

**COMMUNIQUE ISSUED AT THE END OF THE 2<sup>nd</sup> QUARTER MARKET PARTICIPANTS/KEY STAKEHOLDERS' INTERACTIVE FORUM HELD AT THE TRANSCORP HILTON ON THURSDAY, MAY 18, 2017.**

The interactive Forum was put together by the Market Operator as part of its quarterly activities of Market development. The forum was attended by Market Participants and other stakeholders – Gencos, Discos, Transmission Company of Nigeria (TCN), Nigerian Bulk Electricity Trader (NBET), Bureau for Public Enterprise (BPE), Nigerian Electricity Regulatory Commission (NERC) and Association of Power Generation Companies (APGC).

Below are the resolutions and suggestions made:

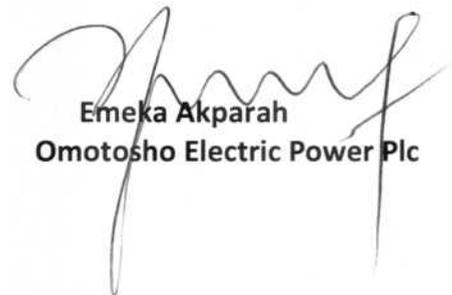
1. Gencos declared that they have the capacity to generate 8,500MW and called for improvement in Transmission and Distribution capacity to accommodate this level of generation.
2. Gencos called for Centralization of market collection and appropriate disbursement based on the agreed percentages (relevant ruling documents).
3. Gencos called for activation of their existing contracts with NBET.
4. Gencos and Service Providers called for the declaration of eligible customers.
5. Gencos called for denomination of gas price in Naira and this agrees with the call from Discos for harmonization of currency for all transactions in the market.
6. Gencos called for alignment of market payment with the gas payment cycle.
7. Gencos demand for a payment mechanism for the outstanding N504bn.
8. Discos called for implementation of the last tariff review for the end users.
9. Discos called for immediate payment of MDAs outstanding debts in order to improve liquidity in the market.
10. Discos called for a holistic approach of addressing the sector challenges not only the upstream.
11. Discos and TCN called for cost-reflective tariff that assumes no borrowing. However, it was noted that tariff reviews should be based on proper tariff studies taking into consideration all possible impacts (positive and negative).
12. Discos called for subsidy in the market to support purchasing power of the population, and that Government should remember to redeem her earlier promise of the N100bn subsidy.
13. Discos called for legislative action or backing to address cases of electricity theft and delinquent customers through the introduction of special electricity courts which will have time limit to address disputes and issues of delinquent customers. Delinquent customers should be made to pay interest on their outstanding bills.
14. Discos called for the addition of their revenue shortfalls as a Regulatory Asset.

15. Discos called for restructuring of CBN loan repayments so that some money can be freed to address liquidity challenge in the sector
16. Service Providers called for promotion of Demand Side Management by NERC to improve energy efficiency in the industry.
17. Service Providers recommended the formation of a Metering company to manage both Trading and consumers metering in order to ensure standards and efficient deployment of meters in the industry.
18. NBET should be empowered to fulfil its mandate of bridging the Market revenue shortfall.
19. Discos vesting contract should be made to have specific nomination tied to their contracts in order to establish an effective demand. To facilitate successful transactions in this regard, a sustainable Balancing mechanism should be established for the market.
20. ATC&C losses should be transparently monitored and reported. It was noted that increase in electricity generation need not be encouraged without significant improvement in loss reduction.
21. Transmission Service Provider (TSP) should have clear Service Level Agreements with Discos and Gencos for effective service delivery.
22. MO and NERC should be mandated to enforce full compliance of the market rules and sanction noncompliance.
23. Intervention (political, regulatory or even legislative) in the market will be required to kick-start improvements in liquidity that is self-sustaining, however, such intervention must be targeted (i.e tied to projects) with predictable impacts.

Signed by:

  
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