**Electricity tariff in Nigeria**

Electricity in Nigeria is a major concern since power is needed to run companies and homes alike. Electricity generation began in Nigeria in the year 1896 but with the creation of the first electricity utility company also known as **Nigerian Electricity Supply Company** in 1929. Later in 2000**, National Electric Power Authority (NEPA)** was created as a state-owned monopoly. The company was in charge of generation, transmission and distribution of power in the country, operating as a vertical integrated utility company and had a generation capacity of about 6200MW from 2 hydro and 4 thermal power plants. Fast forward to 2005 where **Nigerian Electricity Regulation Commission (NERC)** was created as an independent regulatory body overseeing the generation, transmission and distribution of power.

The NERC controls 11 distribution companies and 7 generation plants with 23 sub generating plants connected on the grid.

The generation plants include;

* Afam Power plc
* Sapele Power plc
* Egbin Power plc
* Ughelli Power plc
* Kainji Power plc
* Jebba Power plc
* Shiroro Power plc

Out of those seven, three of them are hydro generated while the rest are thermal generated. The generation sub sector has a total installed capacity of **10,396MW** with **6,056MW** available, while the seven generation plants have a total capacity of **5048MW** and less than **2000MW** available.

The transmission company TCN, is responsible for isolating the power generated by the generating companies (Gencos) and sending it to distribution companies (Discos).

There are currently 11 distribution companies in Nigeria which serves all 36 states including the FCT. The table below shows the distribution companies, states they control and average allocation they get from the national grid

|  |  |  |
| --- | --- | --- |
| Disco | States | Allocation (%) |
| Abuja | FCT, Nassarawa, Kogi, Niger | 11.5 |
| Benin | Edo, Ekiti, Ondo, Delta | 9 |
| Eko | Lagos (Island, Victoria Island, Lekki and Epe) | 11 |
| Enugu | Abia, Anambra, Ebonyi, Enugu, Imo | 9 |
| Ibadan | Ogun, Osun, Oyo, Kwara | 13 |
| Ikeja | Lagos (All of Mainland, Ikeja, Badagry) | 15 |
| Jos | Bauchi, Benue, Gombe, Plateau | 5.5 |
| Kaduna | Kaduna, Kebbi, Sokoto, Zamfara | 8 |
| Kano | Kano, Kastina, Jigawa | 8 |
| Port Harcourt | Bayelsa, Cross Rivers, Akwa Ibom, Rivers | 6.5 |
| Yola | Adamawa, Borno, Yobe, Taraba | 11.5 |

Under the distribution companies, there are four classes of customers that benefit from the distribution, they are;

* Residential
* Commercial
* Industrial
* Special

The customers pay different prices according to their class, and it is measured in kilowatt-hour (Kwhr). Data gathered from NERC from 2015 to 2019 shows the distribution of prices for each class and each distribution company.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Disco | 2015 | 2016 | 2017 | 2018 | 2019 |
| Abuja | 342.386 | 509.58 | 518.66 | 503.99 | 428.51 |
| Benin | 364.660 | 578.95 | 622.31 | 623.88 | 618.17 |
| Enugu | 434.410 | 648.25 | 700.05 | 701.66 | 519.69 |
| Eko | 378.500 | 484.15 | 463.12 | 424.73 | 416.13 |
| Ibadan | 306.120 | 442.83 | 478.47 | 492.50 | 493.61 |
| Ikeja | 309.330 | 460.77 | 449.88 | 398.75 | 388.30 |
| Jos | 381.540 | 522.67 | 562.58 | 582.77 | 601.80 |
| Kaduna | 381.160 | 521.68 | 559.49 | 586.88 | 418.63 |
| Kano | 349.820 | 460.12 | 510.91 | 577.54 | 563.02 |
| Port Harcourt | 334.790 | 527.01 | 580.24 | 607.86 | 610.67 |
| Yola | 409.140 | 572.84 | 715.46 | 736.94 | 773.33 |

* In 2015, Enugu Disco charged the most with N434.410 per kwhr despite getting 9 percent of total generated power.
* Also, Ibadan Disco charged the lowest with N306. 120 per kwhr and closely followed by Ikeja with N309.330 per kwhr despite getting 13 and 15% respectively. In 2016, prices were increased significantly with Enugu coming on top and Benin following with N648.25 and N578.95 per kwhr respectively.
* The price of electricity on average per year for each year are **N362.90**, **N520.80**, **N560.11**, **N567.05**, **N530.20** per kwhr respectively.

|  |  |
| --- | --- |
| Year | Average price (Naira per kwhr) |
| 2015 | 362.90 |
| 2016 | 520.80 |
| 2017 | 560. 11 |
| 2018 | 567.05 |
| 2019 | 530.20 |
| For the Discos, the average price over the years from 2015 to 2019 is shown in the table below.   |  |  | | --- | --- | | Disco | Average Price (Naira per kwhr) | | Abuja | 460.63 | | Benin | 561.60 | | Enugu | 600.81 | | Eko | 433.33 | | Ibadan | 442.71 | | Ikeja | 401.71 | | Jos | 530.27 | | Kaduna | 493.57 | | Kano | 492.28 | | Port Harcourt | 532. 11 | | Yola | 641.54 | |  |

From the tables above, we have that;

* Yola Distribution Company has on averaged charged N641.54 per kwhr for electricity from 2015 to 2019, with their allocation being 11.5% percent of the total power generated.
* Ikeja Distribution charged the lowest on average with N401.71 per kwhr despite having the highest allocation of 15%.
* The average prices increases from each year peaking in 2018.
* Yola charged the highest with the price coming at a rate of N773.33 per kwhr.
* Jos gets the lowest allocation from the national grid with the percent allocated being 5.5%.

Furthermore, for each class, the prices differ for each year.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Class | 2015 | 2016 | 2017 | 2018 | 2019 |
| Residential | 983. 13 | 1346.90 | 1447. 16 | 1467.97 | 1363.68 |
| Commercial | 983.00 | 1432.97 | 1518.81 | 1534. 17 | 1441.67 |
| Industrial | 991.77 | 1403.71 | 1505.42 | 1521.47 | 1425.23 |
| Special | 1033.96 | 1545.27 | 1689.78 | 1713.89 | 1601 |

Each class has sub classes and it is different for each distribution company, so the sum for each class is displayed in the table above. From the table above, we can draw out the following insights;

* The residential pay lesser than other classes.
* The special class, which includes government houses, and other non-common customers, pay most with the highest paid over the course of five years being N1713.89 which came in 2018. This is in agreement with earlier observation about 2018 being the year the prices went highest.

**OPINIONS ON ELECTRICITY TARIFF**

I conducted a mini interview with selected consumers on what their opinions are about the price. Some of them agreed that the price is normal while some argued it to be actually less than what we enjoy. Below are some of the opinions

* I believe we pay less than we use and that’s maybe why foreign investors are finding it hard to invest in the power sector
* I think the charges per kilowatt hour is moderate since I’ve been to other countries and seen that we pay less.
* I think it is what we pay for that we are getting.