



TOPE ADEBAYO LP

# THE NATIONAL INTEGRATED ELECTRICITY POLICY 2024

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## INTRODUCTION

Following the enactment of the Electricity Act 2023 and its amendment in 2024, the Nigerian Electricity Supply Industry (“NESI”) has witnessed steady progress in implementation. Key developments include the transition to State-level regulation,<sup>1</sup> the incorporation of the Nigerian Independent System Operator (“NISO”),<sup>2</sup> and the establishment of additional successor companies.<sup>3</sup> To support these reforms and drive further growth within the Sector, the Federal Ministry of Power unveiled the National Integrated Electricity Policy (“NIEP” or the “Policy”) in February 2025<sup>4</sup> after extensive stakeholder consultations.<sup>5</sup> In this article, we examine key highlights of the NIEP.

## THE NATIONAL INTEGRATED ELECTRICITY POLICY

Under Section 3(1) of the Electricity Act 2023, the Federal Government via the Ministry of Power, is mandated to develop and introduce the NIEP and the Strategic Implementation Plan (“SIP”) as policy frameworks to guide the growth and development of Nigeria's Power Sector (the “Sector”). The NIEP and SIP are required to encompass key issues and elements,<sup>6</sup> including the optimal utilization of Nigeria's natural resources such as coal, natural gas, and renewable energy sources, promotion of captive power generation, public-private partnerships (“PPP”)s for rural electrification, and coordinated infrastructure development across the electricity value chain. The NIEP expressly provides that the SIP, which is to accompany the NIEP, will be based on the Integrated Resource Plan (“IRP”) - a plan that provides long-term, data-driven approach for national power system planning and investment prioritization.<sup>7</sup> However, certain segments of the NIEP seem to suggest that the SIP is embodied within the NIEP as a single document.

According to the NIEP, the introduction of the NIEP was necessary to, amongst other things,<sup>8</sup> (a) provide a holistic framework for the implementation of the Act; (b) address challenges in the transition to State-level regulation, (c) foster synergy between the Power Sector and related Sectors such as the Oil and Gas Industry, (d) detail incentives and regulatory structures to support the growth of renewable energy in Nigeria (e) drive capacity building to support the decentralization of the Sector and (f) align the policy direction for the Power Sector with environmental, social, and governance (“ESG”) principles and Nigeria's broader sustainability goals. Notably, the primary objectives of the Policy are to promote (a) healthy capitalization of the Sector, (b) universal access and (c) reliability.<sup>9</sup>

[1] Section 230 of the Act

[2] <https://www.arise.tv/nigerian-government-inaugurates-niso-board-to-drive-transparency-stability-in-nigerias-power-industry/> (Last accessed April 21, 2025)

[3] Section 230(4) of the Act

[4] <https://punchng.com/fg-unveils-electricity-policy-to-boost-power-supply/> (Last accessed April 21, 2025)

[5] <https://topeadebayolp.com/wp-content/uploads/2025/01/power-sector-industry-overview-2025.pdf> (Last accessed April 21, 2025)

[6] Section 3(2) of the Act

[7] Paragraph 1.8, National Integrated Electricity Policy

[8] Paragraph 1.3, National Integrated Electricity Policy

[9] Chapter 2, National Integrated Electricity Policy



## KEY HIGHLIGHTS OF THE POLICY

The Policy outlines six (6) strategic focus areas, each accompanied by policy statements aimed at advancing development within the Sector. These areas include market structure and participants, climate change mitigation and energy transition, capacity development, inclusion, local content and R&D development, and the commercial, legal and regulatory framework for implementation of the Policy. These are briefly discussed below.

### 1. THE ELECTRICITY MARKET DESIGN, VALUE CHAIN, KEY STAKEHOLDERS, AND THEIR ROLES

To augment ongoing reforms in the NESI, the Policy outlines key recommendations to aid the restructuring of the electricity supply market, the transition to State-level regulation, and the expansion of the off-grid segment of the Sector.

#### i. The Nigerian Electricity Supply Market<sup>10</sup>

The Policy reiterates the Federal Government's commitment to transitioning the current electricity market model where the Nigerian Bulk Electricity Trading Plc ("NBET") acts as a bulk trader, to a more liberalized National Wholesale Electricity Market ("NWEM"). Under this model, NBET will evolve into a full-fledged Energy Exchange, driven primarily by private sector participation to enhance market liquidity, transparency, and efficiency.

#### Some Key Policy Statements<sup>11</sup>

- a. Modernization of transmission infrastructure to enable real-time electricity trading and settlement.
- b. Development of an enabling environment through codes, regulations and orders to facilitate private sector investment.
- c. Encouraging introduction of regulations to enable captive power generation operators sell surplus capacity (minimum 10MW) into the wholesale market.<sup>12</sup>
- d. Opening the transmission network to private investors, by licensing Independent Electricity Transmission Network Operators to build, own, and operate high-voltage lines at 132kV and 330kV levels.
- e. Enhancing payment discipline across the electricity value chain by mandating firm contracts, implementation of fail-safe mechanisms and ensuring regulatory oversight by governmental bodies such as the Nigerian Midstream and Downstream Petroleum Regulatory Authority, to guarantee compliance and implementation of penalties for defaults.

[10] Paragraph 3.1 and 3.2, National Integrated Electricity Policy

[11] Paragraph 3.3, National Integrated Electricity Policy

[12] Under Regulation 8 of the Nigerian Electricity Regulatory Commission (Permits for Captive Power Generation) Regulations, 2008, captive power generation operators can only sell surplus electricity not exceeding 1MW to an off taker with the prior consent approval of NERC.





## ii. State Electricity Markets

The Policy recognizes the critical need for establishing structured and well-regulated State Electricity Markets (“SEM”s) in the transition to a decentralized market<sup>13</sup> and outlines recommendations to support a coordinated transition process.

### Some Key Policy Statements<sup>14</sup>

- a. Fostering collaboration between the Nigerian Electricity Regulatory Commission (“NERC”) and State governments to develop an action plan for the effective transfer of regulatory responsibilities.
- b. Establishment of the intergovernmental body pursuant to Section 230(9) of the Act to promote harmonious relationship amongst the NERC and State regulators and to coordinate development of principles, standards and rules to reduce regulatory risks in the Federal and State Electricity Markets.
- c. Revisiting section 299 of the Act to ensure the formal establishment of the Power Council and provide a clear definition of its membership.
- d. Enforcement of policies promoting fair competition, transparency and consumer protection within the SEM.
- e. Introducing regulations to enable captive generation operators sell a minimum of 5MW surplus to the SEM to close generation gaps.
- f. Development and implementation of IRPs by the States to guide resource planning.
- g. Promote private investment in grid modernization, support the adoption of open access distribution networks, and encourage competitive electricity trading through the licensing of Electricity Service Companies.

## iii. Off-grid Markets

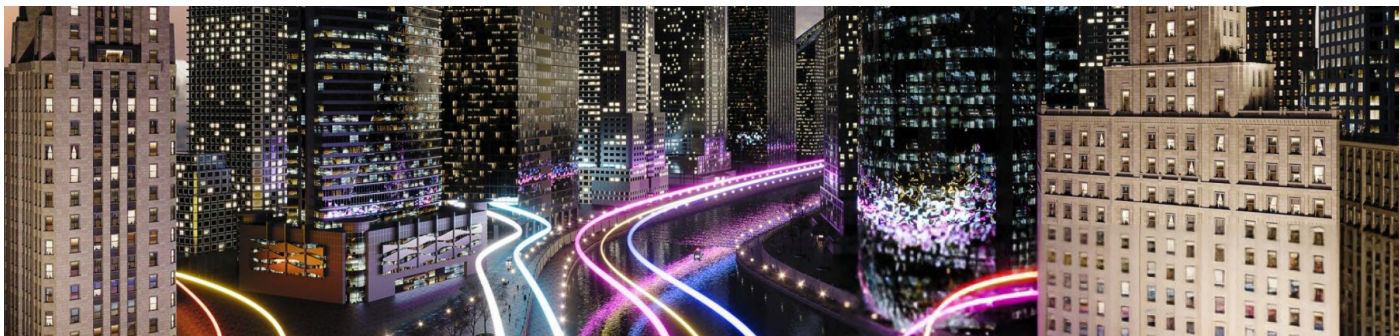
The Policy highlights the strategic importance of off-grid electricity markets in expanding energy access and accelerating rural electrification. It calls for innovative financing models, clear regulatory structures, and a strong implementation framework to support the growth of this segment and attract broad private sector participation.<sup>15</sup>



[13] Paragraph 3.4.1, National Integrated Electricity Policy

[14] Paragraph 3.4.3, National Integrated Electricity Policy

[15] Paragraph 3.5, National Integrated Electricity Policy



### Some Key Policy Statements<sup>16</sup>

- a. Developing clear regulatory frameworks to standardize off-grid solutions and foster trust.
- b. Providing subsidies, tax incentives, and grants to companies operating in the off-grid space.
- c. Ensuring transparent implementation of cost-reflective tariffs to support project sustainability.
- d. State collaboration with financial institutions to leverage climate financing opportunities for the off-grid segment.
- e. Implementing mechanisms such as Renewable Energy Feed-in Tariffs, net metering and green energy purchase obligations to attract private investment.
- f. Implementing direct economic development projects (productive use of energy) in remote communities to ensure these have commercial activities that enhance the commercial viability of mini-grid projects.

## **2. CLIMATE CHANGE, NIGERIA'S LOW CARBON ECONOMY, AND THE ENERGY TRANSITION**

In alignment with Nigeria's commitments under international climate treaties including the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol, the Paris Agreement, and its Nationally Determined Contributions ("NDC"s), as well as domestic frameworks such as the Climate Change Act 2021 and the Energy Transition Plan 2022, the Policy sets out targeted recommendations to advance environmental sustainability within the Power Sector.<sup>17</sup>

### Some Key Policy Statements<sup>18</sup>

- a. Ensuring that expanded energy access results in decarbonization of the Sector.
- b. Promoting coordination between Federal and State governments on all climate-related initiatives within the Power Sector to ensure consistency and coherence in energy transition policies and implementation plans.
- c. Ensuring equitable access to energy to eliminate energy poverty and prioritize access to modern cooking fuels and technologies.
- d. Integrating rural electrification with productive use strategies to stimulate local economic growth and improve livelihoods in underserved communities.
- e. Enhancing data systems for tracking emission reductions in the Power Sector and benchmarking progress against NDC targets.
- f. Promoting financial incentives, regulatory support, and capacity-building initiatives to create new job opportunities and foster sustainable economic development.

[16] Ibid

[17] Chapter 4, National Integrated Electricity Policy

[18] Paragraph 4.3, National Integrated Electricity Policy



### 3. HUMAN RESOURCE CAPABILITY DEVELOPMENT OF THE NIGERIAN ELECTRICITY SUPPLY INDUSTRY

The Policy emphasizes human resource development through training and capacity-building initiatives to support the growth of the Sector.<sup>19</sup>

#### Some Key Policy Statements<sup>20</sup>

- a. Implementing continuous professional development and specialized training programmes to build multi-skill competencies and keep the workforce aligned with technological advancements.
- b. Establishing an Industry-focused research and incubation centre to catalyse innovation and capacity building.
- c. Ensuring policies and regulation support human capital development and incentivise Private Sector investment.
- d. Encouraging PPPs to fund and implement capacity development programmes and establish partnerships with international Power Sector organisations and educational institutions to support knowledge transfer and development of collaborative training programmes.
- e. Deploying regulatory framework for the certification of Power Sector employees.

### 4. GENDER EQUALITY, POVERTY AND SOCIAL INCLUSION FOR THE NIGERIAN POWER SECTOR

The Policy emphasizes a structured and inclusive approach to promoting gender equality and social inclusion (“GESI”) across Nigeria's electricity industry.<sup>21</sup> This provides an avenue for sector-specific implementation of national priorities. While Nigeria's National Gender Policy (2021–2026)<sup>22</sup> already outlines commitments to gender mainstreaming in key areas such as agriculture, governance, human rights, public sector institutions and the private sphere, the NIEP goes further by embedding clear targets and actionable measures to promote GESI within the Power Sector.

#### Some Key Policy Statements<sup>23</sup>

- a. Collaborating with relevant government agencies to conduct periodic gender audit of Power Sector institutions responsible for mainstreaming gender and social inclusion.
- b. Developing an overall GESI mainstreaming framework for the NESI, including indicators and monitoring tools to track progress.
- c. Conducting an assessment of technical curricula at training institutes within the Power Sector to develop gender-sensitive training strategies and plans.
- d. Securing support from companies within the Power Sector to create community capacity development programmes targeting women and youth, with fair remuneration, as part of their CSR and ESG commitments.
- e. Partnering with international and national donor agencies to provide grants for technical training for women, enhancing their skills and access to higher-paying jobs in the evolving energy transition landscape.

[19] Chapter 5, National Integrated Electricity Policy

[20] Paragraph 5.3, National Integrated Electricity Policy

[21] Chapter 6, National Integrated Electricity Policy

[22] <https://www.wrapnigeria.org/wp-content/uploads/2023/06/NATIONAL-GENDER-POLICY.pdf> (Last accessed April 30, 2025)

[23] Paragraph 6.4, National Integrated Electricity Policy





## 5. ENHANCING LOCAL CONTENT MANAGEMENT, RESEARCH AND DEVELOPMENT IN THE ELECTRICITY SECTOR

The Policy identifies the weak integration of local content within the Nigerian Power Sector as a critical challenge affecting sustainable sectoral growth. It outlines strategic measures to enhance domestic capacity, promote indigenous participation, and reduce overreliance on foreign inputs.<sup>24</sup>

### Some Key Policy Statements<sup>25</sup>

- a. Introducing clear regulations mandating minimum thresholds for locally sourced materials, equipment, and services, and fiscal incentives to encourage compliance.
- b. Effectively monitoring local content compliance and routine policy review to boost advancement.
- c. Facilitating knowledge transfer through collaboration with research institutes and international firms.
- d. Introducing “Self-Reliant and Made in Nigeria” initiative to promote local manufacturing within the Sector.
- e. Implementing the NERC Regulation on National Content Development for the Power Sector 2014 as prescribed by Section 227 of the Act.
- f. Introducing a system which prioritizes Nigerian companies, independent operators and local vendors in the award of electricity contracts and projects.
- g. Requiring foreign companies operating in the Sector to submit a Nigerian Content Plan to NERC.
- h. Establishing dedicated local content development fund to be managed through PPP.

## 6. THE COMMERCIAL, LEGAL AND REGULATORY FRAMEWORK FOR IMPLEMENTING THE NATIONAL INTEGRATED ELECTRICITY POLICY AND STRATEGIC IMPLEMENTATION PLAN

The Policy, in line with the Electricity Act 2023, aims to foster the establishment of a two-tier NESI comprising the NWEM and SEMs.<sup>26</sup> The Policy outlines key measures to ensure commercial viability, legal clarity, and robust regulation across both tiers.

[24] Chapter 7, National Integrated Electricity Policy

[25] Paragraph 7.3, National Integrated Electricity Policy

[26] Chapter 8, National Integrated Electricity Policy



## **I. THE NWEM: SOME KEY POLICY STATEMENTS<sup>27</sup>**

### **a. Establishment of a Transition Steering Committee:**

A Steering Committee is to be constituted to manage the transition to a NWEM. The Committee will have the mandate to determine the conditions precedent for declaring the NWEM operational, assess risks, and recommend mitigation strategies. Members will include representatives from the Ministry of Power, NERC, NBET, ISO, Transmission Service Provider, Distribution Companies, Generation Companies, State Regulators, and State Commissioners for Energy.

### **b. Financing Transmission Infrastructure:**

For investment in transmission assets, the TCN is to be incentivized to engage domestic and international financial institutions and private investors to develop innovative financing mechanisms which will provide clear guidelines, incentives and risk-sharing measures to attract investors to fund existing projects. If well-structured, such measures could unlock greater investment at the transmission level of the electricity value chain. Institutions like the African Export-Import Bank are particularly well-positioned to support this effort, building on their existing track record of financing generation and other Power Sector projects across the continent and in Nigeria, aligning with the broader objectives of the NIEP to ensure reliable and sustainable electricity infrastructure.

### **c. Improving Project Bankability:**

Traditional sovereign guarantees for wholesale generation and transmission projects are to be replaced with adequate guarantees and innovative project insurance instruments.

### **d. Strengthening Gas Supply Commitments:**

Payment discipline across the value chain will be improved by enforcing firm contractual obligations, beginning with Gas Supply Agreements.

### **e. Enhancing Gas Payment Assurance:**

Ensuring reliable gas supply through adoption of gas payment assurance mechanisms and implementation of long-term gas contracts. This is intended to be achieved via, amongst other measures, decoupling gas pricing, thereby ensuring that locally sourced components are priced in Naira rather than Dollars. A working group comprising the Ministry of Power, NERC, and the Ministry of Petroleum Resources will drive this initiative.

[27] Paragraph 8.1, National Integrated Electricity Policy





**f. Outstanding liabilities:**

Accumulated liabilities across the value chain will be negotiated, net sum settled, and payment obligations firmly enforced.

**g. Liberalizing SCADA/EMS Projects:**

Fully liberalising ongoing Supervisory Control and Data Acquisition/Energy Management Systems (“SCADA”/“EMS”) projects to enable seamless integration of renewable energy sources and diversification of the on-grid energy mix.

## II. THE SEMS: SOME KEY POLICY STATEMENTS<sup>28</sup>

**a. Establishment of a Transition Forum:**

To foster smooth transition, the Policy recommends that the Federal Ministry of Power facilitates the immediate establishment of an “Electricity Act 2023 Transition Forum” comprising all 36 State Commissioners for Energy, relevant government institutions, and private sector stakeholders to foster exchange of knowledge and collaboration. An online repository is also to be established to facilitate the sharing of information and provide updates on national electricity access goals and progress of States in setting up attractive markets.

**b. Market Design and Tariff Methodology:**

States are encouraged to tailor their electricity markets and tariff methodologies to reflect their socio-economic realities.

**c. Performance Reporting Obligations:**

All services providers operating in national and State electricity markets are to publish monthly performance reports on operations and customer engagement, based on predefined performance indicators.

**d. Standardization of Policy Making:**

Engagement with the Nigerian State Governors' Forum will be initiated to endorse the National Power Council and the intergovernmental electricity regulatory working group as the institutional bodies focused on standardizing electricity policy making in Nigeria.

[28] Paragraph 8.2, National Integrated Electricity Policy

**e. Rural Electrification:**

The Policy emphasizes the need to ensure cost recovery in rural and off-grid electrification initiatives to encourage sustainable investment and energy access expansion.

**CONCLUSION**

As highlighted above, the NIEP offers a comprehensive approach to addressing both longstanding and transitional challenges in Nigeria's Power Sector. It outlines pathways for implementation, including the imposition of reporting obligations on States and service providers, the requirement for foreign operators to submit Nigerian content development plans to promote local capacity building, and the provision of fiscal incentives for companies operating within the off-grid segment of the market.

However, some of the Policy recommendations mirror those in existing policy frameworks and legislation that have seen very minimal implementation over the years such as the Regulation on National Content Development for the Power Sector 2014 and the National Renewable Energy and Energy Efficiency Policy 2015. To distinguish the NIEP from past efforts, a decisive shift in execution strategy is essential. The effective implementation of the Electricity Act 2023 and the NIEP will be critical to the success of the decentralised electricity market. Achieving sustainable reform and measurable progress within a reasonable timeframe will require strong commitment and coordinated action from all stakeholders.



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