ENUGU STATE ELECTRICITY REGULATORY COMMISSION

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ORDER NO. EERC/2025/003

TARIFF ORDER FOR MAINPOWER ELECTRICITY DISTRIBUTION LIMITED 2025

1. CITATION

This Order shall be cited as **Tariff Order for MainPower Electricity Distribution Limited 2025.**

2. COMMENCEMENT AND TERMINATION

(a) This Order shall take effect from 1st August 2025 and shall cease to be effective on the issuance of a new tariff order for MainPower Electricity Distribution Limited (MainPower) by the Enugu State Electricity Regulatory Commission (**"EERC"** or the **"Commission"**).

(b) Notwithstanding anything to the contrary in this Order, or in MainPower's Interim Licence Extension Order No. EERC/2025/001 dated 22nd April 2025, MainPower's applicable tariff under the said Order shall continue to apply until 31st July 2025.

3. INTRODUCTION AND BACKGROUND

(1) The Enugu State Electricity Regulatory Commission (the Commission) is an independent regulatory agency established by the Enugu State Electricity Law 2023 (the Law). The Commissioners were appointed with effect from 2nd January 2024 by His Excellency, Dr. Peter N. Mbah, the Executive Governor of Enugu State, and the appointments were subsequently confirmed by the Enugu State House of Assembly.

(2) The Law provides the legal and regulatory framework for the electricity supply industry in Enugu State. It empowers the Commission to regulate the activities of operators in the Enugu State electricity market comprising the Generation, Transmission and Distribution/Retail sectors, so long as such activities are undertaken exclusively in Enugu State.

(3) One of the primary functions of the Commission as contained in Section 34 of the Law is to ensure that the prices charged by licensees are fair to consumers and sufficient to allow the licensees to finance their activities and to allow for reasonable earnings for efficient operation.

(4) Further to the order of the Nigerian Electricity Regulatory Commission (NERC) Order No: NERC/2024/039 dated 22nd April 2024, which commenced the process for the transfer of regulatory oversight of the electricity market in Enugu State to the Commission, MainPower was incorporated as a wholly owned subsidiary of Enugu Electricity Distribution Plc (EEDC) in compliance with the provisions of section 230(4) of the Electricity Act (the Act), and section 61(1) of the Law.

(5) Upon the expiration of the six (6) months transitional period stipulated in section 230 of the Act for the transfer of regulatory oversight from NERC to the Commission on 22nd October 2024, the Commission issued a six (6) months Interim Licence No. EERC/IDL/2024/01, dated 23rd October 2024, to MainPower.

(6) Section 230(6) of the Act provides that upon NERC's transfer of regulatory oversight to a state regulatory commission, NERC shall have no further regulatory responsibility whatsoever for electricity market activities carried on entirely within the state, especially with respect to the subsidiary distribution company incorporated to assume all the assets and liabilities of the successor distribution company created out of Power Holding Company of Nigeria (PHCN), in that state.

(7) Consequently, by its Order No. EERC/2024/001 dated 22nd October 2024, but effective from 23rd October 2024, the Commission also issued a six (6) months Interim Tariff Order to MainPower, which provided as follows:

During the pendency of the interim licence, MainPower shall:

(a) submit to the Commission an application for a tariff review further to the provisions of the Commission's Tariff Methodology Regulations 2024, not later than one month from the Commission's issuance of the interim licence.

(b) continue to operate the tariff order that was approved for EEDC by NERC and applicable in Enugu State on 22nd October 2024, until the approval of MainPower's tariff review application by the Commission.

(8) By its Order No. EERC/2025/001 dated 22nd April 2025, but effective from 23rd April 2025, and expiring on 22nd July 2025, the Commission extended the term of the Interim Licence for another three months. This was because of the delay by MainPower in submitting additional and relevant information required for determining MainPower's tariff and concluding her license application review. The Interim Licence Extension Order also adopted the tariff order that was approved by NERC for EEDC and applicable as at April 2025 for application by MainPower during the period of interim licence extension.

4. TARIFF REGULATORY FRAMEWORK AND METHODOLOGY

(1) Section 34 of the Enugu State Electricity Law (the Law) requires that tariffs or payments for all licensed activities in the State shall be contracted in accordance with one or more tariff methodologies established by the Commission. Among other requirements, a tariff methodology shall:

(a) be simple, understandable, feasible and free of controversial interpretation;

(b) be effective in enabling the licensee recover total revenue that covers the efficient costs of doing business plus a fair return on capital invested and accordingly impose on each licensee an obligation to manage its costs efficiently and on the Commission to ensure that this is done;

(c) provide stability and predictability of future tariffs and resulting revenues; and

(d) sanction wasteful expenditure and incentivise both continued investment by the licensee and the promotion of technical and economic efficiency and quality by both licensees and customers in providing and receiving the licensed service.

(2) Pursuant to the provision of the said section 34 of the Law, the Commission issued the Enugu State Electricity Regulatory Commission Tariff Methodology Regulations 2024 after wide consultations with all relevant stakeholders from July to September 2024. The Regulations set out the basis and pricing principles underlying the Methodology, and lay out the due processes to be followed by licensees during tariff review applications.

(3) The Methodology provides a ten (10) year tariff path for the electricity industry in Enugu State, with limited minor reviews each year in the light of changes in exogenous parameters (namely: inflation, foreign exchange and fuel prices), and major reviews every 5 years, when all of the inputs are reviewed with the licensee.

(4) The Methodology adopted the Rate of Return regulation (also called Cost of Service regulation), to determine the tariff path. It employs the Building Blocks approach in the treatment of cost, where operating expenditures and capital expenditures are symmetrical to allow sufficient revenue recovery. The Methodology also provided for review of cost to be used in the model with the Commission to ensure that efficient costs apply, and to minimize gold-plating of cost.

5. REVENUE REQUIREMENT

5.1 The revenue requirement is the total amount of revenue MainPower needs to collect from customers to cover all its costs and earn a reasonable profit, under efficient operating conditions as provided in the Commission's Tariff Methodology Regulations 2024.

5.2 The indices that were considered to determine MainPower's revenue requirements and associated tariffs are as follows:

(a) Generation Cost
(b) Transmission Cost
(c) MainPower's Regulatory Asset Base
(d) MainPower's CAPEX Projection
(e) MainPower's OPEX Projection
(f) Allowed Distribution Loss
(g) Cost of Capital

5.3 **Generation Cost**

(a) MainPower is yet to bilaterally contract for electricity with any Generation Company (GenCo), and still offtakes a portion of EEDC's share of the Vesting Contract capacity with the Nigerian Bulk Electricity Trading Plc (NBET).

(b) According to NERC's Order on the Delineation of Assets and Liabilities of Distribution Licensees Order No. NERC/2025/028 dated 28th March 2025, '*... **each DisCo shall transfer its entire offtake obligation to its constituent SubCos based on the historical energy delivered to each State between January - December 2024**'.*

(c) It has been determined that, based on the stated delineation parameter, 31% of the energy available to EEDC from the National Grid was delivered to Enugu State between January to December 2024.

(d) On account of the policy directive of the Federal Government of Nigeria (FGN) on electricity subsidy, which provides for EEDC's remittance obligation in NERC's supplementary tariff orders to EEDC from January to July 2025, EEDC's Generation Cost hovers around ₦45.75/kWh, inclusive of the cost of Zungeru Hydro Plant (ZHEPP).

(e) Until the policy directive of the Federal Government of Nigeria (FGN) on electricity subsidy is discontinued, MainPower's Generation Cost shall be fixed at ₦45.75/kWh, provided that any changes above or below ₦2/kWh shall trigger automatic revision of MainPower's Generation Cost to reflect the change.

(f) MainPower made a modest projection for available generation capacity with an average of 128MWh/h over a period of five years. The projection was accepted by the Commission.

5.4 Transmission Cost

In May 2025, NERC approved a levy of ₦2.17/kWh described as the Transmission Infrastructure Fund (TIF) for inclusion in the transmission cost which will be borne by EEDC, ***'to support the funding of critical transmission infrastructure projects and novel initiatives necessary to facilitate the improved delivery of transmission services in the NESI'***. Consequently, the transmission tariff, comprising transmission and administrative costs, as well as the TIF add up to an average of ₦10.80/kWh, and is adopted by the Commission.

5.5 MainPower's Regulatory Asset Base

The Commission accepted MainPower's submission on its total regulated asset base (RAB) for the period 1st January 2014 to 31st December 2024, which value was set at ₦29,055,930,421.37. The submitted RAB is as set out in Table 1 below.

Assets Base Summary	Unit	Qty	Value (Naira)
Land	Nos	-	-
Building and Fixtures	Nos	-	-
Substations	Nos	63	5,584,454,795.18
Lines	Km	329,485	2,388,616,661.00
Transformers	Nos	3,653	5,987,733,174.08
Meters	Nos	159,774	14,967,129,459.00
Information and Communication	Nos	88	8,254,008.94
Other Equipment	Nos	-	89,745,308.34
Vehicles	Nos	21	24,385,950.00
Furniture & Fittings	Nos	93	5,611,064.82
TOTAL ASSET COST			**29,055,930,421.37**

Table 1

5.6 MainPower's Five Year CAPEX Plan

Owing to the anticipated challenges that may be encountered in the initial years, the Commission accepted the modest five-year Capex plan submitted by MainPower as shown in Table 2 below:

Additional CAPEX	2025	2026	2027	2028	2029	Total (N)
New Injection Transformers For MainPower	993,196,622	1,281,530,110	443,465,414	388,570,078	1,111,677,714	4,218,439,937
MainPower New Distribution Transformers-Year (Extimated cost)	926,110,800	823,209,600	823,209,600	823,209,600	823,209,600	4,218,949,200
MainPower New Distribution Lines-Year (Extimated cost)	68,280,168	24,280,168	578,165,383	403,704,134	24,280,168	1,098,710,021
MainPowerr New Injection Transformers- Year (Extimated cost)	993,196,622	1,281,530,110	443,465,414	388,570,078	1,111,677,714	4,218,439,937
MainPower Protection, Control and Metering-PC&M	185,760,000	115,236,000	100,976,000	68,308,000	60,128,000	530,408,000
MainPower Metering Capex - Loss Reduction Projects	13,052,000,941	9,232,858,240	5,623,300,567	3,337,910,641	1,772,369,229	33,018,439,618
MainPower Health Safety and Enviroment Projects	120,200,000	122,600,000	93,400,000	116,600,000	124,600,000	577,400,000
MainPower GIS Capex CAPEX	185,560,000	143,400,000	124,200,000	144,600,000	147,000,000	744,760,000
TOTAL	**16,524,305,152**	**13,024,644,228**	**8,230,182,379**	**5,671,472,530**	**5,174,942,424**	**48,625,546,713**

Table 2

5.7 MainPower's Five Year OPEX Plan

MainPower submitted total operating expenses of **₦9.09 billion**, covering labour, materials, rent, and various distribution-related costs. Maintenance expenses totalled **₦281.77 million**, primarily directed at buildings, substations, signal systems, and overhead lines.

During the review of the breakdown of the Operating Expenses submitted by MainPower for the year 2025, the Commission requested for further details to ascertain the costs allocated to the various operational expense heads. The detailed breakdown of costs submitted by MainPower were then summed up to arrive at allowed Opex cost of **₦5,816,317,703** for 2025.

5.8 Allowed Distribution Loss

After careful consideration, and to incentivize MainPower to consciously make efforts to reduce loss and keep the gains, the Commission allowed a yearly distribution loss of 25% to MainPower for five years. This is because the Commission is aware that in the past, NERC had provided revenues to EEDC to reduce loss to 21% by 2025.

5.9 Cost of Capital – the Weighted Average Cost of Capital (WACC)

The Debt-Equity ratio allowed by the Commission is 70%:30% for the determination of cost of capital. The interest rate allowed is the current figure as published by the Central Bank of Nigeria (CBN).

6. SUMMARY OF TARIFF ASSUMPTIONS AND RESULTS

6.1 Table 3 below shows the tariff assumptions and the outcomes

Parameter	Unit	2025	2026	2027	2028	2029
Distribution Loss	%	25.0%	25.0%	25.0%	25.0%	25.0%
Interest Rate	%	27.5%	27.5%	27.5%	27.5%	27.5%
Energy Delivered to Disco	GWh	1,140	1,227	1,315	1,403	1,403
Energy Delivered to Disco	MWh/h	130	140	150	160	160

Generation Cost	₦/kWh	45.75	45.75	45.75	45.75	45.75
Transmission Cost	₦/kWh	10.8	10.8	10.8	10.8	10.8
Revenue Requirement	₦million	79,902	92,496	101,098	107,639	108,012
Cost Reflective Tariff	₦/kWh	**93.49**	**100.49**	**102.52**	**102.33**	**102.68**

Table 3

6.2 MainPower's Cost Reflective Tariff

MainPower's cost-reflective tariff is as shown in Table 4 below.

Category	2025	2026	2027	2028	2029
A - Non MD	125.50	134.91	137.62	137.37	137.84
A - MD1	125.50	134.91	137.62	137.37	137.84
A - MD2	125.50	134.91	137.62	137.37	137.84
B - Non MD	66.47	71.45	72.89	72.76	73.01
B - MD1	62.84	67.55	68.91	68.78	69.02
B - MD2	62.84	67.55	68.91	68.78	69.02
C - Non MD	53.78	57.81	58.97	58.87	59.07
C - MD1	50.21	53.97	55.06	54.96	55.15
C - MD2	50.21	53.97	55.06	54.96	55.15
D - Non MD	36.49	39.22	40.01	39.94	40.08
D - MD1	47.82	51.40	52.44	52.34	52.52
D - MD2	47.60	51.17	52.20	52.10	52.28
E - Non MD	36.20	38.91	39.70	39.62	39.76
E - MD1	-	-	-	-	-
E - MD2	-	-	-	-	-

Table 4

6.3 Approved Allowed Tariffs (₦/kWh) for MainPower

In consideration of the concerns raised by MainPower regarding their current reality, which may need about a year to address, and the need to manage rate shock, the Commission allowed an over-recovery of ₦13.16/kWh on the cost reflective tariff, which will be recovered from Band A customers in line with the tariff design adopted by MainPower. This will lead to an over-recovery of ₦15,000,000,000. The Commission shall decide subsequently how the over-recovery will be clawed back in subsequent years.

Inclusive of the over-recovery, Table 5 below shows the approved tariffs for MainPower.

2025 (₦)	
Allowed Over-recovery	**13.16**
Allowed Average Tariff	**111.04**
A - Non MD	160.40
A - MD1	160.40
A - MD2	160.40
B - Non MD	66.47
B - MD1	62.84
B - MD2	62.84
C - Non MD	53.78
C - MD1	50.21
C - MD2	50.21
D - Non MD	36.49
D - MD1	47.82
D - MD2	47.60
E - Non MD	36.20
E - MD1	-
E - MD2	-

Table 5

7. SERVICE DELIVERY COMMITMENTS

MainPower shall be held accountable for service delivery per commitment on hours of supply under its Service-Based Tariff proposal. This tariff design aligns end-user tariffs in proportion to the service level enjoyed by customer clusters as measured in average hours of supply per day over one month. Details of the service level commitments made by MainPower to customers in various tariff Bands are as shown in the Schedule to this Order.

8. MONITORING AND EVALUATION OF COMPLIANCE WITH SERVICE COMMITMENTS

(1) MainPower is obligated to publish daily on its website a rolling 7-day average daily hours of supply on each Band A feeder no later than 09:00 am of the next day.

(2) Where MainPower fails to deliver on the committed level of service on a Band A feeder for two consecutive days, MainPower shall report this to the Commission within 24 hours.

(3) Where MainPower fails to meet the committed service level to a Band A feeder for seven (7) consecutive days, the feeder shall be automatically downgraded to the recorded level of supply.

Dated this ...18th... of July 2025

Chijioke M. Okonkwo
Chairman/CEO

Reuben Okoye
Commissioner, Market Operations

SCHEDULE: MAINPOWER'S CUSTOMER CLASSIFICATIONS

Service Bands	Tariff Class	Description
Lifeline	R1	Life-Line customers with energy consumption of not more than 50kWh/month.
A (Minimum of 20hrs/day)	Band A Non-MD	Customers with single or three-phase connections located within Band A Service Level Feeders
	Band A MD 1	Customers with LV Maximum Demand connection located within Band A Service Level Feeders
	Band A MD 2	Customers with MV/HV Maximum Demand (11/33kV) connection located within Band A Service Level Feeders
B (Minimum of 16hrs/day)	Band B Non-MD	Customers with single or three-phase connections located within Band B Service Level Feeders
	Band B MD 1	Customers with LV Maximum Demand connection located within Band B Service Level Feeders
	Band B MD 2	Customers with MV/HV Maximum Demand (11/33kV) connection located within Band B Service Level Feeders
C (Minimum of 12hrs/day)	Band C Non-MD	Customers with single or three-phase connections located within Band C Service Level Feeders
	Band C MD 1	Customers with LV Maximum Demand connection located within Band C Service Level Feeders
	Band C MD 2	Customers with MV/HV Maximum Demand (11/33kV) connection located within Band – C Service Level Feeders
D (Minimum of 8hrs/day)	Band D Non-MD	Customers with single or three-phase connections located within Band D Service Level Feeders
	Band D MD 1	Customers with LV Maximum Demand connection located within Band D Service Level Feeders
	Band D MD 2	Customers with MV/HV Maximum Demand (11/33kV) connection located within Band D Service Level Feeders
E (Minimum of 4hrs/day)	Band E Non-MD	Customers with single or three-phase connections located within Band E Service Level Feeders
	Band E MD 1	Customers with LV Maximum Demand connection located within Band E Service Level Feeders
	Band E MD 2	Customers with MV/HV Maximum Demand (11/33kV) connection located within Band E Service Level Feeders