



EERC/PD/2025/001

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**DECISION ON THE PETITION BY  
MAINPOWER ELECTRICITY DISTRIBUTION  
LIMITED AGAINST ORDER NO:  
EERC/2025/003**

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## PURPOSE OF THIS DOCUMENT

- 1) This document sets out the decision of the Enugu State Electricity Regulation Commission (hereinafter referred to as the “EERC’ or “Commission”) made on the reliefs MainPower Electricity Distribution Limited (hereinafter referred to as “MPEDL”) sought against the revenue requirement (RR) the Commission approved and directed the company to implement from 1 August 2025. The said Order is identified as number: EERC/2025/003<sup>2</sup>.
- 2) On 16 October 2025, the Commission held a public hearing, pursuant to the guidelines contained in its Business Rule<sup>3</sup>. It took cognizance of provisions encapsulated in three (3) of the several statutes that guide the Commission in administering the social contract between MPEDL and its consumers, namely: (i) the Constitution of the Federal Republic of Nigeria 1999 (as amended), (ii) the Electricity Act of 2023, and (iii) the Enugu State Electricity Law of 2023.
- 3) The evidentiary process EERC followed to receive oral and written evidence from MPEDL and the approved interveners revealed other urgent issues, which when addressed would promote the formulation, implementation, and evaluation of initiatives in the evolving electricity market in Enugu State. Specifically, due to the findings from the petition proceedings, in the short term, the Commission shall steer forward guidelines for the following regulatory interventions:
  - i. Valuing and determining an appropriate monetary value of the assets MPEDL uses to carry on its licensed distribution business in Enugu State, that is, MPEDL’s regulatory asset base (RAB).
  - ii. The value of the assets procured with the loan and physically located in Enugu State which have been added to MPEDL’s RAB and is being recovered from customers across all the service bands.
  - iii. Verifying outstanding portion of the invoices EEDC received from the Nigerian Bulk Electricity Trading (NBET) PLC, pursuant to the terms and conditions of the Vesting Contract the company executed with NBET and

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<sup>1</sup> MPEDL holds a dual role as the distribution network owner (DNO) and system operator (SO) in Enugu State.

<sup>2</sup> (July 2025), ‘Tariff Order for Main Power Electricity Distribution Limited 2025’.

<sup>3</sup> ‘Enugu State Electricity Regulatory Commission. Business Rules of the Commission. Regulation No. EERC – R – 001’.

determining the portion of that debt that is due to MPEDL for recovery through tariffs.

- iv. Authenticating the accrued interest due from the EEDC and the prorated portion due from MPEDL, for recovery through the rates consumers pay.
  - v. Approving a comprehensive *ex-post* twenty-four (24) months evaluation of the tariff all service bands pay<sup>4</sup>, to determine customer satisfaction<sup>5</sup> and responsiveness<sup>6</sup> as well as the financial<sup>7</sup>, operational, and cost<sup>8</sup> impacts<sup>9</sup> to MPEDL.
- 4) When completed, the Commission will direct MPEDL to use the ‘new’ values obtained from carrying out items (i) to (iv) above, to recalibrate a new RR and approve recovery of incremental cost from all customer service bands.
- 5) This document discusses the reliefs MPEDL sought which the Commission deemed as making up the ‘issues list’ for the petition proceedings. It summarizes the rationale for the decision<sup>10</sup> the Commission makes on each issue, and the interventions that would transform MPEDL into a more efficient distribution company. Additionally, this document reveals how the Commission, customers and stakeholders can have unhindered bird’s-eye view on the strategic and tactical initiatives MPEDL adopts across its lines of regulated business. By this

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<sup>4</sup> MPEDL’s plan shall be based on empirical methodological approaches with testable econometric and non-econometric techniques.

<sup>5</sup> ‘Simplicity, understandability, public acceptability and feasibility of application, and tariff stability that is evidenced by minimum of unexpected changes that has the potential to inflict seriously adverse effect on existing customers (James C. Bonbright., (Reprint 2005). *Principles of Utility Rates*, New York, Columbia University Press, 1961, 291, Powell Goldstein LLP,).

<sup>6</sup> Behavioural changes to the use of electricity, discouraging inefficient use of grid electricity whilst promoting all justified and efficient amounts of use, validating the Bonbright principles of setting rates.

<sup>7</sup> Effectiveness in yielding MPEDL’s approved revenue requirement under fair returns standards. With records of revenue stability from year to year during each plan term, fair apportionment of total cost of service amongst the different tariff service bands and avoidance of undue discrimination in tariff service band relationships (Bonbright, 291).

<sup>8</sup> Practicality of operations and cost effectiveness in implementation.

<sup>9</sup> It is standard practice for distribution network utilities in deregulated and regulated markets to file evaluation plans that show how a utility like MPEDL will use scientific econometric and non-econometric models to evaluate rates they have implemented. The findings from the proposed evaluation study would form a credible baseline for EERC to expand some of its regulatory policies for Band A service band to other customer band categories.

<sup>10</sup> In arriving at the decision on the petition, EERC considered the responses it received from stakeholders, who served as approved interveners during the appeal proceedings.

proposed collaboration, MPEDL can formulate innovative strategies for cutting the costs the company can control, whilst enabling the Commission to promote regulatory interventions that guarantee system optimization in the distribution network in Enugu State.

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## GLOSSARY OF TERMS

For the purposes of this Decision Document, the following abbreviations shall have the meanings set out below unless the context requires otherwise.

<b>Abbreviation</b>	<b>Meaning</b>
<b>ACoS</b>	A cost of service
<b>AR</b>	Allowed Revenue
<b>ATC&amp;C</b>	Aggregate Technical, Commercial and Collection (ATC&C) Losses. These are the combined losses in electricity distribution arising from technical inefficiencies, electricity theft, non-payment, and billing errors
<b>B</b>	Billion
<b>CAPEX</b>	Capital Expenditure, which are Long-term investments made by a licensee in acquiring, upgrading, or maintaining fixed assets such as power plants, transmission lines, distribution infrastructure, transformers and meters. They refer to long-term investments in fixed assets
<b>CBN</b>	Central Bank of Nigeria
<b>DisCo</b>	Electricity Distribution Company
<b>DNO</b>	Distribution Network Operator
<b>EEDC</b>	Enugu Electricity Distribution Plc, the DisCo whose operations cover the five South-eastern states of Anambra, Abia, Ebonyi, Enugu and Imo.
<b>FBN</b>	First Bank of Nigeria
<b>FOREX</b>	Foreign Exchange
<b>FRN</b>	Federal Republic of Nigeria
<b>GenCo</b>	Electricity Generation Company licensed to generate electricity.
<b>IR</b>	Incentive Regulation
<b>KPMG</b>	Audit, tax and advisory services firm
<b>kWh</b>	Kilo Watt Hour
<b>LTI</b>	Long Term Investment
<b>MPEDL</b>	MainPower Electricity Distribution Limited, a subsidiary of EEDC licensed by the Commission to operate as a DisCo in Enugu State
<b>MYTO</b>	Multi-Year Tariff Order, a regulatory framework established by NERC for setting electricity tariffs over multiple years.
<b>MWh</b>	Mega Watt Hour
<b>NBET</b>	Nigerian Bulk Electricity Trading Plc
<b>NERC</b>	The Nigerian Electricity Regulatory Commission

<b>OPEX</b>	Operating Expenditure - the ongoing day-to-day costs incurred by a licensee in running its electricity business, including staff salaries, fuel cost, maintenance, administration, and other operational expenses.
<b>OM&amp;A</b>	Operations, maintenance and administration
<b>PBR</b>	Performance Based Regulation
<b>PPA</b>	Power Purchase Agreement
<b>RAB</b>	Regulatory Asset Base of a utility
<b>RR</b>	Revenue Requirement - the total annual revenue a utility needs to collect from customers to cover all its costs and earn a fair profit for its shareholders, as determined by the regulator.
<b>ROI</b>	Return on investment
<b>ROR</b>	Rate of Return
<b>SO</b>	System Operator
<b>TA</b>	Technical Adviser
<b>WACC</b>	Weighted average cost of capital
<b>WIC</b>	Witness in Chief

## 1. CONTEXT AND REGULATORY FRAMEWORK

### *Background*

- 1.1 The establishment of EERC represented a significant milestone in Nigeria's evolving energy landscape. The Commission was established by the Enugu State Electricity Law of 2023, enabled by the landmark Constitutional Amendment of 2023 and the Electricity Act also of 2023 that devolved significant regulatory powers to sub-national governments in the Federal Republic of Nigeria (FRN).
- 1.2 The legislative framework Enugu State set up empowers EERC to regulate its intra-state electricity market with substantial autonomy, marking a significant departure from the previously centralized regulatory structure under the federal regulatory agency, the Nigerian Electricity Regulatory Commission (NERC). Upholding fairness and justness by transparently conducted evidentiary processes must be the Commission's cornerstone to achieving effective administration of the social contract that exists between MPEDL and its consumers.

### *Quasi-judicial function of the Commission*

- 1.3 The Commission is empowered by the Enugu State Law 2023 and under its Business Rules 2024 to exercise quasi-judicial functions to resolve issues that relate to the relationship between the Commission and the licensees, service providers and customers. The Commission can be considered to exist for the purpose of promoting the least possible cost for licensees, service providers and customers to obtain justice.

### *Regulatory oversight*

- 1.4 EERC's mandate encompasses a broad spectrum of regulatory functions, with the setting of RR for MPEDL being one of the most critical responsibilities of the Commission amongst the other elements<sup>11</sup> of the regulatory landscape.

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<sup>11</sup> Revenue requirement (economic regulation and tariffs), monitoring, enforcement, permissions (construction and buy, sell, and amend) and rules (licenses, codes, and standards).

- 1.5 Economic regulation and setting of tariffs require that EERC establishes a methodology<sup>12</sup> for deriving an RR for MPEDL’s distribution infrastructure whilst setting financial incentives<sup>13</sup> for the company’s operation and maintenance functions in the State. EERC must design financial incentives to encourage MPEDL to use the most cost-effective option on each electricity day, to maintain the distribution network within its acceptable energy, voltage and frequency tolerances.
- 1.6 EERC determines MPEDL’s RR simultaneously with the design of the tariff customers in each service band shall pay, enabling the company to earn sufficient return on the monetary value of the asset it uses for its regulated distribution business<sup>14</sup>, promoting confidence of its shareholders in the financial stability of the company. This reasonable return on investment (ROI) should enable MPEDL to maintain credibility with its lenders, enabling it to raise additional debt to sustain its business operations within the prevailing and unique economic conditions in Enugu State.
- 1.7 EERC must balance multiple competing interests between MPEDL and its customers, ensuring that MPEDL recovers all prudent and legitimate costs it incurs that pass regulatory ‘used’ and ‘useful’<sup>15</sup> audits, attract appropriate and timely long-term investments (LTI), protect consumers from excessive and monopoly pricing, whilst promoting energy access by affordability across all socioeconomic segments.

### *The emergence of MPEDL*

- 1.8 MPEDL emerged as the successor to Enugu Electricity Distribution Plc (EEDC), the previous distribution company for southeastern Nigeria.<sup>16</sup> It inherited the assets and obligations of EEDC for Enugu State and operates under the regulatory

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<sup>12</sup> Cost of service; Incentive regulation (IR) or performance-based regulation (PBR); or a hybrid: Cost of service-based incentive regulation.

<sup>13</sup> Upper and lower limits.

<sup>14</sup> The Regulatory Asset Base (RAB).

<sup>15</sup> Used and useful is a fundamental regulatory principle, primarily in the context of utility ratemaking (tariff determination for electricity, water, gas, etc.), which determines whether a company's investment in an asset can be included in its rate base and charged to customers.

<sup>16</sup> The southeast consists of five (5) states, namely: Abia, Anambra, Ebonyi, Enugu, and Imo States.

oversight of EERC. The regulatory framework established for the Enugu State electricity sector incorporates international best practices, whilst addressing local realities. It provides clear guidelines for MPEDL to file a cost of service (ACoS) application to determine its RR for a ten-year duration and five-yearly major reviews. In between each term, the Commission would approve periodic minor reviews<sup>17</sup>, enabling MPEDL to always maintain revenue neutrality at its approved RR. Additionally, the Commission sets guidelines for performance standards, modification to rules, codes, and standards, sanctions, rewards, and enforcements, consumer protection and dispute resolution. The guidelines ensure that EERC transparently and accountably fulfils its statutory obligations, creating a stable environment for both MPEDL and consumers.

- 1.9 The devolution of regulatory authority to the state level represents Nigeria’s recognition that electricity markets have distinct regional characteristics that require organically tailored regulatory approaches<sup>18</sup>. Enugu State’s framework acknowledges these differences, whilst maintaining consistency with the overarching goals of the national energy policy, international best practice, and standards for efficient and effective regulation of the electricity sector.

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<sup>17</sup> In the Nigerian electricity literature this is known as “Minor Review”.

<sup>18</sup> Additionally, this confirms the federal government recognition that the differences in physical networks combined with the diversity in operations cost should see customers paying different and not uniform tariffs across the country.

## 2. THE TARIFF ORDER AND INITIAL CONTROVERSY

- 2.1 On 18 July 2025, the Commission issued Order EERC/2025/003 that reduced the tariff Band A customers in Enugu State pay from N209/kWh to N160.40/kWh and directed MPEDL to implement the new tariff from 1 August 2025. Under MPEDL's tariff design, Band A customers are entitled to receive the most reliable supply of at least 20 hours on the average daily.
- 2.2 The Order which froze the tariffs for bands B to E respectively, was rejected by MPEDL, citing business sustainability risk and procedural illegitimacy as grounds.<sup>19</sup> In summary, MPEDL alleged that if it implemented the N160/kWh from 1 August 2025, it would incur a significant loss in monthly revenue by values of between N1.3 billion to N1.5 billion, with a cumulative loss of approximately N6.98 billion over five (5) months.<sup>20</sup> On the procedural illegitimacy, it raised concerns about fair hearing, alleging respective breaches of the 1999 Constitution (as amended) and the Commission's Tariff Methodology Regulations 2024.
- 2.3 Initially, MPEDL informed the Commission via a letter dated 4 August 2025 that they had started implementing the Tariff Order with effect from 1 August 2025. However, MPEDL stopped implementing the Tariff Order after only three days. In their letter dated 14 August 2025, MPEDL claimed that they could no longer implement the differentiated tariff as contained in the Tariff Order because of technology limitations and challenges with their billing and vending applications, which serve EEDC's subsidiaries in the five states of Southeastern Nigeria, including MPEDL. At the same time, MPEDL and EEDC deliberately curtailed power supply to customers on Bands B to E, and MPEDL expressly claimed in a public announcement it issued on or about 4 August 2025 that this was because of their displeasure with the Tariff Order. This curtailment of supply lasted for two weeks.

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<sup>19</sup> The two (2) grounds of the petition, contained in MPEDL's petition form dated 1 September 2025.

<sup>20</sup> Paragraph 9(i) in MPEDL's petition received by the Commission on 1 September 2025, entitled: In the matter of a petition to the Enugu State Electricity Regulatory Commission (EERC) for a review of Order No. EERC/2025/003; Tariff order for MainPower electricity distribution limited 2025 to avoid loss of revenue due to downward review of tariff'.

### 3 OVERVIEW OF MPEDL'S PETITION – BACKGROUND AND SCOPE

#### **Background**

- 3.1 On 14 August 2025, MPEDL filed a petition against Order No. EERC/2025/003, principally pursuant to **section 21** of the Commission's Business Rules. Following clarifications from EERC, MPEDL filed an updated petition dated 1 September 2025. The petition came at a critical juncture in the evolution of the electricity market in Enugu State, and raised the following issues:
- i. Regulatory interventions that would promote further development of the cost of service-based incentive regulation regime (IRR) the Commission adopted for setting RR for MPEDL and simultaneously approving the tariffs MPEDL collects from its customers through the rates they pay.
  - ii. Changing socio-economic conditions, demand and supply patterns, demand side management (DSM), absence of embedded generation in the state and distribution infrastructure constraints.
  - iii. Fair hearing issues – what constitutes fair hearing within the context of the 1999 Constitution and the Commission's Tariff Methodology Regulations.
  - iv. Need for action on upskilling, cross-skilling, and re-skilling of human capital.
  - v. Sanctions that encourage honesty and professional excellence from witnesses before the Commission's constituted tribunal.
- 3.2 The petition was not merely a request from MPEDL to modify the Tariff Order No. EERC/2025/003 by increasing the tariff Band A customers pay to N206.80/kWh or N194.54/kWh as contained in the petition from MPEDL dated 1 September 2025<sup>21</sup>. It was a submission of financial and operational data by aggregated line items with associated values. A comparative table of the line items with the values established between MPEDL and EERC for the Tariff Order, the line items and values MPEDL submitted in its updated petition on 1 September 2025, and the decision by EERC is tabulated in appendix 1. Based on the submission, the Commission conjectured that MPEDL wanted a recalibration of a 'new' RR, with a simultaneous approval of an associated tariff for Band A customers.

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<sup>21</sup> Prayer (b) in MPEDLs petition dated 1 September 2025.

3.3 The evidentiary process the Commission adopted to determine components of the RR from the petition aimed at ensuring that MPEDL recovers all the prudent costs it incurs to keep the network safe, secure, reliable, and sustainable, including events that are beyond the control of its managers. The Commission believes that without guaranteeing MPEDL full recovery of all the prudent costs it incurs, the company would not be able to maintain its existing infrastructure, let alone expand its network to cover many of the currently unserved and underserved communities. Furthermore, it would be unable to continue to invest in its pipeline distribution projects, steer forward transformative solutions and improve its quality of service, cumulatively meeting the unique needs of each customer service band.

### **Scope**

3.4 Electricity remains an essential service whose tariffs must remain within the reach of the populace in Enugu State, whilst providing sufficient revenue to guarantee service sustainability to MPEDL. This balancing act represents one of the most complex aspects of EERC's regulatory oversight, which is central to its consideration of the reliefs MPEDL sought in the petition. The tactical approach MPEDL followed, the contents of its petition, the oral responses its witnesses gave at the public hearing on Thursday 16 October 2025, provide incontrovertible evidence of its management's assessment of the potential impact of the changing market conditions<sup>22</sup> on its operations, maintenance, and administration (OM&A) costs.

### ***Unsettled issues for the petition***

- 3.5 The unsettled petition issues for the Commission's determination are:
- i. Alleged procedural illegitimacy in issuing the order in contravention of section 36 of the 1999 Constitution and the provisions of the Commission's Tariff Methodology Regulations on fairness in the evidentiary process the Commission followed to determine values for the RR that formed the basis for the Order, namely:
    - a. Regulatory asset base and return on assets.

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<sup>22</sup> This includes fluctuations in generation costs; changes in demand at load centers; transmission charges and administration cost; foreign exchange and inflation that influence cost of imported equipment as well as technical analytics, and advisory services.

- b. Operations, maintenance, and administration (OM&A) costs.
    - c. Distribution losses.
    - d. Inflation, foreign exchange, and subsidy
    - e. Energy delivered to DisCo
  - ii. Sustainability risk and loss of allowed RR in monthly values of between N1.3 billion to N1.5 billion with a cumulative loss in an approximate total of N6.98 billion.
- 3.6 MPEDL introduced new issues during the hearing of the petition, namely:
- a. Debts due to the Central Bank of Nigeria (CBN), First Bank of Nigeria (First Bank) and the Nigerian Bulk Electricity Trading (NBET) PLC; and
  - b. Estimated billing and capping methodology.

**Definition of each variable of the RR raised in the petition**

- 3.7 **Regulatory asset base (RAB) and return of assets (depreciation):** The value MPEDL canvassed covers meticulously compiled information on capital expenditure (capex) requirements for network reinforcement, sustainment, expansion, modernization, and system operations. These included essential infrastructure such as transformers, feeder and overhead lines, metering systems, and control equipment that are necessary for improving service reliability, safety, and security.
- 3.8 **Operations, maintenance, and administration (OM&A):** This consists of staff costs, regulatory costs, transmission service costs, accumulated debt (interests) to CBN, First Bank and NBET, general maintenance and overheads, and other recurrent expenditures essential for the day-to-day operations of the company.
- 3.9 **Distribution loss:** This is the provision for financial compensation for technical and non-technical losses (referenced as ATC&C loss in MPEDL’s petition) that would enable MPEDL to procure necessary equipment and technology to reduce its losses, enabling the company to fully recover its allowed RR.
- 3.10 **Inflation, foreign exchange, and subsidy:** Inflation and FOREX are macro-economic variables and assumptions that are exogenous to both the operator

and the Commission as they were adopted in whole in tariff determination. Subsidy is the intervention on generation cost provided by the Federal Government and exogenous to both the operator and the Commission. MPEDL did not submit a value or proposal on how it wants the Commission to treat these macro-economic variables. It merely averred that the Commission failed to confirm how it intends to make the company revenue neutral in its approved RR. Specifically, MPEDL sought a pronouncement from the Commission on how it would recompense the company for losses against its allowed RR that could be attributed to the effects of these variables on its operation, maintenance, and administration (OM&A) costs.

- 3.11 **Energy Delivered to Disco** (expressed as Energy Load Allocation in the petition): This is a combination of MPEDL's share of the grid energy due to EEDC, and the energy that will be procured by MPEDL from any other sources.

## 4 REGULATORY ANALYTICS METHODOLOGY AND TECHNICAL SUPPORT

- 4.1 EERC recognized the dynamic nature of the factors that influence the variables contained in the petition filed by MPEDL and adopted an analytics framework that is characterized by methodological rigour, combined with strict adherence to regulatory best practices.
- 4.2 The methodological approach incorporated a detailed assessment of cost components of the complete value chain, covering generation, transmission, distribution, and supply. A critical component of the lessons the Commission learned and adopted is the integration of stakeholders' participation by self-nomination and approval of interveners. The Commission combined this with a transparently based auditing and verification of each of the line item contained in the petition, and where relevant, testing of MPEDL's underlying assumptions were carried out. This verification process involved a detailed examination of financial records, capital expenditure plans, operational cost structures, and performance metrics. The approach included cross-referencing MPEDL's claimed costs against historical data, industry benchmarks and reasonable efficiency targets, enabling the Commission to identify discrepancies. The Commission disallowed costs MPEDL was unable to justify with credible supporting pieces of evidence, whilst identifying costs that needed adjustments. This holistic approach used to determine all the variables MPEDL sought in its reliefs, was essential to deriving a RR with associated tariff for Band A customers that sufficiently reflects MPEDL's cost of service. EERC's analysis paid attention to pass-through costs from generation and transmission, which MPEDL has limited ability to control, but which influences the derived RR and the tariff for Band A customers.
- 4.3 An inherent and distinguishing feature of the methodological approach the Commission adopted was its consideration of the generation subsidies that the federal government provides and its impact on tariff levels in the State. Historically, the Nigerian electricity sector has operated with various forms of government intervention that include subsidies intended to moderate the tariffs Nigerians pay for their grid electricity supply. The Commission's overarching goal for having its analysis carefully account for these subsidies is predicated on having them appropriately reflected in the derivation of the RR and associated tariff calculations. As a result, this will inhibit the potential of double-counting or

unintended omissions that could distort the derived RR with tariff outcomes that could create perverse incentives both for MPEDL and consumers in Enugu State.

- 4.4 The centerpiece of the analytical framework is the Commission's *Distribution Tariff Model*. This is a simplified simulation tool the Commission uses to model the RR with simultaneous modelling of the tariff for customer service bands. The model is designed to incorporate the multiple variables that are used to derive a RR for MPEDL. These include capital expenditure (Capex) requirements and depreciation schedules, projections for operation, maintenance, and administration (OM&A) costs with some efficiency adjustments, energy delivered to the Disco, allowable taxes and a *reasonable profit*<sup>23</sup>. MPEDL's RR is, therefore, an empirically derived value designed to guarantee the company full financial sustainability. During a five-year term, the Commission could approve for MPEDL to recover from customers the monetary value during a minor tariff review, whilst a cost of service (ACoS) rebasing is done at the end of the five-year term when the Commission sets a new RR for the company and tariffs for another five-year term.
- 4.5 The model allows the Commission to carry out sensitivity analysis that assesses how changes in the key variables might affect the derived RR and tariff outcomes, giving the Commission opportunity to have comprehensive understanding regarding potential implications of different regulatory decisions on MPEDL's viability and sustainability as well as the customer affordability and responsiveness. This capability is particularly valuable because of the uncertainties inherent in long-term forecasting of costs, energy allocation,<sup>24</sup> and economic conditions.
- 4.6 The methodology the Commission adopted provided for engagement and contributions from stakeholders by intervener representation. This allows the Commission to consider and integrate diverse perspectives from industry participants in the petition decision. A summary of the commentaries EERC received from the registered interveners on this petition is in Appendix 2. This inclusive approach ensures that the RR and tariffs for Band A that emerges from

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<sup>23</sup> This is a product of a weighted average cost of capital (WACC) and the regulatory asset base (RAB).

<sup>24</sup> In the evolving electricity market in Enugu State, MPEDL's capability to accurately forecast its load will be a cornerstone of its operational excellence and strategic planning, gaining a decisive advantage in serving its customers and ensuring stability of the distribution network operations in Enugu State.

the petition will not only reflect economic and financial realities within which MPEDL operates, but also broader socio-political and economic welfare of consumers and policies needed for refining the performance-based regime (PBR) the Commission operates in Enugu State.

- 4.7 Finally, the Commission considered that it was in the public interest to retain an expert in economic regulation who possess verifiable real-life experience of cost of service-based incentive regulation (IR) from international jurisdictions as well as a lucid understanding of the evolution of the regulatory landscape in the deregulated and regulated electricity sector in Nigeria. Accordingly, the Commission retained the services of Marilyn Amobi, PhD<sup>25</sup>, as its Technical Adviser (TA).

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<sup>25</sup> [www.marilynamobi.net](http://www.marilynamobi.net)

## 5 DETERMINATION OF PROCEDURAL ILLEGITIMACY — BREACHES OF THE CONSTITUTION AND COMMISSION’S TARIFF METHODOLOGY REGULATIONS

- 5.1 The Commission’s Order No. EERC/2025/003 represents a significant milestone in Nigeria’s evolving electricity regulatory landscape. If, as MPEDL alleges, that the processes the Commission followed to receive its data and information are procedurally illegitimate on account of contraventions of the 1999 Constitution and the Commission’s Tariff Methodology Regulations, stakeholders will be justified to consider the Order as void. The decision the Commission makes on MPEDL’s petition, which includes the values of the parameters of the RR, requires comprehensive discussion of the evidence before the Commission, are detailed hereunder and in sections 5 and 6.
- 5.2 Ground one of MPEDL’s petition is predicated on an alleged failure by the Commission to accord the company fair hearing pursuant to the provisions in the 1999 Constitution and the Commission’s Tariff Methodology Regulations 2024. MPEDL’s contention in the said ground is particularized as follows:

*‘With utmost humility, we appeal to the Commission to rescind, cancel, and set aside the Tariff Order to avoid the breaches of the **fair hearing** provisions of both **Sections 36 of the Constitution of the Federal Republic of Nigeria, 1999 (as amended)** and **Section 4.1(c) and schedule 1 of Regulation No. EERC/R004: Enugu State Regulatory Commission: Methodology for Tariff Regulation, 2024 (Methodology for Tariff)**.*

### Particulars

- a. To paraphrase section 36 of the Constitution of the **Federal Republic of Nigeria, 1999 (as amended)**, in the determination of the civil rights and obligations of any person (including artificial person like the Petitioner) such a person must be given a fair hearing.
- b. Section 4.1(c) and Schedule 1 of Regulation No. EERC/R004: Enugu State Regulatory Commission: Methodology for Tariff Regulation, 2024 (Methodology for Tariff) provides for a licensee like the Petitioner [to] be **given fair hearing to agree on the parameters for the tariff setting;** (Underline and emphasis added).

5.3 Section 36(1) of the Constitution of the FRN 1999 (as amended) notes the following:

*‘In the determination of his civil rights and obligations, including any question or determination by or against any government or authority, a person shall be entitled to a **fair hearing within a reasonable time** by a court or **other tribunal established by law** and constituted in such manner as to secure its independence and impartiality’* (underline and emphasis added).

5.4 Whilst echoing the importance of fair hearing, Mohammed JSC (as he then was) in **Newswatch Communications Limited v. Alhaji Aliyu Ibrahim Atta** (2006) 12 NWLR (Pt. 993) 144 at 181, stated the law as follows:

*‘There is no doubt at all that the principle of fair hearing is **fundamental** to all court procedure and proceedings. Like jurisdiction, the **absence of it vitiates proceedings however well conducted**’* (underline and emphasis added).

5.5 In his judgment in the same case, Niki Tobi JSC recommended a contextual application whilst warning against an over-reliance on the principle of fair hearing. His Lordship therefore stated as follows:

*‘Counsel, quite a legion, find the fair hearing principle duly entrenched in the Constitution as **a pathway to success whenever they are in trouble on the merits of the case before the court.** Some resort to it as if it is **a magic wand to cure all ills of the litigation.** A good number of Counsel resort to the principle **even when it is inapplicable in the case**’* (page 170 , underline and emphasis added).

5.6 Schedule 1 of the Tariff Methodology Regulations 2024, states that a distribution licensee (such as MPEDL), must complete submission of inputs for its RR to the Commission to review and approve within twenty-one (21) days. The section states that a:

*‘Transmission and Distribution (or Medium Voltage Distribution) license applicants shall provide the **information and documents** enumerated in*

Schedule 3<sup>[26]</sup> during the review of their cost that shall be completed within the period **not exceeding 21 days**'.

**Electricity Retail license**<sup>27</sup> applicants shall, in addition to the [Power Purchase Agreement] PPA, provide the information and documents enumerated in Schedule 4<sup>[28]</sup> during the review of their cost that shall be completed within the period **not exceeding 21 days**' (Underline and emphasis added).

5.7 In paraphrasing section 36 of the Constitution, MPEDL excluded what the Commission considers as a crucial qualifying and operative phrase: '***within a reasonable time***'. It is logical to conclude that MPEDL intentionally withheld referencing this 'bounded condition' lucidly stipulated by the Constitution. The Commission believes that a full disclosure and intent by MPEDL would see the company situating its plea of a denial of fair hearing within a defined temporal context. This approach might have enabled MPEDL to acknowledge that the right they seek, though continuous is limited by time, enabling the company to lawfully pursue the right it seeks in a manner that is consistent with the Constitution's implied sense of urgency and behavioral focus. A sensible and fair interpretation of the phrase would generally raise two (2) related questions, answers of which would confirm whether the Commission granted MPEDL fair hearing as the Constitution prescribed; namely:

- i. Did the transparent process the Commission adapted to receive MPEDL's values for its RAB, OM&A costs, distribution loss and energy delivered, including written and oral explanations, enable the company to present compelling arguments for the Commission to approve its efficient and prudent expenses? and
- ii. In making its submission, did MPEDL contravene the time, spirit of urgency and focus intended by section 36 of the Constitution?

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<sup>26</sup> Fixed assets register; schedule of depreciation; O&M costs (fixed); O&M cost (variable); fixed cost (admin); capex projection; transmission / distribution loss; transmission / distribution capacity; transmission /distribution length; and ancillary services cost.

<sup>27</sup> MPEDL in this case.

<sup>28</sup> Cost of power; fixed assets register; schedule of depreciation; capex (including metering); O & M cost (fixed); O&M cost (variable; capex projection; fixed cost (admin); distribution non-technical loss; distribution capacity; actual sales; projected sales; distribution length; miscellaneous cost; total number of customers; and customer number pe class.

5.8 The Commission codified the transparent and evidence-based process it would follow to receive inputs from MPEDL in two (2) regulatory instruments, namely:

- i. Tariff Methodology Regulations 2024; and
- ii. Business Rules.

**Question (i)**

5.9 The strategic approach to streamlining the Commission evidentiary proceeding confirms that the Commission is committed to promoting fair hearing, not just in receiving inputs from MPEDL to approve RR and tariffs, but for all the proceedings the Commission shall conduct on the elements of the regulatory landscape. This affirms the Commission’s disposition to strictly adhere to the provisions of the Constitution.

**Question (ii)**

5.10 The Commission is a technically specialized regulatory body established by law. Pursuant to the principle of regulatory due deference<sup>29</sup>, the Commission remains the institution best suited to determine a time bound duration for MPEDL to file the values for its RR parameters, and for the Commission to analyze same, review them in line with the ‘used and useful’ principle as provided in the Tariff Methodology Regulations 2024 and approve MPEDL’s RR based on its findings.

5.11 The Commission’s Tariff Methodology Regulations 2024 did not envisage that a licensee may not be able to submit its inputs within the regulated twenty-one (21) days because of any challenges regarding the use of the tariff model. Faced with MPEDL’s inability to use the model, the Commission conceded that it would be in the public interest to extend the deadline for MPEDL beyond the regulated deadline. Electricity tariff has significant impact on national security, employment, social welfare, economic growth, and sustainable development. The Commission’s overarching objectives for extending the submission deadline included giving MPEDL’s managers opportunity to gain experience on how to use

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<sup>29</sup> The principle of regulatory due deference generally refers to the idea that a court or other reviewing body should yield or give weight to the judgment, expertise, or authority of a specialized regulatory agency when reviewing its decisions. This principle recognizes that administrative agencies often possess greater technical or policy expertise in their specific domains than do generalist judges.

the tariff model, enabling their ownership and defensibility of the inputs they submit whilst promoting derivation of just and fair tariff for consumers.

- 5.12 MPEDL made three (3) distinct submissions tabulated below in over **one hundred and fifty (150) days**.

**Table 5.1**  
**MPEDL’s submissions leading to Order No: EERC/2025/003**

Nos.	Issue	31 December 2024	7 March 2025	5 June 2025
1	Regulatory Asset Base (RAB)	N28.7 Billion	N28.7 Billion	N29 Billion
2	Distribution losses (ATC&C)	37%	30%	25%
3	Operation, Maintenance and Administration (OM&A)	N5.8 Billion	N5.8 Billion	N9.3 Billion
4	Energy allocation (Load forecast)	130MWh	130MWh	130MWh

*Notes: MPEDL did not submit estimated values for capping methodology and macro-economic variables (inflation, foreign exchange, and subsidy) in any of these three (3) submissions.*

- 5.13 MPEDL’s interaction with the Commission during the submissions in table 5.1 above covered submission of data for each variable, followed by series of extensive prudence discussions regarding inefficient and non-distribution related costs the company wanted to recover from its customers through the tariff. A final determination done over three days (2, 3 and 4 July 2025) was carried out by a joint work group that consisted of staff from both MPEDL and the Commission. The concluding discussion on 4 July 2025 paved the way for the Commission’s issuance of the Tariff Order 14 days later .
- 5.14 On 8 July 2025, merely two (2) working days after the final determination, MPEDL returned to the Commission to raise concerns that the RR and associated tariffs would be insufficient for the company to meet its financial waterfall. However, MPEDL did not provide any documentary evidence of their claimed waterfall for the Commission’s guidance and further necessary consideration.

- 5.15 The Commission introduced an over-recovery of **N15 billion** in the first year in the revenue requirement to cushion the effect of the rate shock, and future fluctuations in tariff.
- 5.16 Dissatisfied with the allowed revenue, MPEDL requested for a higher AR, and the Commission directed MPEDL to present data-based scenarios of alternative values. Both parties agreed to meet on 11 July 2025 for MPEDL to present the values for consideration.
- 5.17 On 11 July 2025, the MD of MPEDL came to the Commission but asked for the meeting to be rescheduled for 3 p.m to enable members of his technical team, who were said to be otherwise engaged, to join the meeting. The meeting did not hold at the appointed time because MEDL’s technical team did not show up. Consequently, the MD requested that the meeting be rescheduled to 14 July 2025. Again, the meeting did not hold because MPEDL failed to attend and did not send any further communication to the Commission on the matter.
- 5.18 On 18 July 2025 the Commission published its Order. A comparison table of the values approved for MPEDL’s RR and the contents of the Order are presented below:

**Table 5.2**  
**Values for RR at the final meeting on 8 July 2025 and the Order**

<b>Nos.</b>	<b>Variable</b>	<b>Meeting of 8 July 2025</b>	<b>Order of 18 July 2025</b>
1	Regulatory Asset Base (RAB)	N29 Billion	N29 Billion
2	Distribution losses (ATC&C)	25%	25%
3	Operation, Maintenance and Administration (OM&A)	N5.8 Billion	N5.8 Billion
4	Energy Delivered to Disco (Load forecast)	130 MWh/h	130 MWh/h

- 5.19 On 4 August 2025<sup>30</sup>, MPEDL confirmed that it had implemented the Order on 1 August 2025. In its letter, it stated as follows:

<sup>30</sup> Dated and delivered to the Commission on 4 August 2025, with reference number: MAINPOWER/EERC/Tariff-Imp/MD-REG/001/04-08-25 and entitled: ‘Notification of implementation of the Order no. EERC/2025/003: Tariff Order for MainPower Electricity Distribution Limited (MainPower Tariff).

*‘Without prejudice to Mainpower’s **right to exercise the option of appeal within the 60-day** window as provided for in Section 21 of the Business Rules, we write to formally inform the Commission that we have implemented the new tariff with effect from 1<sup>st</sup> August 2025’ (paragraph 2; underline and emphasis added).*

- 5.20 From the discussion in the paragraphs above, MPEDL took over one hundred and fifty (150) days, which is one hundred and twenty-nine (129) days more than the regulated twenty-one (21) days to submit its inputs to the Commission.

#### *Business Rule and Tariff Methodology Regulations*

- 5.21 MPEDL contends in Ground 1(c) of the petition that the Commission also breached section 4.1(c) and Schedule 1 of its 2024 Tariff Methodology Regulations. Schedule 4.1(c) provides the following:

*‘In order to avoid “Gold Plating” in the tariff using rate of return regulation, the licensee shall be required **to review costs with the Commission. It is the cost agreed** with the Commission that shall be allowed for the operator to use in the tariff model for the determination of price that shall apply in contracts. This is because the value chain of electricity business in Enugu State shall be subject to contracts and prices shall be determined based on the applicable methodology published by the Commission in its website’ (underline and emphasis added).*

- 5.22 Whilst schedule 1 of the Tariff Methodology Regulations states the following:

*‘Electricity Retail<sup>31</sup> license applicants shall, in addition to the [Power Purchase Agreement] PPA, **provide the information and documents enumerated in Schedule 4**<sup>[32]</sup> during the review of their cost that shall be completed within the period **not exceeding 21 days**’ (Underline and emphasis added).*

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<sup>31</sup>Currently MPEDL combines electricity distribution (the wires business) and electricity retail (sales business).

<sup>32</sup> Cost of power; fixed assets register; schedule of depreciation; capex (including metering); O & M cost (fixed); O&M cost (variable; capex projection; fixed cost (admin); distribution non-technical loss; distribution capacity; actual sales; projected sales; distribution length; miscellaneous cost; total number of customers; and customer number pe class.

- 5.23 In their oral testimony at the public hearing held on 16 October 2025, MPEDL’s MD and Witness In Chief (WIC), Dr Mupwaya, and its Chief Regulatory Officer, Mr. Okala Uche respectively testified that the Commission did not agree with their company on the values contained in table 5.2 above, used to derive its RR and associated tariffs in the published Order. Both managers insisted that the Commission contravened section 4.1(c) and schedule 1 referred to above.
- 5.24 It is generally held that during a cost of service (ACoS) filing by a distributor for its RR and associated rates, the expression ‘**agreed cost**’ means the prudently determined costs the regulator allows the utility to recover from its customers through the rates they pay.<sup>33</sup> The Commission conjectures that the MPEDL’s managers unreasonably interpreted ‘agreed’ costs to mean EERC’s approval for the company to recover the gamut of imprudent and inefficient costs it presented, summary of which is contained in table 5.1.
- 5.25 Contending its inability to implement the Order, in paragraph 9 of its petition, MPEDL raises five (5) factors that would cause the company ‘irreversible adverse business impacts’; they are namely:
- i. Financial impact
  - ii. Disconnection of supply to MainPower
  - iii. Investment Impact
  - iv. Operational impact; and
  - v. Strategic and reputational impact.
- 5.26 MPEDL did not raise any of these five (5) reasons during its tariff meetings with the Commission. The petition is the only place MPEDL mentioned these. Despite noting in paragraph 10 of the said petition that MPDEL ‘*shall at the hearing of this petition rely on the financial models and legal instruments utilized in arriving at its position [above]*’, MPEDL failed / refused to submit any empirical analysis it conducted that corroborates the sustainability risks it alleges.
- 5.27 Finally, MPEDL avers that whilst it waited for the Commission to schedule a Formal Hearing, it published the Order on 18 July 2025, claiming as follows, that:

*‘The Petitioner was invited for meetings on 2<sup>nd</sup> to 4<sup>th</sup> July 2025 for parties to agree on the parameters including recourse to a Formal Hearing **where***

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<sup>33</sup> Bonbright, Danielson & Kamerschen., (1998), *Principles of Public Utility Rates*.

**parties could not come to an agreement.** However, the parties could not agree on the key parameters and **whilst the Petitioner waited for a Formal Hearing** on these important key parameters, **the tariff order was published on 18 July 2025**, (Ground of appeal1 (c); underline and emphasis added).

5.28 This represents another attempt by MPEDL to knowingly make misleading claims regarding the intendment of a lucid provision of the Tariff Methodology Regulations 2024 that states the following:

*‘Where the Commission does not reach an agreement on cost with the applicant **within the twenty-one (21) days**, the Commission shall subject the process to a formal hearing as stipulated in the Commission’s Business Rules’, (underline and emphasis added).*

5.29 MPEDL is aware that the Decision Document, an Order or both usually concludes a two-staged process encapsulated in the above provision.

5.30 **Stage one:** This process comprises of written submissions from MPEDL, with face-to-face engagements that are simultaneously completed within the regulated twenty-one (21) days. EERC would issue a Decision Document, an Order or both after its final review, pursuant to Section 20(1) in the Business Rules, which states as follows:

*‘The Commission’s decisions and orders shall be issued in writing and shall contain the basis for the decision or order and shall be accessible to the public at reasonable times and places. Every decision or order of the Commission shall be signed by the Chairman, Vice Chairman or other Commissioners who conducted the proceedings, and the official seal shall be affixed thereupon’.*

5.31 The Order the Commission issues at the end of the stage one proceeding as indicated above can be final if the licensee (MPEDL) is satisfied with the content of the Order. If MPEDL is not satisfied, it has the option to request a review of the order, but must do so within thirty (30) days of the issuance of the said order, as provided in section 20(6):

*‘An order of the Commission in any proceedings shall become final unless an appeal for review is filed by any of the parties [MPEDL or its customer] within thirty (30) days of the Order’.*

5.32 **Stage two:** This stage starts when, pursuant to section 20(6) noted above, the Commission receives a compliant, appeal or request from MPEDL against an Order it has issued. This stage consists of written and oral testimonies before an empaneled tribunal. Additionally, *‘the Commission may during a rehearing, consider additional evidence not presented during the initial proceedings including facts arising after the original proceedings’* (Business Rules 21 (3)).

5.33 The distinguishing features between stage one and stage two processes are captured in the table below:

**Table 5.3**  
**Comparison between stages one and two proceedings**

Description	Stage one	Stage two
Written submission	Required	Required
Face-to-face engagements	Required	Required
Oral testimonies	Not required	Required
Final Determination	Required	Required
Decision Document	Not compulsory	Required
Order(s)	Required	Required
Acceptance of additional evidence not presented during an initial proceeding.	Not applicable	Required
Submit all evidence by affidavit	Required	Required

5.34 Based on the above narratives MPEDL is duty bound to request a formal hearing from the Commission.

5.35 The first communication the Commission received in which MPEDL stated dissatisfaction with the contents of the order was its letter of appeal dated 22 July 2025 and in a subsequent meeting with the Board of MPEDL held on 25 July 2025. The Commission was satisfied with its proceedings that led to the issuance of the Order; it did not, therefore, need to have steered toward a formal hearing on MPEDL’s behalf. Moreover, MPEDL’s recourse to requesting a formal hearing seems like an afterthought. It should have been MPEDL’s top priority when it reverted to the Commission on 8 July 2025, instead of asking the Commission for consideration of a loss of revenue adjustment mechanism.

5.36 MPEDL's letter dated 4 August 2025, reveals the appeal/petition being a tactical strategy open to the company, when it notes the following:

*'Without prejudice to Mainpower's right to exercise the option of appeal within the 60-day window, as provided for in Section 21 of the Business Rules, ...'* (underline and emphasis added).

5.37 In summary, MPEDL has no documentary evidence before the Commission that supports it being alarmed before the Commission released its Order whilst it allegedly waited for the same Commission to steer forward a formal hearing proceeding.

5.38 Despite swearing to an oath, that bound MPEDL and its managers, the public witnessed a persistent corporate misrepresentation of the factual chronology of the events that transpired between MPEDL and the Commission. It makes sense to conjecture that perhaps MPEDL gambled on its strategy to achieve its long-range commercial gains. This may explain its sole misleading approach to re-write contents of historical documents before the Commission and intendment of relevant laws.

5.39 Concluding on the procedural illegitimacy by a lack of fair hearing upon which MPEDL developed its petition and the resultant questions in paragraph 5.7(i) and (ii), the evidence before the Commission which consists of submissions MPEDL made for the Order petitioned against and additional pieces of evidence it submitted before and after the public hearing on 16 October 2025, the Commission rules as follows:

- i. The evidentiary process the Commission adopted to receive inputs from MPEDL for calibrating its RR plus associated tariffs for its service bands, guaranteed the company fair hearing.
- ii. MPEDL failed the public by its lack of commitment to a high sense of responsibility, urgency and focus on the tactical behavior it adopted that saw the company spend over 150 days to submit values for its RR parameters to the Commission. In doing so, contravened the spirit of section 36(1) of the Constitution of the FRN.

5.40 Borrowing from the seminal ruling by Niki Tobi JSC in **Newswatch Communications Limited v. Alhaji Aliyu Ibrahim Atta** (2006) 12. NWLR (Pt.993) 144 at 181 – 182, the Commission finds no merit in the lack of fair hearing MPEDL advocated for issuing its petition.

## 6 DETERMINATION OF THE VALUES FOR THE REVENUE REQUIREMENT (RR) VARIABLES

6.1 In deriving MPEDL’s allowed revenue (AR) and associated tariffs, the Commission adopted a transparent data-based process by which it carried out a diligent review, disallowing imprudent, whilst allowing prudent costs. A comparison of MPEDL’s petitioned variables and values and the Commission’s decision is presented in table 6.1 below.

**Table 6.1**  
**Petition and Decision variables and values.**

Nos.	Variable	Tariff Order EERC/2025/003	Commission’s Decision
1	Federal subsidies	Deducted	Deducted
2	Regulatory Asset Base (RAB)	N29Billion	N29Billion
3	Distribution losses (ATC&C)	25%	25%
4	Operation, Maintenance and Administration (OM&A)	N5.8B	N5.8B
5	Energy Delivered to Disco (Load forecast)	130MWh	104MWh

6.2 **Incorporation of federal subsidies:** The Commission’s overarching goal is the prevention of double-counting, transparency, and promotion of appropriate accounting treatment. The subsidies substantially reduced the generation cost component from N112/kWh to N45/kWh for every electricity consumer in Nigeria. The Commission’s decision to pass these subsidies through to consumer reflects a commitment to ensuring that consumers of electricity in Enugu State are the direct beneficiaries of the support from the federal government, rather than it being absorbed elsewhere in the value chain. The Commission believes that its approach aligns with the national policy directives<sup>34</sup> whilst encouraging the maintenance of reliability, security and sustainability of the distribution network and the electricity market in Nigeria.

<sup>34</sup> Ensure that as much as practicable, the citizens have access to modern energy supply that they can afford, which is provided to them from a mix of fuel sources particularly renewable energy and provided to them in a reliable and sustainable manner.

- 6.3 The decision on this issue is that an Order of the Commission shall maintain the federal generation subsidies used in deriving the RR for the Tariff Order pending any changes by the Federal Government.
- 6.4 **Regulatory Asset Base (RAB)**<sup>35</sup>: One of the most contentious variables in the petition is the monetary value of the assets MPEDL uses to carry out its regulated business, on which its shareholders must earn a return on. MPEDL sought to secure a rate of return (RoR) on the monetary value of the investment its shareholders have made, possibly recognizing that private capital requires sufficient compensation for the risks inherent in operating a distribution network. The Commission believes that receiving a reasonable RoR is necessary for MPEDL to continue to attract the debt and equity it requires to finance its investments. The most challenging task in determining the reliefs MPEDL sought was the company's pursuit in multiple values for these variables. The Commission remains resolute in its focus to balancing the commercial imperatives<sup>36</sup> reflected in the costs MPEDL sought with expectations of Band A customers<sup>37</sup>.
- 6.5 The role of the Commission in establishing a RAB for MPEDL is a critical function that balances the return on the shareholders' investment with customer affordability, promoting economic growth and development and attracting necessary capital for continued investment in sustaining and expanding the distribution network. Without an accurate RAB, distortions in the derived RR and tariffs will occur, investment decision will become compromised and service quality would deteriorate.
- 6.6 In the table in paragraph (b) of the prayers in its petition dated 1 September 2025 MPEDL prayed the Commission to use a RAB value of N65.1billion in the two (2) scenarios contained in the document. By an email dated 28 July 2025 MPEDL submitted a delineation Order from NERC with identification number: NERC/2025/073<sup>38</sup>. In the Order, NERC stated that MPEDL owns physical assets

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<sup>35</sup> The RAB is the foundation for determining the RR, setting tariffs for each customer service band, and calculating returns on the investments shareholders have made.

<sup>36</sup> Recovery of revenue requirement, nondiscriminatory rate classes,

<sup>37</sup> Acceptability, understandability and expandability to other rate classes or migration of other classes to Band A.

<sup>38</sup> This document is entitled: 'NIGERIAN ELECTRICITY REGULATORY COMMISSION ORDER ON THE DELINEATION OF ASSETS AND LIABILITIES OF ENUGU ELECTRICITY DISTRIBUTION PLC'.

that are worth a total sum of N23.44billion, whilst the RAB carved out of the total physical assets is worth an unreasonable total sum of N65.4billion, approximately N300 million more than the N64.1billion MPEDL submitted on 1 September 2025. Finally, during his testimony on Thursday 16 October 2025, the WIC and MD of MPEDL, Engr. Ernest Mupwaya, tendered a KPMG report with a staggering RAB value of N207 billion.

- 6.7 The Commission is reluctant to promote a RAB that inhibits MPEDL from earning a reasonable return for its shareholders. MPEDL could justifiably consider such a situation as unjust, unfair, and confiscatory because it would deprive MPEDL of its legitimate property. Confiscating MPEDL's assets would contravene Section 34(2) provisions of the Enugu State Electricity Law of 2023. The Commission believes that MPEDL should earn a return on the monetary value of the assets it uses for its regulated business in Enugu State that is comparable with the returns earned by investors in other sectors in the State who face similar risks for the equity they have invested.
- 6.8 The delineation order by NERC does not contain any notes, consequently, it remains impossible for the Commission to understand the valuation methodology and accounting technique NERC used to derive the total physical assets of N23.44 billion nor the RAB of N65.4 billion, ostensibly carved out from the total physical assets. The Commission requested MPEDL to submit the notes to the NERC Order for its guidance, but it failed / ignored / refused to submit them.
- 6.9 The KPMG report acknowledges NERC's approximate value of N65 billion as a reasonable RAB for MPEDL. Despite the acceptance, KPMG proceeded to escalate the NERC value by 9.26 to derive an alternate value of N207 billion. The Commission conjectures that this KPMG value is probably an alternate value MPEDL wants the Commission to consider. In its conclusion, however, KPMG recommends that a valuation principle be used under regulatory guidance to revalue the assets MPEDL uses for its regulated business. It specifically notes that:

*'Determining a **fair** regulatory asset base (RAB) for Main power could **involve asset revaluation**, subject to **regulatory guidance** and **applicable valuation principles**' (page 3; underline and emphasis added)*

6.10 The Commission is concerned about granting MPEDL a RAB value that at best would represent the level of earnings only highly speculative and risky ventures could earn in Enugu State.

6.11 Therefore, the decision on this issue in the petition is as follows:

- i. The Commission shall retain the N29 billion used to determine the RR in MPEDL's tariff. This is the figure MPEDL submitted on 5 June 2025.
- ii. MPEDL's RAB shall be rebased further to the Commission's directive. Accordingly, MPEDL shall among others submit the following by affidavit:
  - a. MPEDL's Depreciation policy document
  - b. MPEDL's assets register showing the following.
    - i. Asset number tag
    - ii. Location in Enugu State; and
    - iii. Cost at the time of acquisition.

6.12 **Operations, Maintenance and Administration costs:** Accurate forecasting<sup>39</sup> of operations, maintenance, and administration (OM&A) costs is vital for financial sustainability, investment<sup>40</sup> planning, and service reliability in Enugu State. In its petition, MPEDL submitted alternative reliefs in two scenarios as follows – N12.34<sup>41</sup> billion and N5.1<sup>42</sup> billion respectively. The line items the Commission disallowed are in **Appendix 5.2**.

6.13 MPEDL's Scenario 2 retains the Commission's prudently verified operations, maintenance and administration (OM&A) costs. The Commission believes that a path forward requires sustained commitment by MPEDL to operational excellence, strategic infrastructure investment, and collaborative engagement with the Commission and stakeholders. By embracing technology, optimizing asset management, and maintaining financial discipline, MPEDL can achieve the dual objectives of enhanced service reliability and long-term financial

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<sup>39</sup> These would be scenario-based OM&A cost projections, enabling proactive financial planning and operational resilience that supports evidence-based decisions.

<sup>40</sup> Investments in infrastructure and technology that are combined with efficient cost management, secure reliable electricity supply and financial sustainability.

<sup>41</sup> This is for its scenario 1 made up of N12.34 billion for O&M expenses.

<sup>42</sup> This is for scenario 2, consists of N5.1billion for O&M expenses.

sustainability, ultimately delivering improved electricity access to its customers in Enugu State.

6.14 The Commission reviewed the OPEX and reduced the total sum claimed by MainPower from N9.37 billion to N5.8 billion. This was because, during the limited verification carried out by the Commission, some major discrepancies were observed, including the following:

- (i) The sum of **N3 billion** was claimed as salaries, wages and other allowances for permanent, contract, drivers and expatriate staff but from the breakdown of the staff payroll provided, only **N1.6 billion** could be validated.
- (ii) The sum of **N1.9 billion** was claimed as interest on NBET bills without any supporting documentation.
- (iii) The sum of **N140 million** was claimed as rent on properties but only **N59 million** could be verified.
- (iv) The sum of **N153 million** was disallowed for vehicle hire because of the issue of double counting; and
- (v) The sum of **N109 million** was disallowed as guest house running expenses because no details were provided.

6.15 It needs to be stated that the limited verifications undertaken by the Commission were carried out with the full knowledge of MainPower's team. Meanwhile, other OPEX claims were duly allowed, including the sum of **N893 million** that was claimed as repayment of loans from the Central Bank of Nigeria (CBN) and First Bank of Nigeria (FBN).

6.16 The Commission's decision on this issue is that the provision of N5.816 billion in the Tariff Order to MPEDL shall be retained.

6.17 **Distribution losses:** Distribution loss is a comprehensive measure of critical components of inefficiency in electricity distribution business. These losses provide a holistic data-based view of the physical energy dissipated from the distribution infrastructure and the leakages in revenue for the electricity MPEDL

receives. An accurate measurement of distribution loss can be derived from a sophisticated methodological approach that captures both energy flow and revenue dynamics, combining two fundamental efficiency metrics to provide a comprehensive picture of the performance of MPEDL in the electricity market in Enugu State. The Commission's capacity and capability to understand and manage MPEDL's distribution loss represents a pivotal step towards achieving sustainable delivery of electricity that MPEDL can carry out over a safe, secure, reliable, financially viable and sustainable network.

6.18 MPEDL has canvassed 45% as a reasonable provision for its distribution loss, whilst the KPMG report it submitted seeks 49.1%. Finally, in a letter dated 17 October 2025 whilst presumably discounting KPMG's 49.1%, MPEDL confirmed its willingness to accept a decision of 32%, and notes as follows:

*'The KPMG report shows 49.1% while ours [MPEDL] shows 45% due to a different methodology used. Our prayer is to confirm 32% which was ATC&C loss position at point of Regulatory takeover' (underline and emphasis added).*

6.19 At the public hearing, MPEDL averred that 45% distribution loss is standard for a 'new' company like MPEDL, raising several concerns, for example:

- i. EEDC's 2014 ATC&C baseline loss study of 59.1%, a watershed moment intended to significantly reduce the pre-privatization losses through improved management and investment.
- ii. EEDC's current distribution loss provision value is 21% and the transformation projects done for the said provision.
- iii. EEDC has achieved an 83.7% billing efficiency with 80% collection rate in 2025<sup>43</sup>.

6.20 KPMG cautions against using its recommended 49.1% because of distortionary effects that may occur due to two (2) confounding variables it used, namely:

- i. Unreliable nature of the transformer loading and utilizations data; and
- ii. Lack of metering data at both the distribution transformers and end-user levels.

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<sup>43</sup> This confirms that EEDC might have made significant investment to attain these values even under a challenging environment.

- 6.21 In summary, MPEDL submitted three (3) respective loss values for its petition: 45%, 49.1% and 32%. MPEDL's 45% is lower than KPMG's alternate value of 49.1%. If these phenomenally high values are correct, it makes sense to conjecture that they reflect a deep-rooted systemic challenge, which would continue to inhibit economic growth and improvements in the quality of life of the citizens in Enugu State. If the Commission accepts the petition value of 45% or the subsequent 32%, it will be supporting MPEDL to continue to promote a vicious cycle of gross inefficiency. Additionally, the Commission would be encouraging outrageously higher RR for MPEDL, with associated higher tariffs<sup>44</sup> that reduces affordability for the consumers whilst increasing the company's operational costs<sup>45</sup>. This outcome will inhibit MPEDL from making appropriate and timely investments<sup>46</sup> whilst perpetuating low quality of service<sup>47</sup>.
- 6.22 **Spreading fixed costs over an expanding customer base:** Another key issue the Commission considered in determining the reliefs in the petition is a recognition of MPEDL's expanding Band A customer base and the average cost implication for the company. One of the fundamental and inherent features of electricity distribution network is the reduction (or increase) in average cost that comes with increase (or decrease) in density of supply or the number of customers<sup>48</sup>. The management of MPEDL agreed that on the short or immediate term, the unit cost for a Band A customer must decrease as MPEDL increases the number of customers into the said service band.

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<sup>44</sup> The pressure by MPEDL to recover the derived RR due to phenomenally higher than normal ATC&C loss percentage, would require higher prices reducing the affordability of consumers. Higher tariff combined with very poor quality of service, drives payment resistance that covers by-passing of meters, refusal to pay and drives the underground meter by-passing market.

<sup>45</sup> High ATC&C losses reduce revenues for MPEDL whilst its expenses remain constant, squeezing its margins and leaving it unable to make LTI to create a more efficient company.

<sup>46</sup> Liquidity crisis that evolves from MPEDL's inability to collect its allowed RR would inhibit the company from making investments to sustain, maintain and expand its network capacity. Additionally, it makes it impossible for MPEDL to meet its monthly obligations to generation companies and gas suppliers, contributing to the infamous 'value chain crisis' in the Nigerian electricity supply sector, where unpaid debts cascades through the entire electricity supply chain, reducing generation capacity and exacerbating supply shortages.

<sup>47</sup> Underinvestment perpetuates unreliability and very poor quality of service delivery across all service bands.

<sup>48</sup> Other features include scale economies (economies of scale and scope) and sub-additive nature of costs.

- 6.23 The Commission's Order shall include the following:
- i. MPEDL shall file to the Commission during future minor tariff reviews adjustments reflecting the spreading effect of increase in Band A customer numbers based on verified customer numbers.
- 6.24 **Tariff freeze for other customer bands:** An important complementary decision in this petition is the maintenance of existing tariffs for Bands B, C, D and E.
- 6.25 A significant component of the process EERC undertook to setting an appropriate RR for MPEDL was a review of the company's customer classification data. It shows how the company segmented its customers according to their consumption patterns, service requirements and the ability to pay for the service they receive. This classification is a critical component in apportioning the Commissions approved RR to each service band, implementing a tariff structure that appropriately allocates the full cost of service to each customer service band.
- 6.26 This tariff freeze for lower-service bands reflects the Commission's balanced approach to tariff setting, prioritizing stability for customers receiving less reliable service whilst focusing adjustments on Band A customers who receive premium service levels. This decision also recognizes the socioeconomic welfare realities of many consumers in these service bands, for whom tariff increases might create significant hardship.
- 6.27 **Energy Delivered to Distribution Company (Energy Allocation):** Further to the permission granted by the Panel at the hearing, MainPower submitted its detailed energy import data from September 2024 to September 2025. The Panel's review shows that EEDC's historical energy allocation to Enugu State was about 93MW. However, in February and March 2025, MainPower recorded energy off-take of 104MW.
- 6.28 During this same period, MainPower wrote to the Commission requesting for the upgrade of seven (7) feeders from Band B to Band A which was approved by the Commission. In March 2025, MainPower requested for upgrade of additional seven (7) feeders from Band B to A which should translate to improving off-take above MainPower's 93MW allocation. Taking cognizance of the growth in demand across the customer classes, the Panel noted that there was a moderate

increase of 12% on the historic 93MW which resulted in the 104MW recorded in February and March 2025.

- 6.29 The Commission's decision on this issue is that the Commission's Order shall adjust generation for the base year (2025) to 104MW as well as adjust the revenue requirement accordingly. The subsequent years in the five-year term shall be adjusted in line with MPEDL's energy forecast as already provided.
- 6.30 **Estimated caping methodology:** MPEDL raised this line item on the day of the hearing, 16 October 2025 as an additional issue it wants the Commission to allow in the RR. The WIC committed to forwarding information on this line item before the close of business on the next business day, which was 17 October 2025.
- 6.31 Estimated billing is not a parameter for determining MPEDL's RR. Besides, the Commission is currently engaging MPEDL on an appropriate estimated billing methodology.

## 7 SANCTIONS

- 7.1 In consideration of the documentation and information submitted by MPEDL to support the petition during the public hearing, and following the exhaustive review, analysis and findings of the Commission (as detailed in Sections 5 and 6 above), the Commission rules as follows:
- 7.2 The Commission is concerned about the responses, statements and presentation of MPEDL's Witness in Chief (WIC) and Managing Director, Engr. Ernest Mupwaya which responses were made under oath during the public hearing. They were either contradictory or misrepresentation of facts based on the date of implementation of the Tariff Order EERC/2025/003. In order to discourage this practice, the Commission rules that Engr. Ernest Mupwaya is banned from being a WIC for MPEDL at any public hearing of the Commission for a period of one (1) year.
- 7.3 The Commission finds that without obtaining the Commission's prior approval as required under Rule 20(7) of the Business Rules 2024, MPEDL has continued to act in deliberate disregard of the Tariff Order by unilaterally charging a tariff of N209/kWh on Band A customers in Enugu State since the first week of August 2025, instead of the tariff of N160/kWh for Band A customers provided in the Tariff Order. Further to the provisions of Section 36(3) of the Enugu State Electricity Law 2023, which empowers the Commission to check the abuse of market power by licensees in Enugu State, the Commission is convinced that MPEDL has abused its market power as the monopoly grid-connected distribution network operator in Enugu State, and the Commission shall sanction MPEDL as it shall deem appropriate.
- 7.4 The Panel also finds that MPEDL, in contravention of the Tariff Order, unreasonably curtailed electricity services for two weeks to MPEDL's customers on service bands B, C, D and E, which make up about 50% of electricity customers in Enugu State. Further to a directive that shall be issued by the Commission, MPEDL shall be required to refund the affected customers on estimated billing, 50% of the bill for the power delivered in the month of August 2025.

## **8 CONCLUSION: DERIVING FAIR AND JUST REVENUE REQUIREMENT BY A PETITION HEARING PROCESS IN ENUGU STATE**

- 8.1 The Commission conducted a comprehensive review of the elements of the revenue requirement that make up the reliefs MPEDL sought in its petition. In arriving at its decision, the Commission maintained balance of the multiple competing objectives, while the primary goals remained allowing MPEDL to recover its full cost of service plus a reasonable profit. This guarantees sustainable viability of the company as a going concern and sustained/progressive service delivery to customers. Striking this delicate balance which was at the heart of this petition decision is in alignment with the Commission's goal of effective regulation of the electricity market in Enugu State.
- 8.2 The evidentiary process the Commission adopted to receive oral and written submissions from MPEDL, and interveners was marked by rigor, transparency and data-driven objectives. This aligns with the broader commitment of the Commission to developing the level of excellence required to set best practices in the electricity market in Enugu State.
- 8.3 Through methodological analysis, transparent stakeholder engagement, inclusion and careful consideration of legal and economic factors, the Commission has established a tariff determination process that shall continue to serve multiple regulatory objectives.
- 8.4 Addressing these challenges will require maintaining the core principles that have guided the current regulatory processes in the electricity market in Enugu State, namely:
- i. Commitment to ensuring that MPEDL recovers its full cost of service plus a reasonable profit.
  - ii. Transparency in the regulatory proceedings.
  - iii. Promoting evidence-based regulatory analysis; and
  - iv. Balanced consideration of stakeholders' interests.
- 8.5 Ultimately the success of electricity regulation in Enugu State will be measured by its contribution to reliable and affordable electricity access for all citizens irrespective of whether they are currently located in underserved or unserved communities.

Signed on this day 31<sup>st</sup> of December 2025.



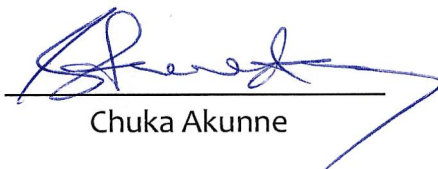
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Reuben Okoye



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Chinedum Ukabiala



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Chuka Akunne

## APPENDIX 1

Comparative summary of the line items and values MPEDL submitted and agreed with EERC for Order number EERC/2025/003 and what MPEDL submitted in its petition.

No	Issue	Submitted by MPEDL	Order EERC/2025/003	MPEDLs Petition	Variance	Petition decision
1	RAB	N29 B	N29 B	N65 B <sup>49</sup>	N36 B	<b>N29 Billion</b>
2	Distribution losses	25%	25%	45% <sup>50</sup>	20%	<b>25%</b>
3	OM&A <sup>51</sup>	N5.8 B	N5.8 B	N9.1 B <sup>52</sup>	N3.3 B	<b>N5.8Billion</b>
4	Inflation, foreign exchange, and subsidy	Not requested for.	Provided for automatic adjustments of these parameters.	Request for <sup>53</sup> provision	NA	<b>Tariff Methodology Regulations has adequate provision for automatic adjustments during minor reviews.</b>
5	Load forecast	130MWh/h	130MWh/h	93MWh/h <sup>54</sup>	35MWh/h	<b>104MWh/h</b>

<sup>49</sup> MPEDL's justification is that EERC used the net asset value instead of the regulatory asset value.

<sup>50</sup> MPEDL's justification is that EERC approved a flat rate to be sustained at the same value for 5 years.

<sup>51</sup> Operations, maintenance, and administration costs.

<sup>52</sup> MPEDL's justification is that EERC froze allowable OM&A costs for 5 years.

<sup>53</sup> MPEDL's justification is that the EERC failed to provide escalation factor in the tariff model for macro-economic variables.

<sup>54</sup> MPEDL's justification is that there is no historical record that the company has distributed 130/MWh of energy in Enugu State.

6	Debts (CBN & First Bank of Nigeria)	N893 Million submitted	Approved recovery of interest of N893 Million	Not provided <sup>55</sup>	Nil	<b>Approved recovery of interest of N893 Million.</b>
7	Estimated billing and capping methodology	Not submitted	Not considered	Raised at the hearing day.	Not applicable	<b>Not Applicable</b>

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<sup>55</sup> MPEDLs justification is that the EERC excluded it.

## Appendix 2

### Summary of the comments from registered interveners.

- (1) Out of the five interveners that were approved by the Commission, four attended, and only one – South-East Electricity Consumers Association (SEECA) submitted a written deposition. Manufacturers Association of Nigeria (MAN) Anambra, Enugu and Ebonyi Branch submitted a deposition but did not attend the hearing to present the deposition.
- (2) The submission from SEECA was in support of upholding the Tariff Order EERC/2025/003 for the following reasons:
  - (a) That fair hearing was accorded to MainPower during the tariff determination.
  - (b) That customers have suffered huge losses because of MainPower’s failure to implement the Tariff Order; and
  - (c) That if any review of the Tariff Order should be made, it should not exceed N165/kWh for Band A.
- (3) SEECA also submitted copies of documents relating to some electricity projects in Enugu State that were claimed to have been financed by persons and groups other than EEDC and MainPower. The print quality of the document on electricity project was poor and illegible for the consideration of the Panel. The Commission would need additional information to properly evaluate their merit.
- (4) It is however necessary to note that there is a visible lack of knowledge and understanding of the tariff setting methodology on the part of the interveners. There will be need to build the capacity of stakeholders on the Commission processes.

### APPENDIX 3

Factual chronology of the events that transpired between the Commission and MPEDL that led to the issuance of Order No. EERC/2025/003 are as follows:

Nos	Date	Description of event	Objective / Agenda	Outcome
1	31 December 2024	MPEDL made its first of the three tariff submissions it submitted to the Commission leading to the Tariff Order	For EERC to use the submitted variables and values to determine the RR and associated tariffs for MPEDL.	The Commission commenced review of the submission
2	27 January 2025	The Commission's letter to MPEDL on its tariff submission.	For MPEDL to effect corrections and to submit detailed cost breakdown and correct calculation errors in the Model.	By this letter the Commission notified MPEDL of identified calculation errors and other issues that indicated MPEDL's lack of familiarity with the Tariff Model.
3	29 January 2025	Meeting between the Commission and MPEDL	To discuss the issues raised by the Commission in its letter of 27 January 2025 on MPEDL's inappropriate use of the Tariff Model. Also to discuss the need for early submission of the breakdown of the variables and values by MPEDL.	The Commission directed MPEDL to promptly re-run the model and re-submit its variables and associated cost breakdown, and MPEDL promised to do so.

<b>Nos</b>	<b>Date</b>	<b>Description of event</b>	<b>Objective / Agenda</b>	<b>Outcome</b>
4	25 February 2025	Meeting between EERC and MPEDL	Follow up on the Commission's directives to MPEDL at the meeting of 29 January 2025, and to express the Commission's concerns over MPEDL's delayed response in prosecuting the tariff review.	MPEDL undertook to address the identified issues and to make a revised tariff submission.
5	7 March 2025	MPEDL made a revised tariff application – the second of its three tariff review submissions to the Commission.	For EERC to approve the re-submitted variables and values in a covering special note dated 5 March 2025	The Commission commenced review of the revised tariff application
6.	22 March 2025	The Commission's letter to MPEDL on the revised tariff submission	To draw MPEDL's attention to some inconsistencies and errors in the revised tariff submission. Also to emphasise the urgency to complete the tariff review before the expiration of MPEDL's interim licence by 22 April 2025	The Commission invited MPEDL to a review meeting on 27 March 2025

Nos	Date	Description of event	Objective / Agenda	Outcome
7.	27 March 2025	Meeting between the Commission and MPEDL	To resolve issues bothering on MPEDL's challenges with the tariff review process as raised in the Commission's letter of 22 March 2025, and other outstanding issues.	MPEDL acknowledged its challenge in using the Tariff Model and requested assistance from the Commission, which the Commission agreed to do.
8.	22 April 2025	The Commission issued an interim licence extension order to MPEDL	To finalize the tariff-setting process	MPEDL's interim operating licence extended for three months effective from 23 April 2025.
9.	28 April 2025	Meeting between EERC and MPEDL	To assist MPEDL's staff to gain a better understanding in the use of the Tariff Model.	The Commission provided the required assistance to MPEDL's staff, who confirmed gaining a better understanding of the use of the Tariff Model and its assumptions.
10.	16 May 2025	The Commission wrote to invite MPEDL to a meeting on 20 May 2025.	To discuss MPEDL's pending tariff re-submission and the accompanying cost breakdowns, among other items	The Commission invited MPEDL to another review meeting
11.	20 May 2025	Meeting between EERC and MPEDL	To discuss MPEDL's pending tariff re-submission and the accompanying cost breakdowns, among other items	MPEDL committed to providing relevant documents for the costs it seeks.

12.	5 June 2025	MPEDL made its third revised tariff submission.	For the Commission to review costs breakdown and approve MPEDL's RR.	The submission was largely in consonance with the salient issues which the Commission had reviewed with MPEDL at the meeting of 20 May 2025. By its letter dated 30 June 2025 the Commission invited MPEDL to a three-day meeting scheduled for 2, 3 and 4 July 2025.
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Nos	Date	Description of event	Objective	Outcome
13.	2, 3 and 4 July 2025	Final review conferences	For detailed discussions on RAB, OM&A, customer numbers, metering data, and national generation costs	MPEDL took all the reviewed information to analyze them internally and return to the Commission with any concerns.
14.	8 July 2025	MPEDL reverted to the Commission	MPEDL claimed that following a further review of the model and the numbers reviewed at the conference, it observed that the approved RR would not cover their financial waterfall	<p>The Commission introduced a variable which it called an ‘over-recovery’ to the maximum value of N15 billion to cushion the effect of any rate shock and future fluctuations in tariff. MPEDL expressed concerns about the N15 billion and complained that it would not be sufficient to cover its financial waterfall.</p> <p>Both parties agreed to reconvene on 11 July 2025 for provide justification for any higher over-recovery being requested.</p>

Nos	Date	Description of event	Objective	Outcome
15.	11 July 2025	Meeting between the Commission and MPEDL	To discuss the details of MPEDL's financial waterfall and MPEDL's request for a higher recovery amount to finalise and issue the Tariff Order.	MPEDL's Managing Director attended without his team. He requested an adjournment of the meeting to 3 p.m. to enable him to return with his team. He did not return at 3 p.m. with his team. Instead, he made a phone call asking for another adjournment, to 14 July 2025.
16.	14 July 2025	Meeting between the Commission and MPEDL	To discuss the details of MPEDL's financial waterfall and MPEDL's request for a higher over-recovery amount to finalise and issue the Tariff Order.	MPEDL neither attended the meeting nor communicated further with the Commission.
17.	18 July 2025	The Commission issued Tariff Order No. EERC/2025/003.	Tariff Order to operate for a five-year term from 1 August 2025.	Tariff Order formally communicated to MPEDL on 18 July 2025 via email and hard copy.
18.	22 July 2025	Letter to the Commission from the Board of MPEDL	To express deep concerns about the Tariff Order and to request a meeting with the Commission	The Commission confirmed MPEDL's Board of its readiness for the proposed meeting.
19.	25 July 2025	Meeting between the Commission and MPEDL's	To request a review and reconsideration of the Tariff Order	The meeting was held and thereafter, the Commission

		Board and senior management	based on some expressed concerns and grievances	replied to MPEDL's Board's letter by the Commission's letter dated 30 July 2025.
20.	14 August 2025 And 1 September 2025	MPEDL filed a petition and a revised petition against the Tariff Order	Request for the cancellation, rescission, or setting aside of the Tariff Order, and in its place, to approve either N206.80/kWh or N194.54/kWh for Band A.	The Commission conducted a public hearing of the petition on 16 October 2025.

**Appendix 4**  
**Disallowed line items in MPEDL's OPEX**

Nos	Description	Filed amount	Approved value	Rationale
1	Salaries, wages, and other allowances for permanent, contract, drivers, and expatriate staff	N3.0 billion	N1.6 billion	Approved only verifiable portion.
2	Interest on NBET bills	N1.9 billion	Disallowed	No supporting documentation
3	Rent on properties	N140 million	N59 million	Approved only verified rents.
4	Vehicle hire	N153 million	Disallowed	Disallowed because of double-counting
5	Running expenses for guest house	N109 million	Disallowed	No details were provided.

MPEDL's submissions to the Commission in December 2024, March 2025 and June 2025 to determine its revenue requirement, and which was used to derive the applicable tariff for Band A Customers for Tariff Order No. EERC/2025/003.

Nos	Issue	31 December 2024	7 March 2025	5 June 2025
1	Regulatory Asset Base (RAB)	N28.7 billion	N28.7 billion	N29 billion
2	Distribution losses	37%	30%	25%
3	Operation, Maintenance and Administration (OM&A)	N5.8 billion	N5.8 billion	N9.3 billion
4	Inflation, foreign exchange & subsidy	Nil	Nil	Nil
5	Energy allocation (Load forecast)	120MW	120MW	130MW

