



ORDER NO: **NSERC ORDER/2025/002B**

ORDER OF THE NIGER STATE ELECTRICITY REGULATORY COMMISSION

ON

**OCTOBER 2025 SUPPLEMENTARY TARIFF ORDER FOR NEW BUSSA ELECTRICITY
DISTRIBUTION LIMITED**

TITLE

1. This regulatory instrument shall be cited as the October 2025 Supplementary Tariff Order for New Bussa Electricity Distribution Limited ("NBEDL" or "New Bussa SubCo").

COMMENCEMENT AND TERMINATION

2. This Order shall take effect from 1st October 2025, and it shall cease to be effective on the issuance of a new tariff review Order for NBEDL by the Niger State Electricity Regulation Commission ("NSERC" or "The Commission").

CONTEXT

3. Pursuant to the move to decentralise the Nigerian Electricity Market, commence regulatory oversight at the sub-national level, and further encourage private sector investments, Paragraph 14(b) Part II of the Second Schedule to the 1999 Constitution of the Federal Republic of Nigeria (CFRN) was amended as follows –

*"a House of Assembly may make laws for the State with respect to generation, transmission, and distribution of electricity to areas not covered by the national grid system within the State" **was amended to** "a House of Assembly may make laws for the State with respect to generation, transmission, and distribution of electricity to areas within that State".*

4. The amendment granted the legislative autonomy to federating states in the Federal Republic of Nigeria by empowering the sub-national governments to legislate on the generation, transmission and distribution of electricity within each respective state.

5. In May 2023, President Bola Tinubu GCFR assented to the Electricity Act 2023 ("EA" or "EA 2023" or the "Act") into law. Pursuant to the Constitutional amendment, the Act takes due cognisance of the powers conferred on the federating states for the respective House of Assembly of a State to, among others, pass laws to sanction the establishment of a state electricity market and a *State Integrated Policy and Strategic Implementation Plan*.
6. Section 230 (2) of the EA 2023 expressly states the procedure to be followed by any state wishing to take over the regulatory oversight functions of its intra-state electricity market. Subsection 230(3) of the EA provides that a State takes over regulatory oversight after a 180-day transition period, effective from the date the electricity law of the state is formally communicated to the Nigerian Electricity Regulatory Commission ("NERC").
7. On 6 January 2025, the Niger State Government formally notified the Nigerian Electricity Regulatory Commission ("NERC") of the governor's assent to the Niger electricity law, the creation of NSERC as the regulator for the intra-state electricity market within Niger State, and requested a transfer of regulatory oversight to NSERC pursuant to the provisions of Section 230 of the EA 2023.
8. On 10 January 2025, NERC issued Transition Order No: NERC/2025/002 to Ibadan Electricity Distribution Plc ("IBEDC") pursuant to the provisions of the EA. The Order mandated the IBEDC ("HoldCo") to incorporate and operationalise a subsidiary distribution company to cover its franchise area within Niger state. The Order further provides for a 180-day transition period, following which NSERC shall take over the regulatory oversight of the IBEDC's subsidiary operations in Niger state.
9. On 25th August 2025E, pursuant to the Order issued by NERC, IBEDC obtained a license from NSERC for NBEDL to be the successor distribution company ("SubCo") that will cover its operations in the IBEDC franchise area within Niger State.
10. On 9 July 2025, the 180-day transition period for NSERC to take up the regulatory oversight elapsed, thereby marking the end of NERC's jurisdiction for regulatory oversight over IBEDC's operations in Niger state.
11. On 25 July 2025, NERC issued Order No: NERC/2025/074 on the Delineation of Assets and Liabilities for IBEDC 2025; this Order established that:

- a. 3.67% of IBEDC's energy offtake is consumed in its franchise area within Niger state; and
- b. 3.67% of IBEDC's assets and liabilities are to be transferred to the SubCo covering its operations in Niger state ("NBEDL")

DETERMINATION OF TARIFF FOR NBEDL

12. A key mandate of NSERC is the development of tariff methodologies to balance affordability and sustainability and attract local and international investors in the Niger electricity market.
13. NSERC has since commenced the process of developing its tariff methodologies for the rate determination for its licensees. Notwithstanding the ongoing development of the tariff methodologies that will subsequently guide the determination of the end-user tariffs within its jurisdiction, NSERC recognises the NERC's regulatory oversight of the grid-connected wholesale transactions, the need to ensure consistency with the tariff approved for the successor distribution company ("HoldCo") by NERC and foster end-user tariffs that will be less disruptive, especially during the transitional phase. Thus, NSERC has resolved to adopt the NERC's current methodology pending the time when its new methodology and associated regulations will be ready.
14. Further to the above, NSERC has resolved to adopt and approve for NBEDL the applicable portion of the Tariff Order approved for IBEDC issued by NERC. The monthly revenue requirement of NBEDL shall be determined as a proportion of the approved revenue requirement of the HoldCo in line with the principle established in the NERC Order No. NERC/2025/074.

NERC APPROVED HISTORICAL TARIFF ORDERS FOR AEDC

15. Pursuant to the Tariff Review Application by IBEDC on 19 July 2023, NERC approved MYTO-2024 effective from 1st January 2024. The Order, among others;
 - a. Restated IBEDC's Performance Improvement Plan ("PIP") and approved a revised 5-year CAPEX provision to finance planned CAPEX projects. The Order further applied regulatory adjustments to the verified historical investments of IBEDC;
 - b. Approved a reset of the baseline ATC&C loss level to a new target considered to be fair and reasonable given current operating conditions and comparable benchmarks within and outside the Nigerian Electricity Supply Industry ("NESI");

- c. Revised relevant assumptions for the forecast of revenue requirements and applicable tariffs for the period 2024 – 2027;

16. In line with Section 23 of the MYTO–2024, NERC has been issuing the monthly Supplementary Orders to MYTO-2024 to reflect changes in the pass-through indices (not within the control of licensees), including inflation rates, ₦/US\$ exchange rate, available generation capacity and gas price for the determination of Cost-Reflective Tariffs ("CRT").
17. The most recent changes in the pass-through indices reflected by NERC in the September 2025 MYTO supplementary Order are summarised in Table 1 below.

Table – 1 NERC Approved Changes in Pass-through indices in September 2025

	Pass through indices	Unit	Approved Changes
1	Exchange Rate	₦/\$	1,550.10
2	Nigerian Inflation Rate	%	21.88%
3	US Inflation Rate	%	2.70%
4	Available Generation	MW	3,990
5	Gas to power price	\$/MMBTU	2.20
6	Gas transportation price	\$/MMBTU	1.13

OBJECTIVE

18. This Supplementary Order seeks to reflect the changes in the pass-through indices outside the control of NBEDL, including inflation rates, ₦/US\$ exchange rate, available generation capacity and gas to power price for the revision of the Cost-Reflective Tariffs ("CRT") for NBEDL effective 1 October 2025.

BASIS FOR THE REVIEW

19. Minor Review Indices

The underlisted indices with potential impact on electricity rates were considered to revise NBEDL's revenue requirements and associated tariffs:

- a. **Exchange Rate:** The Naira to US Dollar exchange rate of **₦1,517.80/US\$1** has been adopted for October 2025; this has been determined by adding a 1% transaction cost to the average foreign exchange rate of **₦1,502.78/US\$1** during the period of **1st–**

23th September 2025 as obtained from the website of the Central Bank of Nigeria (“CBN”) in line with the MYTO methodology.

- b. **Nigerian Inflation Rate:** The Nigerian inflation rate of **20.12%** for August 2025, published by the National Bureau of Statistics (“NBS”), is applied to revise the Nigerian inflation rate projection for 2025.
- c. **US Inflation Rate:** Based on the data published by the United States Bureau of Labour Statistics (<http://www.bls.gov>), the US inflation rate of **2.90%** for August 2025 is applied to revise the US Inflation rate projection for 2025.
- d. **Wholesale Gas to Power Prices:** The review adopts the underlisted benchmarks established by the Nigerian Midstream and Downstream Petroleum Regulatory Authority (“NMDPRA”) in line with the Petroleum Industry Act (“PIA”) 2021:
 - I. The gas-to-power price of **US\$2.13/MMBTU** based on the revised benchmark price by NMDPRA in April 2025 in compliance with Section 167 of the PIA.
 - II. An interim Shrinkage Factor (“SF”) of **3%** as established by NMDPRA pending the deployment of a model that will automatically set the SF on the gas network.
 - III. A wholesale levy of **0.5%** on the cost of gas earmarked for the Midstream and Downstream Gas Infrastructure Fund (“MDGIF”) as established by NMDPRA in compliance with Section 52(7) of the PIA.
 - IV. The contracted gas supply and transportation prices outside Domestic Gas Delivery Obligation quantities are based on effective Gas Sale Agreements (“GSAs”) approved by the Commission.
 - V. Benchmark Gas Transportation tariff of **US\$1.13/MMBTU** based on the revised benchmark price by NMDPRA in July 2025.

20. Summary of Tariff Assumptions and Results

Table 2 below summarises the tariff review indices adopted in this Order.

Table – 2: Key Tariff Review Indices/Assumptions and Results

Parameter	Unit	October 2025
Nigerian Inflation	%	20.12%
US Inflation	%	2.90%

Parameter	Unit	October 2025
Exchange Rate	₦/\$	1,517.80
Gas Supply and Transportation Cost	\$/MMBTU	3.33
Transmission Loss Factor	%	7.00%
Generation Cost	%	109.59
Transmission & Admin Cost and TIF	₦/kWh	10.61
Weighted Average Cost Reflective Tariff	₦/kWh	195.07

21. APPROVED END-USER TARIFFS EFFECTIVE FROM 1ST OCTOBER 2025

NSERC has considered and approved the tariffs in Table 3 below for NBEDL, effective 1 October 2025. The approved tariffs shall remain in force subject to monthly adjustments of pass-through indices, including inflation rates, NGN/US\$ exchange rates, wholesale market administration and associated costs (e.g., transmission) and gas-to-power prices.

Table – 3: Approved Allowed Tariffs (₦/kWh) for NBEDL

Tariff Class	October 2025
A – Non-MD	209.50
A – MD1	209.50
A – MD2	209.50
B – Non-MD	67.25
B – MD1	68.80
B – MD2	70.41
C – Non-MD	56.40
C – MD1	55.02
C – MD2	53.82
D – Non-MD	32.44
D – MD1	50.11
D - MD2	50.13
E – Non-MD	32.26
E – MD1	50.11
E – MD2	50.13

22. SERVICE DELIVERY COMMITMENTS

NBEDL shall be held accountable for service deliveries per commitments under its Service-Based Tariff proposals that seek to align 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 NBEDL to customers in various tariff Bands for **October 2025** are shown in Appendix 2.

23. MONITORING AND EVALUATION OF COMPLIANCE WITH SERVICE COMMITMENT

- a. The Commission shall leverage technology to directly obtain data on the hours of supply on each Band A feeder from the head-end system of NBEDL for near real-time monitoring of service.
- b. NBEDL shall maintain a rapid response team to ensure effective service delivery on the committed minimum hours of supply to each service Band, commencing with Band A feeders. The team shall continue to ensure timely response to customers' complaints, fault clearing and alignment with TCN regional teams for effective load management and optimised dispatch to respective feeders. NBEDL shall maintain the dedicated email addresses and contact numbers of the service rapid response team for each customer cluster/business unit on its website and continue to circulate this information to customers via bulk SMS and social media handles.
- c. NBEDL 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 10:00 am of the next day.**
- d. Where NBEDL fails to deliver on the committed level of service on a Band A feeder for two consecutive days, NBEDL shall, on the next day by 10.00 am, publish on its website an explanation of the reasons for the failure and update the affected customers on the timeline for restoration of service to the committed service level.
- e. Where NBEDL 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 pursuant to the provisions of Section 6 of NERC Order No. **NERC/334/2022 – “Order on Migration of Customers and Compensation for Service Failure under Service-Based Tariff Framework”**.
- f. NBEDL is mandated to continuously ensure upward migration of customers from the lower service Bands to Band A service level in line with the target on improvement in quality of service.

24. SERVICE BAND PERFORMANCE, MIGRATION/DOWNGRADE AND COMPENSATION

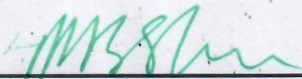
In keeping with regulatory consistency to protect customers while retaining predictability for the operators, the Commission has resolved to adopt the provisions of the existing market instruments related to evaluation of service band performance, band migration and customer compensation for service under-delivery (put the instruments in footnote). Accordingly, NSERC hereby orders as follows:

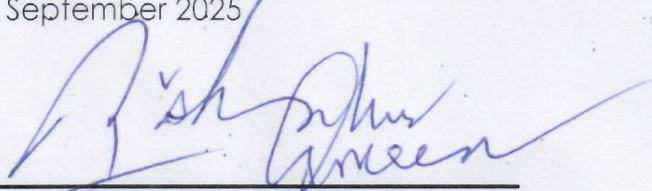
- a. NBEDL shall downgrade the Band A feeders listed in Appendix 2 to the commensurate level of supply and make appropriate compensation to the affected customers in line with the provisions of the NERC's Order on Migration.
- b. NBEDL shall make appropriate compensation to the affected customers in Band A feeders listed in Appendix 3 for failure to deliver up to 20 hours of average supply but more than 18 hours of average supply in line with the provisions of the NERC's Order NERC/334/2022 on feeder migration, while the feeders shall remain as Band A.

25. EFFECTIVE DATE

This Supplementary Order shall be effective from 1st October 2025.

Dated this 29th day of September 2025


Engr. (Dr.) Mohammed
Sharu
Chairman/CEO


Dr. Muhammad Ameen Shakur
Commissioner for Licensing &
Regulations

Appendix – 1: NBEDL’s Customer Classifications

Service Bands	Tariff Class	Description
A (Minimum of 20hrs/day)	A – Non-MD	Customers with single or three-phase connections located within Band-A Service Level Feeders
	A – MD 1	Customers with LV Maximum Demand connection located within Band-A Service Level Feeders
	A – MD 2	Customers with MV/HV Maximum Demand (11/33kV) connection located within Band-A Service Level Feeders
B (Minimum of 16hrs/day)	B – Non-MD	Customers with single or three-phase connections located within Band-B Service Level Feeders
	B – MD 1	Customers with LV Maximum Demand connection located within Band-B Service Level Feeders
	B – MD 2	Customers with MV/HV Maximum Demand (11/33kV) connection located within Band-B Service Level Feeders
C (Minimum of 12hrs/day)	C – Non-MD	Customers with single or three-phase connections located within Band-C Service Level Feeders
	C – MD 1	Customers with LV Maximum Demand connection located within Band-C Service Level Feeders
	C – MD 2	Customers with MV/HV Maximum Demand (11/33kV) connection located within Band-C Service Level Feeders
D (Minimum of 8hrs/day)	D – Non-MD	Customers with single or three-phase connections located within Band-D Service Level Feeders
	D – MD 1	Customers with LV Maximum Demand connection located within Band-D Service Level Feeders
	D – MD 2	Customers with MV/HV Maximum Demand (11/33kV) connection located within Band-D Service Level Feeders
E (Minimum of 4hrs/day)	E – Non-MD	Customers with single or three-phase connections located within Band-E Service Level Feeders
	E – MD 1	Customers with LV Maximum Demand connection located within Band-E Service Level Feeders
	E – MD 2	Customers with MV/HV Maximum Demand (11/33kV) connection located within Band-E Service Level Feeders

Appendix 2: New Bussa Electricity Distribution Company Limited Level Commitment for October 2025

S/N	BAND	FEEDER NAME	DESCRIPTION OF FEEDER LOCATION	NAME OF MAJOR STREETS SERVED BY THE FEEDER	MIN. SUPPLY DURATION (HRS)
1	A	JEBBA-BACITA 33KV FEEDER	JEBBA	IDIAGBON	20
2	A	MOKWA 33KV FEEDER	JEBBA 132/33KV TCN	MOKWA	20
3	B	AGWARA 33KV FEEDER	NEW BUSSA	AGWARA	16
4	B	DOGONGERI 33KV FEEDER	NEW BUSSA	NEW BUSSA	16
5	B	EGBE 33KV FEEDER	ILORIN ROAD, OMUARAN KWARA STATE	EGBE, ODOERE, OSI, ILOFFA, ISAPA, IDOFIN IGBANA, OKE OPIN, ISOLO OPIN, ARAROMI-OPIN, OBBO-ILE, OBBO-AYEGUNLE, EJUKU, JEJE, IGBARUKU, ODO-ERI, EJIBA, IDDO-IJESHA, IDOFIN, IYAMERIN, ODOARA, OMI, ISANLU-ESA, OGGA , OGBOM,JEJE, ODO-OWA, AJUBA, IKERIN.	16
6	B	SENIOR STAFF QTRS F20 11KV FEEDER	DONGOGERI ,1 X 15MVA ISS	SENIOR CAMP	16
7	B	SF2 NEW BUSSA 11KV FEEDER	DONGOGERI 1 X 15MVA ISS	BUSSA AREA	16
8	B	WAWA/KAIMA 33KV FEEDER	NEW BUSSA	KAIAMA	16
9	D	KAINJI 11KV FEEDER	MOKWA 1 X 15MVA ISS	KAINJI ROAD	8
10	D	MOKWA 11KV FEEDER	MOKWA 1 X 15MVA ISS	MOKWA	8
11	E	SF6/NASARAWA/SABO 11KV FEEDER	DONGOGERI 1 X 15MVA ISS	SABO	4