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# Three Top Priorities for Nigeria's 2020 Power Agenda

Successive interventions, including privatization, have not yet resolved Nigeria's persistent power sector challenges. This year, the newly-appointed Honorable Minister of Power will continue on the path towards achieving key power sector goals, namely increased reliability and reduced revenue loss. To succeed, the Minister's 2020 agenda should include:

## 1. Taking practical steps to mitigate high losses in transmission and distribution

Recent estimates of technical, commercial and collection losses across DisCos stood at 47%.<sup>1</sup> The Minister should:

- Immediately review the performance agreements with private asset owners.
- Integrate information technology alongside network upgrades to provide reliable data on consumer demand preferences and market trends.
- Begin enforcing laws against energy theft.
- Accelerate implementation of electricity metering.

## 2. Correcting underpriced tariffs

The Multi Year Tariff Order (MYTO) holds prices too low to recover costs, resulting in chronic shortfalls that require repeated financial injections from the Federal Government.<sup>2</sup> The Minister should:

- Ensure smooth implementation of the recently revised tariffs by more actively engaging electricity consumers, labour unions and business groups.
- Following implementation of cost-reflective tariffs, the Government could then recapitalize DisCos.

## 3. Actively foster communication and collaboration across a complex market

The lack of coordination and shared goals by Government, regulators, private investors, and other power sector actors hampers all activities across the sector. The Minister could:

- Host a monthly platform with all power sector leaders to improve relations.
- Experiment with different problem-solving models for how sector leaders could exchange information regularly amongst themselves.

**Conclusion:** These recommended priorities do not cover the full range of the problems facing the sector. However, little can be expected unless meaningful progress is made in these three areas. And momentum on all three would have a positive ripple effect along the entire value chain and finally position Nigeria to begin to tackle its long-term power needs.

## Endnotes

1. [Association of Electricity Distributors \(ANED\), 2019Q2.](#)
2. [Association of Nigerian Electricity Distributors \(2019\)](#); Femi A., Nnodim O (2019) [The Punch: Discos suffer N1.15tn four-year tariff shortfall.](#)
3. Memo produced in collaboration with Nextier Advisory