

Outline

- Nigeria at a Glance
- Potentials & Projections
- The Nigeria Power Sector
- Challenges & Mitigations
- Future Outlook
- Conclusion



Nigeria At a Glance

GDP = \$510 billion

- The largest economy in Africa
- 26th largest in the world.

Population = 167 million

- 7th largest population in the world
- About 40 million Nigerians are in the consuming –class households**.

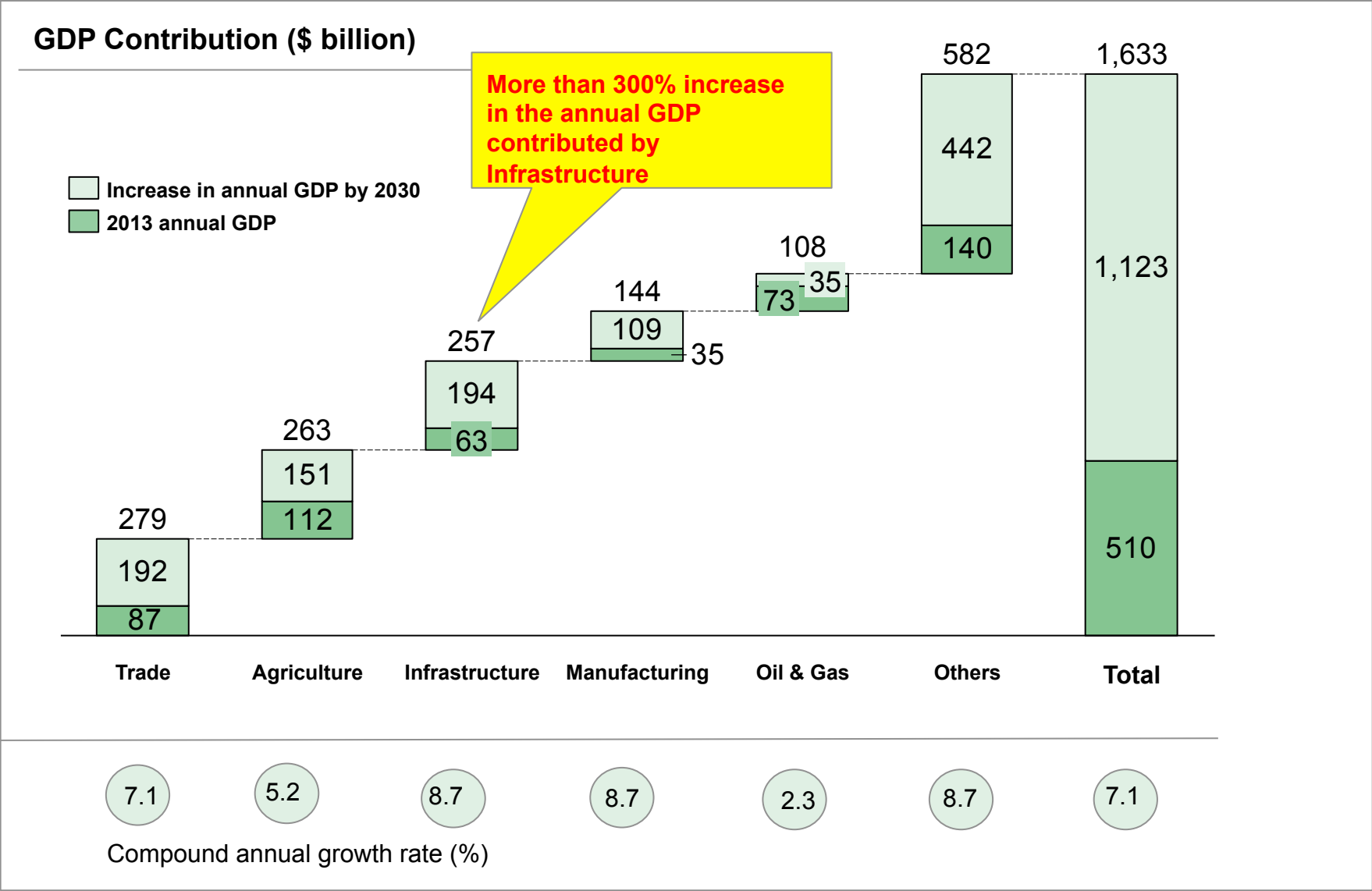
**Potential = 7.1% GDP
(2030)**

- Huge potentials for growth in Agriculture, Infrastructure, Oil & Gas etc

** Households with income of more than \$7,500 per year (in purchasing power parity terms) Source: Mckinsey 2014



Nigeria's Enormous Potential is in excess of \$1.6 trillion by 2030



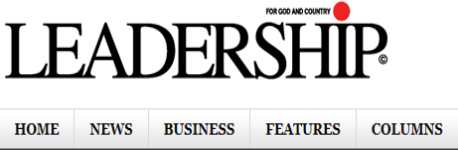
Source: McKinsey Global Institute, 2014



Public Opinion on Nigeria's Infrastructural Imperatives



Shonekan: Nigeria Infrastructure Deficiency Will Persist Unless...



Nigeria's Infrastructure Deficit To Cost \$200b – UDBN

Friday, Jan 18th | Last update 05:08:55 PM GMT | HEADLINES: Oil bunkering: Cross F



Building a local infrastructure bond market

THURSDAY, 10 JANUARY 2013 00:00 BUSINESSDAY



Wednesday, November 28, 2012

BICOURTNEY: ANOTHER NIGERIAN PPP COLLAPSES

Monday, October 22, 2012

Is Fixed Line Infrastructure for Broadband Feasible in Nigeria?

Friday, June 8, 2012

DANA CRASH DEATHS: Infrastructure Deficiency Implicated

Friday, Jan 18th | Last update 09:48:39 AM GMT | HEADLINES: For World Peace;it



Industrial revolution: Making BRICS to BRINCS achievable



US Investor Eyes Nigeria's Infrastructure Devt Sector

21 Jan 2013



HOME NEWS BUSINESS FEATURES COLUMNS

15 Billion Dollars Needed Annually To Fund Nigeria's Infrastructure Deficits- First Bank

Wednesday, Jan 23rd | Last update 07:00:00 AM GMT | HEADLINES: 201



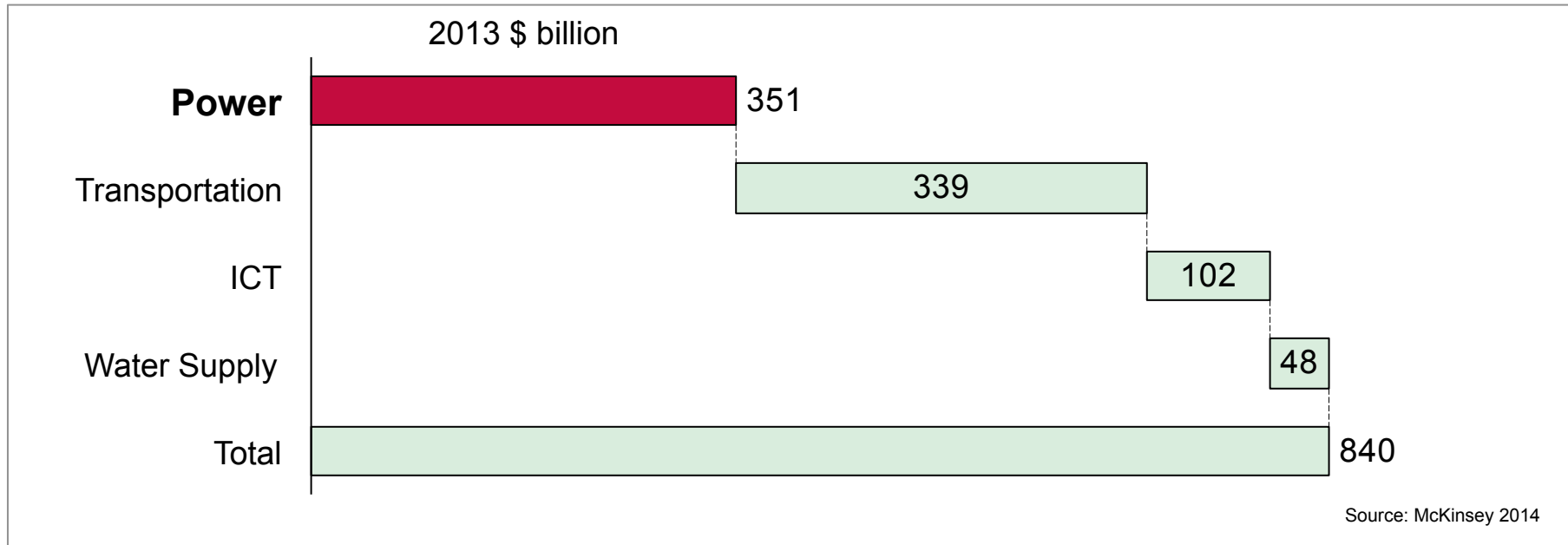
Nigeria offers \$650bn infrastructure opportunity

WEDNESDAY, 31 OCTOBER 2012 00:00 PATRICK ATUANYA



Federal Ministry of Power

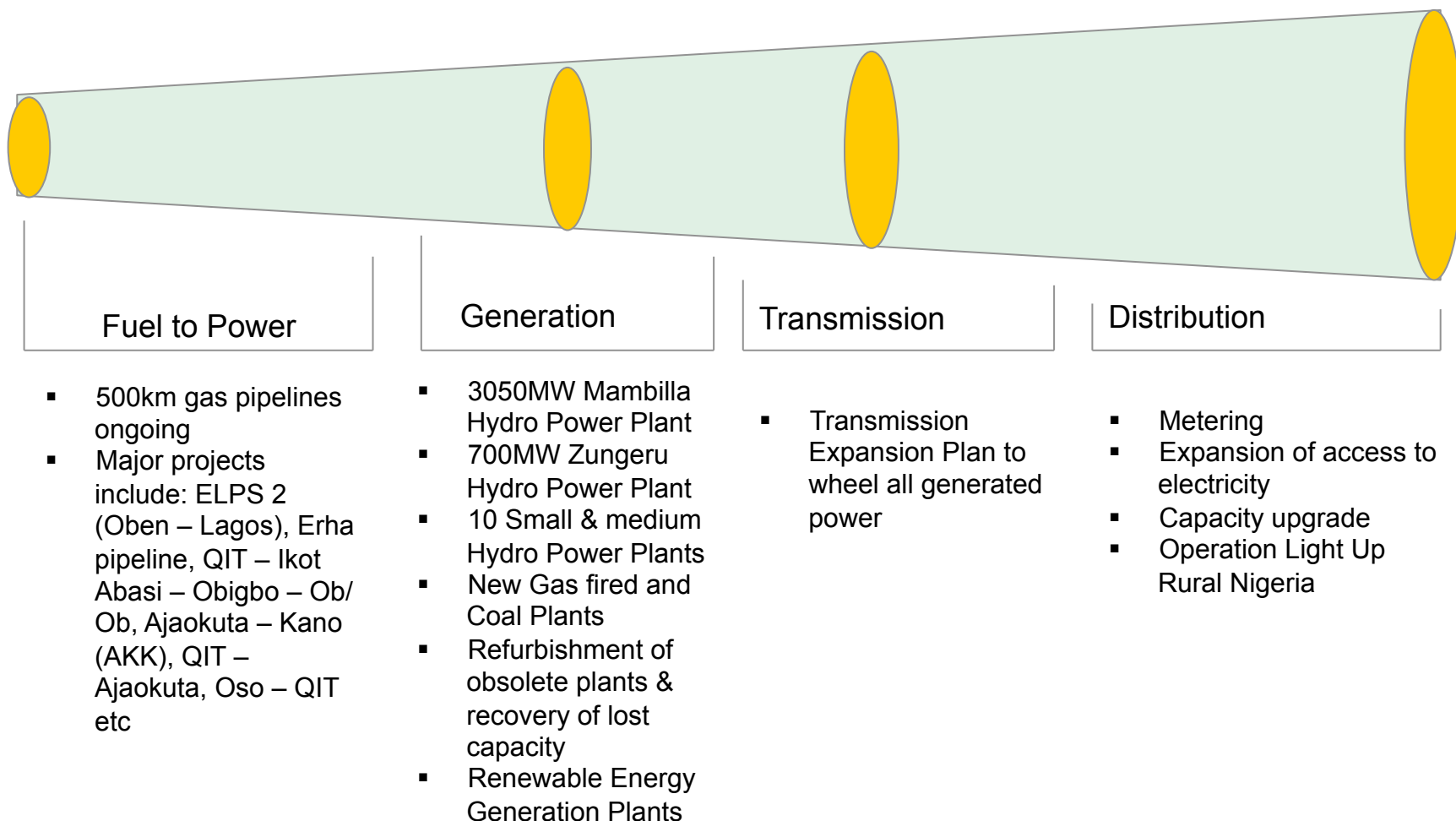
Cumulative Capital Expenditure (2014 – 2030)







- **A National Load Demand Study (on-going)**
 - ✓ Projected industrial clusters and concentration
 - ✓ Population growth pattern
 - ✓ Demography & urbanization
 - ✓ Tool for integrated resource planning especially in procuring new power with the associated transmission and distribution requirements



Integrated Resource Planning of the Entire Value Chain



The Nigeria Power Sector is on a sustainable growth path

Key Success Factors	Nigeria Power Sector	Remarks
Government Policy		The Nigeria Electric Power Policy of 2001
Legal Backing		The Electric Sector Power Reform Act 2005
Roadmap		The Presidential Roadmap of Power was launched in August 2010
Commercial Viability		<ul style="list-style-type: none">▪ Unbundling, sale and handover of successor companies▪ NBET is fully capitalized to give comfort to IPPs▪ TEM to be declared to activate contracts among market participants▪ Independent & responsive Regulator



Confidence in the Nigeria Power Sector

1



- Sale of FGN Legacy Generation & Distribution Assets
- Sale of NIPP Generation Assets
- N227 billion CBN Intervention Fund

2



- \$150 million AfDB loan for Transmission projects
- \$150 million Euro Bond for Transmission projects
- \$350 million Euro Bond for NBET capitalization
- \$500 million Euro Bond for Gas to Power projects
- Security Enhancements/PRG

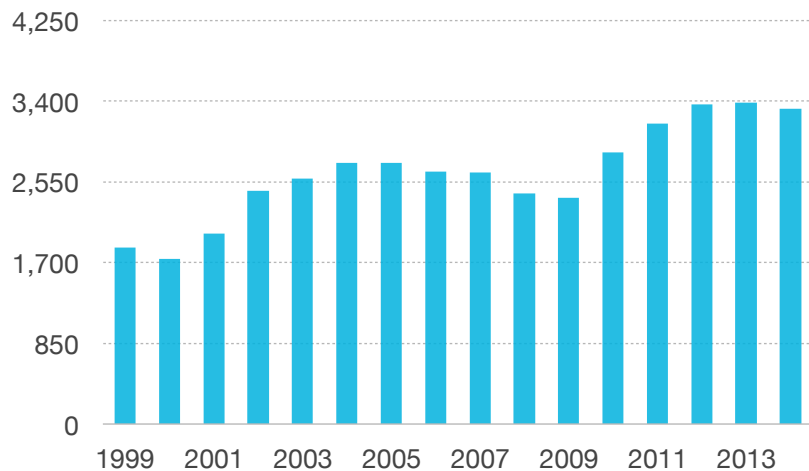


Immediate Result of the Power Sector Reform – 450MW Azura Edo IPP

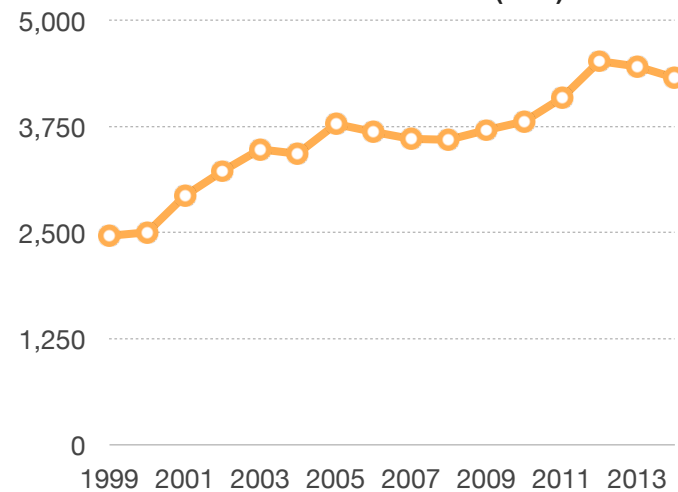


Service Delivery - Generation

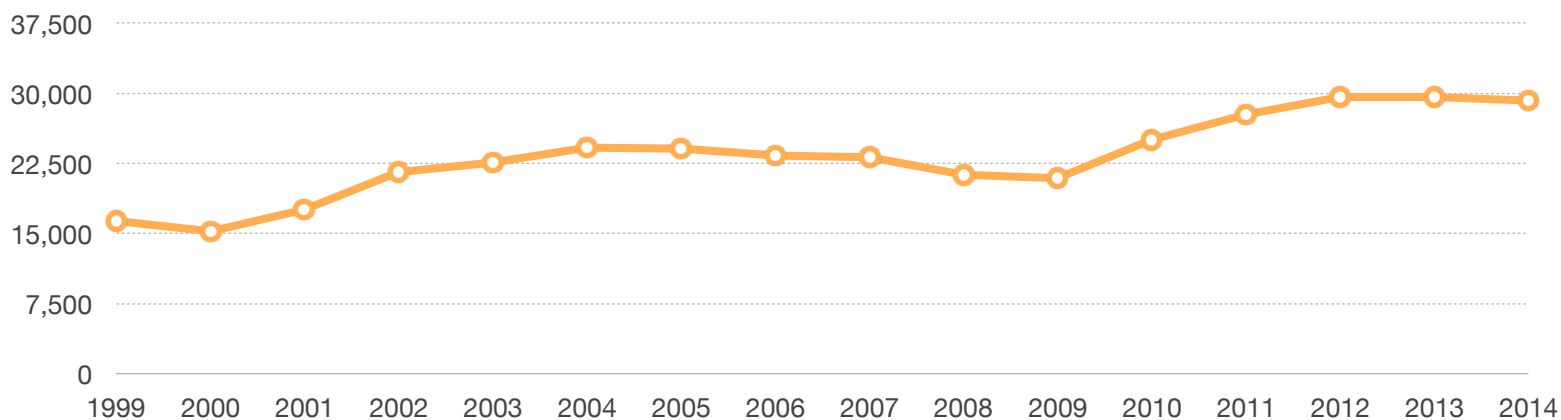
AVERAGE GENERATION (MW)



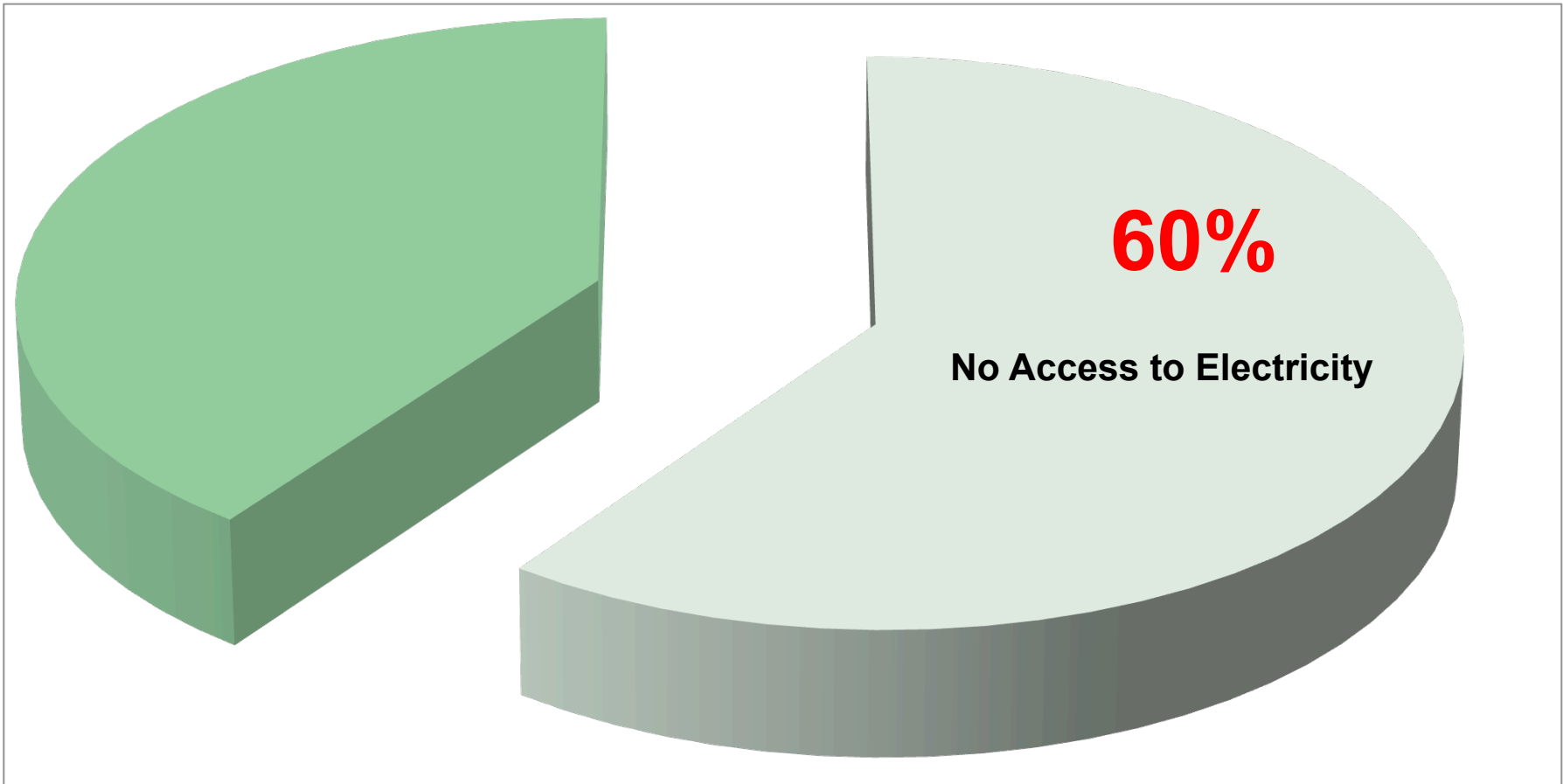
PEAK GENERATION (MW)



ANNUAL ENERGY (GWHR)



Access to Power



- Only ~17% of the rural areas in Nigeria have access to electricity
- The DisCos will accelerate grid extensions to urban & semi urban areas
- Economic considerations will discourage DisCos from extending access to rural areas

2 Pronged Approach

Bridging the Huge Gap

1

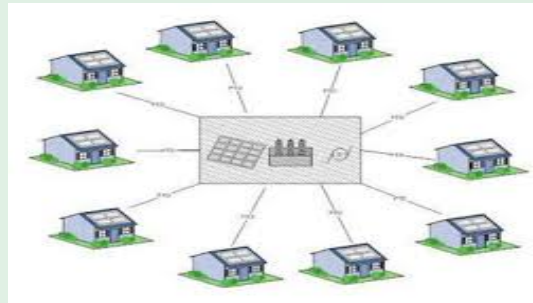
Grid Extension



Extension of the national grid by DisCos & REA

2

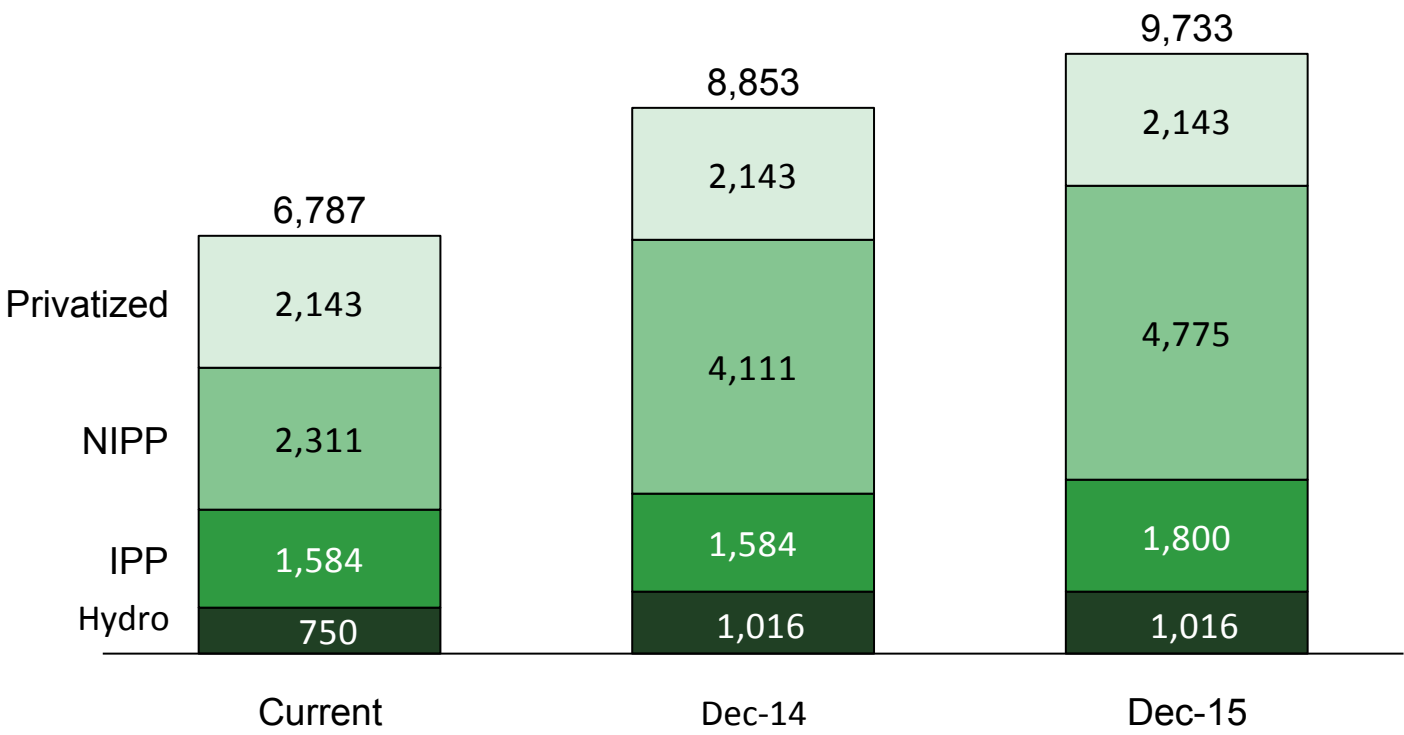
Off - Grid Solutions



Taking advantage of new technologies and natural resources to give access to the communities far flung from the grid

Generation Capacity

Generation Capacity growth expected from NIPP projects



- Egbema 337.5MW
- Calabar 562MW
- Gbarain 225MW



Challenges & Ongoing Remedial Solutions

- Gas Shortages (molecules & security of infrastructure)
 - ✓ Ongoing collaboration with security agencies for the protection of gas pipelines
 - ✓ Short term, medium term & long term solutions to increase gas supply to existing and new generation plants. A high level Emergency Domestic Gas Committee is working to increase gas supply in the short term.
 - ✓ New gas to power price of \$2.50 has been announced
- Market Shortfall – Arising from technical and commercial losses
 - ✓ CBN Intervention Fund to liquidate all legacy gas debts and power debts during Interim Rule Period.
 - ✓ Declaration of TEM will ensure the enforcement of contracts by all market participants.
 - ✓ Bridging the huge metering gap (about 55% of the total customer population are not metered). Enforcement of the business plans of the DisCos



Outlook for the rest of 2014

- CBN intervention (about N227billion) in the settlement of all outstanding gas debts and power debts post handover.
- Declaration of Transition Electricity Market (TEM)
- Approval of the National Renewable Energy & Energy Efficiency Policy by the Federal Executive Council
- Fast track implementation of the MOU with Power China for the development of 20,000MW of the Thermal Plant within 24 months including the transmission infrastructure
- Ground breaking ceremony for the 3,045MW Mambilla Hydro Power Plant
- Commissioning of major transmission projects:
 - ✓ Closing of the 2nd loop by NIPP (Alaoji – Ikot-Ekpene – Ugwuaji – New Haven 330DC Line)
 - ✓ Closing of the 3rd loop by NIPP (Ugwuaji – Aliade – Markurdi – Jos 330KV DC Line)



Future Policy Outlook (Short to Medium Term)

- Review of the existing National Electric Power Policy (NEPP) of 2001 to align with current market and industry structure.
- National Roadmap on Access to Power
- Driving the Rural Electrification Programs – In conjunction with State Governments; and the Private Sector.
- Renewed Policy thrust for Coal to Power feasibility studies to drive investments in coal fired power plants.
- Alignment with other sister Ministries and Government Departments and Agencies on investment in gas infrastructure to address the gas supply for Gas to Power.
- Renewed push to form a comprehensive policy for the “Protection of Critical Power Assets Infrastructure”.
- Crafting and implementation of a sector wide “Change Management Process” – to start with Retooling/Re-Engineering/Reposition the FMoP for it’s new Post Privatization role.
- Development of a Local Content Policy specific to the Electricity and Power Sector.



Conclusion

- Power is the catalyst for the economic growth of the Nigeria. The power reform was articulated to restructure the sector in order to attract the required investments for expansion. The privatization and handover is completed and the post privatization issues are being resolved.
- The major market structures for a vibrant power sector are in place. A strong, independent and proactive regulator; fully capitalized and resourced bulk trader.
- Federal Ministry of Power is repositioned to play the necessary leadership role with regards to policy consistency and ensuring a level playing field for all participants.
- The Federal Ministry of Power is focused on special interventions to bridge the gas shortages and market shortfalls





Thank You

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Federal Ministry of Power