

# Electricity Act 2023 simplified

## Purpose and objectives of the Act

- Electricity Act 2023 repeals the Electric Power Sector Reform Act, No. 26, 2006 to consolidate the laws relating to the Nigerian electricity supply industry, provide a legal and institutional framework for the development and adoption of a National Integrated Electricity Policy and Implementation Plan for Nigeria's power sector.
- To stimulate policy and regulatory measures to promote the development of a competitive electricity market.
- To attract investments and strengthen electricity generation, transmission, system operations, distribution, trading and enforcement of consumer rights and obligations.



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## Provision on National Integrated Electricity Policy and Implementation Plan by the Act

- The Act mandates the federal government through the federal ministry responsible for power to within one (1) year of commencement of this Act, initiate the process for the preparation and publication in the Federal Government Gazette, an Integrated National Electricity Policy and Strategic Implementation Plan in consultation with relevant government authorities and other stakeholders to guide the overall development of the electric power sector in Nigeria adopted and approved by the Federal Executive Council (FEC).
- The policy and strategic implementation plan shall be revised or reviewed not later than every five years.



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## **Powers of the minister responsible for power by the Act**

The minister shall:

- be responsible for the determination, formulation and monitoring of government policy for the Nigerian electricity supply industry and perform the following functions including other functions assigned to him/her under this Act and other Acts of the National Assembly;
- issue general policy directions to the Commission on matters concerning electricity, including direction on overall system planning and coordination, which the Commission shall take into consideration in performing its functions under section 34 of this Act, provided that such directions are not in conflict with this Act or the Constitution of the Federal Republic of Nigeria;



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## **Powers of the minister responsible for power by the Act cont.**

The minister shall:

- advise the Federal Government on all matters pertaining to the Nigerian electric power sector;
- promote the development of local content in Nigeria's electricity supply sector;
- in consultation with the ministry responsible for women's affairs and other relevant ministries, departments and agencies as the minister may determine, promote gender mainstreaming in the design and implementation of electricity projects and programmes;
- issue policy directives on cross-border electricity trading in conjunction with the Commission and other relevant ministries, departments and agencies to ensure energy security and energy self-sufficiency; and;
- do all such other things as are incidental to and necessary for the performance of the functions of the minister under this Act.



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## Power sector decentralization by the Act

- The Act removes the power sector (generation, transmission and distribution) of electricity from the Exclusive List and places it on the Concurrent List. States can now make laws on electricity matters and allow states to carry on the generation, transmission and distribution of electricity.



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## Collaboration between FG, State and LGAs by the Act

The Act allowed for collaboration between the federal, state and local governments on electricity generation, transmission and distribution. It provides for the followings:

- FG to establish agencies and commissions
- States to establish state rural electrification boards
- Local government to set up rural electrification committees





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## Agencies established by the Act

The Act establishes the:

- Nigerian Electricity Regulatory Commission (NERC).
- Rural Electrification Agency (REA).
- National Hydroelectric Power Producing Areas Development Commission (N-HYPPADEC).
- Nigerian Electricity Management Services Agency (NEMSA)
- National Power Training Institute of Nigeria (NAPTIN).
- Nigerian Electricity Liability Management Company (Ltd/GTE) NELMCO, to assume responsibility for all the assets and non-core assets of the Power Holding Company of Nigeria (PHCN).
- Nigerian Electricity Bulk Trading Plc (NBET)
- Transmission Company of Nigeria (TCN) Plc

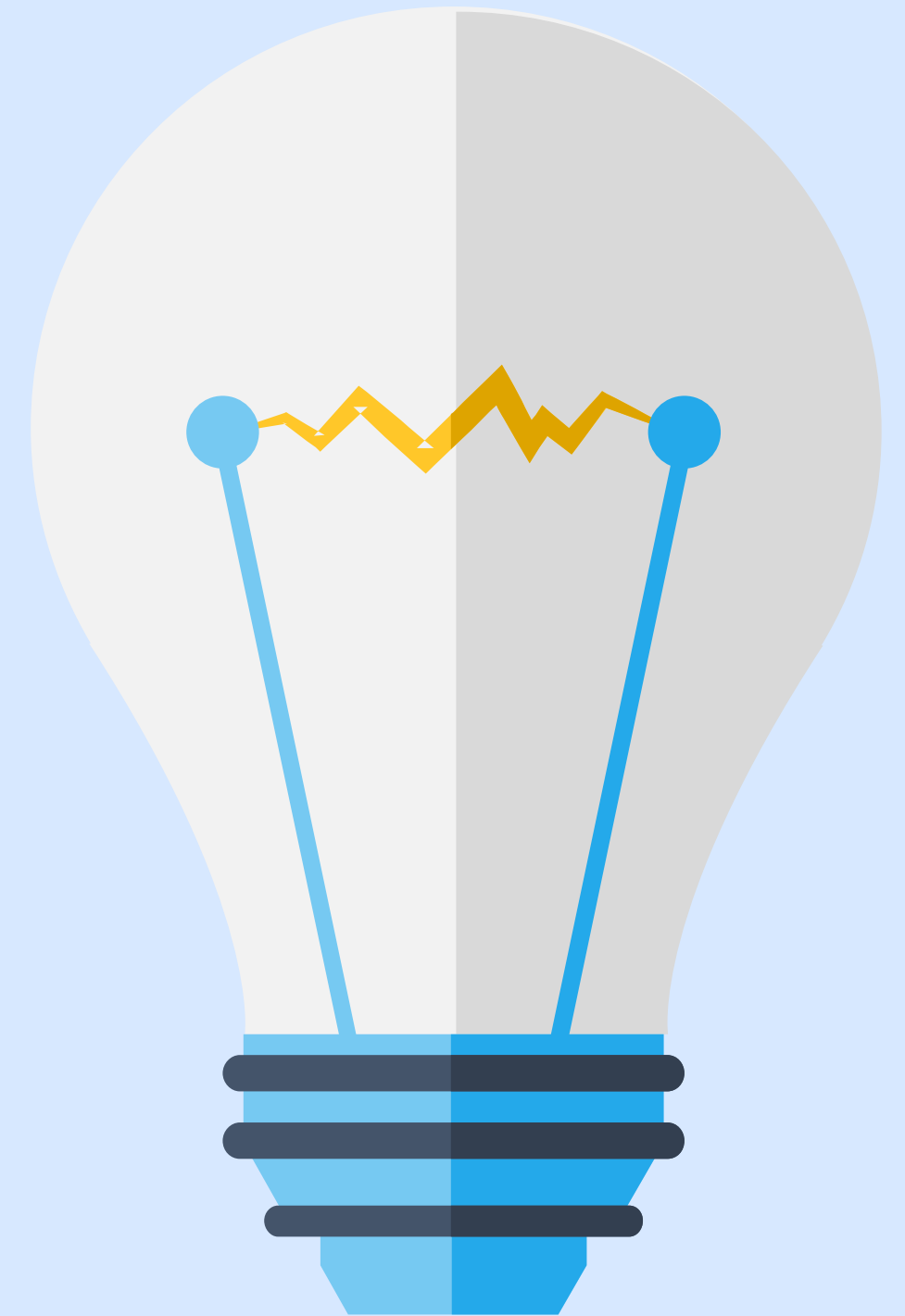


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## Power sector offences and penalties by the Act

The Act names offences and penalties in the power sector

- Electricity theft—imprisonment for at least a term of three years;
- Theft of electric lines and materials—a fine of N500,000.00 or imprisonment between 3-5 years or both;
- Receiving stolen electricity materials—fine of three times worth of the stolen materials or imprisonment for 14 years or both;
- Interference with meters or works of license—fine of not more than N500,000.00 or imprisonment not more than 3 years or both; and a fine of N10,000.00 for every day the offence continues



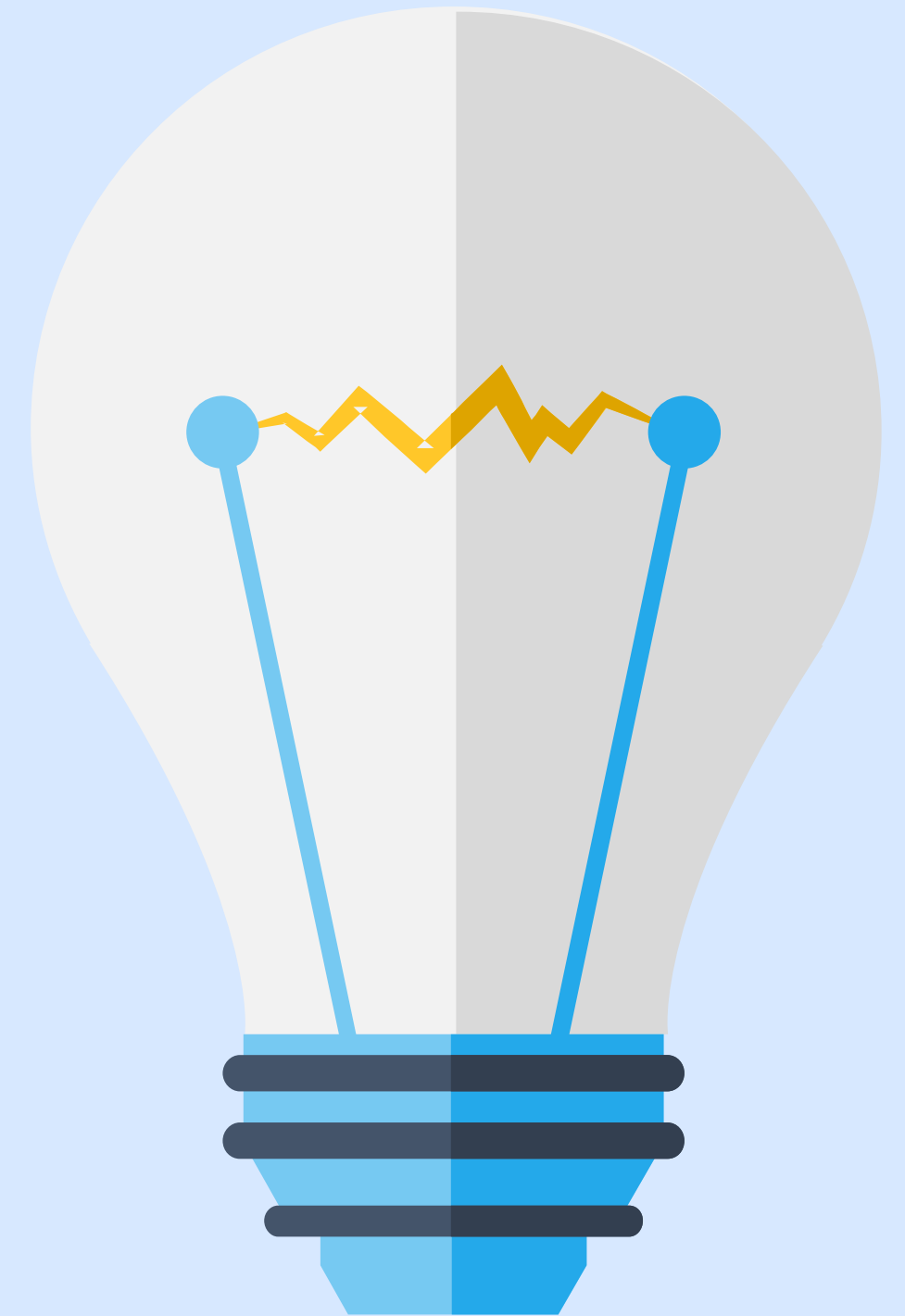


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## Power sector offences and penalties by the Act cont.

The Act names offences and penalties in the power sector

- Negligently breaking or damaging electricity materials—a fine of N300,000.00 in addition to the restoration of the material or line damaged.
- Intentionally disrupting power supply—commits an offence and is liable on conviction to a fine of at least N300,000.00.
- Damage of public streetlights—commits an offence and is liable on conviction to a fine of at least N200,000.00.



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## Market rule and grid code created by the Act

There shall be electricity market rules and grid code as developed by the system operator and approved by the Commission for the:

- Operation of the national grid by the system operator; and
- Establishment and governance of markets related to electricity and ancillary services.



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## Creation of Power Consumer Assistance Fund by the Act

The Act provides for the establishment of the Power Consumer Assistance Fund (PCAF) to be managed and disbursed by NERC in consultation with the minister responsible for power as an electricity subsidy for eligible consumers.

