



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**

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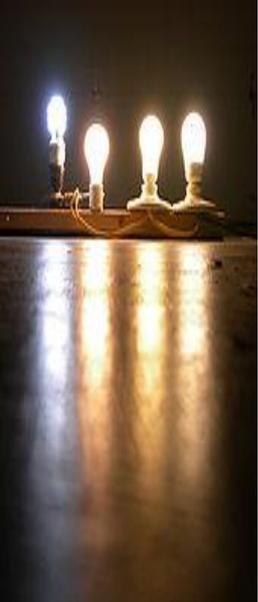
Outline

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

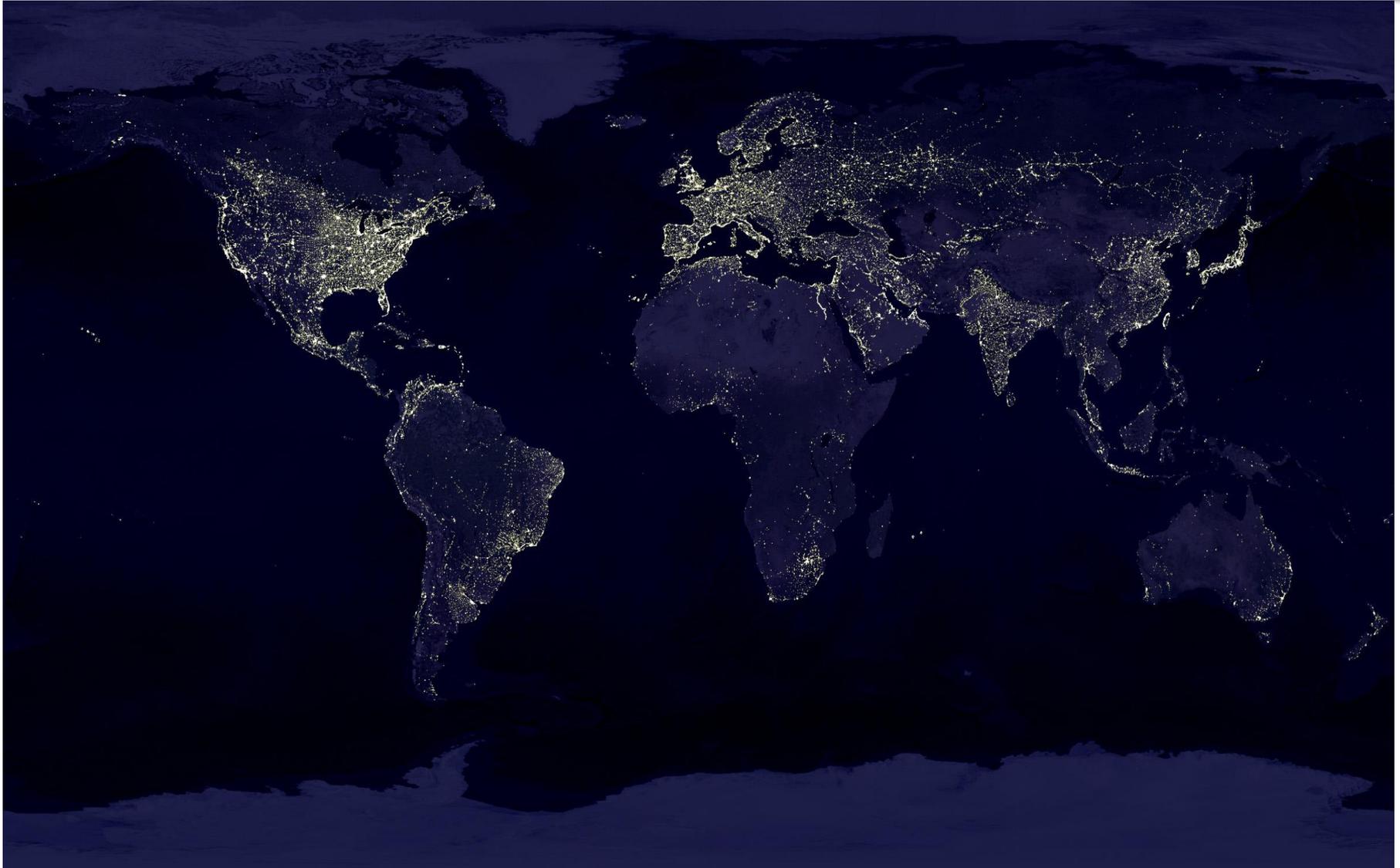


Introduction

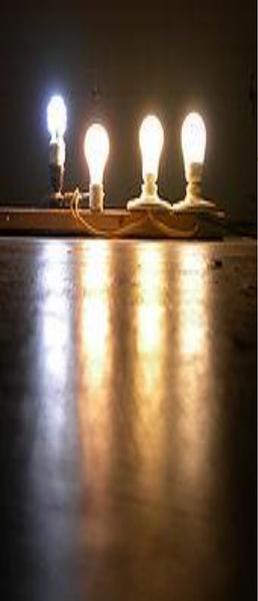
- ✓ At the onset of the democratically elected civilian administration in 1999, the Nigerian electric power sector had reached, perhaps, the lowest point in its 100 year history:
 - Of the 79 generation units in the country, only 19 units were operational. Average daily generation was 1,750 MW.
 - No 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
Nigeria	5.96	40 (25 available)
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:

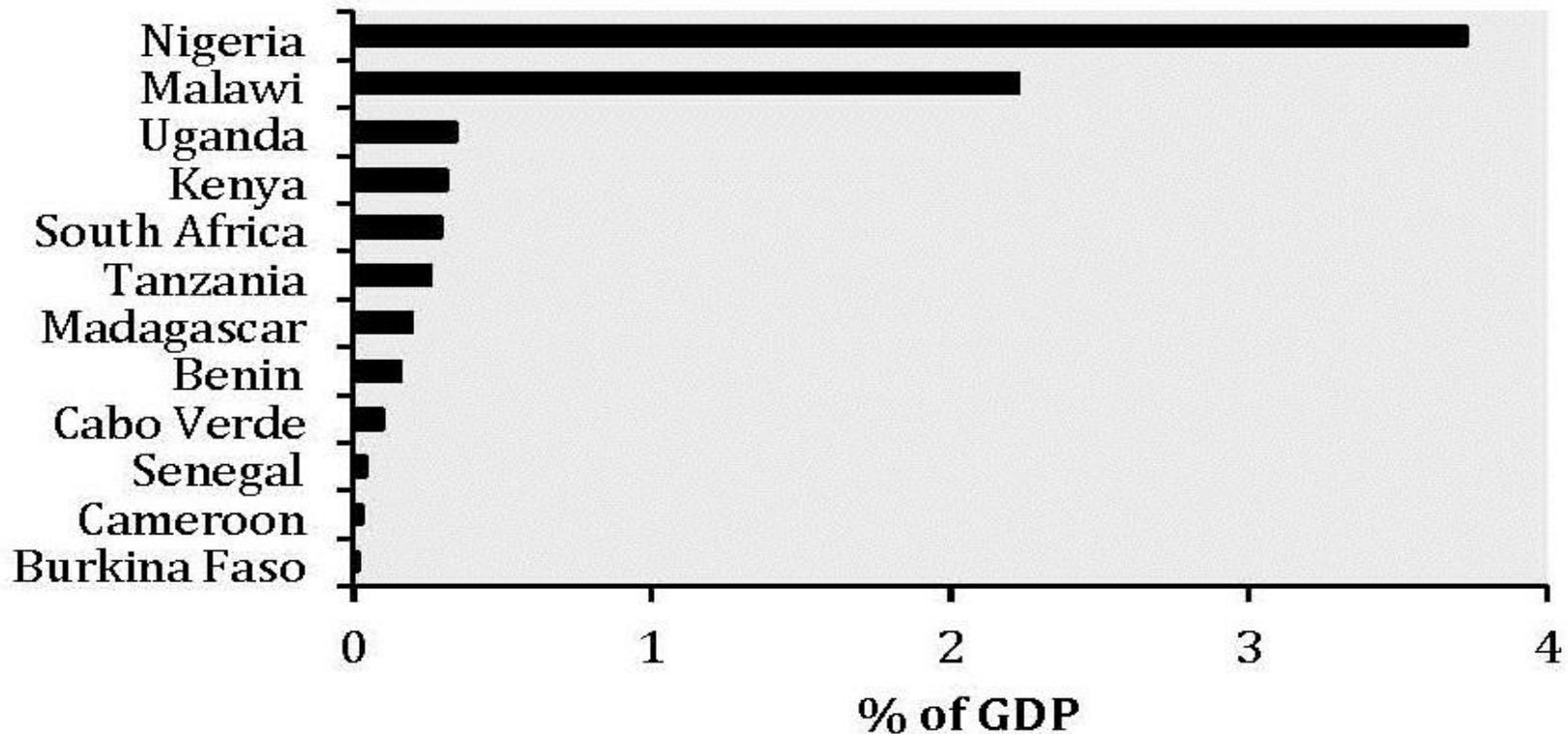
- World Fact book - <http://www.cia.gov/library/publications/the-world-factbook/index.html>

* Energy Information Administration – www.eia.doe.gov

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
Total	\$357,663,000	\$357,663,000	\$357,663,000	\$357,663,000	\$357,663,000

- **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