3 Theophilus Orji Street,
Off Fola Osibo Street, Lekki Phase
1, Lagos, Nigeria.

contact@strenandblan.com
www.strenandblan.com

Stakeholders' Report

Energy Sector
Power & Renewable Energy

31st January 2026

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Contact@strenandblan.com
www.strenandblan.com

Introduction

This Stakeholders' Report outlines key regulatory and policy developments relevant to Power and Renewable Energy Companies covering the period from January 2025 to December 2025. The Report focuses on developments affecting operations across the electricity and renewable energy value chain, with particular emphasis on regulatory actions and policy directions issued by the Nigerian Electricity Regulatory Commission (NERC), the Federal Ministry of Power, the Rural Electrification Agency (REA), the Nigerian Electricity Management Services Agency (NEMSA), and other relevant sector institutions.

In addition, the Report highlights significant legislative, regulatory, and policy changes shaping the business environment for power generation, transmission, distribution, and renewable energy projects in Nigeria. To support compliance with applicable laws and regulatory requirements governing the power and renewable energy industry, this Stakeholders' Report has been prepared for the year ending 2025.

The Report sets out new enactments ("New Legislation"), amendments to existing laws and regulations ("Legislative Changes"), and examines the implications of these developments for businesses operating within the power and renewables value chain.

In preparing this Report, we reviewed and considered:

a) legislation enacted by the National Assembly (NASS);

b) legislation enacted by the Lagos State House of Assembly (LAHA) during the period January 2025 to December 2025 ("the Report Period"); and

c) subsidiary legislation, regulations, orders, directives, guidelines, and circulars issued pursuant to existing laws by relevant regulatory authorities, as well as judicial decisions delivered by courts of competent jurisdiction that are material to the power and renewable energy sector.

We have also highlighted the practical implications of the New Legislations, Legislative Changes, regulatory directives, circulars, and judicial pronouncements on your Company's business operations, regulatory compliance, and administrative framework.

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Executive Summary

In 2025, Nigeria's power and renewable energy sectors experienced substantive regulatory activity aimed at strengthening decentralised electricity markets, enhancing performance accountability, and creating clearer commercial and investment frameworks. At the state level, the enactment of the Abia State Electricity Law No. 2, the Gombe State Electricity Law, and the Osun State Electricity Market Law established statutory authorities to regulate intrastate electricity activities, including licensing, safety oversight, and local market governance. These laws signal increased sub national participation in generation, distribution, and electrification projects, introducing new compliance obligations for developers and service providers operating within those states.

At the federal level, NERC issued several performance and governance instruments to guide sector implementation and oversight. The Order on the Delineation of Assets and Liabilities provided standardised methodologies for apportioning assets and obligations as Distribution Companies (DisCos) transition under decentralised regulation. The Order on Mandatory Free Governor Control required all grid-connected generating units to implement fast automatic governor control, reinforcing grid stability. Continued issuance of Multi Year Tariff Orders enhanced transparency around approved revenue paths for DisCos, aligning tariff structures with performance incentives and cost recovery principles.

NERC's Guidelines on the Commercial Framework for Interconnected Mini Grids clarified commercial and settlement arrangements for mini grids synchronised with licensed networks, reducing long standing commercial uncertainties that have deterred investment in rural and urban electrification.

Renewable energy developments in 2025 advanced market integration and investment readiness. The National Integrated Electricity Policy (NIEP), 2025 provided strategic direction for renewable energy integration and decentralised generation solutions, aligning federal and state objectives for access expansion and sustainability. NERC's embedded renewable procurement mandates created immediate market demand for solar, wind, biomass, and small hydro capacity within DisCo networks.

Draft Net Billing Regulations introduced a prospective framework for prosumer participation, enabling distributed generation assets to export excess power to the grid. Fiscal incentives in the Finance Act 2025 exempted renewable technologies from certain surcharges and designated renewable energy manufacturing as a priority sector, offering long term tax reliefs that strengthen the business case for investment in clean energy infrastructure.

Collectively, these developments reflect a concerted effort to improve regulatory clarity, enhance grid performance, and expand opportunities for renewable energy deployment. They underpin a more structured and predictable environment for investors, operators, and consumers in Nigeria's evolving energy market.

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Summary of New Legislations

In 2025, Nigeria's power and renewable energy sector experienced a series of regulatory, policy, and institutional developments aimed at strengthening governance, improving market efficiency, expanding electricity access, and accelerating the energy transition. These developments focused on electricity generation, transmission, distribution, renewable energy deployment, embedded and captive power frameworks, and the decentralisation of electricity regulation following recent constitutional and legislative reforms.

This Report highlights the key legislative, regulatory, and judicial developments affecting the power and renewables sector during 2025, with particular emphasis on their implications for power producers, renewable energy developers, distribution companies, investors, regulators, and other sector stakeholders.

It examines major instruments issued by the Nigerian Electricity Regulatory Commission (NERC), the Federal Ministry of Power, the Rural Electrification Agency (REA), and relevant state-level institutions, including emerging sub-national electricity regulators. The Report is structured to clarify sector-specific changes, assess operational and commercial impacts, and support informed decision-making within an evolving electricity market.

(a) Legislation of the National Assembly (NASS) Enacted between January 2025 and December 2025

During the Report Period, several federal legislations of relevance to the power and renewable energy sector were enacted by the National Assembly. These legislations, together with their brief descriptions and implications, are outlined below:

(i) Joint Revenue Board (Establishment) Act, 2025

Establishes the Joint Revenue Board to harmonise tax policy coordination and administration between federal and state authorities, with implications for power sector operators engaged in multi-state electricity generation, distribution, and renewable energy projects.

(ii) Nigeria Tax Administration Act, 2025

Introduces modernised procedures for tax administration, enforcement, and dispute resolution, affecting compliance obligations of electricity market participants and renewable energy developers.

(iii) Nigeria Revenue Service (Establishment) Act, 2025

Provides the legal framework for the operations of the Nigeria Revenue Service, including oversight of tax collection and compliance monitoring applicable to power sector businesses.

(iv) Nigeria Tax Act, 2025

Updates fiscal and tax compliance requirements across sectors, including provisions relevant to power and renewable energy projects, capital allowances, incentives, and reporting obligations.

(v) National Integrated Electricity Policy (NIEP), 2025

The NIEP sets national objectives for universal access, increased renewable energy integration, decentralised solutions (mini-grids and distributed generation), and clear institutional roles between federal and state authorities.

(vi) The Electricity Act Amendment Bill 2025

The Electricity Act Amendment Bill 2025 (the "Amendment Bill") continued to progress through the National Assembly, having passed the second reading at the Senate.

The Amendment Bill seeks to introduce wide ranging changes to the 2023 Electricity Act, including provisions to clarify issues on tariff governance, the operational framework for the Power Consumer Assistance Fund (PCAF), and the transition to fully regulated state electricity markets.

These measures are intended to enhance regulatory coordination between federal and state authorities, improve sector financing, and provide a clearer framework for market participants during the ongoing restructuring of Nigeria's electricity supply industry.

(b) Legislation of the Lagos State House of Assembly (LAHA)

(i) Ibile Energy Corporation Law, 2025

In 2025, the Lagos State House of Assembly advanced legislation establishing the Ibile Energy Corporation, a state-owned energy entity designed to invest in and develop power generation, electricity distribution, renewable energy, and energy transition projects within Lagos State.

(ii) Issuance of the Lagos Electricity Regulatory Order

Pursuant to its statutory mandate, the Lagos State Electricity Regulatory Commission (LASERC) issued Order No. LASERC/ORDER/001/2025 on 6 June 2025 (the Lagos Order).

The Lagos Order formally announced the commencement of LASERC's regulatory authority over the Lagos electricity market and directed all entities engaged in electricity-related activities within Lagos State to apply for appropriate licences from LASERC, regardless of any approvals or licences previously issued by other regulatory authorities.

(iii) Legislation of the Other State Houses of Assembly

- Anambra State Electricity Law, 2025
- Abia State Electricity Law No. 2, 2025
- Gombe State Electricity Law, 2025
- Osun State Electricity Market Law, 2025

(c) Subsidiary Instruments, Directives, and Circulars

During the Report Period, the following directives and circulars were issued pursuant to existing legislation by relevant regulators, namely:

(i) NERC Order on the Delineation of Assets and Liabilities of Distribution Licensees, 2025 –

Issued by the Nigerian Electricity Regulatory Commission to clarify asset ownership, operational responsibility, and financial obligations within the electricity distribution segment.

(ii) NERC Issues Code of Corporate Governance for NESI – In 2025, the Nigerian Electricity Regulatory Commission (NERC) issued a Code of Corporate Governance for the Nigerian Electricity Supply Industry (NESI), setting out minimum governance standards applicable to licensed operators across the electricity value chain, including generation, transmission, distribution and system operations

(iii) Guidelines on Commercial Framework for Interconnected Mini-Grids, 2025 –

NERC published Guidelines on the Commercial Framework for Interconnected Mini-Grids (effective 1 December 2025) to clarify commercial and settlement arrangements when mini-grids synchronise or interconnect with legacy DisCo networks.

(iv) NERC Order on the Mandatory Integration of Grid-

Connected Generating Units into the SCADA/EMS - On 22 May 2025, the Nigerian Electricity Regulatory Commission (NERC) issued a directive mandating the full integration of all grid-connected power plant generating units into the Supervisory Control and Data Acquisition and Energy Management System (SCADA/EMS) of the Transmission Company of Nigeria Plc (TCN).

(v) Guidelines on Registration and Engagement of Third-Party

Collection Service Providers - These Guidelines provide a framework for the registration and engagement of third-party collection service providers in the Nigerian Electricity Supply Industry ("NESI") by Electricity Distribution Companies ("DisCos") licensed by the Commission to enhance operational performance and mitigate risks associated with cash collections.

(vi) Draft Net Billing Regulations, 2025-

In September 2025, NERC released draft Net Billing Regulations for public consultation. These rules would allow solar and small wind prosumers (50 kW–5 MW) to export excess power to the grid and receive compensation through net billing mechanisms

(vii) The Draft Grid Code Version 3 –

The Draft Grid Code Version 3 for the Nigerian Electricity Transmission System was issued by the Nigerian Electricity Regulatory Commission (NERC) in October 2025 as a proposed revision of the existing Grid Code

(viii) Draft Nigerian Electricity Supply and Installation Standards (NESIS) Regulations Version 2-

The Draft Nigerian Electricity Supply and Installation Standards (NESIS) Regulations Version 2 was also issued by NERC in October 2025 and published on its official website as a draft regulatory instrument for industry review.

(d) Judicial Decisions

During the report period, there were no key judicial decisions; however, a judicial matter remained pending before the courts in the power sector with significant implications for asset security enforcement, regulatory oversight, and tariff-setting processes.

Key Judicial and Regulatory Decision

I. MainPower Electricity Distribution Limited v. Enugu State Electricity Regulatory Commission (EERC) (Enugu State Electricity Regulatory Commission)

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Legislation of the National Assembly (NASS) Enacted Between January 2025 and December 2025

The New Tax Reform Acts

Nigeria recently introduced four key tax reform Acts (the Acts), which came into effect on 1 January 2026. Since their commencement, the Acts have generated extensive discussions across multiple sectors, particularly around their implications for business operations and investment planning.

The Nigerian power sector, which has faced longstanding structural and financial challenges despite several reform initiatives, is especially focused on the practical impact of these new tax measures. Market participants are keen to assess whether the Acts will meaningfully address existing constraints, improve sector viability, and potentially serve as a catalyst for sustainable growth within the electricity market.

(i) JOINT REVENUE BOARD (ESTABLISHMENT) ACT, 2025

The Joint Revenue Board (Establishment) Act, 2025, establishes the Joint Revenue Board (JRB) to lead intergovernmental coordination on tax policy and administration in Nigeria. This reform responds to persistent calls for a harmonised, collaborative approach to revenue generation across the federal, state, and local levels.

The JRB is mandated to serve as the apex coordinating entity for tax administration across the Federation. It is empowered to promote consistency, resolve jurisdictional overlaps, and provide strategic guidance on fiscal matters that cut across multiple tiers of government.

Key Functions and Powers

The JRB is tasked with a comprehensive range of responsibilities, including:

- Coordinating the integration and maintenance of a national taxpayer identification database (TINs);
- Advising on double taxation matters and promoting the harmonisation of tax rates and practices across Nigeria;
- Publishing tax expenditure reports, including analyses of waivers, exemptions, and incentives issued by all levels of government;
- Facilitating tax policy reform, capacity building, and the accreditation of tax agents;
- Undertaking taxpayer behaviour research, compliance audits, and policy impact assessments.

To support its operations, the Board is funded by a mix of annual membership fees from participating institutions, government-approved loans, grants, and income from service charges and investments. It is exempt from income tax obligations, although it must still deduct and remit PAYE and other statutory withholdings.

The National Economic Council is vested with supervisory authority and may issue directives to the JRB on any fiscal or revenue matter in the national interest.

Composition and Governance

The JRB's membership includes the chairpersons of all State Internal Revenue Services, the FCT-IRS, and representatives of key federal agencies such as the Nigeria Revenue Service, Nigeria Customs Service, Nigeria Immigration Service, FRSC, NIMC, and the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC). The Board may co-opt experts or other institutions as needed, subject to a cap of two additional members.

Administrative leadership is vested in a full-time Secretary-General, appointed through a transparent process, and supported by zonal and departmental directors.

Tax Appeal Tribunal

The Act establishes the Tax Appeal Tribunal, designed to ensure that disputes arising from tax assessments and enforcement can be resolved swiftly, professionally, and independently.

Each zone will host a division of the Tribunal, composed of five members, including a legal practitioner of at least ten years' standing as Chairperson. The Tribunal has jurisdiction over disputes arising under any federal or state tax legislation, and its decisions may be appealed to the Federal High Court on points of law.

Office of the Tax Ombud

The Act also established the Office of the Tax Ombud to receive, investigate, and resolve complaints about administrative malpractice, delay, or unfair treatment by revenue agencies.

Although it does not possess the power to interpret tax laws or override assessments, the Ombud may investigate any non-compliance with procedural requirements and can escalate unresolved issues to the National Assembly. It is also authorised to recommend corrective action, report abuse of office, and even initiate legal proceedings in defence of taxpayer rights.

Legal Protections and Transitional Provisions

The Act preserves the continuity of existing rights, assets, and obligations from the defunct Joint Tax Board. It also sets clear safeguards, including:

- A one-month notice requirement before legal action can be initiated against the JRB;

- Secrecy and confidentiality obligations for Board members and staff;

- Whistleblower protections for individuals reporting administrative abuse or fraud.

The Public Officers Protection Act applies to JRB personnel, shielding them from frivolous litigation in the course of their official duties.

(ii) NIGERIA TAX ADMINISTRATION ACT, 2025

The Nigeria Tax Administration Act, 2025 (NTAA) introduces a unified procedural framework for the assessment, collection, enforcement, and administration of taxes across all levels of government. It responds to years of fragmented tax administration by offering consistency, clarity of roles, and a rules-based system that aligns with global good practice.

The Act promotes fiscal federalism by clearly distinguishing the tax jurisdictions of different tiers of government:

- The Nigeria Revenue Service (NRS) is responsible for administering corporate income tax, value-added tax (VAT), taxes on petroleum operations, non-resident taxation, and national tax incentives.

- State and FCT tax authorities retain powers over personal income tax for resident individuals (excluding military and diplomatic personnel) and local taxes.

Digital Identity and Compliance

The Act mandates the issuance and use of a Taxpayer Identification Number (TIN) for every taxable person. This TIN must be linked to all tax transactions and financial activities, reinforcing the integrity of taxpayer records. Non-resident businesses and digital service providers deriving income from Nigeria must also register and obtain a TIN.

To support transparency in the digital economy, Virtual Asset Service Providers (VASPs), including crypto exchanges and financial institutions, are required to report significant transactions. Banks must provide quarterly returns on customer data and cumulative inflows or outflows exceeding ₦25 million (for individuals) and ₦100 million (for companies).

The law also introduces a mandatory disclosure regime for tax planning arrangements, especially those structured primarily to obtain a tax advantage.

Assessments, Returns and Refunds

The NTAA formalises Nigeria's self-assessment regime, empowering taxpayers to file their own returns and calculate tax liability. However, tax authorities retain the right to issue administrative assessments where returns are not filed or appear inaccurate.

Assessments must generally be made within six years of the relevant tax period — unless there is fraud, wilful default, or gross misstatement, in which case there is no time limit. All taxes are payable in the currency of the transaction, with petroleum taxes payable in US Dollars.

The Act provides for tax refunds to be processed within 90 days (or 30 days for VAT), and also allows taxpayers to apply overpaid taxes to future liabilities (set-off). Claims must be made within six years and must be accompanied by proper documentation.

(iii) NIGERIA REVENUE SERVICE (ESTABLISHMENT) ACT, 2025

The Nigeria Revenue Service (Establishment) Act, 2025 marks a significant institutional reform of Nigeria's federal tax administration. It repeals the Federal Inland Revenue Service (Establishment) Act, 2007, and formally establishes the Nigeria Revenue Service (NRS) as the central authority for the assessment, collection, accounting, and enforcement of federally collectible taxes and other designated revenues.

The law reflects an evolution in both the structure and scope of tax administration at the federal level. Unlike its predecessor, the NRS is now empowered to operate within a broader institutional framework that encompasses both tax and select non-tax revenues such as petroleum royalties and statutory levies as well as data integration and inter-agency collaboration.

Mandate and Powers

The Act mandates the NRS to:

- Administer and enforce all federal tax laws and collect revenues accruing to the Federation;
- Assess and account for taxes, levies, and charges imposed by federal legislation;
- Enforce compliance, including powers to trace, freeze, seize, or confiscate proceeds of tax fraud or evasion;
- Collaborate with other national and international bodies for the exchange of tax information;
- Maintain a centralised taxpayer database and issue Taxpayer Identification Numbers (TINs) in collaboration with state tax authorities and the Joint Revenue Board.

The NRS is also empowered to assist subnational governments (State, FCT, and Local Government) in tax administration, when requested or where inter-agency collaboration is required by law.

Institutional Structure and Governance

The NRS is structured as an autonomous body corporate with perpetual succession. It is overseen by a Governing Board, chaired by the Executive Chairman, who also serves as the agency's chief executive and accounting officer. The Executive Chairman is appointed by the President and confirmed by the Senate. The Board includes representatives from Nigeria's six geopolitical zones and relevant federal agencies and ministries, ensuring national balance and inter-ministerial coordination.

Among other responsibilities, the Board is tasked with:

- Approving strategic plans and performance frameworks;
- Overseeing financial and operational policies;
- Employing and managing staff, and setting remuneration;
- Monitoring tax policy implementation and recommending reforms where needed.

Operational Funding and Enforcement

The NRS is authorised to fund its operations through a 4% cost-of-collection allocation from non-petroleum tax revenues (i.e., excluding petroleum royalties). It may also receive grants, gifts, and returns from investments, subject to appropriate approvals.

Importantly, the Act introduces stronger financial enforcement mechanisms: where a government Ministry, Department or Agency (MDA) fails to remit collected revenues, the Accountant-General of the Federation is empowered to deduct such sums directly from their budgetary allocations and credit the appropriate revenue account.

The NRS is exempt from income tax liability in the course of its operations, although it is still required to deduct and remit applicable PAYE and withholding taxes from staff and suppliers.

(iv) THE NIGERIA TAX ACT

Key Innovations and Implications on the Power & Renewable Industry

a. From Exemption to Zero-Rating

Historically, Nigeria's Value Added Tax (VAT) framework operated more like a restricted sales tax, largely because businesses were unable to recover a significant portion of the input VAT incurred in the course of generating taxable revenue. Under the former regime, recoverable input VAT was generally limited to VAT incurred on goods purchased for resale or directly used in the manufacture of taxable goods, with little or no relief available for services or capital assets.

The new tax reform Acts fundamentally alter this position by broadening the scope of recoverable input VAT. Under the revised framework, input VAT incurred on all taxable supplies, including services and fixed assets, may now be recovered, provided such costs are incurred wholly for the purpose of making taxable supplies. This marks a significant shift towards a more conventional VAT system and is particularly relevant for capital-intensive sectors such as power.

Within the electricity value chain, this development is especially notable given that, under the previous regime, only Distribution Companies (Discos) made taxable supplies. Electricity supplied by Generation Companies (Gencos) to the Nigerian Bulk Electricity Trading Company (NBET), as well as transmission services provided by the Transmission Company of Nigeria Limited (TCN) to Discos, were classified as VAT-exempt supplies. As a result, Gencos and TCN were unable to recover input VAT incurred in their operations.

The Acts address this imbalance by reclassifying electricity supplied by Gencos to NBET and transmission services provided by TCN to Discos from VAT-exempt to zero-rated supplies. While these supplies continue to attract VAT at a rate of zero, they are now treated as taxable supplies for VAT purposes. This change enables both Gencos and TCN to claim input VAT on taxable goods and services consumed in the course of their operations, thereby improving cash flow and reducing unrecovered tax costs.

It is important to note, however, that this zero-rating does not extend to bilateral power purchase arrangements between Gencos and Discos, which remain outside the scope of the revised treatment. Nonetheless, this limitation is unlikely to have a material long-term cost impact, as VAT remains a consumption tax ultimately borne by the final consumer, whose VAT status has not been altered under the Acts.

b. From Pioneer Status to Priority Sector Classification

For many years, electricity generation and supply were designated as pioneer industries in recognition of the sector's fragility and the need to attract long-term private investment. That incentive regime, which operated under the Industrial Development (Income Tax Relief) Act, has now been discontinued and replaced with a new priority sector framework under the recent tax reform Acts. While the underlying policy objective of stimulating investment remains unchanged, the structure and mechanics of the incentive have been fundamentally redesigned.

Under the former pioneer status regime, qualifying companies benefited from an income tax holiday of between three and five years, providing upfront tax relief during the early stages of project development. In contrast, entities classified under the priority sector regime no longer enjoy a tax holiday. Instead, they are entitled to an investment-linked tax credit of approximately 5% of the value of qualifying capital expenditure.

This represents a shift from profit-based relief to a capital-driven incentive model, with a stronger emphasis on actual investment deployment.

The priority sector framework also introduces additional qualification parameters, including a minimum investment threshold and a defined sunset period, reflecting the policy expectation that priority industries should eventually mature and operate without special fiscal support. For electricity supply activities, the minimum qualifying investment has been set at ₦100 billion, with a sunset period of 20 years, after which the sector is expected to have attained sufficient stability and scale.

Notably, the Acts do not provide a differentiated or lower investment threshold for renewable energy projects. This is significant in the Nigerian context, where grid-scale renewable generation remains limited largely to hydroelectric power, and most renewable investments to date have been concentrated in mini-grid and off-grid projects serving underserved and unserved communities.

Given their relatively smaller capital footprints, many of these projects are unlikely to meet the ₦100 billion threshold and may therefore be excluded from benefiting under the priority sector incentive framework.

There is also room for debate as to whether the 20-year sunset period is adequate, considering Nigeria's relatively recent transition from a state-controlled electricity monopoly to a privately led power market just over a decade ago. Despite this transition, sector performance challenges persist and the electricity supply gap has continued to widen. Against this backdrop, questions remain as to whether the proposed timeframe is sufficient to achieve the level of sector maturity envisaged by the policy, such that electricity supply would no longer warrant priority sector status.

c. From Exempt to Chargeable but Suspended

Under the existing VAT framework, the supply of renewable energy equipment currently benefits from a full exemption from Value Added Tax. This position has been altered by the new tax reform Acts, which remove the outright exemption applicable to such equipment. Importantly, however, the change does not result in the immediate imposition of VAT on these supplies.

Instead, the Acts introduce a new classification for items that are VAT-chargeable but subject to a suspension, pending the issuance of a lifting order by the Minister of Finance. Until such an order is made, VAT will not apply to the sale of renewable energy equipment. The absence of clarity around the duration of this suspension introduces a degree of regulatory uncertainty, particularly for investors and developers seeking to undertake long-term planning and procurement for renewable energy projects.

d. Minimum Tax Exposure

The Acts also introduce a minimum tax regime applicable to large enterprises. Nigerian companies with an aggregate annual turnover of ₦50 billion or more, as well as Nigerian subsidiaries of multinational groups with consolidated global revenues of at least €750 million, are now subject to a 15% minimum tax calculated on net profit, after adjusting for franked investment income and unrealised foreign exchange gains.

This development has potential implications for electricity Distribution Companies (Discos). While some Discos may report accounting profits in a given financial year, many continue to carry substantial accumulated losses from prior periods. The application of a minimum tax in such circumstances could place additional strain on already fragile balance sheets.

The minimum tax regime also raises important questions regarding the accounting and tax treatment of tariff shortfalls and subsidy-related inflows reflected in Disco financial statements. There is a strong basis to argue that such amounts should not be treated as taxable profits, given that they effectively function as pass-through sums payable to the Nigerian Bulk Electricity Trading Company (NBET). Electricity tariffs charged to end-users, as well as the wholesale prices at which NBET sells power to Discos, are determined by government policy. The resulting subsidy is therefore a policy-driven intervention rather than an economic gain to the Discos.

An alternative approach would be for the Government to reflect the subsidy directly in the wholesale price payable by Discos to NBET, coupled with direct settlement of the subsidy to NBET. While the Government already funds the subsidy in practice, the current accounting treatment — where the subsidy is recorded as revenue of the Discos — has the unintended effect of inflating reported profits and increasing exposure to minimum tax liabilities.

Given these implications, there may be merit in Discos engaging collectively with regulators and fiscal authorities to seek a reconsideration of this treatment. Any resulting tax savings could instead be redirected towards critical network upgrades and infrastructure investments, supporting long-term sector stability and potentially reducing the need for electricity supply to remain classified as a priority sector in the future.

(v) NATIONAL INTEGRATED ELECTRICITY POLICY (NIEP), 2025

The Federal Executive Council on Monday, 5 May 2025, approved the National Integrated Electricity Policy ("NIEP"), which replaces the National Electric Power Policy of 2001. The NIEP now stands as Nigeria's comprehensive blueprint for addressing the inefficiencies in the country's electricity sector and promoting sustainable energy development. The NIEP was developed pursuant to Section 3(1) of the Electricity Act 2023 ("EA") which mandated the Federal Government, through the Federal Ministry of Power to commence the process for the preparation and publication of the NIEP and Strategic Implementation Plan ("SIP") within one (1) year of the commencement of the EA.

The NIEP sets out the Federal Government's electricity objectives and initiatives necessary for successful implementation, including a commitment to achieve universal electricity access of approximately 6.3GW by 2030 and a 60% renewable energy mix in power generation by 2060.

It also outlines the Nigerian electricity market design introduced under the EA, comprising the National Wholesale Electricity Market (NWEM), the State Electricity Markets (SEMs) and Off-grid Electricity Markets for rural and underserved communities.

Other notable provisions of the NIEP include the introduction of local content parameters, gender equality, poverty eradication, social inclusion, and human resource capability development. There is a linkage with other key policies of the Federal Government like the Nigeria Energy Transition Plan, the National Climate Change Policy for Nigeria, and the National Integrated Resources Plan launched in January 2025.

Electricity Market Design, Value Chain, Key Stakeholders and Their Roles

In furtherance of ongoing reforms within the Nigerian Electricity Supply Industry (NESI), the Policy provides recommendations aimed at restructuring the electricity market, supporting the transition to State-level regulation, and expanding off-grid and decentralised power solutions.

The Policy reaffirms the Federal Government's commitment to transitioning from the existing market structure, under which the Nigerian Bulk Electricity Trading Plc (NBET) operates as a bulk trader, to a more liberalised National Wholesale Electricity Market. Under the proposed model, NBET is expected to evolve into a fully fledged Energy Exchange, driven largely by private sector participation to improve market liquidity, transparency and operational efficiency.

Key policy statements under this framework include:

- Modernisation of transmission infrastructure to support real-time electricity trading and settlement.
- Development of an enabling regulatory environment through updated market codes, regulations and regulatory orders to attract and sustain private sector investment.
- Introduction of regulations to enable captive power generation operators with surplus capacity of at least 10MW to sell excess power into the wholesale electricity market.
- Opening the transmission network to private sector participation through the licensing of Independent Electricity Transmission Network Operators to build, own and operate high voltage transmission lines at 132kV and 330kV levels.
- Strengthening payment discipline across the electricity value chain through the enforcement of firm contractual arrangements, deployment of fail-safe mechanisms, and enhanced regulatory oversight by relevant authorities to ensure compliance and the imposition of penalties for defaults.

Application

For stakeholders, the approval of the NIEP signals the following:

▪ A structured regulatory environment which reduces investor risk and enhances clarity in Nigeria's evolving multi-tier electricity market.

▪ A renewed emphasis on private sector collaboration to mobilise the estimated US$122.2 billion in capital required across generation, transmission, and distribution infrastructure value chain of the sector.

▪ A pathway to increased innovation, competition, and investment in renewable energy and inclusive access models, particularly in off-grid and sub-national markets..

(vi) THE ELECTRICITY ACT AMENDMENT BILL 2025

The Electricity Act Amendment Bill 2025 (the "Amendment Bill") continued to progress through the National Assembly, having passed the second reading at the Senate. The Amendment Bill seeks to introduce wide ranging changes to the 2023 Electricity Act, including provisions to clarify issues on tariff governance, the operational framework for the Power Consumer Assistance Fund (PCAF), and the transition to fully regulated state electricity markets. These measures are intended to enhance regulatory coordination between federal and state authorities, improve sector financing, and provide a clearer framework for market participants during the ongoing restructuring of Nigeria's electricity supply industry.

Key Amendments and Policy Directions under the Electricity Act Amendment Bill, 2025

▪ Scope of State Powers versus National Control

The Bill reaffirms the authority of State Houses of Assembly to legislate on electricity matters within their territorial boundaries, including generation, transmission, system operations, distribution, supply and retail activities. It also preserves the power of States to establish State electricity regulators and State electricity markets. However, the Bill introduces an express limitation by providing that no State law may conflict with the principal Act or the Amendment Bill in respect of the regulation of the national grid system, the operation of the national wholesale electricity market, and the setting and enforcement of technical standards, operational codes, consumer protection rules, competition principles and climate obligations. In effect, while State competence is maintained, the Bill reserves national supremacy in matters connected to the national grid, wholesale trading and uniform technical and market standards. Where a project or operator relies on national grid infrastructure or participates in the national wholesale market, regulatory authority remains vested in the Nigerian Electricity Regulatory Commission and other relevant national institutions.

▪ Licensing, Trading and Cross Border Activity

The Bill revises key licensing provisions, including section 68 of the Electricity Act 2023, to confirm that a generation licence holder may export electricity outside Nigeria, subject to compliance with directions issued by the Commission pursuant to ministerial policy. It also introduces express regulation of inter State and cross border distribution and prohibits trading licensees from engaging in cross border trading without prior authorisation from the Commission. These amendments consolidate inter State and export activities within a single national approval framework. While this approach strengthens national planning and regulatory coherence, it may also introduce additional layers of approval for commercially driven transactions that cross State or national boundaries.

▪ Hydropower Areas and Representation

The Bill amends section 82 of the Electricity Act 2023 to recognise, for funding and representation purposes, both States in which hydropower facilities are located and States affected by hydropower activities along the Rivers Niger and Benue. It revises the composition of the relevant oversight bodies to reflect this broader zone of impact. This amendment acknowledges that hydropower development has cross-boundary environmental and socio-economic effects and seeks to balance representation across the full hydrological footprint

▪ The Power Consumer Assistance Fund

The Bill replaces the existing consumer assistance provisions and establishes a comprehensive Power Consumer Assistance Fund under Part XV of the Act. The Fund is intended to support underserved and underprivileged consumers and essential social institutions through targeted subsidies.

It specifies funding sources, including National Assembly appropriations, defined consumer contributions as determined by the Commission, and a portion of service charges derived from tariffs. The Bill also introduces administrative cost caps, mandates the issuance of regulations on eligibility and verification, and requires quarterly and annual reporting. A dedicated Secretariat and external Fund Managers are also provided for.

▪ Forum of Electricity Regulators and Dispute Pathways

The Bill establishes a Forum of Electricity Regulators comprising the Commission, Chairs of State Electricity Regulatory Commissions, and the Chief Electrical Inspector. The Forum is mandated to harmonise standards and codes, coordinate interactions between national and State markets, develop model consumer protection instruments, and provide a platform for resolving jurisdictional and inter State disputes.

The Bill further provides for the Commission to exercise final administrative appellate authority in specified matters, subject to judicial review by the appropriate High Court.

▪ Industrial Relations and Minimum Service Levels

Electricity generation, transmission, system operations, distribution and supply are designated as essential services under both national and State markets. The Bill restricts industrial action that would disrupt these services, subject to minimum service agreements. The Commission is mandated, in consultation with trade unions and employers, to issue regulations prescribing minimum service requirements, standard agreement templates, grievance resolution mechanisms and sanctions for non compliance. This seeks to balance labour rights with public safety and economic stability.

▪ Host Community Rights and Obligations

The Bill defines host communities and grants them rights to information, consultation, local benefits, environmental protection and grievance mechanisms. In return, host communities are obligated to cooperate with licensees, protect assets, avoid violence and pay approved tariffs. Licensees must allocate a capped portion of annual operating expenditure for community development, prioritise local employment and training, implement environmental best practices and report compliance to regulators and host communities.

▪ **National Policy Coordination**

The Bill replaces the National Council on Power with the National Electric Power Policy Council, chaired by the Minister of Power. The Council comprises federal and State institutions, regulators, market operators, industry associations, consumer groups and other stakeholders.

Its mandate includes policy harmonisation, adoption and review of the National Integrated Electricity Policy, coordination of incentives and publication of annual sector performance reports.

Implications for Stakeholders

▪ **State Governments–** States retain legislative authority but face clear limits where national grid assets, wholesale markets and technical standards are involved. Investment strategies will need to prioritise off-grid and embedded generation to preserve regulatory autonomy.

▪ **Investors and Project Developers –**The Bill enhances regulatory certainty, especially around cross-border trading, recapitalisation and subsidies. However, increased national oversight may lengthen approval timelines for interstate and export-oriented projects.

▪ **Distribution and Generation Companies –** Stronger recapitalisation requirements, stricter vandalism penalties and minimum service obligations increase compliance costs but improve system stability and investor confidence.

▪ **Consumers and Host Communities –** Consumers benefit from clearer subsidy targeting, enhanced consumer protection and formal grievance mechanisms. Host communities gain defined rights but also bear enforceable obligations to protect infrastructure and pay approved tariffs.

▪ **Regulators and Market Institutions –** The creation of the Forum of Electricity Regulators and strengthened mandates for NERC and NEMSA promote coordination, consistency and safety across a more complex federalised electricity market.

Contact@strenandblan.com
www.strenandblan.com

Legislation of the Lagos State House of Assembly (LAHA)

The Ibile Energy Corporation Bill, 2025

In mid-2025, the Lagos State House of Assembly advanced the proposed law to establish the Ibile Energy Corporation, a state-owned energy vehicle designed to compete and invest across oil, gas, renewable energy, and energy transition projects. The Ibile Energy Corporation Bill, 2025 passed its second reading in July 2025, and by August 2025, the Assembly was conducting public hearings to refine the legislation and gather stakeholder input on its scope and economic objectives.

The proposed law aims to replace the earlier Ibile Oil & Gas Act with a broader legal framework that empowers Lagos State to participate in upstream and downstream markets, including bid rounds, marginal field allocations, midstream investments (e.g., gas processing, pipelines), and renewable energy infrastructure. It also outlines governance structures, such as a governing board and accountability mechanisms, to ensure transparent execution of energy projects while creating jobs, boosting revenue, and supporting the state's energy transformation agenda.

Application and Implication

If enacted, the Ibile Energy Corporation Bill, 2025 would apply within Lagos State and establish Ibile Energy Corporation as a state-owned entity empowered to participate across the oil, gas, renewable energy, and energy transition value chain. The proposed law would provide the legal basis for Lagos State's involvement in upstream bid rounds and marginal field opportunities, midstream investments such as gas processing and transportation infrastructure, and downstream and renewable energy projects, subject to applicable federal regulatory approvals. The Bill would also govern the corporate structure, governance, and operational mandate of the Corporation, including oversight, accountability, and commercial participation in energy projects.

The proposed legislation signals an expansion of Lagos State's role in Nigeria's energy sector and may increase competition and state participation in both upstream and midstream markets. For oil and gas companies and investors, the establishment of Ibile Energy Corporation could create opportunities for joint ventures, strategic partnerships, and co-investments, particularly in gas infrastructure and energy transition projects within Lagos State. At the same time, the entry of a state-backed participant may reshape competitive dynamics, influence access to certain assets or projects, and require market participants to engage more closely with state-level institutions alongside federal regulators.

Issuance of the Lagos Electricity Regulatory Order

Pursuant to its statutory mandate, the Lagos State Electricity Regulatory Commission (LASERC) issued Order No. LASERC/ORDER/001/2025 on 6 June 2025 (the Lagos Order). The Lagos Order formally announced the commencement of LASERC's regulatory authority over the Lagos electricity market and directed all entities engaged in electricity-related activities within Lagos State

Implications of the Lagos Order for Operations in the Lagos Electricity Market

Under the Electricity Act and existing NERC Transfer Orders, specific transition activities are required to be completed before regulatory oversight is formally transferred from NERC to a state electricity regulator. These transition activities are designed to ensure continuity, regulatory clarity, and an orderly handover of supervisory authority. To the best of public knowledge, these transfer activities had not been fully concluded at the time LASERC announced the commencement of its regulatory oversight.

to apply for appropriate licences from LASERC, regardless of any approvals or licences previously issued by other regulatory authorities.

In practical terms, the Lagos Order purports to require all existing market participants operating within Lagos State to regularise their activities under the LASERC licensing framework. Neither the Lagos Order nor the subsequently issued Lagos State Electricity Regulatory Commission (Application for Licences – Generation, Transmission, System Operations, Distribution, Supply and Trading) Regulations, 2025 specifies a transition timeline or grace period for compliance. This absence of a defined compliance window introduces regulatory uncertainty for operators, particularly those currently operating under licences or permits issued by the Nigerian Electricity Regulatory Commission (NERC). The combined effect of these instruments suggests that NERC-issued licences may no longer be sufficient for lawful operations within Lagos State.

Accordingly, operators seeking to continue lawful activities within the Lagos electricity market are required to obtain new licences or permits from LASERC. The Lagos Order further provides that failure to comply with this directive may attract administrative sanctions, including penalties of up to NGN 20,000,000, with additional daily penalties of NGN 20,000 for each day the non-compliance continues.

In this context, the immediate assertion of regulatory authority by LASERC over both existing and future operators raises questions regarding alignment with the statutory transition framework. It may therefore be contended that NERC retains regulatory oversight over electricity operations in Lagos State until the prescribed transfer activities are completed, notwithstanding the position articulated in the Lagos Order. Conversely, the Lagos Order may be regarded as having legal effect under the presumption of regularity, unless and until it is successfully challenged through administrative or judicial processes.

In the interim, a pragmatic interpretation may suggest that regulatory transition activities could proceed alongside the ongoing operation of the Lagos electricity market. However, this approach creates practical and legal complexity for operators and investors. Market participants may find themselves subject simultaneously to NERC's regulatory regime and LASERC's newly introduced licensing requirements, thereby increasing compliance obligations and regulatory exposure.

The absence of a clearly defined compliance timeline under the Lagos Order further exacerbates these challenges, potentially increasing operational costs and creating uncertainty that could affect investment planning and market efficiency. This outcome appears inconsistent with the underlying objective of the Electricity Act, which envisages a coordinated and cooperative regulatory relationship between federal and state regulators to ensure regulatory coherence across Nigeria's electricity market.

Further clarification from LASERC on the scope, timing, and application of its licensing requirements would assist in mitigating uncertainty. In the meantime, existing operators and prospective investors are advised to seek specialised legal guidance to evaluate their compliance obligations and manage regulatory risk arising from the Lagos Order and the evolving structure of the Lagos electricity market.

Legislation of the Other State Houses Of Assembly

a. Anambra State Electricity Law, 2025

The Anambra State Electricity Law, 2025 was enacted by the Anambra State House of Assembly and signed into law in 2025 to establish a comprehensive legal and regulatory framework for electricity generation, transmission, distribution, supply, and trading within Anambra State. The Law gives effect to the decentralisation of electricity regulation permitted under the Electricity Act, 2023, and establishes the Anambra State Electricity Regulatory Commission (ASERC) as an independent regulator with powers to license operators, set and review tariffs, enforce service standards, protect consumers, resolve disputes, and regulate all intra-state electricity activities. Following the coming into force of the Law and the operationalisation of ASERC, regulatory oversight of electricity activities wholly within Anambra State was formally transferred from the Nigerian Electricity Regulatory Commission (NERC) to ASERC pursuant to a NERC transfer order issued in 2025. The Law is designed to improve electricity reliability, attract private sector investment, promote cost-reflective and transparent tariffs, enhance consumer protection, and support economic development within the State through a more competitive and efficiently regulated electricity market.

b. Abia State Electricity Law No. 2, 2025

Abia State enacted the Abia State Electricity Law No. 2 of 2025, assented by the Governor on 17 March 2025, which establishes the Abia State Electricity Regulatory Authority (ASERA) and provides the legal framework for the state to regulate intrastate electricity generation, distribution, retail and licensing. The law delegates to ASERA powers to license generation projects, oversee safety and technical standards, set local retail rules, and take over regulatory oversight from the federal regulator for assets and activities within the state, consistent with decentralisation provisions in the national Electricity Act. For stakeholders, the law signals a new regulatory frontier at the sub-national level: developers and investors must now factor in state licensing, compliance obligations and transfer orders (from NERC) when planning projects in Abia; DisCos, mini-grid developers and service providers should expect a transition of oversight and new permit processes.

Legislation of the Other State Houses Of Assembly

c. Gombe State Electricity Law, 2025

The Gombe State Electricity Law, 2025, assented in early May 2025 (reported 5 May 2025), creates a statutory framework for a Gombe State Electricity Market and establishes a Gombe State Electricity Regulatory Commission (GSERC) to regulate intrastate electricity activities. The law empowers the state to licence local generation, guide municipal distribution projects (including municipal mini-grids and public lighting), and set safety and planning standards; it also enables Gombe to develop state-led electrification programmes such as solar street lights funded by the state budget. For investors and businesses, the law opens state-level procurement and public-private partnership opportunities (e.g., solar street lighting, municipal generation), but also requires engagement with GSERC for approvals and compliance, a material change in the regulatory landscape for projects sited in Gombe State.

d. Osun State Electricity Market Law, 2025

Osun State's Electricity Market Law 2025, passed by the State House of Assembly and publicised on 29 July 2025, establishes an Osun State Electricity Regulatory Agency and a state electricity market designed to encourage local generation, improve service delivery and create a dispute resolution mechanism between customers and distribution companies. The law provides for licensing of embedded and distributed generation projects, local content requirements, and consumer protection measures aimed at improving service quality within the state. Stakeholders should view this as both an opportunity and a compliance imperative: local businesses and mini-grid developers gain a clearer route to licencing and tariff setting within Osun, while incumbent DisCos must adapt to parallel state oversight and enhanced consumer protection obligations.

Contact@strenandblan.com
www.strenandblan.com

Subsidiary Instruments, Directives, and Circulars

NERC Order On The Delineation Of Assets And Liabilities Of Distribution Licensees, 2025

On 28 March 2025, the Nigerian Electricity Regulatory Commission NERC) issued Order No NERC/2025/028 on the Delineation of Assets and Liabilities of Distribution Licensees (the "Order"). The Order represents a critical step in operationalising the Electricity Act 2023 (the "EA"), particularly its decentralisation mandate, which empowers States to establish their own electricity markets under the oversight of the State Electricity Regulatory Authority Commissions (SERCs).

As part of the implementation of the transfer of regulatory oversight under Section 230 of the Electricity Act, Distribution Companies ("DisCos" or "HoldCos") are required to incorporate successor companies ("SubCos") and transfer to them all assets, liabilities, and relevant obligations associated with intra-state electricity supply and distribution, once a State Electricity Regulatory Commission (SERC) is established. However, stakeholders in the power sector had identified the absence of a clear and uniform framework for the delineation and transfer process as a significant impediment to decentralisation. In response to these concerns, the Order provides a structured methodology for delineating responsibilities across four key areas namely: assets, liabilities, contractual obligations, and employees, to ensure an orderly and transparent transition process.

Delineation of Assets

* The Order classifies assets to ensure regulatory clarity, proper transfer of essential infrastructure, and accountability during the transition to state level oversig st. It includes two main categories:

(a) Core Assets refer to the critical equipment and infrastructure directly used for electricity distribution, such as transformers, distributionlines, substations, meters, and protective devices.

These assets are integral to DisCos' technical operations and revenue generation and are prioritised in delineation.

(b) Non-Core Assets are properties and other resources not directly tied to electricity delivery. These may include buildings, land, warehouses, IT systems for non-operational functions, and non-service vehicles. Although they hold financial or strategic value, they do not affect electricity supply continuity.

Regulatory Asset Value (RAV) Considerations

The Regulatory Asset Value represents the asset base on which Discos are permitted to earn regulated returns under the Multi-Year Tariff Order (MYTO) methodology. It includes both core and non-core assets. In determining RAV, NERC is not bound by the book or accounting value of assets. Instead, it applies regulatory valuation principles to ensure that only relevant and efficient investments are recognized. These principles include:

(a) Prudent cost of purchase- the asset must have been acquired at a reasonable and justifiable cost in line with industry standards.

(b) Used and useful standard -the asset must actively contribute to the provision of electricity services to be included in the RAV.

For delineation purposes, the combined RAV of all SubCos within a DisCo must exactly match the RAV of the parent DisCoas established in thelatest MYTO. This aggregate RAV is then apportioned to each SubCo pro-rata based on historical energy consumption within each franchise State between January and December 2024.

Implications for Stakeholders in the Power Sector

For stakeholders, including investors, DisCos, financial institutions, and consumers, the Order provides much-needed regulatory certainty in the decentralisation process.

Investors and lenders gain clarity on asset ownership, liability apportionment, and revenue expectations, which can inform risk assessments and financing decisions. DisCos and SubCos now have a structured path for compliance, reducing the risk of operational disputes or regulatory infractions. Consumers stand to benefit from improved regulatory oversight and service delivery through State-level engagement.

However, stakeholders must also prepare for transitional challenges. These include reconciling existing financing arrangements, navigating employee transfer frameworks, and addressing infrastructure ownership tied to legacy obligations.

Implications for State-Level Electricity Transition

For States establishing their own SERCs, the Order enables a clearer and more coordinated transition to independent electricity markets. The delineation of assets and liabilities provides the foundation for licensing new SubCos, setting tariffs, and planning infrastructure investments tailored to local needs.

States must ensure that the delineation is executed transparently and that capacity exists within their regulatory

bureaus to supervise the resulting market entities. Furthermore, cooperation with NERC remains essential during the transitional period, especially regarding the pro-rata transfer of legacy obligations and alignment of policy objectives. In the long term, States that effectively manage the transition process stand to gain from enhanced energy security, investment inflows, and increased accountability in power sector governance.

NERC Issues Code of Corporate Governance For NESI

In 2025, the Nigerian Electricity Regulatory Commission (NERC) issued a Code of Corporate Governance for the Nigerian Electricity Supply Industry (NESI), setting out minimum governance standards applicable to licensed operators across the electricity value chain, including generation, transmission, distribution and system operations. In response to persistent governance inefficiencies within the Nigerian Electricity Supply Industry (NESI), the Nigerian Electricity Regulatory Commission (NERC), on 30th May 2025 issued the Code of Corporate Governance for NESI 2025 (the Code). The Code provides the framework for exemplary governance, ethical conduct, and operational excellence of licenses in NESI. By promoting accountability, transparency, and sustainability, the Code seeks to restore confidence among investors, consumers, and other stakeholders. It also aims to enhance the sector's ability to attract much-needed investments, improve service delivery and ultimately contribute to the nation's economic growth. This initiative by NERC is part of the wider reform efforts under the Electricity Act 2023, aimed at deepening transparency, accountability, and investor confidence in the power sector.

The Objectives of the NESI Code

The NESI Code is designed to serve as a transformative framework inspired by the recognition that good corporate governance practices are essential not just for internal efficiency, but for broader system stability. Its key objectives may be summarized as follows:

(ix) institutionalizing governance principles of accountability, transparency, and fairness;

(x) promoting ethical leadership and the independence of governance structures;

(xi) enhancing investor trust and sector-wide credibility; and

(xii) strengthening stakeholder engagement.

To this end, the NESI Code introduces a principles-based governance framework rooted in nine core principles detailed in the Appendix of the Code, which are as follows:

- accountability and responsibility;
- fiduciary responsibility and stakeholder interests;
- accountability and justifiability;
- ethical conduct and integrity;
- reputation and reputational risk;
- fairness and equitable treatment;
- relationship with stakeholders;
- independence of character and judgement; and
- transparency and clear disclosure

Scope of Application & Consequences of Non-Adherence

The NESI Code applies to all persons licensed under section 63 of the EA to engage in generation, distribution, transmission, system operations, supply, or trading within the NESI. 4 Importantly, the scope as expressed would not extend to entities licensed by state regulators pursuant to state electricity laws. In the wake of the EA, as more states begin to establish their respective electricity markets, the corporate governance of entities operating in the state electricity markets will be regulated by existing corporate governance standards such as those obtainable under CAMA, the NCCG 2018, the SEC Guidelines (in the case of public companies) or other power sector-specific standards as may be introduced by the relevant state electricity regulator over time. Where an entity to whom the NESI Code applies fails to abide by the aforementioned principles set out under the NESI Code, such an entity shall be liable to sanctions in accordance with the terms of the EA5 or such other subsidiary instrument as may be issued by NERC.

Guidelines On Commercial Framework For Interconnected Mini-grids, 2025

The Electricity Act 2023 repositioned mini grids as a central element of Nigeria's electricity market architecture, moving them beyond their traditional role as rural electrification tools into a recognised and commercially viable subsector through a formal licensing regime. This policy direction has been further strengthened by the issuance of the Guidelines on the Commercial Framework for Interconnected Mini Grids 2025, which provide an operational roadmap for integrating mini grids into the broader distribution network and underscore their importance to ongoing power sector reforms.

A core objective of the Electricity Act 2023 is the accelerated deployment of renewable energy. In furtherance of this objective, the Nigerian Electricity Regulatory Commission issued the April 2024 Supplementary Multi-Year Tariff Order, requiring Distribution Companies to progressively migrate customers in lower service bands to Band A service levels.

To support this transition, Distribution Companies were directed to procure a defined portion of their load from embedded generation sources, with at least 50 per cent of such procurement derived from renewable energy.

These measures have significantly stimulated activity in the mini grid segment, evidenced by the issuance of 85 mini grid licences and permits by the Nigerian Electricity Regulatory Commission between April 2024 and the third quarter of 2025, reflecting the suitability of mini grids for decentralised renewable-based power solutions.

Despite this momentum, the physical and commercial integration of mini grids into Distribution Company networks has been constrained by several challenges. These include funding and cost recovery concerns, affordability of tariffs, perceived political and security risks, regulatory delays and technical limitations within existing distribution infrastructure. The Interconnected Mini Grid Commercial Guidelines seek to mitigate some of these constraints by establishing a clearer and more predictable commercial framework for interaction between interconnected mini grids and Distribution Companies. In particular, the Guidelines address long-standing uncertainties around pricing by defining how key cost components namely distribution use of system charges or rental fees, cost of energy and the treatment of legacy debts transferred to interconnected mini grids are to be determined, thereby improving bankability and reducing commercial friction within the mini grid ecosystem.

NERC published Guidelines on the Commercial Framework for Interconnected Mini-Grids (effective 1 December 2025) to clarify commercial and settlement arrangements when mini-grids synchronise or interconnect with legacy DisCo networks.

Key Highlights

a. Rental Fee and Distribution Use of System:

Under the Mini Grid Regulations 2023, an interconnected mini grid operator is required to pay a Distribution Company a Distribution Use of System charge for access to the distribution network. This charge represents the fixed component of the commercial arrangement and is intended to allow the Distribution Company recover investments made in the distribution network and any dedicated interconnection assets provided for the use of the mini grid operator. The 2025 IMG Commercial Guidelines clarify the basis for calculating this charge by identifying its components as the allowable return on capital invested in the distribution infrastructure, excluding returns on working capital, and the return on the depreciation of distribution assets over their useful life. These components together form the monthly rental fee payable by the mini grid operator to the Distribution Company.

b. Cost of Energy:

In addition to the fixed rental fee, a mini grid operator is required to pay a variable monthly charge for electricity supplied by the Distribution Company, referred to as the Cost of Energy. The Cost of Energy is made up of several elements, including Nigerian Electricity Regulatory Commission approved borrowings and market stabilisation funds, the applicable regulated tariff for the mini grid location and customer band, transmission and system operation charges, approved market and administrative costs, thirty three per cent of the Distribution Company network operating expenditure attributable to services provided to the mini grid, and twenty five per cent of the Distribution Company allowed aggregate technical commercial and collection losses incurred between the thirty three kilovolt transformer and the mini grid interconnection point.

c. Legacy Debt:

Where customers to be served by an interconnected mini grid are indebted to a Distribution Company, the Guidelines require the execution of a debt recovery agreement between the mini grid operator and the Distribution Company. This agreement specifies the proportion of customer payments to be applied towards settling the outstanding debt, subject to a maximum of ten per cent of customer billing or vending. This approach seeks to balance debt recovery with the financial sustainability of the mini grid operation.

d. Applicability of the 2025 IMG Commercial Guidelines

The 2025 IMG Commercial Guidelines apply to Distribution Companies, interconnected mini grid developers and operators, and other participants in the mini grid segment.

They are issued by the Nigerian Electricity Regulatory Commission pursuant to the Electricity Act 2023 and the Mini Grid Regulations 2023. While the Electricity Act empowers States to regulate electricity activities within their territories, including mini grids, it also preserves a continuing regulatory role for the Commission in States that lack an established legal and institutional framework for mini grid regulation or where mini grids rely on the national grid. Accordingly, the Guidelines continue to operate as the default commercial framework for interconnected mini grids in States that have not issued their own mini grid regulations or commercial pricing frameworks, pending the adoption of State specific regimes

NERC Order on the Mandatory Integration of Grid-connected Generating Units into the SCADA/EMS

On 22 May 2025, the Nigerian Electricity Regulatory Commission (NERC) issued a directive mandating the full integration of all grid-connected power plant generating units into the Supervisory Control and Data Acquisition and Energy Management System (SCADA/EMS) of the Transmission Company of Nigeria Plc (TCN). The directive, formally titled the Order on the Mandatory Integration of Grid-Connected Generating Units into the New SCADA/EMS for the Nigerian Electricity Supply Industry (the Order), establishes a structured framework aimed at strengthening real-time visibility, control, and coordination of grid operations across the Nigerian Electricity Supply Industry (NESI).

The Order is issued pursuant to NERC's regulatory oversight powers and is intended to ensure full compliance with the Grid Code for the Nigerian Electricity Transmission System (the Grid Code), particularly in relation to system operations, data exchange, and real-time communications between market participants.

Objectives of the Order

The primary objective of the Order is to enhance the operational integrity, reliability, and stability of the national grid by mandating the integration of all grid-connected generating units into the SCADA/EMS platform. This integration enables real-time monitoring, supervision, and control of power generation, thereby supporting more responsive and efficient grid management.

The Order also seeks to enforce compliance with Sections 12.2 and 20.16 of the Grid Code, which require Generation Companies (GenCos) to maintain continuous data exchange and communication with the Nigerian Independent System Operator (NISO). Through this framework, the Order facilitates real-time visibility of generation output, improves fault detection, enables automated load dispatch and automatic generation control, and ultimately minimises system disturbances. In addition, the Order supports more efficient electricity market operations by ensuring the availability of accurate operational data for market settlements, forecasting, ancillary services, and stable interstate and international grid operations in Nigeria's evolving multi-tier electricity market.

Scope and Application

The Order applies to all grid-connected Generation Companies (GenCos) operating within the Nigerian Electricity Supply Industry. It covers every generating unit connected to the national transmission grid, regardless of capacity, ownership structure, or fuel type. All affected GenCos are required to achieve full SCADA/EMS integration no later than 31 December 2025, subject to verification and certification by the NISO.

Obligations of Grid-Connected Generation Companies

Pursuant to the Order, all grid-connected GenCos are required to comply with the following obligations:

a. provide SCADA-compliant data acquisition and control facilities compatible with the TCN SCADA/EMS;

b. ensure real-time transmission of critical operational parameters, including active power, reactive power, frequency, voltage levels, circuit breaker status, and fault alarms;

c. deploy communication infrastructure that is fully compatible with TCN's SCADA/EMS protocols;

d. install and maintain all relevant field devices in a functional and operational state;

e. establish a secure, reliable, and continuous communication link with the Nigerian Control Centre;

f. complete all required testing, commissioning, and validation processes with the NISO prior to the stipulated deadline; and

g. permit the NISO to remotely monitor and control dispatch-related parameters through the Energy Management System.

Enforcement and Compliance Mechanisms

The Order introduces clear enforcement measures to ensure compliance and accountability across the generation segment. The NISO is mandated to monitor the integration status of all grid-connected GenCos and submit monthly compliance reports to NERC. Where a GenCo fails to integrate its generating unit(s) into the SCADA/EMS by 31 December 2025, such GenCo shall be liable to a penalty of 1% of its total energy invoice for each month of non-compliance.

This penalty will be netted off by the NISO during monthly market settlements and credited to the ancillary services account. In addition, any grid-connected GenCo whose generating unit(s) fails to transmit real-time data or respond to supervisory commands in accordance with the Grid Code may have the affected unit(s) disconnected from the national grid.

Such disconnection shall remain in force until the NISO certifies that the unit(s) is fully compliant with SCADA/EMS integration requirements.

Implications for Market Participants

The Order has significant operational, commercial, and regulatory implications for GenCos and other market participants.

GenCos will be required to make necessary technical and capital investments to upgrade communication infrastructure, field devices, and control systems to meet SCADA/EMS standards. Failure to do so exposes operators to financial penalties, loss of dispatch priority, and potential disconnection from the grid.

From a market perspective, the Order strengthens transparency and data integrity, which is critical for accurate market settlements, improved forecasting, and efficient provision of ancillary services. It also enhances grid reliability and supports Nigeria's broader objective of reducing grid instability, system disturbances, and recurring grid collapses linked to inadequate real-time coordination.

The NERC Order on the Mandatory Integration of Grid-Connected Generating Units into the SCADA/EMS represents a significant regulatory intervention aimed at modernising grid operations and strengthening system reliability in Nigeria's electricity sector. By enforcing real-time data visibility, operational discipline, and compliance with the Grid Code, the Order positions SCADA/EMS integration as a cornerstone of a more stable, transparent, and data-driven electricity market. All grid-connected GenCos are required to comply with the Order by the stipulated deadline or face substantial financial penalties and possible disconnection from the national grid.

(v) GUIDELINES ON REGISTRATION AND ENGAGEMENT OF THIRD-PARTY COLLECTION SERVICE PROVIDERS

In furtherance of the implementation of the Nigerian Electricity Regulatory Commission ("NER")'s Order No. NERC/183/2019, which mandates the migration of Industrial, Commercial and R3 (now Maximum Demand Residential customers to cashless payment platforms and registration of collection agents and service providers in order to reduce collection losses within the Nigerian Electricity Supply Industry ("NESI"), NERC issued the Guidelines on the Registration and Engagement of Third-Party Collection Service Providers (the "Guidelines") on May 27, 2025.

The Guidelines introduce a clear framework for the engagement of Third-party Collection Service Providers ("CSPs") by Distribution Companies ("DisCos") and the registration of CSPs with NERC. CSP's are agents engaged by DisCos to facilitate billing and payment collection from the sale of electricity to non-Maximum Demand end-users. These include Super Agents, Sub-Agents, Payment Solution Service Providers, and Payment Terminal Service Providers.

Scope and applicability

The Guidelines apply to DisCos and CSPs operating within States where NERC still exercises regulatory oversight. Thus, the application of the Guidelines does not extend to any entity operating exclusively within States that have assumed regulatory control over their respective electricity markets pursuant to Section 230 of the Electricity Act 2023 (as amended).

Registration requirement of CSPs

Under the Guidelines:

- CSPs are required to be registered with NERC prior to being eligible to render services within the NESI.

- DisCos shall only engage CSPs licensed by CBN and registered with NERC.

(vi) REGISTRATION OF THE COLLECTION SERVICE CONTRACTS BETWEEN CSPS AND DISCOS

In addition to the mandatory registration of CSPs, the Guidelines further require that all Collection Service Contracts ("CS") executed between CSPs and DisCos be submitted to NERC for approval and registration prior to commencement. It is the responsibility of the DisCos to present the CSC to NERC for approval and registration, alongside the following documents.

- Valid License or Permit issued by the Central Bank of Nigeria;

- Executed Agreement between the parties;

- Certificate of Incorporation;®

- Reference letter from the SP's banker;

- Valid Tax Clearance Certificate for the last three years;

▪ VAT Registration Certificate;

▪ List of sub-agents (ifany;

▪ API System Integration Agreement with the Nigerian Inter-Bank Settlement System ("NIBSS"); and,

▪ Payment of a non-refundable registration fee of N100,000 to NERC.

▪ Each CSC submitted for, NERC's approval must clearly state the collection channel and the transaction account details. Any subsequent changes to such account information must also be duly filed with NERC."

(vii) NERC ORDER ON THE MANDATORY IMPLEMENTATION OF FREE GOVERNOR CONTROL (FGC)

On 26 August 2025, the Nigerian Electricity Regulatory Commission issued the Order on the Mandatory Implementation of Free Governor Control, which takes effect from 1 September 2025. The Order introduces a mandatory operational and compliance framework requiring all grid-connected generating units in Nigeria to deploy, activate, and continuously operate Free Governor Control mechanisms.

The Order is intended to address persistent grid instability issues linked to frequency control failures and to enforce strict compliance with the Grid Code for the Nigerian Electricity Transmission System.

Regulatory Basis and Rationale

The Order is issued pursuant to sections 34(1)(e), 34(2)(b), and 34(2)(f) of the Electricity Act 2023, which empower the Commission to ensure reliability and quality of electricity supply, approve and enforce operating codes and standards, and sanction non-compliant licensees. It also gives effect to sections 12.6.2 and 15.8.3 of the Grid Code, which require all generating units to be equipped with fast-acting governor control systems capable of providing primary frequency control under both interconnected and isolated operating conditions.

The Commission's intervention follows multiple grid disturbance incidents recorded in 2024, including full and partial system collapses.

Incident reports submitted by the Transmission Company of Nigeria identified failure by certain Generation Companies to activate Free Governor Control as a contributing factor, underscoring systemic non-compliance with existing Grid Code obligations.

Key Requirements Under the Order

The Order mandates all grid-connected Generation Companies to install and maintain fast-acting Free Governor Control systems on every generating unit and to ensure that such systems always remain active and responsive. All generating units are required to be fully FGC compliant by 30 November 2025. In addition, Generation Companies must procure Grade Level 5 metering systems with internet-enabled monitoring capabilities for each generating unit and notify the Nigerian Independent System Operator of readiness for installation by 31 October 2025. These meters must be capable of measuring active power, reactive power, power factor, terminal voltage, and frequency.

Monitoring and Enforcement Framework

The Order assigns responsibility to the Nigerian Independent System Operator to install and integrate the metering infrastructure, monitor real-time compliance, and maintain detailed hourly records of FGC performance across all generating units. NISO is required to compile monthly compliance reports and submit them to the Commission to support regulatory oversight and enforcement. This monitoring framework is designed to introduce transparency, enable real-time validation of compliance, and strengthen system discipline across the generation segment.

Sanctions and Penalties for Non-Compliance

Generation Companies that fail to integrate and activate Free Governor Control in accordance with the Grid Code by the stipulated deadline will be subject to financial penalties. The applicable sanction is a prorated ten per cent deduction from the invoice attributable to the defaulting generating unit for each period of FGC non-compliance. Where a generating unit remains non-compliant for ninety consecutive days, the unit will be disconnected from the national grid. Reconnection is conditional upon certification by NISO that the unit has fully complied with all FGC requirements.

Penalties are to be administered through the market settlement process, with NISO responsible for billing, collection, and dispute resolution in line with the Market Rules. All penalty proceeds are to be paid into the Ancillary Service Account.

Applicability

The Order applies to all grid-connected Generation Companies and generating units operating within the Nigerian Electricity Supply Industry. It is binding on licensees under the Electricity Act 2023 and operates alongside the Grid Code and the Market Rules. Compliance is mandatory irrespective of plant technology or capacity, provided the generating unit is connected to the national grid.

Implications for the Power Sector

The Order represents a significant escalation in regulatory enforcement of frequency control obligations within Nigeria's power sector. For Generation Companies, it introduces immediate capital and operational requirements relating to control systems, metering infrastructure, and compliance monitoring. However, the broader implication is an expected improvement in grid stability, reduction in system collapses, and enhanced confidence in grid operations.

From a market perspective, the Order reinforces accountability within the generation segment and signals the Commission's readiness to deploy financial and operational sanctions to enforce technical compliance, thereby strengthening the overall reliability and resilience of Nigeria's electricity transmission system.

(viii) DRAFT NET BILLING REGULATIONS, 2025

Nigeria's electricity supply has historically been constrained by persistent shortcomings in generation, transmission, and distribution infrastructure, leading to frequent outages and unreliable service delivery. To bridge this gap, a significant number of electricity consumers have turned to self generation solutions. While diesel powered generators remain prevalent, there has been a notable increase in the adoption of large scale solar home systems as a cleaner and more cost effective alternative. In many cases, these solar installations generate electricity beyond household consumption needs, resulting in unused surplus energy.

The growing incidence of excess generation from consumer owned solar systems has intensified calls for a regulatory and technical framework that enables the injection of surplus electricity into the national grid. Such a framework would reduce energy wastage, support decentralised power generation, and enhance Nigeria's overall electricity supply while advancing the country's transition to a more sustainable energy mix.

In response to these developments, the Nigerian Electricity Regulatory Commission has exercised its powers under section 226 of the Electricity Act 2023 to issue the Draft Net Billing Regulations 2025. The Draft Regulations represent a significant policy step towards the structured integration of decentralised renewable energy systems into the national electricity network.

They set out the legal, technical, and commercial requirements for grid interconnection and establish a compensation framework for electricity consumers who supply surplus power to the grid within the Nigerian Electricity Supply Industry.

Although the Draft Regulations are currently subject to stakeholder consultation, their publication reflects the Commission's commitment to developing a comprehensive and standardised regime that supports distributed generation and promotes a more sustainable and participatory electricity market.

Objectives of the Draft Regulations

The Draft Regulations are designed to establish a safe, equitable, and efficient framework for the interconnection of customer-owned renewable energy systems, particularly solar photovoltaic installations, with the electricity distribution network.

Central to this framework is the recognition of electricity consumers as Prosumers, who are permitted to generate electricity primarily for self consumption while exporting surplus energy to the grid under a credit based billing arrangement.

By enabling active consumer participation in electricity generation, the Draft Regulations support the development of a decentralised and resilient power system while ensuring that grid safety, operational integrity, and system reliability are preserved. In addition, the Draft Regulations seek to introduce a transparent and standardised compensation mechanism for surplus electricity injected into the grid, ensuring that participating consumers receive fair value for exported energy. This approach is intended to incentivise further investment in distributed renewable energy technologies and accelerate Nigeria's energy transition objectives.

Key Provisions of the Draft Net Billing Regulations

The Draft Regulations apply exclusively to renewable energy systems connected to a distribution network in Nigeria, with a minimum installed capacity of 50kWp and a maximum capacity of 5MWp per Prosumer. The net billing framework is limited to solar and small wind energy systems.

Distribution Companies are required to enter into net billing arrangements with Prosumers on a first-come, first-served and non-discriminatory basis. However, the total excess capacity that may be injected into a DisCo's 0.4kV, 11kV or 33kV network must not exceed 30 percent of the average load on the relevant network.

a. Application Procedure

Prosumer seeking to participate in a net billing arrangement is required to complete a three stage approval process. First, the Prosumer must apply to the relevant DisCo, which is required to conduct a technical feasibility assessment of the distribution system and issue a Distribution System Technical Feasibility Report within ten days of receiving the application. Where the application is approved, the Prosumer must execute a net billing agreement with the DisCo within five days of receiving the report.

Second, the Prosumer must apply to the Nigerian Electricity Regulatory Commission for a registration certificate. Upon issuance of the certificate, the Prosumer is required to pay the applicable connectivity charge, install the renewable energy system and net meter within sixty days, and engage a certified engineer to prepare a net billing installation report.

Third, the Prosumer must apply to the Nigerian Electricity Management Services Agency for inspection and pre commissioning testing. NEMSA is required to conduct the inspection within ten days of receiving the application and issue an inspection certificate within seven days following a successful test. Thereafter, the Prosumer applies to the DisCo for commissioning, and the DisCo is required to commission the interconnection point within three days.

b. Technical and Operational Standards

The Draft Regulations impose detailed technical and operational requirements on all participants. Installation, interconnection, operation and maintenance of net billing systems must be carried out by a COREN licensed engineer. Voltage fluctuations at the point of interconnection must not exceed plus or minus five per cent of nominal voltage, while paralleling devices must withstand up to 220 percent of nominal voltage in compliance with IEC 61727 standards.

c. Metering Requirements

Prosumers are required to provide a revenue-grade import export or dual register smart meter that complies with the Metering Code and is capable of accurately measuring energy flows to and from the distribution network.

d. Applicable Tariffs

Electricity consumed by a Prosumer from the DisCo's network is billed at the applicable end user tariff approved by NERC. Electricity exported to the network is credited using a net metering tariff tool, comprising a fixed charge based on the average grid connected hydropower generation tariff approved by NERC and a variable charge reflecting the Prosumer's interconnection costs, excluding the cost of the renewable energy system.

e. Billing and Carried Forward Credits

DisCos are required to issue monthly bills showing energy imported, energy exported, applicable tariffs and the resulting net monetary position. Where the net bill is positive, the Prosumer is required to pay the DisCo within the prescribed settlement period. Where the net bill is negative, the Prosumer is entitled to a carried forward credit, which rolls forward indefinitely and may be applied to offset future consumption charges until utilised, transferred or extinguished.

The Draft Regulations limit eligible renewable energy sources to solar and small wind, excluding other renewable technologies such as hydro, biomass and biogas. This narrow scope raises questions as to the policy rationale and whether a more inclusive framework would better support Nigeria's energy transition objectives. Concerns have also been raised regarding the prescriptive nature of the technical requirements, with stakeholders suggesting that the framework be expanded to accommodate additional technologies that meet minimum safety and performance standards. Finally, while the Draft Regulations provide that disputes are to be referred to NERC for resolution, this should be clarified to reflect NERC's role as a first instance forum, with decisions subject to appeal in accordance with the Electricity Act 2023.

(ix) THE DRAFT GRID CODE VERSION 3

The Draft Grid Code Version 3 for the Nigerian Electricity Transmission System was issued by the Nigerian Electricity Regulatory Commission (NERC) in October 2025 as a proposed revision of the existing Grid Code. It was published online by NERC specifically for stakeholder consultation and public comment, and it does not yet have legal force. The draft seeks to update the technical, operational, planning, and safety rules governing the Nigerian electricity transmission system, particularly to reflect recent structural and institutional changes in the power sector, including the unbundling of system operation functions and the transition toward the Nigerian Independent System Operator (NISO). Until the draft is finalised and formally issued by NERC, the current approved Grid Code remains the operative instrument for transmission system participants.

(x) DRAFT NIGERIAN ELECTRICITY SUPPLY AND INSTALLATION STANDARDS (NESIS) REGULATIONS VERSION 2-

The Draft Nigerian Electricity Supply and Installation Standards (NESIS) Regulations Version 2 was also issued by NERC in October 2025 and published on its official website as a draft regulatory instrument for industry review. The draft is intended to revise and update the Nigerian Electricity Supply and Installation Standards Regulations 2015, which currently remain in force. The proposed regulations update technical and safety standards applicable to electricity generation, transmission, distribution, metering, and consumer installations, taking into account technological advancements and evolving regulatory realities in the Nigerian Electricity Supply Industry.

Contact@strenandblan.com
www.strenandblan.com

Key Relevant Judicial Decision Reached by the Courts

MainPower Electricity Distribution Ltd v. Enugu State Electricity Regulatory Commission (EERC) (Petition No. filed 14 August 2025)

MainPower Electricity Distribution Ltd (successor to Enugu Electricity Distribution Company) filed a petition before the Enugu Electricity Regulatory Commission challenging the EERC's tariff order that reduced Band A electricity tariff from ₦209/kWh to ₦160/kWh effective August 1, 2025.

Legal Basis for the Suit: The petition asserts that the EERC's tariff order (Order No. EERC/2025/003: Tariff Order for MainPower Electricity Distribution Limited 2025) did not comply with the Enugu State Electricity Regulatory Commission Business Rules (2024) and the Methodology for Tariff Regulation (EERC/R004: 2024) because the tariff parameters were not agreed upon by both parties or subjected to a formal hearing where no agreement was reached within the required 21-day period. MainPower alleges procedural irregularities and seeks suspension of the tariff order pending determination.

While this is an administrative petition before the EERC, not a judicial suit, it reflects a power-sector regulatory legal challenge involving tariff methodology and regulatory procedure. EERC subsequently held a public hearing on the petition in October 2025, bringing together stakeholders (including the Association of Nigerian Electricity Distributors (ANED) and consumer groups) to orally address the arguments relating to due process and tariff design.

Status of the Suit: At the close of 2025, the petition remained pending before the EERC, subject to administrative hearing and regulatory review. MainPower continues to challenge the tariff on grounds of procedural due process and adverse financial impact.

Conclusion

The regulatory and policy updates recorded in 2025 mark a significant step in the evolution of Nigeria's power and renewable energy sectors. State electricity laws enacted in Abia, Gombe, and Osun have expanded the decentralised regulatory landscape, requiring operators to engage with sub national regulators in addition to federal institutions. NERC's performance and governance orders have strengthened grid stability mechanisms, asset clarity during corporate transitions, and commercial frameworks for emerging market segments such as interconnected mini grids. Meanwhile, renewable energy procurement mandates, draft market rules, and fiscal incentives have created clearer pathways for clean energy investment and integration.

Looking forward to 2026, the focus is expected to shift toward implementation, coordination, and enforcement of the 2025 frameworks. Operational transitions in state markets will require alignment between federal and sub national authorities, particularly around asset delineation, tariff structures, and service delivery oversight. At the federal level, potential passage of the Electricity Act (Amendment) Bill could equip NERC with enhanced tools for regulatory intervention where performance standards are not met. In the renewable energy arena, the finalisation of Net Billing Regulations and execution of embedded procurement targets will be key determinants of market expansion, especially within distributed and off grid segments.

Overall, the 2025 regulatory landscape has laid important groundwork for a more decentralised, accountable, and investment oriented power and renewable energy sector. If these frameworks are implemented with coherence and clarity, they have the potential to support improved service delivery, broader energy access, and deeper integration of clean energy solutions, advancing Nigeria's longer term energy transition and sustainability goals.

About Stren & Blan Partners

Stren and Blan Partners is a world-class ingenious law firm with a beautiful blend of the brightest minds and well-rounded individuals championed with sole responsibilities of providing solutions to business problems and equally finding answers to the questions of our clients. We are a team always guided by our professional ethics. Also, honesty and transparency have been our watchwords in practice.

Stren & Blan Partners is a full-service commercial Law Firm that provides legal services to diverse local and multinational corporations. We have developed a clear vision for anticipating our clients' business needs and surpassing their expectations, and we do this with an uncompromising commitment to Client service and legal excellence.

The Authors

Ozioma Agu

Partner

Ozioma Agu
@strenandblan.com

Anjoreoluwa Boluwajoko

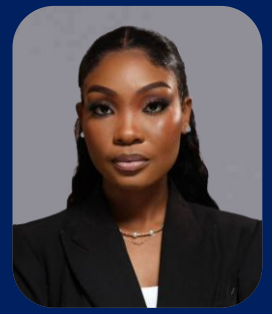
Associate

AnjoreoluwaBoluwajoko
@strenandblan.com

David Olajide

Associate

David Olajide
@strenandblan.com



Eniola Alayo

Associate

Eniola Alayo
@strenandblan.com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