



RULES NO: EERC/R001

ENUGU STATE ELECTRICITY REGULATORY COMMISSION

**ENUGU STATE ELECTRICITY MARKET SETTLEMENT AND
PAYMENT PROCEDURES, 2025**

In exercise of the powers conferred upon it by the Enugu State Electricity Law 2023, and of all the powers enabling it in that behalf, the Enugu State Electricity Regulatory Commission hereby establishes the Rules on Electricity Market Settlement and Payment Procedures which shall apply in the Enugu State Electricity Market.

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1. Short title and commencement

- (1) These Rules may be cited as the **Enugu State Electricity Regulatory Commission Market Settlement and Payment Procedures 2025**.
- (2) These Rules shall come into force on the date on which it is approved by a resolution of the Commission.
- (3) These Rules shall be signed by the Chairman who shall also cause the seal of the Commission to be affixed thereon.

2. Interpretation

“Commission” means the Enugu State Electricity Regulatory Commission.

“Contract Market” means the market for bilateral contracts between licensees in Enugu State.

“Contract Register” means the record established and maintained by the designated department in EERC on the quantity of generation capacity contracted in the Enugu State electricity market.

“Contracting Entities” means licensees that buy and sell electricity in the Enugu State Electricity Market.

“Correction Charge” means fee payable for amendments made in the Enugu State electricity market settlement for which a payment is required.

“Law” means the Enugu State Electricity Law, 2023.

“Licence” shall include all licences which the Commission is empowered to issue.

“Licensee” means any person who holds a licence issued by the Commission.

“Month” means a calendar month.

“Parties” means licensees or entities entering into contractual agreement for the purposes of payments.

3. INTRODUCTION

3.1 Legislative Authority

These Market Settlement and Payment Procedures are issued pursuant to the Commission’s authority under sections 57(1) of the Enugu State Electricity Law 2023. This provision empowers the Commission to issue guidelines, orders and regulations by whatever name called on all matters which, under the said Law are required or permitted to be prescribed or which, in the opinion of the Commission, are necessary or convenient to be prescribed for carrying out or giving effect to the Law.

3.2 Background

The purpose of these Market Settlement and Payment Procedures is to set out the settlement calendar and process by which the net amount to be paid by or paid to each licensee is calculated, taking into consideration trading by licensees (buying and selling of electricity), charges for services provided by the Market, penalties, interests for late payment, corrections to previous settlements, other charges applicable (e.g. VAT), and the settlement of charges to be paid to the Commission (as provided for under section 15(1)(b) of the Law. The Market Settlement and Payment Procedures also describes the calendar and mechanisms for licensees and the Commission to exchange and validate the settlement results and the administration of complaints.

3.3 Timing

Market settlements and payments shall be made on a monthly basis according to the calendar in the Schedule to these Rules.

3.4 Payments to Generators

3.4.1 Payments due to generators shall be based on the prices agreed in the contracts in which the generator is the seller.

3.4.2 The payments shall include, inter alia, payment for energy, payment for generation capacity and supplementary charges, such as ancillary services as provided in the agreement.

4. Market Settlement System

4.1. Entities for Market Settlements and Payments

- 4.1.1. A designated department in the Commission shall administer the market settlement system on a monthly basis.
- 4.1.2. The designated department shall develop and maintain the requisite software, acquire the data and record the results of the market settlement system.
- 4.1.3. The designated department shall maintain a contract register of all the licensees that have contracts in the Enugu State electricity market in a format approved by the Commission.

4.2. Content of the Market Settlement System

The market settlement system shall include facilities to enable the following:

- 4.2.1. Calculation of energy and, where applicable, generation capacity sold and bought in the Contract Market;
- 4.2.2. Payments due from contracts based on contract prices (where applicable or agreed between the contracting entities and the Commission)

- 4.2.3. Settlement of the compensation mechanism for uninstructed generation by the System Operator when established in the State;
- 4.2.4. Settlement of Transmission Use of System charges/fees (TUOS) for electric power transmission within Enugu State as approved by the Commission;
- 4.2.5. Settlement of Distribution Use of System charges/fees (DUOS) for electric power distribution within Enugu State as approved by the Commission;
- 4.2.6. Settlement of ancillary services where contracted; and
- 4.2.7. Settlement of operational charges/fees due to the Commission as provided in Schedule 6 of the Commission's Licensing Regulations.

4.3. **Market Settlement Administration**

At the end of each month, the designated department in the Commission shall calculate:

- (a) For each licensee:
 - (i) The energy, and if applicable, the generation capacity bought during the month in each contract where the participant is a purchaser, including the corresponding energy contract nomination quantities; and
 - (ii) The energy, and if applicable, the generation capacity sold during the month in each contract where the participant is the seller, including the corresponding energy contract nomination quantities.
- (b) The contracted generation capacity in each contract, using the information in the contracts register and in cases where the contract is for energy only, the designated department in the Commission shall calculate and consider as contracted generation capacity, the average amount of energy bought and sold in the contract.
- (c) Where the contracting parties elect to do the computations

themselves, they shall compute the Commission's operational charges/fees and present same to the Commission using the Calendar in the Rules.

4.4. Availability

4.4.1. At the end of each month, the licensee shall inform the designated department in the Commission of the daily and monthly availability of contracted generation for the relevant periods.

4.4.2. The designated department in the Commission shall include the availability information in the settlement statements for generation capacity payments or, as the case may be, compensation for actual availability below the contracted target availability, in order to provide a reference for the contracting parties.

5. Exceptional Conditions

5.1. In the case of emergencies or failure of the settlement software, the designated department in the Commission shall issue an estimated settlement and, or modify the schedule of the settlement process. In this case, the designated department in the Commission shall provide prior information on the changes to all parties by publishing the information on the Commission's website.

5.2. The designated department in the Commission shall consult with licensees to use the best possible estimated data.

6. Metering System

6.1. All energy calculations for settlement in the Enugu State wholesale electricity market shall be measured through the commercial metering systems.

- 6.2. Wherever possible, each connection point shall have two meters, one of which shall be the official meter and the other, a back-up meter.
- 6.3. All licensees shall be obliged to submit meter data/record to the designated department in the Commission within the deadlines stipulated in the calendar in the Schedule to the Rules.
- 6.4. All licensees shall be obliged to submit meter data/record to the designated department in the Commission in the format approved by the Commission.
- 6.5. All licensees shall arrange to test their metering installations at least once in every calendar year, and shall notify the Commission fourteen (14) days in advance and shall provide the Commission with a copy of the test report not later than fourteen (14) days thereafter.
- 6.6. The licensee may conduct special inspection relating to the metering devices and shall notify the Commission seven (7) days in advance and shall provide the Commission with a copy of the test report not later than fourteen (14) days thereafter.
- 6.7. Every licensee shall immediately notify the Commission of any failure, inaccuracy or defect in a metering installation and shall take immediate steps to repair, replace, and/or recalibrate the metering device at its own expense.

7. Preliminary Settlement Statement

- 7.1. Not later than ten (10) Business Days after the beginning of each month, the designated department in the Commission shall send a preliminary Settlement Statement to each licensee through electronic mail except for the situation where the provision in Rule 4.3 (c) applies.
- 7.2. All licensees are required to notify the Commission of any dispute in

relation to their Preliminary Settlement Statements immediately upon receiving it and not exceeding five (5) days.

- 7.3. The Preliminary Settlement Statement shall include:
- (a) Contracted quantities, which shall be the total energy, generation capacity or generating unit start-ups bought or sold in contracts by the licensees provided that these shall be differentiated by contract, to enable licensees to determine quantities to be invoiced in each of its contracts;
 - (b) The Commission's operational charges / fees;
 - (c) The ancillary services payment (where applicable);
 - (d) The ancillary services charge (where applicable);
 - (e) For each distributor the fixed cost amount due being either:
 - (i) for Distributors/ Electricity Retail Companies (ERCs) with a positive under-delivery quantity, the product of the Distributors/ERCs fixed cost and the under-delivery quantity for the month; or
 - (ii) for Distributors/ERCs with a negative under-delivery quantity, the product of the average Distributors/ERCs fixed cost and the under-delivery quantity for the month.

8. Final Settlement Statement

- 8.1. Not later than twenty (20) days after the commencement of each month, the designated department in the Commission shall send to each licensee, the Final Settlement Statement, which shall contain the same information as contained in the Preliminary Settlement Statement, but adjusted to rectify any errors or discrepancies reported by the licensee.
- 8.2. This shall not apply in a situation where the provision in Rule 4.3 (c) applies.

9. Billing and Payment

- 9.1. Within three (3) Business Days of the issuance of the Final Settlement

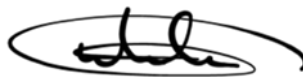
Statement in each month, the licensee and the Commission receiving payment shall:

- (a) issue an invoice to the relevant paying licensee for service and Correction Charges. The invoice shall indicate the charge due from the licensee. This amount shall be the same as the amount reflected in the Final Settlement Statement, which shall provide the detailed description and calculation of the amount invoiced.
 - (b) The paying party shall provide a letter of credit to the relevant licensee receiving payment and the Commission in the amount agreed by both parties for service and correction payments.
 - (c) The letter of credit shall indicate the payment due to the licensee or the Commission as agreed.
- 9.2. Each licensee shall maintain an account in the bank with a minimum of “A” rating to administer the payment mechanism and shall inform the Commission of the name and number of the accounts for record and monitoring purposes. The information to the Commission of the accounts should be supplied a month prior to the commencement of operation. No licensee shall effect any change to any particulars of the bank accounts without giving a prior written notice of at least 30 Business Days to the Commission.
- 9.3. The Commission shall maintain an account in the bank appointed for payment of operational fees/charges.
- 9.4. If after this deadline expires without the paying licensee depositing or transferring the full amount due into the account of the receiving licensee and the Commission shall enforce payment from the security deposited.

10. Miscellaneous Provisions

- 10.1. For power purchase agreements or bilateral agreements contracted prior to the commencement of these Rules, the metering administration shall be performed in the manner established in the agreement.
- 10.2. For the subsidiary of the legacy distribution licensee in the State, market settlement statement and payment to the Commission may be executed through the procedures as provided in the Market Rules in the Nigerian Electricity Supply Industry (NESI).
- 10.3. The Dispute referenced in Section 7.2 above shall be in line with the provisions of the Commission's Business Rules on arbitration of disputes.
- 10.4. The Commission may amend or repeal, in whole or part, the provisions of these Rules where and when the need arises.

Made at Enugu this ... 21st..... day of ... March... 2025.



Chijioke M. Okonkwo
Chairman/ Chief Executive Officer
Enugu State Electricity Regulatory Commission

