,000	\$43,865,000	\$43,865,000	\$43,865,000	\$43,865,000
Jos	\$22,755,000	\$22,755,000	\$22,755,000	\$22,755,000	\$22,755,000
Kaduna	\$29,960,000	\$29,960,000	\$29,960,000	\$29,960,000	\$29,960,000
Kano	\$30,379,000	\$30,379,000	\$30,379,000	\$30,379,000	\$30,379,000
Eko	\$45,170,000	\$45,170,000	\$45,170,000	\$45,170,000	\$45,170,000
Ikeja	\$58,737,000	\$58,737,000	\$58,737,000	\$58,737,000	\$58,737,000
Port Harcourt	\$25,514,000	\$25,514,000	\$25,514,000	\$25,514,000	\$25,514,000
Yola	\$13,133,000	\$13,133,000	\$13,133,000	\$13,133,000	\$13,133,000
<b>Total</b>	<b>\$357,663,000</b>	<b>\$357,663,000</b>	<b>\$357,663,000</b>	<b>\$357,663,000</b>	<b>\$357,663,000</b>

- **5 Year total Capex for Distribution Companies is almost \$1.8 billion and based on cost reflective tariff .**

# Total Investment to be made in Discos

The investment to be made by the Discos must cover the commitments they have all made in the following areas:

- Metering ( About 6 million meters)
- Health, Safety and Environmental practices
- Reduction in number of customer interruptions i.e. due to network faults
- New customer connections and network expansion
- Improving customer services and complaints handling procedures
- A cost reflective tariff has been introduced since June 1 2012



## Public Expectations

- ✓ Fundamental engine for job creation leading to significant reduction in youth restiveness
- ✓ Power sustainability, reliability and stability
- ✓ Lowers production cost and makes Nigeria's manufacturing sector more competitive internationally
- ✓ Rapid growth in power while at the same time significant reduction in FGN's expenditure
- ✓ Achieving telecoms' position: **Taking power availability for granted**
- ✓ Empowering other economic and social service activities such as tele-centres, healthcare delivery systems, educational institutions
- ✓ Empowering SMEs: welders, hair-dressers/barbers, printing presses, tailors, small-scale food processors, etc.



# Expectations Contd.

- Steady power supply
- Minimum number of blackouts
- Low tariff
- A better safety record
- Good and immediate response to customers complains and requests.



# Conclusion

- ✓ *The ambition of the FGN is to meet the vision 20: 2020 target of 20,000MW.*
- ✓ The baton to salvage Nigeria from darkness to light is now in the hands of the private sector.
- ✓ To meet this public expectations, the public should also reciprocate by assuring the safety of all equipments and payment of their bills.







*Thank You*