NERC QUARTERLY REPORT IN A NUTSHELL

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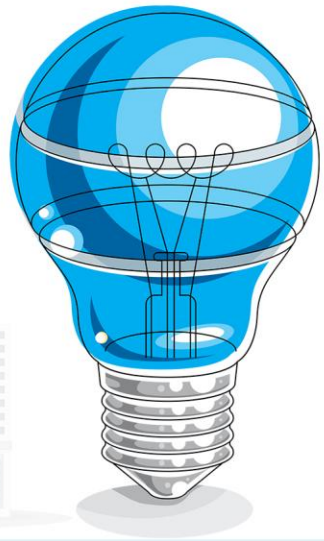
PREFACE

On 2 July 2026, the Nigerian Electricity Regulatory Commission (NERC or the Commission) released its quarterly report for the first quarter of 2026 (Q1 2026) (the Report) for the Nigerian Electricity Supply Industry (NESI), pursuant to its mandate under section 56(3) of the Electricity Act 2023 (the EA) to present quarterly reports of all its activities to the President and the National Assembly.

In this piece, we summarise the Report to enable readers who may not have the opportunity to read the Report in full to stay updated on developments in the NESI.



STATE OF ELECTRICITY GENERATION

Number of grid-connected plants:

28 grid-connected power plants consisting of five **(5)** hydro, two **(2)** steam, nineteen **(19)** Open Cycle Gas Turbine (OCGT), and two **(2)** Combined Cycle Gas Turbine (CCGT) plants.

Average available generating capacity:

4,457.96MW. This represents a **942.42MW (-17.45%)** decrease compared to the **5,400.38MW** recorded in 2025/Q4. Twenty **(20)** of the twenty-eight **(28)** grid-connected power plants recorded decreases in available generation capacity when compared to 2025/Q4.

Average hourly generation:

4,112.72MWh/h, adding up to a total generation of **8,883.47GWh** throughout Q1. This represents a **339.99MWh**/h **(-7.64%)** decrease from **4,452.71MWh/h** in 2025/Q4

Average quarterly generation:

The total electricity generated in the quarter also decreased by **948.10GWh** (-9.64%) from **9,831.58GWh** in 2025/Q4.

STATE OF ELECTRICITY TRANSMISSION

Frequency

The average lower daily (49.11Hz) and average upper daily **(50.72Hz)** system frequencies were outside the normal operating limits **(49.75Hz - 50.25Hz)** but remained within the lower and higher bound stress limits **(48.75Hz - 51.25Hz)**.

Voltage

The average lower daily **(304.21kV)** and average upper daily **(349.88kV)** system voltages were however outside the limits prescribed in the grid code **(313.50kV - 346.50kV)**.

Grid collapse

There were two incidents of system disturbance on the National Grid: a total collapse on **23 January 2026**, and a partial collapse on **27 January 2026**.

STATE OF THE MARKET AND ELECTRICITY DISTRIBUTION

AVERAGE ENERGY OFFTAKE

NB: this represents the average off-take by Distribution Companies (DisCos) at trading points.

3,309.48MWh/h, representing a decrease of **309.73MWh/h (-8.56%)** from the **3,619.21MWh/h** off-take recorded in 2025/Q4. Cumulative offtake performance of the DisCos was **97.11%,** up from **92.18%** in 2025/Q4.

BILLING EFFICIENCY

NB: this represents the difference between energy supplied to the DisCos and energy billed to customers.

79.24%, representing a **2.79pp** decrease in billing efficiency from the **82.03%** recorded in 2025/Q4.

ATC & C LOSS

The ATC&C loss for Q1 2026 is **37.44%**. This comprises **20.76%** in technical and commercial losses and **21.05%** in collection loss. This is 20.52pp higher than the allowed aggregate efficient loss target (**16.92%**) applied in the computation of the tariffs in the Multi-Year Tariff Order, resulting in a cumulative revenue loss of **N140.64 billion** across all DisCos. The **37.44%** ATC&C loss in Q1 2026 represents a 2.54pp increase from the **34.90%** recorded in 2025/Q4.

REMITTANCE PERFORMANCE

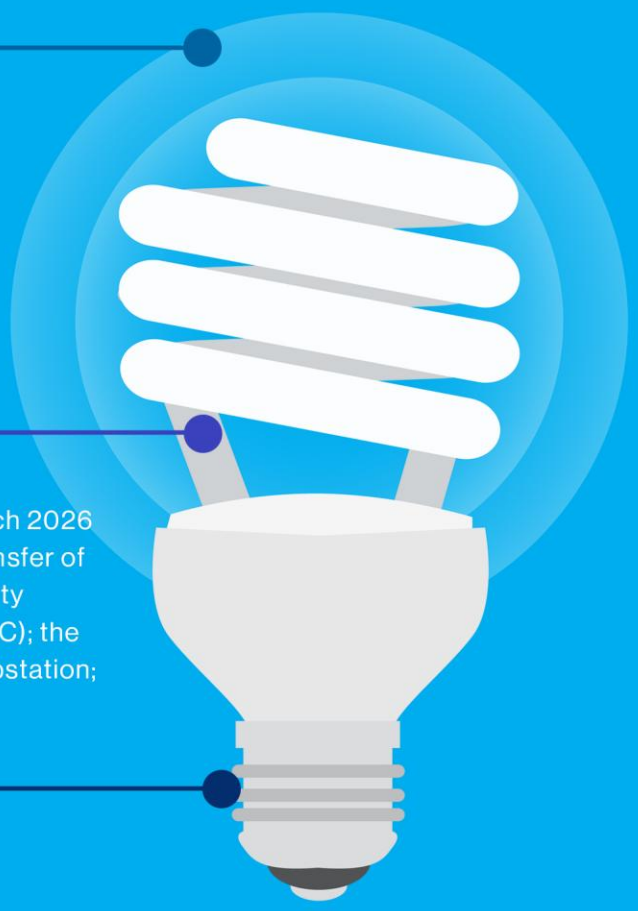
This represents the cumulative upstream invoice payable by DisCos to other Market Participants.

The DisCos remitted **94.08%** of the upstream invoice payable to Nigerian Bulk Electricity Trading Company (NBET) and the Market Operator (MO). Compared with **92.71%** recorded in 2025/Q4, there is a **1.37pp** increase.

REMITTANCE PERFORMANCE BY OTHER OFF-TAKERS

The three international bilateral customers serviced by the GenCos made total payment of **$4.82 million** against the cumulative invoice of **$17.48 million** issued by the Market Operator (a remittance rate of **27.57%**), while domestic bilateral customers paid N5,816.28 million against the cumulative invoice of N6,122.35 million (a remittance rate of 95.00%).

NERC'S REGULATORY FUNCTIONS



Regulation

NERC issued the Mini-Grid Regulations 2026 (NERC-R-001-2026) in Q1, which increased the maximum capacity of isolated mini-grids from 1MW to **5MW** and of interconnected mini-grids from **1MW to 10MW**. The Mini-Grid Regulations 2026 also revised the interconnection and grid-arrival compensation frameworks, introduced a Network Asset Use Fee, Cost of Energy and Export Tariff into the commercial agreement, strengthened site exclusivity requirements, and introduced new customer and environmental protections.

Orders

NERC issued 36 orders in Q1 2026. These orders include the January, February and March 2026 Supplementary Orders to the Multi-Year Tariff Order for the DisCos; the Order on the Transfer of Regulatory Oversight of the Electricity Market in Gombe State from the Nigerian Electricity Regulatory Commission to the Gombe State Electricity Regulatory Commission (GOSERC); the Order on the Registration and Authorisation of Grid-Connected Private Transmission Substation; and the Amended Order on the Reimbursement of Meter Cost.

Licences, Permits, and Certificates

NERC issued

- one **(1)** Independent Electricity Distribution Network (IEDN) licence.
- one **(1)** licence for embedded generation.
- seven **(7)** captive generation permits with a gross capacity of **40.82MW**
- Six **(6)** permits for mini grids with a gross capacity of **0.75MW**.
- Twelve **(12)** certifications for Meter Service Providers and twenty-one (21) permits for Meter Asset Providers.

HEARINGS AND PUBLIC CONSULTATION

During the quarter (2026/Q1), the Commission did not conduct any hearing.

COMPLIANCE AND ENFORCEMENT

The Commission issued eleven **(11)** Rectification Directives **(RD)** to licensees for different breaches/defaults during the quarter. No Notices of Intention to Commence Enforcement **(NICE)** were issued.

CONSUMER AFFAIRS

01 The Commission did not convene any town hall meeting in 2026/Q1 but continued to sponsor jingles on radio stations nationwide to educate customers on complaint redress mechanisms.

02 **357,495** end-user customers were metered, representing a **10.38%** increase from **323,864** metered customers in 2025/Q4. As of 31 March 2026, **7,324,079** out of **12,386,848** active registered customers (**59.13%**) were metered.

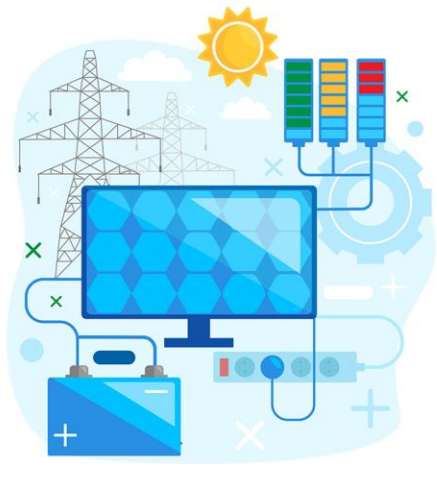
03 DisCos received 91,617 complaints. Compared with **58,973** received in Q4 2025, there is a **55.35%** increase, a trend signalling growing customer dissatisfaction.

04 NERC's **22 forum offices** received a total of 890 new appeals, in addition to **250 pending** appeals from 2025/Q4, bringing active appeals to **1,140**, of which **772 (67.72%)** were resolved, indicating a relatively above average resolution rate.

05 Twenty-four (**24**) accidents were recorded, resulting in thirteen (**13**) injuries and seventeen (**17**) fatalities.

NERC'S RECEIPTS AND EXPENDITURE

No report of the Commission's revenue or expenditure in Q1.



OUR THOUGHTS

The first quarter of 2026 reveals a sector under strain on the generation side even as certain commercial indicators showed uneven improvement. Average available generation capacity fell sharply by 17.45% quarter-on-quarter, driven largely by the dry-season decline in hydropower output and markedly significant outages at plants such as Zungeru, Geregu and Rivers. This capacity contraction, combined with two grid disturbances in January 2026 underscores the continuing fragility of Nigeria's generation and transmission infrastructure. On the commercial side, DisCos improved their energy offtake and remittance performance, but this was achieved against a backdrop of significantly worsening ATC&C losses, which rose to 37.44%, more than double the regulatory target of 16.92% for the year. The resultant ₦140.64 billion revenue shortfall signals that, notwithstanding improved discipline in meeting upstream obligations, the retail end of the value chain remains the sector's weakest link.

The Federal Government's continued absorption of over half of the GenCo invoice (₦358.32 billion, or 52%, in Q1 2026 alone) as tariff subsidy, arising from the freeze of end-user tariffs at July 2024 rates, remains a significant fiscal exposure that leaves public finances vulnerable to volumetric and generation-cost risk. We recommend that the tariff freeze be reviewed alongside targeted support for vulnerable customers, rather than blanket subsidisation, to reduce the fiscal burden while safeguarding affordability.

Furthermore, the transfer of regulatory oversight continues the steady decentralisation of NESI regulation seen in preceding quarters. Gombe State has joined the list of States regulating its electricity for energy self-sufficiency. Gombe State's transfer follows the same pathway NERC has now used for over a dozen states. Having satisfied the conditions precedent under the Electricity Act 2023, including formal notification and a request for regulatory authority, NERC directed Jos Electricity Distribution Plc to incorporate a subsidiary, JED SubCo, to assume intrastate supply and distribution duties within Gombe, with the SubCo required to obtain its own licence from the Gombe State Electricity Regulatory Commission (GOSERC).

The Order on the Registration and Authorisation of Grid-Connected Private Transmission Substation requires all owners of grid-connected private transmission substations used by bulk consumers to obtain an Independent Electricity Transmission Network Operator (IETNO) Permit. This framework brings a category of previously unlicensed private wires infrastructure, substations built and operated by large industrial and commercial off-takers to receive bulk power directly from the grid, within NERC's licensing perimeter for the first time. Essentially, it seeks to close a gap that had allowed such assets to develop with limited regulatory visibility over safety, metering integrity, and interconnection standards. For sponsors and lenders on captive power and bulk supply transactions, this implies that private transmission substations that were previously treated as ancillary infrastructure will now need to be assessed and potentially treated as licensed transmission assets in their own right, with permit conditions likely feeding into project documentation, security packages, and operating and maintenance (O&M) arrangements going forward.

In a similar vein, the Amended Order on the Reimbursement of Meter Cost mandates the complete automation of meter cost refunds for customers who purchased prepaid meters under the Meter Asset Provider (MAP) scheme. The order was triggered by a review that found DisCos owed customers N20.33 billion for MAP-procured meters as at 31 December 2025. Beyond automation and the non-offsetting rule, the order requires DisCos to amortise the entire under-reimbursement in twelve equal monthly instalments, run the credits automatically through customer accounts, maintain a dedicated complaints channel, and submit monthly compliance reports to NERC on a prescribed template. The order therefore serves a double function of being a consumer-protection instrument and a liquidity-management constraint. It lands at a moment when DisCos are already under significant liquidity pressure across the sector. Therefore, compliance capacity is likely to vary by DisCos, and the prohibition on offsetting against legacy debts removes what had been one of the more common informal workarounds for cash-strapped operators.

On regulation, the issuance of the Mini-Grid Regulations 2026, which materially increases the permissible capacity for isolated (from 1MW to 5MW) and interconnected (from 1MW to 10MW) mini-grids, is a welcome step towards unlocking private investment in decentralised and embedded generation, particularly for underserved communities. Our fuller analysis of the Mini-Grid Regulations and its implications for the Nigerian Electricity Supply Industry (**NESI**) can be accessed here. Furthermore, the sharp rise in customer complaints (up 55.35% quarter-on-quarter) and the decline in Forum Office resolution rates (down 2.85pp to 67.72%) point to strained consumer redress mechanisms that must be addressed, as metering and billing disputes continue to dominate complaint categories.

We recommend that NERC sustain enforcement of the eleven Rectification Directives issued this quarter, accelerate the Distribution Sector Recovery Program (DISREP) commenced in May 2025, and Meter Acquisition Fund (MAF) metering to close the 40.87% metering gap, and enforce stricter compliance with grid code frequency and voltage parameters to reduce the recurrence of system disturbances. DISREP and MAF are strategic initiatives of the federal government to close metering gap. Since their inception, a total of 443, 238 meters have been installed under both frameworks.

1. Cynthia Egboboh, (BusinessDay) DisCos Ordered to Repay Customers N20bn in Illegal Metering Fee Clampdown <*DisCos ordered to repay customers N20bn in illegal metering fee clampdown - Businessday NG*> accessed 06 August 2026.