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Embedding the Power Sector Reform through the National Customer Enumeration Exercise

Executive Summary

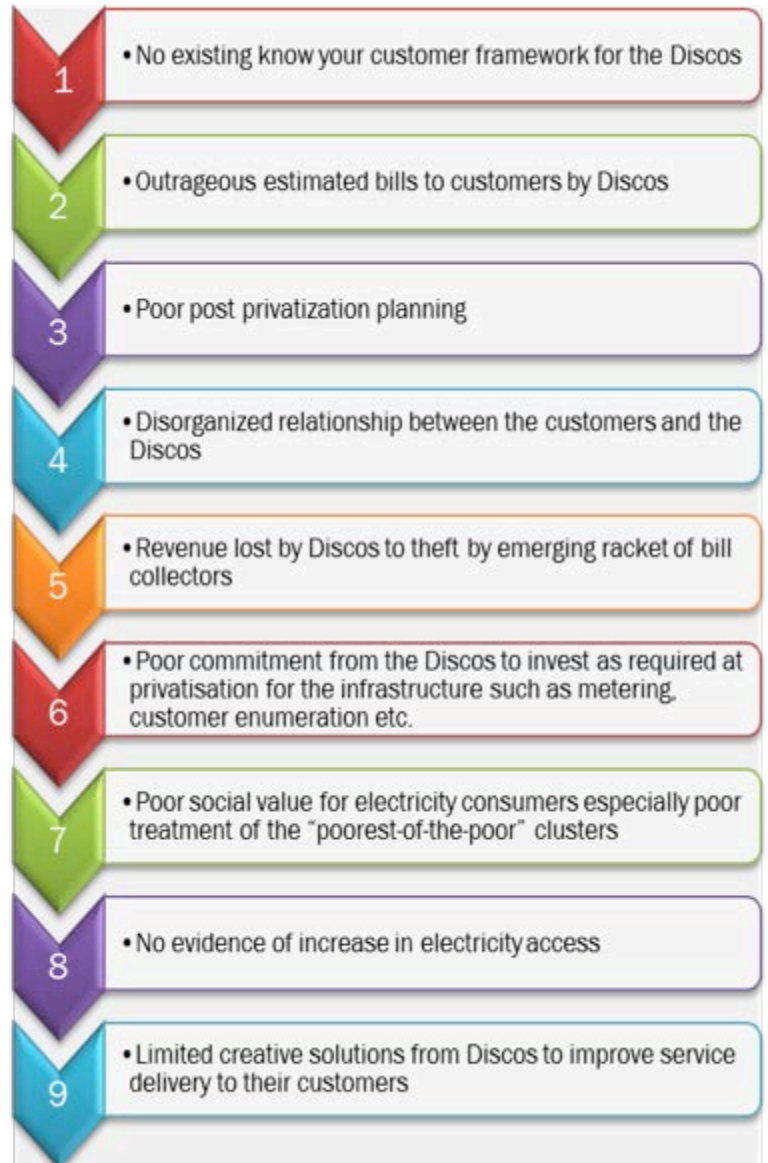
- NIAF advised and supported the Regulator – the Nigerian Electricity Regulatory Commission (NERC) – in the development of a pan-sector framework to conduct a national customer enumeration.
- Following the privatisation of distribution companies (DisCos), one of the problems faced in tackling ATC&C losses¹ reduction was the lack of knowledge on the customer base. The customer numbers in use were available pre-privatisation, mostly inaccurate and significantly unverified.
- This was a major contributor to the poor compliance on payments by the distribution companies. Accurate customer numbers are also relevant and important for regulatory and tariff setting purposes.
- The concept of the framework focused on a “Know your Customer” methodology for the Distribution Companies and the sector at large. The document was published in March 2016 as “Guidelines and Procedures for Distribution Licensees Customer Enumeration”.
- The guideline and procedure document is a significant project with NERC that championed a thorough DisCo-consultation process during the design phase. Successful completion will bring about operational improvement and increased accountability in the sector.



¹ Aggregate Technical Commercial and Collection Losses

The Challenges

- Immediately following privatisation, the new sector participants struggled to comply with market frameworks without accurate data available on the recently acquired businesses.
- The lack of verified customer numbers across the 11 DisCos undermined tariff determination, service delivery, and customer complaint handling procedures.
- The significant cost of customer enumeration was an incentive for the distribution companies to postpone the exercises.
- Government's monitoring and oversight were hampered due to insufficient customer data.
- In a similar fashion to the national census, the national customer enumeration is a fundamental building block, which if left uncompleted hinders the optimisation of other key processes.

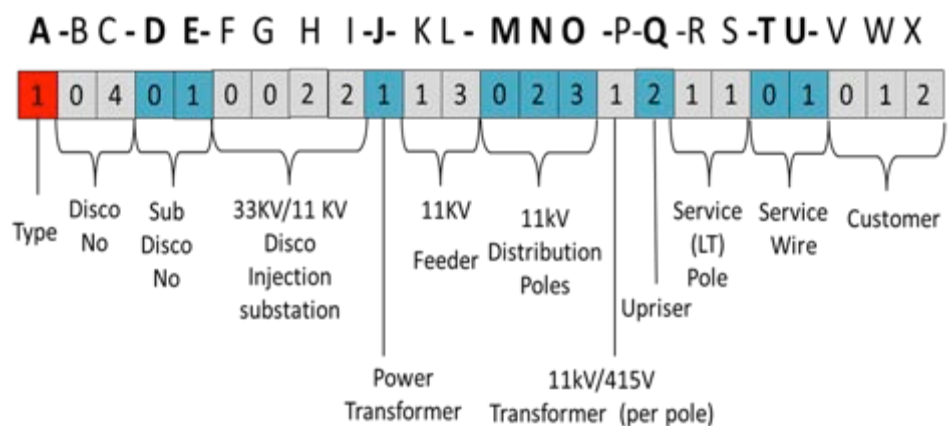


The NIAF Approach

- NIAF initially conducted a field exercise in southwest Nigeria, which revealed the pressing need for a national customer enumeration exercise for all distribution network coverage regions.

- NIAF then engaged with NERC based on evidence from the regional field work to make a case for a national customer enumeration exercise.
- The initial approach involved an extensive co-designing engagement between the DisCos and NERC. This resulted in an implementable framework, accepted by all parties due to the inclusive approach of the guideline development. This was codified in the regulatory order "Guidelines and Procedures for Distribution Licensees Customer Enumeration" in March 2016.

- The NIAF approach entailed developing a 24-digit Customer Identification Number (CIN) that links mapped electrical assets to corresponding customers connected to the distribution network.



The Outcomes

- Customer enumeration is helping build the integrity of the industry's customer database by identifying all electricity users that are connected to distribution facilities, and consequently those that are not currently billed for their usage.
- There are reports of an increasing number of billed customers in some DisCos that have advanced in the implementation of the guidelines.
- Enumerated customer data currently being submitted to NERC empowers it to continue protecting the different customer classes especially the most vulnerable – “the poorest of the poor” - from unfair treatment and exploitation. It also helps keep the DisCos accountable for the service delivery levels to various clusters.
- Data-Management capacity is being built across NERC and DisCo staff, which should form the corner-stone of a data-driven industry going forward, leading to more accurate and transparent regulations.
- NIAF continues to promote a collaborative approach to the NERC – DisCo interface, championing inclusive methods to solution design for sector challenges. A stronger dialogue between regulator and licenses is a pre-requisite of power sector performance improvement.

