



SIMPLIFIED LEGAL *And* **REGULATORY GUIDE:**

**Nigerian Electricity Regulatory Commission
(NERC) (Methodology for Estimated Billing)
Regulations, 2012**





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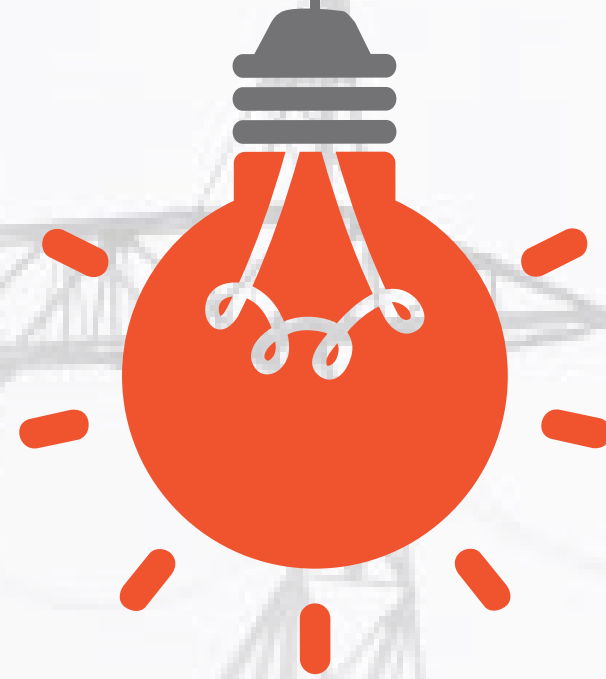
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OVERVIEW

**Nigerian Electricity Regulatory Commission
(NERC) (Methodology for Estimated Billing)
Regulations, 2012**



The NERC Methodology for the Estimated Billing (“Methodology for Estimated Billing”) was enacted on August 1st, 2012 as a regulatory framework detailing the methodology for calculating and estimating the billing of customers power usage by the Distribution Companies (DisCos) in the sector. It contains four (4) chapters with a total of fourteen (14) sections.

The Glossary of Terms referenced in this guide can be found in the main Regulation¹ and in our [Glossary of Industry Terms](#).



NERC is empowered by the Electric Power Sector Reform Act, 2005 (EPSRA)², as the major agency with the responsibility of formulating regulations to facilitate the implementation and enforcement of the provisions of the Act. NERC is vested with the authority to develop regulations relating to areas of administration, billing, licensing, procurement procedures, pricing, and tariffs, etc.³ The Methodology for Estimated Billing is one of the many regulations formulated within the ambit of the NERC's powers. [Please refer to EL's guide on the Electricity Act.](#)



OBJECTIVE

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OBJECTIVE



The objectives of the Methodology for estimated billing are:

- To provide for the standardization of the methods used by DisCos to estimate a customer's power usage and bills accruing thereby in instances where the Disco is unable to read the customer's bill within the billing period.
- To provide for the standardization of the indices to be considered by DisCos in estimating the power usage of a customer connected to the electricity system without a meter.



KEY PROVISIONS

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KEY PROVISIONS



Meter Reading by Distribution Companies

The Methodology prescribes that DisCos must obtain an actual reading of all meters recording electricity usage at all supply addresses every month or at intervals approved by the Commission. In the event that the DisCos are unable to obtain an actual meter reading at the customer's premises, the customer's electricity usage would be estimated by the DisCo unless the customer provides a meter reading within a stipulated period of time.

The DisCo is to estimate the customer's usage based on the Commission's approved methodology and is prohibited from inflating the customer's electricity usage.⁴

The Methodology sets the categories of customers that would be issued Estimated Bills⁵



Methodology for Estimated Billing

Every DisCo is expected to obtain an actual reading of all meters in all supply addresses within its area of supply, through its authorized representatives every month but not later than once (1) in every three (3) months.

The customers are to be billed based on the last actual reading obtained until another reading is conducted, prior to which a reconciliation must be undertaken resulting in either the crediting or debiting of the customer.⁶

Unmetered Maximum Demand (MD)	Unmetered MD, customers are to be billed based on the “ Load Measurement Method ” which is the measurement of the voltage and current on the customer's premises for a specific period (between one (1) to twenty-four (24) hours) during normal operation and the application of the formula as contained in the Regulations ⁷
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Unmetered Non-Maximum Demand	For Unmetered Non-Maximum Demand and others not captured, they are to be billed based on the “ Weighted Average Cluster Load ” which involves subtracting the entire meter load from the energy supplied to the feeder (33kV or 11kV and others) and the application of an appropriately determined availability factor and correction of losses which is aggregated among the various number and classes of customers supplied by the feeder.
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The method as highlighted for Unmetered Non-MD customers shall require the determination (in advance through statistical analysis of historic information) of the averages of the proportions of the consumptions for the various classes of customers in the urban and rural areas and the relationship derived based on the applicable methodology as stipulated in the Regulation is applied to determine the proportion of the energy supplied to the feeder which shall be proportionately distributed among the various Customers.⁸

In addition, for the determination of the load for each class and each customer in the class, the weighted average of the load of each customer class to the total load under consideration for statistical analysis will be applied.⁹



Customers who are in clusters within a feeder and have experienced additional outages due to a failed transformer, transformer load shedding

Customers connected to part of the feeder that experienced outage for a prolonged period of time

Customers that are not resident in the premises during the billing period



They are to be compensated by applying availability factor on the load obtained for customers on the feeder.

Obligation to Report on Estimated Bills

The Methodology for Estimated Billing specifies that every DisCo must provide the Commission a report detailing its estimated bills in every billing cycle in a format prescribed in the Regulation.¹⁰

Proceedings before the Commission

Proceedings before the Commission are governed by the Business Rules of the Commission¹¹, including its amendments and re-enactments.¹²

Dispute Resolution

Disputes between the Distribution Licensee and Customers that are not resolved by the parties are to be handled in accordance with Customer Handling Procedure.¹³¹⁴



KEY STAKEHOLDERS

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KEY STAKEHOLDERS



Nigerian Electricity Regulatory Commission

The primary agency for the supervision and control of the Regulations as specified in the EPSRA is the Commission. NERC was established as a corporate body to regulate the generation, transmission, distribution of electricity in Nigeria through promoting efficiency in industry and market structures, regulating prices, and ensuring safety in the production and delivery of electricity.¹⁵ NERC is vested with the responsibility of monitoring and overseeing estimated billing activities to facilitate competition and prevent abuse of market power. The Commission may amend or repeal the provisions of The Regulation. In addition, the Commission may make Orders as may be necessary in the public interest and it may adopt a procedure that is not consistent with the Regulations if it expedient to do so.

The background of the slide features a faint, dark silhouette of a high-voltage power transmission tower, also known as a pylon, which is a lattice structure. It is positioned centrally and extends from the bottom towards the top of the frame, serving as a thematic backdrop for the electricity-related content.

PRICING **AND TARIFFS**

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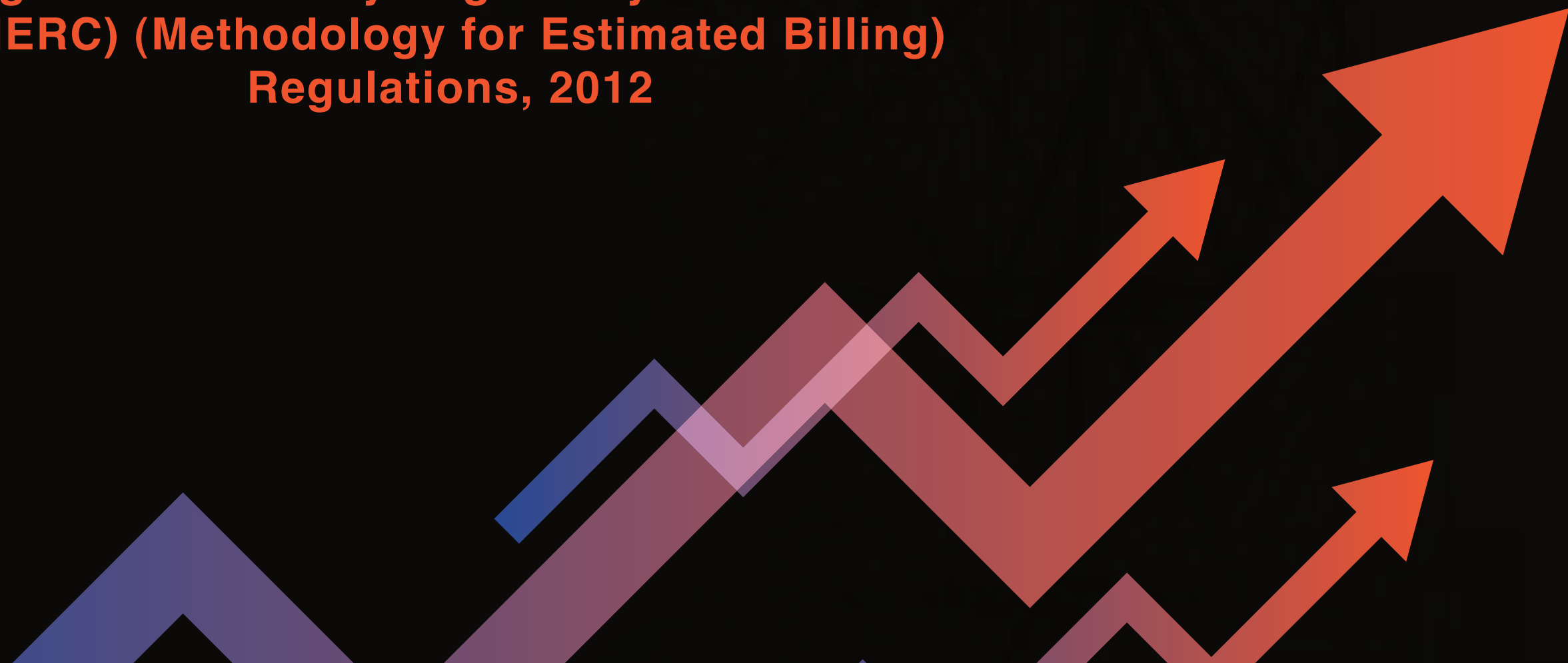
PRICING AND TARIFFS



Due to the nature of the regulation, there are no provisions relating to pricing and tariffs.

INCENTIVES AND INVESTMENT OPPORTUNITIES

Nigerian Electricity Regulatory Commission
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INCENTIVES AND INVESTMENT OPPORTUNITIES



The Regulation does not make provision for opportunities for investment.



SANCTIONS AND PENALTIES

**Nigerian Electricity Regulatory Commission
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SANCTIONS AND PENALTIES



There are no provisions for sanctions and penalties.

Referenced Statutory Instruments

- Electric Power Sector Reform Act (EPSRA) No.6 LFN 2005
- Nigerian Electricity Regulatory Commission (Business Rules of the Commission) Regulations, 2006.
- Nigerian Electricity Regulatory Commission Customer Handling Complaint Procedure, 2006

Endnotes

- 1 NERC, Official website, available at <https://nerc.gov.ng/doclib/regulations/235-estimated-billing-methodology-final/file>
- 2 NERC, NERC official website available at <https://nerc.gov.ng/doclib/regulations/234-electric-power-sector-reform-act-2005-1/file>
- 3 See Section 96 of the EPSRA, No 6 LFN 2005
- 4 Section 4 of the NERC Estimated Billing Methodology, 2012
- 5 Section5
- 6 Section6
- 7 Section7
- 8 The Formula for the above Methodology is provided in Section8.3 of the Methodology.
- 9 See Section.8.5 for additional information on the formula.
- 10 Section.9 (See ANNEXURE A for the prescribed form)
- 11 NERC, Official website, available at <https://nerc.gov.ng/doclib/regulations/228-bussiness-rules/file>
- 12 Section10
- 13 NERC, Official website, available at https://www.yedc.com.ng/Customer+Complaints+Handling_+Standards+and+Procedures.pdf
- 14 Section 12
- 15 Sections 31-61 of the EPSRA

DISCLAIMER

This document titled the “Simplified Legal and Regulatory Guide” of the referenced country is not expected to form the basis of, or be construed as standard legal advice; nor should any of its contents and representations be strictly relied upon for any activities. Electricity Lawyer (EL) will not be liable for decisions whatsoever that are made based on the contents of the document.

For Enquiries and/or Advisory Services, kindly reach out to us at our e-mail address: ask@electricitylawyer.com

For Research and Insights, kindly reach out to us at our email address: insights@electricitylawyer.com

For Training and Capacity Building, kindly reach out to us at our email address: trainings@electricitylawyer.com



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