



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

**Nigerian Electricity Regulatory Commission
(NERC) (Methodology for the Determination
of Connection Charges for Electricity Supply)
Regulations, 2012**





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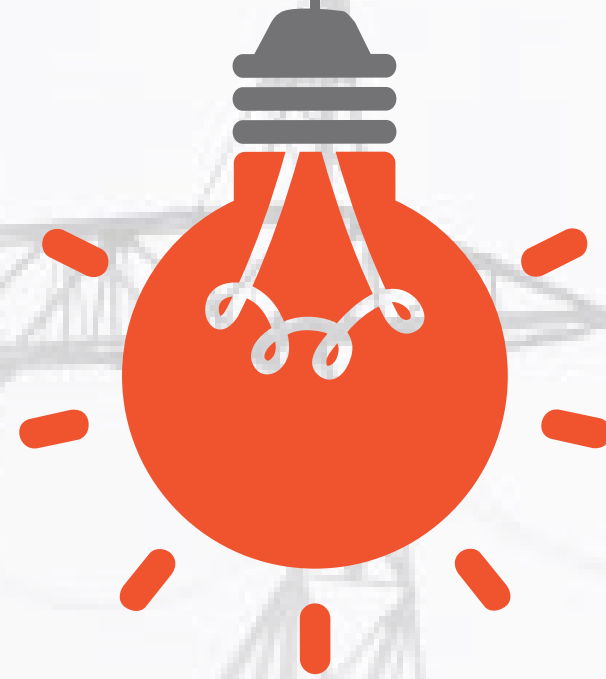
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OVERVIEW

**Nigerian Electricity Regulatory Commission
(NERC) (Methodology for the Determination
of Connection Charges for Electricity Supply)
Regulations, 2012**



The Methodology for the Determination of Connection Charges for Electricity Supply Regulations (“the Methodology”) was introduced on the 30th of July, 2012 to serve as regulatory framework and guideline for determining connection charges that are to be imposed in the electricity supply industry. The Methodology applies to all electricity connections to customer’s premises in Nigeria.¹ It is divided into five (5) parts with a total of thirteen (13) sections.

The Glossary of Terms referenced in this guide can be found in the main Regulation² and in our [Glossary of Industry Terms](#).




NERC is empowered by the Electric Power Sector Reform Act, 2005 (EPSRA)³, as the major agency with the responsibility of formulating regulations, to facilitate the implementation and enforcement of the provisions of the Act. The Commission is vested with the authority to develop regulations relating to areas of administration, licensing, market structure, connection and disconnection procedures, pricing, and tariffs, etc.⁴The Methodology for the Determination of Connection Charges for Electricity Supply Regulations is one of many Regulations formulated within the ambit of the Commission's powers. [Please refer to EL's guide on the Electricity Act.](#)



OBJECTIVE

Nigerian Electricity Regulatory
Commission (NERC) (Methodology for the
Determination of Connection Charges for
Electricity Supply) Regulations, 2012

OBJECTIVE

A decorative graphic on the left side of the slide consists of three concentric circles. The innermost circle is blue, the middle ring is white, and the outermost ring is grey.

The primary objective of the Methodology is:

- To provide standard Rules and Methodology for the determination of connection charges for electricity supply to ensure safe, secure, and efficient electricity supply.



KEY PROVISIONS

**Nigerian Electricity Regulatory
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KEY PROVISIONS



Distribution Licence Obligations

The Regulations prescribe that a Distribution Licensee must obtain the consent of the Commission in accordance with the Distribution Licence terms and conditions before charging customers any fee for connection and use of electricity in Nigeria.⁵ The Licensee is also required to develop and submit to the Commission for approval within the first thirty (30) days of each calendar year, a methodology that covers the following:

The development of a fair and equitable distribution use of system and connection charges

A schedule of proposed charges and charges for various standard connection designs

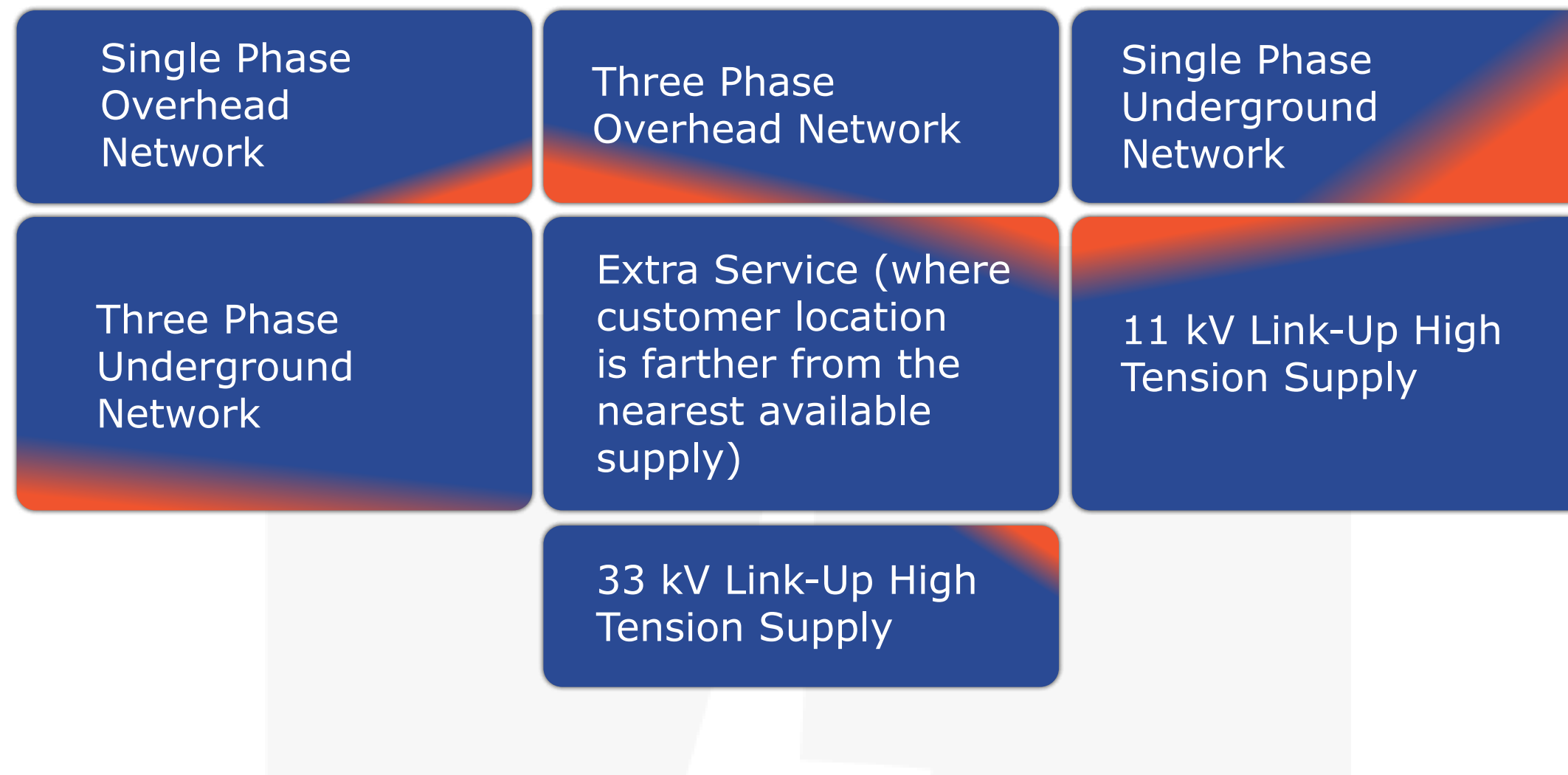
When the methodology and charges have been submitted to the Commission, it is at the behest of the Commission to grant approval or request for modifications as it deems fit.

Connection Charges, Design and Materials

The Regulations further specify that electricity connection to customer's premises must be either by overhead or underground networks.

The cost of new connections must comprise mainly of the connection of the residence or premises to public supply known as the service line, the installation of the actual meter and associated accessories in so far as the connection to public supply must consist of PVC coated aluminum wire, a Miniature Circuit Breaker (MCB) and pin (screw) insulator; and meter/ meter accessories must be made up of meter, meter box, flexible pipe, board, seal, calibration and installation.⁶

The connection designs that are available to different customers include the following:



If Distribution Licensees have other connection designs that are different from those listed above, the Licensee would need to provide the Commission with full details of the materials that are required in the format specified in the Tables within the Regulations for approval and considerations.⁷

Operations

The connections provided for under the Regulations must comply with the procedures stipulated in the NERC Connection and Disconnection Procedures for Electricity Services⁸ as may be amended periodically.

Customers seeking connection would be responsible for procurement of the connection materials while, the Distribution Licensee will be responsible for connection from the available supply to the customer's metering point.

Installation inspector(s) must carry out a physical inspection of the customer's residence or premises from the nearest supply point to the metering point to determine the quantity and length of materials required. Customers are not required to pay charges in relation to the connection of supply to his residence or premises.⁹



The Distribution Licensee will effect connection of supply to the customer's residence or premises within 48 hours of the provision for the requisite materials in the right quantity and quality by the Customer.

Also, the Distribution Licensee must provide meter and meter accessories with a view to ensuring proper accounting or billing of a customer's energy consumption.¹⁰

Prohibition of the Payment of Statutory Fees

Fees for inspection or survey, testing and the commissioning payment charged for the Maximum Demand (MD) customers are prohibited. The cost of testing the equipment must be factored into the determination of the appropriate Return on Capital on the regulated assets, while labour related costs of inspection and commissioning must be accounted for as fixed administrative cost under approved operating expenses (OPEX) of the Distribution Licensee.¹¹

Connection Manual

To harmonize connection supply to the residence of customers, all Distribution Licensees must submit to the Commission for approval, a connection manual that stipulates the procedures for effecting the different connection designs as a guide for the installation inspectors.¹²



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.¹³


NERC is vested with the responsibility of monitoring and overseeing connection and disconnection activities to facilitate competition and prevent abuse of market power. The Commission may amend or repeal the provisions of the Regulations periodically by notice in the Gazette.¹⁴ 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.¹⁵

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

**Nigerian Electricity Regulatory Commission
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of Connection Charges for Electricity
Supply) Regulations, 2012**

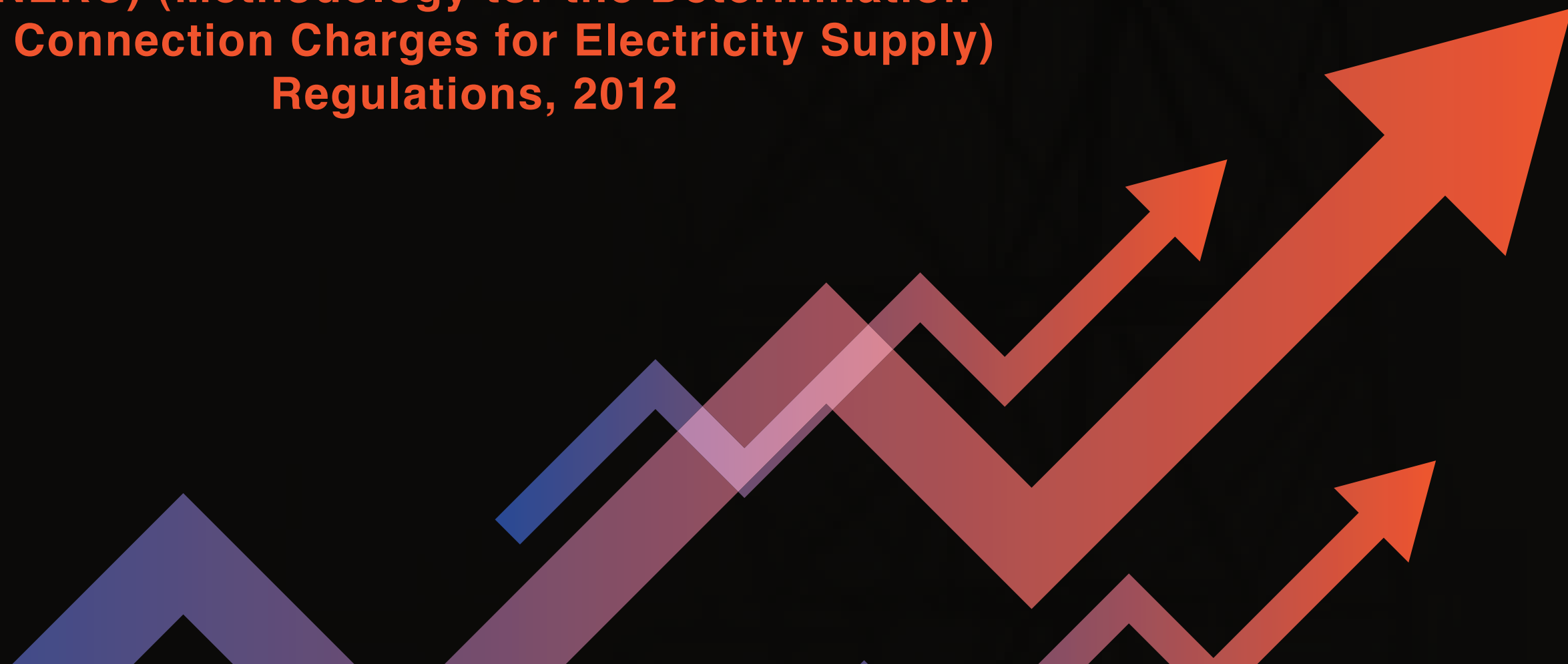
PRICING AND TARIFFS

A large, stylized illustration of a glowing orange lightbulb is positioned on the left side of the slide. The lightbulb has a grey base and is surrounded by several short, orange lines radiating outwards, suggesting it is turned on. The background of the slide features faint, light grey geometric shapes, including a large circle and several rectangles.

Due to the nature of the Regulation, it does not specifically provide for pricing and tariffs.

INCENTIVES AND INVESTMENT OPPORTUNITIES

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INCENTIVES AND INVESTMENT OPPORTUNITIES



The Regulation does contain opportunities for investment due to its nature.



SANCTIONS AND PENALTIES

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SANCTIONS AND PENALTIES



The Regulation does not provide for sanctions and penalties.

Referenced Statutory Instruments

- Electric Power Sector Reform Act (EPSRA) No.6 LFN 2005.
- Nigerian Electricity Regulatory Commission (Connection and Disconnection Procedures for Electricity Services) Regulations, 2007

Endnotes

1 Section 2 Methodology for the Determination of Connection Charges for Electricity Supply
2 NERC, NERC Official website Available at <https://nerc.gov.ng/doclib/regulations/242-nerc-methodology-for-the-determination-of-connection-charges-for-electricity-supply-regulations-2012/file>
3 NERC, NERC official website available at <https://nerc.gov.ng/doclib/regulations/234-electric-power-sector-reform-act-2005-1/file>
4 See Section 96 Electric Power Sector Reform Act (EPSRA), No. 6 LFN 2005
5 Section 3(1)
6 Section 4
7 Section5
8 NERC, NERC Official website, available at <https://nerc.gov.ng/doclib/regulations/229-connection-and-disconnection-proceedures-for-electricity-services-1/file>
9 Section 7
10 Section 8
11 Section 9
12 Section 10
13 Section 31-61 of the EPSR Act
14 Section 11
15 Section 82 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.

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