

# LAGOS STATE GOVERNMENT

## Power Deal Book



2018







## TABLE OF CONTENT

1. PREFACE	01
2. INVESTMENT LEGISLATION AND REGULATION	04
3. POWER SECTOR OVERVIEW	10
4. ENABLING ENVIROMENT	12
5. PROJECT DESCRIPTION	14
6. PROJECT FEASIBILITY ASSESMENT	17
7. PROJECT STRUCTURING	19
8. RISK AND DERISKING	21
9. INVESTMENT OUTLINE	24





## LIST OF ABBREVIATIONS

BOO:	Build – Own– Operate
CAC:	Corporate Affairs Commission
DFIs:	Development Finance Institutions
Discos:	Distribution Companies
EPC:	Engineering, Procurement, and Construction
FSRU:	Floating, Storage and Regasification Unit
GENCO:	Generating Companies
ICRC:	Infrastructure Concession Regulatory Commission
LTSA:	Long Term Service Agreements)
MDA:	Ministry, Department or Agency
NERC:	Nigeria Electricity Regulatory Commission
NIPC:	Nigerian Investment Promotion Commission
PPP:	Public-Private Partnership
PPT:	Petroleum Profits Tax
PSCs:	Production Sharing Contracts
VAT:	Value added tax



# Welcome to Lagos State



**Governor Akinwunmi Ambode**  
The Governor  
Lagos State  
Nigeria

It is with great pleasure that I welcome you to Lagos State – the centre of excellence in Nigeria, the hub of economic activities in West Africa and the fastest growing market in Africa. Lagos is regarded as an important financial nerve centres on the continent and one of the fastest growing cities globally. We are proud to host a vibrant population of over twenty million people with a GDP in excess of USD130 bn.

My administration is committed to improving the quality of life that residents experience and is working towards deepening the enabling environment for businesses to thrive. Our aim is to make Lagos the most desirable destination for businesses seeking socio-economic impact and good financial returns. To this end, we have stream-lined regulation, simplified government processes and invested in improving our people and administrative institutions.

As we continue to play our part, we invite private sector participants and investors to join us to hasten the pace of development and improve standards across Lagos State. Opportunities exist across all sectors of our economy and our aim is to showcase such opportunities and provide a guide that simplifies the process of private sector investment in projects and/or partnership with the Lagos State Government to deliver much needed growth and development.

We very much look forward to partnering with you and more importantly to fostering significant and sustainable socio-economic development in Lagos State.

*Itesiwaju ipinle Eko loje wa logun!*

WHY INVEST IN LAGOS?

1





# WHY INVEST IN LAGOS?



WHY INVEST IN LAGOS?

2



# WHY INVEST IN LAGOS?

Lagos is Nigeria's most populous state, with a population of over 20 million people. This large, mostly young, population offers both an abundant workforce and a large, emerging and relatively untapped market for consumer products and services.

Lagos is Nigeria's commercial and industrial hub and a key driver of economic growth for Nigeria as a whole. Over 50 % of Nigeria's industrial capacity is located in Lagos, with a variety of manufactured goods being produced in the city, including electronic equipment, machinery, foodstuffs, beverages and chemicals. Lagos is also Nigeria's financial nerve centre. Virtually all banks and other financial institutions operating in Nigeria have their head offices in Lagos. Lagos is also home to the Nigerian Stock Exchange.

With its strategic location, Lagos offers access to local, regional and global markets. Four of Nigeria's eight major seaports (Apapa, Tin-can, Roro and Container Terminal) are located in Lagos. Additionally, Nigeria's busiest airport is the Murtala Mohammed International Airport in Lagos, which is a hub for the West and Central African regions.

The Lagos State Government, has undertaken an ambitious series of reforms to transform Lagos. These reforms have focused on rehabilitating infrastructure, in particular roads, tax and in general improved public sector performance and service delivery.





# INVESTMENT LEGISLATION AND REGULATIONS





## Nigerian Investment Promotion Commission Act

The Nigerian Investment Promotion Commission (NIPC) Act of 1998 is Nigeria's principal investment law and governs the entry of foreign direct investment into the country.

The Act established the NIPC as an agency of the Federal Government of Nigeria based in Abuja.

### Some of the key provisions of the NIPC Act include

- 100% foreign ownership of companies in all but the petroleum sector.
- No enterprise shall be nationalized by any Government of the Federation and that no law can force an investor to surrender his interest.
- The Government may acquire property under circumstances of national interest, however in such cases the investor is entitled to fair, adequate and prompt compensation and recourse to the courts.
- In cases where a dispute between the State and a foreign investor is not settled amicably, recourse is to be had to mechanism of the bilateral or multilateral investment protection agreement of which they are parties or via other national or international dispute settlement mechanisms, as mutually agreed.
- Foreign companies are required to incorporate local subsidiaries or branches.
- Financial statements must be prepared annually and filed with the Corporate Affairs Commission (CAC).

## Foreign Exchange

The Foreign Exchange (Monitoring and Miscellaneous) Provisions Act of 1995 guarantees an investor the free importation and convertibility of foreign exchange and the unconditional transferability of the following:

- Net dividends or profits attributed to an investment.
- Debt service payment on foreign loans.
- The remittance of proceeds resulting from the sale or liquidation of an investment.

Equity share capital must be brought into Nigeria through authorized dealers (banks). The remittance of dividends is permitted provided the equity was imported. There are no restrictions on the percentage of profits that may be distributed as dividends. The remittance of interest, royalties and technical fees is permitted, provided the royalty contracts and technical fees have been approved by the National Office for Technology Acquisition and Promotion.

A formal letter of application explaining that the funds remitted to Nigeria represent the foreign investors capital contribution to the equity of the company.

A Certificate of Capital Importation is required to undertake these transactions. The Central Bank guarantees unconditional transferability and repatriation of funds for Certificate of Capital Importation holders.



## Starting a Business in Lagos

All companies in Nigeria are required to register with the CAC, and provide the following documents:

- Stamped Memorandum and Articles of Association (2 copies)
- Form CAC 3 (Notice of registered address)
- Form CAC 7 (Particulars of directors)
- Form CAC 4 (Declaration of compliance and the prescribed registration fees)
- Copy of the reservation of company name approval
- Form CAC 2 (Statement of share capital and return of allotment of shares)



An online incorporation, and e-payment, system was introduced by the CAC in 2003, with the incorporation process now taking three days.

Currently no investment approval is required, however all investments with foreign participation are required to register with the NIPC. This registration is required for investors to be covered by the treatment and protection clauses of the NIPC Act. Companies investing in an Export Processing Zone are not required to register with NIPC.

## Public Private Partnership (PPP)

The Infrastructure Concession Regulatory Commission (ICRC) Act of 2005 established the legal framework for PPP infrastructural development in Nigeria.

The ICRC Act provides for the participation of private sector financing, construction, development, operation and/or maintenance in Government infrastructure projects through concessions or other contractual arrangements.

The Act established the Infrastructure Concession Regulatory Commission to monitor and regulate PPP related concessions.

The Lagos State PPP office was established in 2008. The office was established to promote, develop and monitor PPP infrastructural projects in Lagos and reports directly to the Office of the Governor of Lagos State. The Lagos State PPP of office performs the following core functions:

- Provision of technical assistance to government agencies involved in the procurement and management of PPP projects
- Evaluation of proposed PPP initiatives
- Facilitating the securing of public finance for PPP projects
- Preparation of strategic master plans for PPPs
- Monitoring of the performance of PPP concession agreements





## PPP Requirements in Lagos State

Government originated projects will need detailed feasibility study carried out by either external Consultants or Government officials after which a request for proposal (RFP) document is issued for prospective investors to bid. After an independent evaluation of the proposals, a preferred bidder is selected to negotiate with Government, which culminates in a concession contract.

However, in the case of an unsolicited proposal emanating from the private sector, the interested party may first contact the relevant Ministry, Department or Agency (MDA) to ensure that its proposition is in line with the plans of the agency and the State Government.

Thereafter, they are to prepare and submit a comprehensive project proposal either through the MDA to the Office of PPP or directly to the Office of PPP. The proposal should contain the following amongst others:

- Nature and scope of the project
- Specific objective that can be met through the project
- Detailed financial plan including source of funding, projected costs and revenues including minimum of 5 years financials
- Feasibility study showing technical, economic and financial sustainability
- Demonstration of technical expertise to successfully execute the project
- Environmental Impact Assessment
- Evidence of company registration and tax compliance

## Taxation

Nigeria's federal structure provides for the allocation of taxation at each tier of government (i.e. the Federal, State and Local Government levels). Corporate income and withholding taxes, oil and gas production taxes, value added tax (VAT) and import duties are imposed by the Federal Government. Personal income tax, capital gains tax, stamp duties, business registration and road and gaming taxes are collected by State Governments. Local Government collects social and commercial permit fees.

## Corporate Taxation

Taxation of corporations is provided for under the Companies Income Tax Act. While Nigerian companies are taxed on their worldwide income, foreign companies are liable only as regards the portion of their profits attributable to business carried on in Nigeria.

The corporate income tax rate in Nigeria for non-oil and gas companies is 30%, with the following allowances:

- Annual capital allowances (10% on buildings, 25% on plant, 20% on furniture and fittings) supplemented by substantial initial year allowances, with agriculture and mining activities having especially favorable initial allowances. The deduction of capital allowances is capped at two thirds of annual assessable profits (with the exception of agricultural activities) and the total allowance is limited to 95% of the asset cost.
- Additional investment allowances (reconstruction investment allowance) of 10% are allowable on all plant and equipment.



## Transaction Taxes



A range of transaction taxes are levied in Nigeria, including the following:

- VAT of 5% is levied as a consumption tax on the supply of goods and services. Exempt goods and services include basic foodstuffs, medicines, medical devices and medical services, and exported goods and services. Some items are zero-rated.
- Education tax rate of 2% is payable by all resident companies.
- The Petroleum Profits Tax (PPTA) Act of 2007 provides for the taxation of companies involved in the exploration and extraction of petroleum. Under the Act the tax regime for exploration and production companies is set at 85%, a lower rate of 67.75% is applicable until the amortization of pre-production expenses and a rate of 50% is applied to Production Sharing Contracts (PSCs).
- Capital gains tax of 10% is levied on the disposal of property, while the sale of shares and stocks are exempt.

Non-residents are subject to the capital gains tax in Nigeria

only on the disposal of fixed property, held directly or indirectly, located in Nigeria.

Stamp duties are charged by both Federal and State Governments on various commercial and legal documents, such as transfers of deeds, insurance policies and bills of exchange.

Withholding tax is applicable on specified transactions and at specific rates depending on the beneficiary of the payment (see the Table below for more details). Whole or partial exemptions from withholding tax exist on foreign loans depending on the tenor.

TYPE OF PAYMENT	RATE FOR COMPANIES	RATE FOR NON-CORPORATES
Dividend, Interest, Rent	10%	10%
Royalties	15%	15%
All aspects of building, construction related activities	5%	5%
All types of contract and agency arrangements other than outright sale and purchase of goods and property	5%	5%
Consultancy and Professional Service	10%	5%
Management Services	10%	5%
Commissions	10%	5%
Technical Services	10%	5%
Director's Fees	10%	10%





## Personal Income Tax

Liability to Personal Income Tax does not depend on the domicile or nationality of the tax payer. Income arising from a trade, business or profession inside or outside Nigeria is liable for income tax in Nigeria if the tax payer is a Nigeria citizen. Foreign residents are equally liable in Nigeria if their Income originates from activities in Nigeria.

- Personal Income Tax rates are progressive up to 24%.
- 1% of annual payroll to be paid to the Industrial Training Fund
- For social security, an employee must contribute a minimum of 7.5% of earnings, while the employer must make a pension contribution at a minimum of 7.5% of the employees basic salary, transport and accommodation allowance.

The Lagos State Board of Internal Revenue is responsible for the collection and administration of personal income tax in Lagos State. Reforms in Nigeria on taxation are tending towards increasing indirect taxes and at the same time reducing direct taxes for better efficiencies. To this end a new Personal Income Tax Act Amendment, 2011 is being implemented and this has given more allowances to individuals under the Act.

## Entry of Foreign Worker

Immigration matters are handled by the Nigerian Immigration Service in the Federal Ministry of Internal Affairs. The Immigration Act of 1963 is the key piece of legislation governing the entry of foreigners into Nigeria. The Act provides for both short-term business visas and longer term work and residence permits for foreigners provided certain pre-conditions are met.

## Business Visas

Business visitors to Nigeria must pre-apply for a business visa. Applications for business visas can be submitted at the local Nigerian mission in the visitor's home country. To secure a business visa the applicant must provide evidence of the following:

- Sufficient funds to sustain themselves in Nigeria
- A valid return ticket
- A letter of invitation from a business organization in Nigeria stating the reason for travel and accepting immigration responsibilities of the applicant (i.e. accommodation, sustenance, transportation and repatriation costs, if required) Business visas can be secured for between 90 days and 6 months and are not valid for employment or remuneration.

## Work and Residence Permits

Visitors to Nigeria providing specialized services can apply for temporary work permits. The requirements are the same for the business visa, with the exception of the evidence of sufficient funds. Application for temporary work permits are submitted at the office of the Comptroller General of the Nigerian Immigration Service in Abuja. Temporary work permits are not valid for more than 90 days.

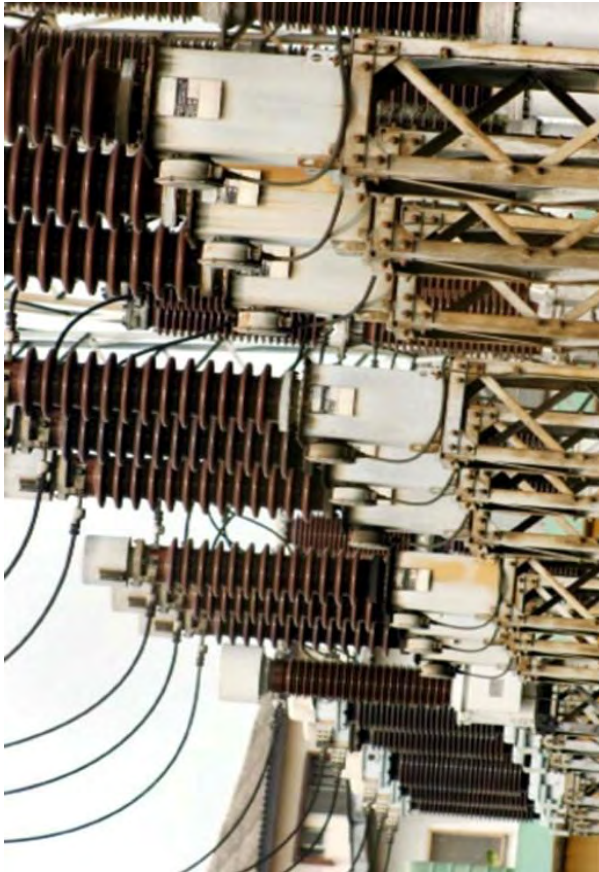


# POWER SECTOR OVERVIEW

---







## Power Sector Overview

Over the past decades, Nigeria has been faced with different challenges and problems of providing sufficient power supply to its growing population.

Despite the Nigerian economic stance as one of the largest economies in Africa, the Nigerian power sector has been inefficient over the years in every segment (generation, transmission and distribution). Currently, only about 40% of the population is connected to the grid, with only 20% for rural households. This has inevitably affected manufacturers and other businesses ability to maintain sustainability in production.

With an extremely low generation capacity of 5.96 gigawatts compared to its continental counterparts such as South Africa who generate 40.49 gigawatts, Nigeria Faces an epileptic power supply around the country which heavily hinders economic growth.

However to tackle the problems of insufficient power supply the federal government over the last decade has initiated a privatization process. This has resulted in the Federal Government only retaining the ownership of the transmission assets (management under concession) with the generation and distribution sectors fully privatized. This bold initiative by the government has sparked the interest of investors to look into the power sector in Nigeria and see what potentials for investment are available.

The Lagos State Embedded Power Programme is an initiative of the Lagos State Government to provide 24 hours power supply statewide, through a phased deployment of embedded power plants in strategic locations within the State.



# ENABLING ENVIRONMENT



## Enabling Legislation & Policy Reforms

- The Lagos State Embedded Power Programme has been carefully designed, and in compliance with the Power Sector Reform Act of 2005 and extant Regulations of the Nigerian Electricity Regulatory Commission.
- In Feb 2018, The Lagos State government passed the Lagos State Electric Power Reform Law. The passage of the Electric Power Reform Law legitimizes the Lagos state Embedded Power Programme and creates the Legal and regulatory framework for its implementation.
- The Lagos State Embedded Power program has also been approved by the Nigerian Electricity Regulatory commission as a direct intervention in the power value chain towards achieving a 24-hour power for Lagos, a plan that will see the state generate 3,000 megawatts in the next three to six years



## Reforms in Relevant Agencies/Institutions

The Lagos state Embedded Power Programme is expected to create the enabling frameworks for the establishment of several institutions that will work in collaboration with the Electricity Distribution companies in Lagos state for the smooth administration of the programme especially with respect to generation, gas supply, evacuation, collection and enforcement.

### Credit Enhancement

Considering the huge financial implication on the balance sheet of the state, we have approached the Development Finance Institutions (DFIs) and other credit support organizations to back the State's guarantee.

### Security Arrangement

Lagos State will guarantee the offtake of power generated under this programme. In the proposed structure, Lagos State will provide a 3-month rolling guarantee to support generation of 3,000MW. In addition to this, the revolving guarantee required for the upgrade of distribution company network will also be provided by the state.



# PROJECT DESCRIPTION





## Overview of the Project(s)

### Lagos State Embedded Power Programme

This is a holistic intervention and well integrated approach to deliver incremental and stable electric power, to homes and businesses in Lagos. The state intends to deploy her balance sheet in support of power generation, transmission, distribution, gas supply, metering, collection and enforcement.

The proposed Lagos State Embedded Power Programme is largely characterized by the following:

- Generation of up to 3,000MW of power through accelerated deployment of various power plants in strategic locations across the State by private sector power providers within 3 to 6 years.
- For ease of execution, the programme has been broken into phases and the first phase is expected to deliver about 1,000MW by Q4 2018.
- Feedstock will include pipeline natural gas and LNG (including the deployment of a Floating, Storage and Regasification Unit – FSRU, to be moored within the Lagos harbor).



Lagos State Government to issue guarantees in support of the Power Purchase Agreements (PPAs) that will be signed between the electricity distribution companies and the private sector embedded power providers, to enhance bankability of the projects.

The Power generated under the Lagos State programme will be distributed through the networks of Eko and Ikeja Distribution Companies.

Lagos State Government to support the distribution companies in upgrading their distribution infrastructure for embedded power are as in line with NERC Guidelines.

Lagos State Government to support the distribution companies in installation of smart prepaid meters in the areas where embedded power is deployed.

The institution of a cost-reflective tariff regime that is fair to all stakeholders, sustainable, and capable of attracting private capital to the sector on a continuous basis.

The establishment of a Power Council, with membership drawn from a broad spectrum of corporate and communities, power consumer groups, to focus on advocacy and protection of consumer rights.

Other areas of collaboration include support for revenue collection, legislation and establishment of an agency for enforcement of power theft laws in Lagos.



## Project Sponsors/Champions

This project is a collaboration between the Lagos State Government and the Electricity Distribution companies in Lagos state.



## Proposed Project Action Plan With Timelines

- Lagos State to guarantee generation of up to 3,000MW.
- Power plants to be deployed in strategic locations in the State within 5 years.
- Up to 1,000MW of this incremental power will be delivered latest Q4 2018.
- Additional power of 2,000MW will be delivered between 2019 and 2022.

## Socio-Economic Impact of Project/ Project Benefits

- Increase in economic activities and ultimately GDP of Lagos state.
- Increased revenue for Lagos state (both direct and indirect).
- Employment generation opportunities (direct and indirect may be in excess of 200,000).
- Reduction in Carbon-monoxide poisoning and noise pollution arising from less reliance on power generators in the state.
- Enhancement in the quality of life of Lagosians.

## Project Differentiator/Key Success Factor

- National Electricity Regulatory Commission (NERC) approval.
- Passage of the Embedded Power Bill into Law by the Lagos state House of Assembly.
- Guarantee of Power Generation off take by the Lagos State Government
- Upgrade of Distribution Infrastructure.
- Feedstock Securitization.
- Revenue Securitization.
- Foreign Exchange Availability.
- Cost Reflective Tariff.



This page is intentionally left blank.



# PROJECT FEASIBILITY ASSESSMENT





## Technical Feasibility

The Governor inaugurated a technical committee whose membership included the Power Advisory Committee members as well as other professional Advisers (technical and financial) and relevant stakeholders in the Lagos State Power sector value chain to make a final selection of the preferred strategy to be adopted by the State. The Embedded Power option was recommended in February, 2017.



## Commercial Feasibility

The technical committee recommended a cost reflective tariff model for the Lagos state Embedded Power Programme which is in line with Nigerian Electricity Regulatory Commission Regulations.

## Financial Feasibility

- The transaction value for the planned 3,000 megawatts of power generation and gas infrastructure is estimated at \$6 billion.
- The project will be executed in phases. Anticipated capital inflow by private investors is about \$1 billion for the first phase.
- The required liquidity for the transaction is largely private sector funded and employs series of contingent financial instruments.
- The risk of crystallization of LASG exposure is mitigated by the back-to-back instruments to be issued by the various counterparties participating in the Lagos state Embedded Power value chain.
- Value of the backstop guarantee to support the Power.
- Purchase Agreements (of 1,000MW for the first phase) comes to an average of ₦ 89.1 billion (USD 247 million), a 3-month rolling guarantee.
- Revenue/cash collections will be in excess of ₦ 584 billion (USD 1.62 billion) per annum.
- Required investments in installation of smart metering systems and the upgrade of the distribution infrastructure is about ₦ 90 billion (USD 250 million)



# PROJECT STRUCTURING



## Public-Private Options

Lagos state will guarantee the off take of 3,000 MW of power generated under this project. The required liquidity for the project will be largely private sector funded and employ a series of contingent financial instruments. The project will operate a Build – Own– Operate (BOO) Model that will see Power Plants being fully owned and operated by private investors.

## Project Finance Options

For the purpose of this project, the following financial options were considered:

- Institutional Investors.
- Private Equity.
- Development Financial Institutions.
- Vendor Financing.
- Deposit Money banks and other financial institutions.
- Capital market debt instrument in the long run.

## Guarantee Options

Lagos state will issue a 3 months rolling guarantee for 3,000MW of power and a revolving guarantee for the network upgrade that will take place within Lagos state.

## Legal Framework

The Legal framework for the Lagos state Embedded Power Programme is contained within Lagos state Embedded Power Law which is in compliance with the Power Sector Reform Act of 2005 and all extant regulations of the Nigerian Electricity Regulatory Commission.



# RISK ASSESSMENT & DE-RISKING



CATEGORY	RISK FACTOR	MITIGANTS
Political & Regulatory Risks	Change in Federal Govt. policy on embedded power	<ul style="list-style-type: none"> <li>• Political engagement at the level of the Presidency and the National Assembly</li> <li>• Intervention by eminent persons</li> <li>• Advocacy and Lagos Power Council</li> </ul>
	NERC regulation versus framework for Lagos Embedded Power Program in the event of delay	<ul style="list-style-type: none"> <li>• Continuous engagement with NERC and facilitation</li> </ul>
	Tariff regulation	<ul style="list-style-type: none"> <li>• Willing buyer willing seller approach</li> <li>• Consumer protection through Lagos Power Council</li> </ul>
Market Risks	ATC&C (Aggregate Technical, Commercial & Collection) Losses	<ul style="list-style-type: none"> <li>• Last mile collection through vendor licensing scheme</li> <li>• Investment in distribution infrastructure upgrade</li> <li>• Power theft law promulgation and enforcement through mobile courts</li> <li>• Provision of pre-paid meters for consumers</li> </ul>
Commercial Risks	Revenue securitization	<ul style="list-style-type: none"> <li>• Collection assurance based on agreement with DISCOs for last mile distribution</li> </ul>



Category	Risk Factor	Mitigants
Commercial Risks	Feedstock Securitization	<ul style="list-style-type: none"> <li>Partnership with Shell Gas, Yinka Folawiyo Petroleum, Gaslink and SEPLAT for long term gas supply arrangements. Also LNG as backup fuel.</li> </ul>
	Market acceptance	<ul style="list-style-type: none"> <li>Leverage on availability, pricing and convenience (24 hours power supply).</li> </ul>
Legal Risk	Legal action by potential subscribers i.e. class action	<ul style="list-style-type: none"> <li>Ministry of Justice committee for power dispute resolution</li> <li>Constant engagement of market participants.</li> </ul>
FX Risk	Impact of Naira devaluation on FM	<ul style="list-style-type: none"> <li>Access to local denominated loan facility through Infracore/Guarantco. Forwards purchase of FOREX</li> <li>Hedging.</li> </ul>
	FX Availability and impact on procurement and repayments	<ul style="list-style-type: none"> <li>Securing project finance in part local debt part USD Bank facilitation.</li> </ul>
Execution Risks	<ul style="list-style-type: none"> <li>EPC Risks</li> <li>Operations &amp; Continuity risks</li> </ul>	<ul style="list-style-type: none"> <li>Securing EPC Guarantees from EPC Contractor.</li> <li>Ensuring GENCOs secure LTSA (Long Term Service Agreements) with designated OEMs (Original Equipment Manufacturers)</li> <li>Distribution facility management through designated Technical managers.</li> </ul>





This page is intentionally left blank.

# INVESTMENT OUTLINE





## Investment Requirement

The investment outlay for this project is in excess of \$6 billion.

### Purpose of Investment

The purpose of this investment in energy is to generate incremental power for homes and businesses in Lagos State.

### Opportunity Assessment

- **Power Generation:** Lagos State's Embedded Power Program will operate a Build – Own– Operate (BOO) Model that will see Power Plants being fully owned and operated by private investors and the offtake of power they generate being guaranteed by the Lagos state Government. The transaction value for the planned 3,000 megawatts of power generation and gas infrastructure is estimated at \$6 billion.
- **Gas:** Lagos State Government is also looking at collaborating with the private sector and operators of oil blocks onshore and offshore Lagos to develop gas infrastructure and accelerate the extraction of gas for uninterrupted power generation through the State's owned Ibile Oil and Gas Corporation. The state will also be looking at the deployment of a Floating, Storage and Regasification Unit – FSRU, to be moored within the Lagos harbor to help the state achieve energy security.
- **Upgrade of Distribution Infrastructure:** Any area within Lagos State earmarked for embedded power deployment will have its distribution infrastructure upgraded for optimum performance. Lagos state Government will collaborate with the Private Sector in Joint Ventures to carry out this upgrade.

The amounts spent on this upgrades will be amortized and recovered from the wheeling charges due to the Discos for distribution of embedded power. The required investment for installation of smart metering systems and upgrade of the distribution infrastructure is estimated at \$250 million.

**Collection:** Lagos State's Embedded Power Program's collection model involves the franchise of collection within areas earmarked for embedded power deployment to collection agents. Collection agents will be sourced from the private sector and they will have to invest in building their capacity in order to handle revenue/cash collections projected to be in excess of \$1.6 billion per annum.

### Management Structure

The proposed Lagos state Embedded Power Law provides the framework for the management structure for investments in the Lagos State Embedded Power Programme.

### Investment/Bid Process

It shall be competitive and in line with Market rules and extant regulations of the Nigerian Electricity Regulatory Commission.



## Contact Details



**Prof. Ademola Abass**  
Special Adviser  
Office of Overseas Affairs & Investment  
(Lagos Global)  
Lagos House  
Alausa, Ikeja  
Lagos State  
Nigeria

Email: [aabass@lagosstate.gov.ng](mailto:aabass@lagosstate.gov.ng)  
Telephone: +234 1 904 9966



**Office of Overseas Affairs and Investments:**  
(Lagos Global)  
Lagos House  
Alausa, Ikeja  
Lagos State, Nigeria

Email: [overseasaffairs@lagosstate.gov.ng](mailto:overseasaffairs@lagosstate.gov.ng)  
Phone: +234 (0) 700 Lagos Global



Cedar  
Advisory Partners

Compiled by: Cedar Advisory Partners  
Website: [cedaradvisorypartners.com](http://cedaradvisorypartners.com)



This page is intentionally left blank.





**LAGOS STATE GOVERNMENT**  
Power Deal Book, 2018.