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TCN Transmission Projects- Technical Due Diligence

Executive Summary

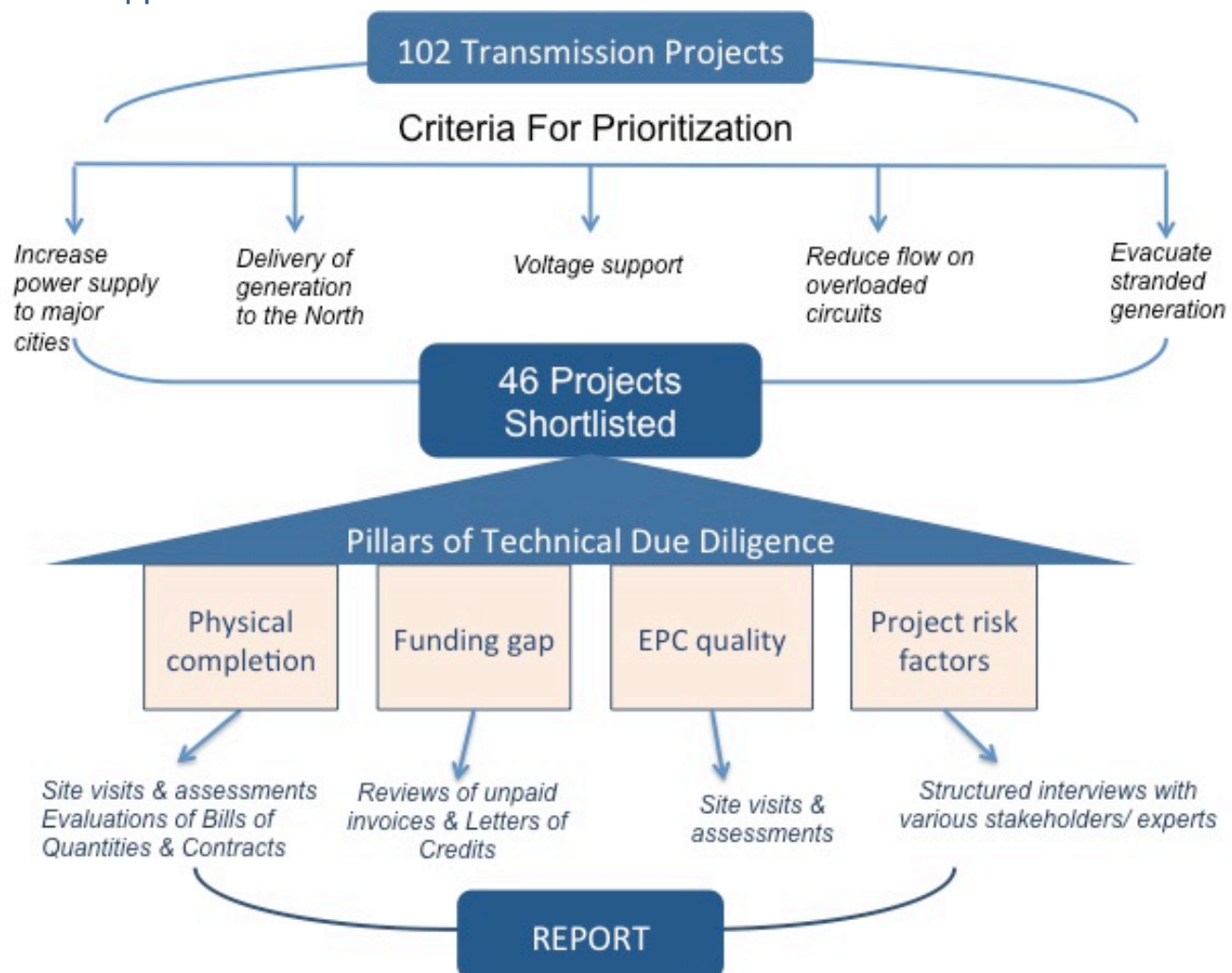
- In Q4 of 2015, the Nigerian Government's Advisory Power team (APT) requested NIAF's technical assistance with the conduct of due diligence on the portfolio of **102** on-going transmission projects.
- In quick response, NIAF undertook a first level assessment of the project portfolio and identified **46** projects as priority, based on their potential to:
 - Increase power supply to major cities;
 - Evacuate stranded generation;
 - Reduce flow on overloaded circuits and transformers and;
 - Deliver power to the north of the Country
- Full technical due diligence was conducted on the priority projects with the primary objective of establishing the status of each one as well as reliable cost estimates to complete the projects.
- The result of the due-diligence was a comprehensive report that provided previously unavailable information on priority projects. The report proved invaluable to the Government of Nigeria in the preparation of its capital budget for 2016.
- The report also reinforced the business case for the provision of additional technical assistance by DFID to the Transmission Company of Nigeria (TCN) in the area of project delivery.



The Challenges

- Nigeria's transmission infrastructure is grossly inadequate and only capable of delivering about 5,300MW of power to distribution companies.
- Over the years, transmission capital projects like other infrastructure projects in the country have suffered significant setbacks in execution not only due to the provision of inadequate funding but also for transactional (e.g. siting and permitting issues) and project management reasons.
- The absence of credible and readily available information on the conditions of the transmission projects have constrained the ability of key decision makers to rectify these issues.
- The exercise thus needed to be conducted with sufficient rigour and in a timely manner to ensure the baseline information provided fed into the 2016 Federal budget and influenced the allocation of resources to the transmission segment by both the Government and NIAF.
- A key threat to the timely delivery of the due diligence was NIAF's ability to mobilise necessary expert resources and enlist the cooperation of all key stakeholders (e.g. all EPC contractors, TCN project managers, wayleave experts etc.) at short notice.

The NIAF Approach



- The facility model allowed NIAF mobilise the necessary expert resources and enlist the cooperation of all key stakeholders at short notice.
 - The initial project prioritisation and subsequent due-diligence exercise entailed comprehensive load flow studies, reviews of the Transmission Company of Nigeria's project documentations, visits to the project sites as well as interviews with siting/permitting experts and legal advisers over a period of 2 months.
 - Success on this project was due, in large part, to the proper application of project management principles and techniques to the assessment.
 - Risks were identified and regularly monitored. Sound project performance reporting was applied regularly keeping the client (APT) abreast of developments.
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The Outcomes

- NIAF's Technical Due Diligence has become a critical enabler for crafting viable and practical solutions for the completion of stalled TCN projects. Unlike previous years where insufficient budgetary allocations to capital expenditure by the Government was prevalent, this Technical Due Diligence has informed the Federal Government, TCN and the National Assembly to make adequate appropriation for the 46 priority projects in 2016 budget.
- NIAF is also providing supplementary support to the TCN Project Delivery Team to complete the construction of the projects within the scope, timeline and budget of work for 2016 and 2017.
- It is expected that, collectively, the completion of these projects will increase the installed wheeling capacity of the grid by about 1,250 MW. Beyond their evacuation capabilities, the projects will support grid stability and increase flow of power to currently under-served areas.

