



TOPE ADEBAYO LP

ENERGY AND NATURAL RESOURCES REPORT 2026



VOLUME 4

Chapter 1

2026 MID-YEAR
NIGERIA POWER SECTOR
REPORT

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The Nigerian Power Sector continued to witness significant regulatory, institutional, and market developments during the first half of 2026. Despite these developments, the Sector continues to grapple with longstanding structural challenges that undermine its operational efficiency and financial sustainability. As highlighted in our [2025 End-of-Year Nigeria Power Sector Report](#), the persistent liquidity crisis driven by weak market discipline and longstanding payment shortfalls remains the Sector's most pressing challenge, with far-reaching implications across the value chain.

In this 2026 Mid-Year Nigeria Power Sector Report, we examine the performance of the Nigerian Electricity Supply Industry ("NESI") during the first half of the year, highlight key legal, regulatory, and market developments, assess emerging trends in State electricity market reforms and energy transition, and outline key expectations for the second half of 2026.



GENERATION

Nigeria's available generation capacity remains constrained below 6,000MW, reportedly representing an increase of barely 500MW over the past two decades.¹ According to the Nigerian Electricity Regulatory Commission (“NERC”)’s [Q1 2025 Report](#), the gross plant availability factor for all grid-connected power plants stood at 39.39%, with average hourly on-grid generation of 4,770.59MWh/h and an overall load factor of 88.89%. Performance appears to have deteriorated in 2026, with plant availability declining from [36%](#) in January to [31%](#) by April, while average hourly generation fell from [4,421MWh/h](#) to [4,048MWh/h](#) within the same period.

In 2025, international bilateral customers remitted only [33.70%](#), [51.33%](#), [38.09%](#), and [53.28%](#) of invoices issued by the Market Operator in Q1, Q2, Q3, and Q4, respectively. Domestic bilateral customers on the other hand performed comparatively better, with remittance rates of [72.24%](#), [50.10%](#), [87.61%](#) and [84.23%](#) over the same period.



A persistent concern raised in 2025 was the continued default by Ajaokuta Steel Company Limited and its host community, in settling invoices issued across [Q1](#), [Q2](#), [Q3](#), and [Q4](#) of 2025, resulting in outstanding liabilities of nearly N500 million in 2025 alone.

¹ [NMDPRA: Only 500Mw was added to power generation in 20 years](#) (Last accessed June 24, 2026)

This payment trend has largely persisted in 2026. Although international bilateral customers paid US\$6.64 million towards outstanding obligations from previous quarters, remittance of new invoices remained poor, with only 27.57% of [Q1 2026](#) invoices settled. Domestic bilateral customers, by contrast, recorded significant improvement, remitting 95% of [Q1 2026](#) invoices while also paying N2.589 billion towards outstanding invoices from previous years.

Payment performance by Ajaokuta Steel Company Limited and its host community remained unchanged in Q1 2026, with no payments made towards the N866.26 million in invoices issued by the Market Operator and the Nigerian Bulk Electricity Trading Plc during the quarter.

TRANSMISSION

According to NERC, the average transmission loss factor stood at [7.27%](#) in Q4 2025, exceeding the 7.0% target. Consequently, the Transmission Service Provider incurred an additional liability of [N3.13 billion](#) attributable to the excess transmission losses, representing a 47.86% increase over the corresponding liability recorded in Q3 2025.

Grid stability also fell below prescribed limits. In [Q4 2025](#), the average daily grid frequency ranged from 49.38Hz to 50.65Hz, exceeding the prescribed operating frequency of 50Hz. While media reports suggested multiple grid collapses in 2025, NERC recorded only one total grid collapse in [Q3 2025](#) and one partial grid collapse in [Q4 2025](#).

Operational performance showed no significant improvement in 2026. Between [January](#) to [April](#) 2026, the average lower and upper grid voltages exceeded the prescribed operating range of 313.50kV–346.50kV, while average grid frequencies also remained outside the regulatory limits of 49.75Hz–50.25Hz,² reflecting persistent voltage and frequency instability across the transmission network.

² [NERC Operational Performance of Power Plant Factsheet January 2026](#); [NERC Operational Performance of Power Plant Factsheet April 2026](#) (Last accessed June 24, 2026)



Despite these operational challenges, the Nigerian Independent System Operator ("NISO"), at its first anniversary ceremony held this year, highlighted notable progress in strengthening grid operations, including reducing the transmission loss factor from over 10% to 7.5% and advancing the digitisation of the national grid to improve system visibility and real-time monitoring.³

Grid reliability continues to be undermined by security challenges, particularly the vandalism of transmission infrastructure and attacks on substations. In response, the Federal Ministry of Power reportedly earmarked N5.6 billion in its proposed 2026 budget for advocacy and public awareness campaigns aimed at curbing vandalism.⁴

Building on ongoing collaboration between NERC and the Office of the National Security Adviser ("ONSA"), planned measures to address vandalism also include the establishment of a joint stakeholder forum to coordinate anti-vandalism efforts, development of a shared database of power assets, vandalism reports and incidents, and deployment of a centralised reporting platform to facilitate timely incident reporting, rapid law enforcement, and prosecution.⁵

³ [NISO marks one year, reports progress in grid stability and market transparency](#) (Last accessed June 24, 2026)

⁴ [FG Earmarks N5.6bn to Tackle Power Assets Vandalism](#) (Last accessed June 24, 2026)

⁵ [NERC Receives Delegation from Office of the National Security Adviser to Strengthen Collaboration on Security of Power Infrastructure](#) (Last accessed June 24, 2026)

DISTRIBUTION

The distribution segment recorded modest improvements in commercial performance, although billing and collection inefficiencies remain significant. According to NERC, Distribution Companies (“DisCos”) supplied energy valued at ₦969.19 billion in [Q4 2025](#), of which ₦795.06 billion was billed and ₦630.93 billion was collected, translating to a billing efficiency of 82.03% and a collection efficiency of 79.36%.

In 2026, performance remained broadly consistent. In [January](#), DisCos received energy valued at ₦336.43 billion, billed ₦268.20 billion, and collected ₦204.74 billion, resulting in billing and collection efficiencies of 79.72% and 76.34%, respectively. By [March](#), energy received stood at ₦293.76 billion, with ₦246.43 billion billed and ₦196.13 billion collected, reflecting reduced supply but improvements in billing efficiency (83.89%) and collection efficiency (79.59%).

Customer complaints continued to be dominated by billing-related disputes. While comprehensive data on complaints received by NERC’s Customer Complaint Unit (“CCU”) in the first half of 2026 remains limited, NERC reported that billing disputes accounted for 37.37%, 32.01%, 30.97%, and 29.55% of complaints handled by NERC’s CCU in [Q1](#), [Q2](#), [Q3](#), and [Q4](#) 2025, respectively. Resolution of most of these disputes resulted in cumulative credit adjustments of about ₦155.84 million in favour of electricity customers.



a. Institutional and Infrastructure Updates

Federal Government's proposed establishment of a Grid Asset Management Company

In Q1 2026,⁶ the Federal Executive Council approved the establishment of a Grid Asset Management Company ("GAMCO") to optimise stranded generation capacity and strengthen transmission evacuation infrastructure.

Subsequent to this approval, an 11-member Committee was inaugurated by the Federal Government ("FG") to oversee GAMCO's incorporation and operational framework.

Under the proposed framework, the Niger Delta Power Holding Company would grant GAMCO a concession and lease over the Omotosho, Olorunsogo, and Ihovbor National Integrated Power Plants ("NIPPs"), while the Transmission Company of Nigeria ("TCN") would grant GAMCO the right to develop, finance, and operate a greenfield 330kV double-circuit independent transmission line along the Benin–Lagos corridor to support power evacuation from these plants.

The Committee's mandate encompasses (a) the identification of potential overlaps between GAMCO's functions and those of existing institutions, and (b) recommendation of measures to address such conflicts, including amendments to the Electricity Act for GAMCO's effective operation.

The approval of GAMCO's establishment has, however, generated debate within the industry. Critics argue the establishment of GAMCO would result in a duplication of the functions of existing institutions, particularly TCN and NISO.⁷ Concerns have also been raised that the proposed ownership structure, under which GAMCO would be wholly owned by the Federal Government through the Ministry of Finance

⁶ [Towards Optimising the Power Sector, President Tinubu Inaugurates Committee on Grid Asset Management Company \(GAMCO\)](#) (Last accessed June 25, 2026)

⁷ [Controversy as FEC approves Grid Asset Management Company to fix blackout in Nigeria](#) (Last accessed June 25, 2026)

Incorporated, could perpetuate the Federal Government's monopoly over the transmission segment rather than promote greater private sector participation.⁸

While these concerns warrant careful consideration, the use of concession arrangements for the management and operation of transmission infrastructure is not without precedent. A notable example is the Philippines. Following severe electricity supply challenges in the 1990s, the Philippine government enacted the [Electric Power Industry Reform Act of 2001](#) ("EPIRA"), which restructured the electricity industry and transferred responsibility for the management and operation of the national transmission system from the National Power Corporation to the National Transmission Corporation ("TRANSCO"). Although TRANSCO retained ownership of the transmission assets, the legislation authorised the grant of a concession or outright sale of these assets to a qualified private operator.⁹

Pursuant to this framework, the National Grid Corporation of the Philippines ("NGCP") was awarded a 25-year concession in 2007 to operate, maintain and develop the nation's transmission network. A key feature of the EPIRA was its requirement for the concessionaire to possess demonstrated financial and technical capacity and proven domestic and/or international experience as a transmission system operator.¹⁰ It was therefore no surprise that the NGCP consortium also comprised the State Grid Corporation of China, one of the world's largest electricity transmission companies, as a strategic investor and technical partner. Subsequent to the grant of the concession, NGCP was granted a 50-year franchise to undertake electricity transmission activities, while TRANSCO retained ownership of the underlying transmission assets and continued to monitor compliance with the concession.

Since assuming operations in 2009, NGCP has overseen significant expansion of the Philippine transmission network, substantial reduction in transmission rates, and an 83.78% reduction in supply outages.¹¹ Although these outcomes cannot be attributed solely to the concession model, they demonstrate the potential benefits of combining public ownership of strategic infrastructure with private sector operational expertise and investment.

⁸ [GAMCO: Stakeholders demand transmission privatisation to end grid woes](#) (Last accessed June 25, 2026)

⁹ Section 21 of the EPIRA

¹⁰ n9

¹¹ [PCCI confers Country Movers Award on NGCP for lowering power costs](#) (Last accessed July 7, 2026)

A similar approach has been adopted in New South Wales, Australia, where the State Government granted a [99-year lease](#) over the State's electricity transmission network to a private consortium, NSW Electricity Networks, in 2015.

The Philippine experience offers useful lessons for Nigeria. It suggests that the success of GAMCO will depend less on its establishment as a new institution of the government and more on its governance structure, operational independence, financing model and relationship with existing Sector stakeholders. A wholly government-owned GAMCO raises legitimate questions as to what value it would deliver beyond the existing mandate of TCN.

Regardless of the ownership model ultimately adopted, GAMCO's long-term viability will depend on broader Power Sector reforms. The persistent liquidity crisis, weak payment discipline across the electricity value chain and uncertainties surrounding the market settlement framework continue to undermine the bankability of transmission investments. Addressing these structural issues will therefore be essential to attracting long-term capital and ensuring that GAMCO can fulfil its intended objectives.

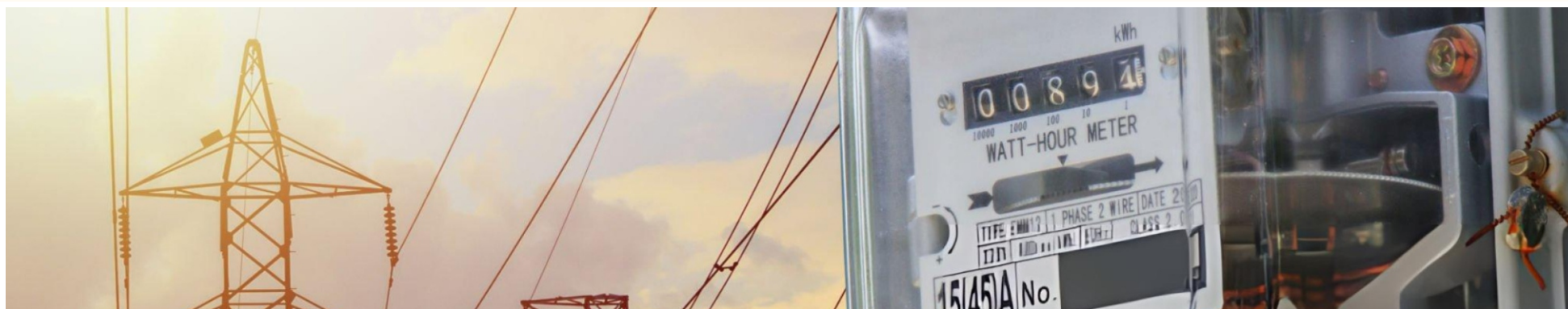
NISO Pursues Strategic Partnership with NITDA on Grid Digitisation

As part of ongoing efforts to modernise the national grid, NISO is pursuing collaboration with the National Information Technology Development Agency ("NITDA") on grid digitisation.¹² Discussions between both institutions focused on the deployment of smart technologies, enhanced data management systems, operational efficiency improvements, and deployment of cybersecurity measures. This initiative comes amid persistent security threats to grid infrastructure, including vandalism and sabotage, underscoring the need for more resilient and technology-driven grid operations.

Development on Metering

Closing Nigeria's metering gap, estimated at [over five million](#) active unregistered customers, remains a key priority in addressing collection losses and improving revenue assurance across the market. To this end, the FG continues to pursue multiple metering initiatives concurrently.

¹² [NISO Visits NITDA, Seeks Strategic Digital Collaboration](#) (Last accessed June 25, 2026)



A major development during the period under review is the implementation of the Distribution Sector Recovery Programme ("DISREP"), a US\$500 million World Bank-funded initiative designed to improve the technical and financial performance of DisCos through the deployment of 3.2 million smart meters.¹³ Earlier metering efforts also recorded progress, with [Tranche A of the Meter Acquisition Fund](#) reportedly completed in June 2025, yielding the installation of 107,461 meters for Band A customers.

Despite these initiatives, deployment challenges persist. Local meter manufacturers have criticised the reported importation of at least 1.37 million meters under DISREP from China,¹⁴ arguing that it undermines the development of domestic manufacturing capacity. Customers have also reported being charged installation fees notwithstanding the Federal Government's directive for free meter installation under DISREP.¹⁵ Meanwhile, the Federal Government has expressed concerns over delays in meter deployment, citing thousands of uninstalled meters under DISREP and other initiatives, including the National Mass Metering Programme and the Presidential Power Initiative.¹⁶ DisCos, however, attribute the delays to insufficient meter allocations.

Meter Asset Providers and local meter manufacturers have further alleged widespread extortion by DisCo personnel across the meter supply chain, from accreditation and procurement processes to installation and commissioning.¹⁷ These challenges continue to impede progress towards closing the nation's metering gap.

¹³ [Distribution Sector Recovery Program](#) (Last accessed June 25, 2026)

¹⁴ [Nigeria Imports 1.37m Power Meters from China Under World Bank \\$500m DISREP Plan](#) (Last accessed June 25, 2026)

¹⁵ [FG bans meter installation charges, threatens sanctions](#) (Last accessed June 25, 2026)

¹⁶ [Despite demand, 2.5m meters may rot away as FG, DisCos trade blame](#) (Last accessed June 25, 2026)

¹⁷ [Meter providers, manufacturers accuse DisCos of extortion](#) (Last accessed June 25, 2026)

b. Liquidity Challenges across the Electricity Value Chain

Consistent with the trends identified in our [2025 End-of-Year Nigeria Power Sector Report](#), liquidity constraints remained one of the most significant challenges facing the Power Sector in H1 2026. While the FG recorded a significant milestone with the successful issuance of the inaugural [N501 billion bond](#) under the Presidential Power Sector Debt Reduction Programme, uncertainty continues to surround the settlement of legacy debts owed to market participants.

Following an audit of Sector liabilities, FG approved N3.3 trillion as the full and final settlement of outstanding obligations to GenCos.¹⁸ However, the Association of Power Generation Companies (“APGC”) rejected the proposed settlement, maintaining that total indebtedness exceeds N7 trillion.¹⁹ Notwithstanding the dispute, reports indicate that some GenCos have executed settlement agreements and have begun receiving payments.²⁰

Concerns over the adequacy of the proposed settlement have extended across the gas-to-power value chain, with gas suppliers stating that the approved settlement would be insufficient to clear outstanding gas invoices. Combined with reports that only about [4% of the N1.928 trillion](#) electricity subsidy accrued in 2025 had been settled despite a budgetary provision of N958 billion, confidence in a near-term resolution of the Sector's liquidity challenges remains low. These concerns have resulted in gas supply shortages, generation outages, and reduced electricity output.

The liquidity crisis extends beyond Federal Government obligations. As at December 2025, the combined liabilities of GenCos, DisCos, and the transmission segment of the market reportedly stood at about N2.21 trillion,²¹ underscoring the continued financial fragility of the electricity market and the need for structural interventions to restore market viability.

¹⁸ [Power Sector Reform: President Tinubu approves N3.3 Trillion Payment Plan to restore Reliable Electricity](#) (Last accessed June 25, 2026)

¹⁹ [FG yet to pay N3.3tn power debt approved by Tinubu, GenCos](#) (Last accessed June 25, 2026)

²⁰ [FG, GENCOs sustain disagreement over electricity sector debt](#) (Last accessed June 25, 2026)

²¹ [Power firms owe banks N2.21tn amid electricity crisis](#) (Last accessed June 25, 2026)

c. Legal and Regulatory Developments

The Federal High Court (Nigerian Electricity Supply Industry) Practice Directions 2026

The Federal High Court (Nigerian Electricity Supply Industry) Practice Directions 2026,²² issued in January 2026, introduced measures aimed at expediting the resolution of disputes within the NESI. Key features include the mandatory referral of NESI disputes to NERC before resorting to the court, the establishment of a dedicated register for NESI-related claims, and a seven-day timeline for responses to interlocutory applications.

While the Practice Directions have been welcomed as a step towards improving dispute resolution efficiency, concerns have been raised regarding the Federal High Court's institutional capacity and infrastructure to effectively support accelerated proceedings.

Proposed Amendment to the Electricity Act

Proceedings in connection with the proposed amendment of the Electricity Act 2023, previously highlighted in our [2025 End-of-Year Nigeria Power Sector Report](#), remain ongoing in 2026. The proposed amendments continue to attract stakeholder scrutiny, particularly regarding their implications on the decentralisation of regulation within the Sector.

Reflecting these concerns, electricity commissions and bureaus from 16 States reportedly wrote to the Chairman of the Senate Committee on Power on 26 May 2026,²³ warning that the proposed amendments could undermine ongoing State-level electricity market reforms, reverse gains achieved under the decentralisation framework established by the Electricity Act 2023 and impede the growth of subnational electricity markets.

²² [Federal High Court \(Nigerian Electricity Supply Industry\) Practice Directions, 2026](#) (Last accessed June 25, 2026)

²³ [States kick as Senate moves to amend Electricity Act](#) (Last accessed June 25, 2026)

Although certain aspects of the proposed amendments of the Electricity Act (Amendment) Bill, 2025 are meant to address challenges that have emerged following the transition of regulatory oversight in certain States, such as inconsistencies in the regulation of activities ancillary to on-grid operations, observable voids in regulation, limited institutional capacity, and weak enforcement,²⁴ we advise caution with respect to other provisions, particularly those granting NERC overriding authority over matters such as consumer protection, technical standards and operational codes beyond the framework of the national grid,²⁵ which would inadvertently erode the autonomy of State electricity regulators. A more balanced approach would strengthen regulatory coordination while preserving the autonomy of State electricity regulators.



Key Regulatory Instruments Issued in H1 2026

H1 2026 witnessed the issuance of several regulatory instruments aimed at strengthening market governance, improving operational standards, and supporting the continued development of the electricity market. These included the [Health and Safety Code for the Nigerian Electricity Supply Industry 2026](#), [Metering Code for the Nigerian Electricity Supply Industry 2026](#), [Mini-Grid Regulations 2026](#), [Net Billing Regulations 2026](#), [Order on the Registration and Authorisation of Grid-Connected Private Transmission Substations 2026](#), and the [Order on Regional Transmission Loss Factor Reporting for Enhanced Grid Transparency and Efficiency 2026](#).

²⁴ [Coordinating Nigeria's Multi-Tier Electricity Market: NERC Inaugurates Nigerian Electricity Regulators Forum](#) (Last accessed July 7, 2026)

²⁵ Paragraph 2 of the Electricity Act (Amendment) Bill, 2025

As at May 2026, [fifteen States](#)²⁶ had formally transitioned to State-level electricity market regulation pursuant to Section 230 of the Electricity Act 2023. Other States, including Kaduna State,²⁷ have begun advancing the decentralisation agenda through the enactment of State electricity laws.

With States adopting varying regulatory and market development strategies, several notable milestones were recorded in H1 2026.

a. FCT, Niger and Kogi States

In January 2026, Abuja Electricity Distribution Plc ("AEDC") announced its transition to a holding company structure and the incorporation of the Niger Electricity Distribution Company and Kogi Electricity Distribution Company to serve Niger and Kogi States respectively,²⁸ while AEDC continues to serve the FCT.

b. Edo State

The Edo State Judiciary adopted the Edo State High Court (Nigerian Electricity Supply Industry) Practice Directions 2026, aimed at expediting the resolution of State electricity market disputes.²⁹ Similar to the Federal High Court NESI Practice Directions, the framework provides for mandatory exhaustion of ADR mechanisms, active case management, expedited hearings, and a dedicated register for electricity market-related claims.

c. Enugu State

In March 2026, the Enugu State Electricity Regulatory Commission granted its first distribution licence to MainPower Electricity Distribution Limited for a term of 20 years.³⁰ While the licence represents a significant milestone in the development of the State electricity market, concerns have been raised regarding the appropriateness of such a long term licence given the market's early stage of development.

²⁶ Enugu, Ekiti, Ondo, Imo, Oyo, Edo, Kogi, Lagos, Ogun, Niger, Plateau, Abia, Nasarawa, Anambra, and Bayelsa States

²⁷ [Kaduna Assembly passes bill to establish state electricity regulatory commission](#) (Last accessed June 25, 2026)

²⁸ [Abuja Electricity Distribution Plc Evolves into Holding Company Structure to Align with Decentralized Regulatory Framework. Announces Strategic Appointments](#) (Last accessed June 25, 2026)

²⁹ [NERC Commends Edo State Judiciary for Adopting NESI Practice Directions](#) (Last accessed June 25, 2026)

³⁰ [Historic Milestone for the Enugu State Electricity Market](#) (Last accessed June 25, 2026)

d. Nasarawa State

Nasarawa State recorded significant regulatory developments during the period under review. Following the successful enactment of the amendment bill to the Nasarawa State Electricity Law in Q1 2026,³¹ reports indicate that preliminary generation and distribution licences were granted to Tetracore Energy Group in May 2026.³² The licences are expected to support the development of a gas-fired Independent Power Project and associated distribution infrastructure serving key economic corridors within the State.

e. Ekiti State

In May 2026, the Ekiti State Government reported the registration and licensing of 41 energy service providers across the electricity value chain by the Ekiti State Electricity Regulatory Bureau.³³ The licences cover metering, generation, electricity distribution, mini-grid operations, and the operation of independent electricity distribution networks.



³¹ [Nasarawa Assembly passes electricity amendment bill, begins Ramadan recess](#) (Last accessed June 25, 2026)

³² [Tetracore Energy Group secures first power generation and distribution licences in Nasarawa](#) (Last accessed June 25, 2026)

³³ [Ekiti Deepens Power Sector Reforms With Licensing Of 41 Energy Operators](#) (Last accessed June 25, 2026)

f. Ondo State

The Ondo State Electricity Regulatory Bureau issued generation and distribution licences to Ore Power Limited and ASB Valiant Electricity Limited.³⁴ Ore Power Limited is expected to develop up to 100MW of generation capacity to improve supply within the State, while ASB Valiant Electricity Limited plans to construct an 18-kilometre Omotoso Ore 33kV double-circuit line to enhance power evacuation and distribution.

g. Lagos State

Lagos State continued to position itself as one of the most active subnational electricity markets. Following the reconstitution of the Board of the Lagos State Electricity Regulatory Commission ("**LASERC**"),³⁵ LASERC intensified efforts to build regulatory capacity and deepen market development.³⁶ As at May 2026, LASERC had reportedly issued 14 licences and permits across embedded generation, off-grid generation, interconnected mini-grid operations, independent distribution and metering services.³⁷

The State also advanced plans to increase generation capacity through Power Purchase Agreements with three independent power producers³⁸ and outlined an ambitious reform agenda for 2026,³⁹ including establishment of consumer complaint centres, deployment of AI-enabled metering systems, issuance of market rules, and the introduction of a regulatory sandbox.⁴⁰ LASERC has further set targets of achieving 97.5% electricity availability and reducing market losses to below 10%, both by 2030.

A key regulatory milestone recorded during the period under review was the issuance of [the Retail Electricity Supply Code 2026](#) (the "**Code**") by LASERC. Among its notable provisions is the prohibition on Supply Licensees recovering charges for electricity consumed more than 12 months earlier. The Code, however, in Paragraph 35, creates exceptions where the failure to recover such charges

³⁴ [Ondo grants power licences to two firms](#) (Last accessed June 25, 2026)

³⁵ [Sanwo-Olu Inaugurates Lagos Electricity Regulatory Commissions Board](#) (Last accessed June 25, 2026)

³⁶ [Lagos Electricity Regulator Visits NERC, Seeks Stronger Regulatory Collaboration](#) (Last accessed June 25, 2026)

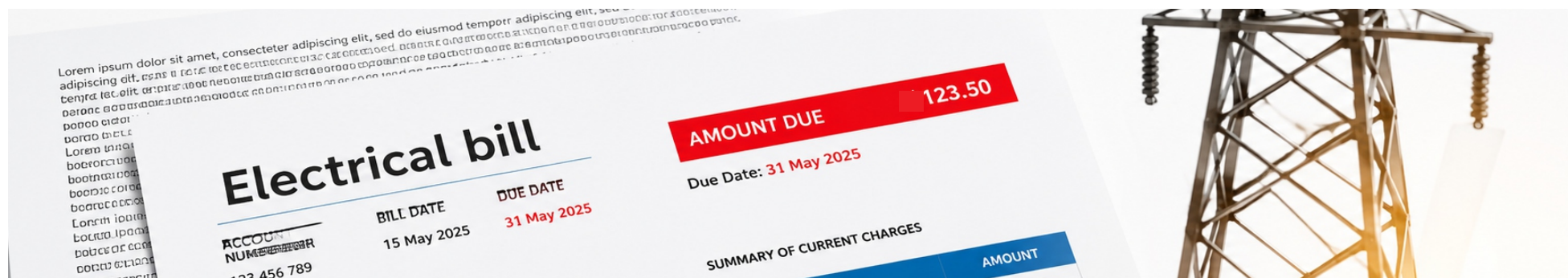
³⁷ [Lagos Approves 14 Off-Grid, Metering Electricity Operators](#) (Last accessed June 25, 2026)

³⁸ [Lagos govt signs deal for three years 400MW](#) (Last accessed June 25, 2026)

³⁹ n37

⁴⁰ This is a framework that allows entities to test run innovative products, services, solutions and business models within the Lagos electricity market

results from a customer's acts or omissions, including meter tampering or obstruction of meter reading, or where a negotiated supply arrangement expressly provides for a longer back-billing period.



h. Akwa Ibom State

In June 2026, the Governor of Akwa Ibom State inaugurated the Board of the Akwa Ibom State Electricity Regulatory Commission, with a mandate to develop an investor-friendly electricity market capable of delivering reliable and affordable power while supporting economic growth.⁴¹

i. Imo and Ogun States

Concerns have emerged regarding electricity market administration in Imo and Ogun States.⁴² Reports suggest that licences have, in some instances, been issued through political appointees and government officials rather than the designated electricity regulators. These allegations raise questions regarding regulatory certainty, market governance, and investor confidence in both jurisdictions.

⁴¹ [Stable Power Supply: Gov Eno Inaugurates Electricity Regulatory Commission](#) (Last accessed June 25, 2026)

⁴² [Electricity consumers worry as 16 states falter on decentralisation](#) (Last accessed June 25, 2026)



Nigeria's Energy Transition Plan ("ETP") is estimated to require about US\$1.9 trillion to achieve net-zero by 2060,⁴³ including about US\$410 billion in additional investment above business-as usual expenditure, resulting in about US\$10 billion annually. Given prevailing financial constraints and the level of public debt, achieving the ETP's objectives will depend significantly on private capital and innovative financing mechanisms. Although the current administration has reportedly secured investment commitments of about US\$60 billion since 2023,⁴⁴ the extent to which these commitments will translate into actual funding is yet to be seen. Against this backdrop, a key development in H1 2026 was the release of the Net-Zero Investment Strategy, reflecting continued efforts to strengthen Nigeria's energy transition financing framework.⁴⁵

Beyond ongoing renewable energy investments and private sector financing initiatives, increasing attention has been directed towards developing Nigeria's carbon market. With an estimated emissions mitigation potential of 124.7 MtCO₂e and a projected market value of about US\$2.5 billion by 2030, the carbon market has become recognised as a major financing pillar for the ETP.⁴⁶

The recently released Nigeria Carbon Market Framework ("NCMF") 2025 sets out a phased roadmap for the development of the nation's carbon market. The NCMF envisages, amongst other things, the expansion of the voluntary carbon market in 2025, the execution of bilateral agreements under Article 6 of the Paris Agreement in 2026, the introduction of a carbon tax policy in 2028, and the launch of the first phase of a compliance carbon market by 2030. However, limited information is currently available on the implementation status of carbon market development milestones scheduled for 2025 and 2026.

⁴³ [Nigeria Energy Transition & Investment Plan Update \(2024\)](#) (Last accessed June 25, 2026)

⁴⁴ [Verheijen: Tinubu Secured \\$60bn Energy Sector Investments, Commitments in Three Years](#) (Last accessed June 25, 2026)

⁴⁵ [FG unveils net-zero investment plan, targets 2060 carbon neutrality](#) (Last accessed June 25, 2026)

⁴⁶ [Carbon Market Framework](#) (Last accessed June 25, 2026)

H1 2026 witnessed continued investment in conventional and renewable energy projects, reflecting growing Public and Private Sector participation in Nigeria's journey to improved energy access. Key highlights include:

1. Federal Government Secures IFC-Backed US\$83 Million Financing for Off-Grid Electrification⁴⁷

Nigeria reportedly secured an US\$83 million International Finance Corporation-backed financing package under the Distributed Access through Renewable Energy Scale-Up (“DARES”) Programme. The facility is intended to support private developers in deploying mini-grids and solar home systems across rural and underserved communities.

2. Nigeria Launches US\$188 Million Green Finance Facility for Mini-Grid Deployment⁴⁸

Nigeria launched the pilot phase of the Green Finance and Investment Facility to support the deployment of 40 interconnected mini-grids under DARES through blended finance. The pilot phase is expected to deliver a combined generation capacity of 188.4MW.

3. Nigeria Secures US\$428 Million Germany Investment Partnership⁴⁹

Nigeria reportedly secured a US\$428 million investment partnership with Germany to support projects across energy, agriculture, healthcare, and skills development, including initiatives to strengthen the Power Sector and advance the nation's energy transition journey.

4. Niger State Secures US\$150 Million Financing for Solar Energy Development

According to media reports,⁵⁰ Niger State has secured US\$150 million in financing from the Islamic Development Bank to support the development of solar energy projects and accelerate renewable energy deployment within the State.

⁴⁷ [IFC and Norfund Expand Energy Access for Homes and Businesses in Underserved Communities Across Nigeria](#) (Last accessed June 26, 2026)

⁴⁸ [Nigeria Launches \\$188 Million Green Finance Facility to Drive 40 Interconnected Mini-Grid Deployments Under DARES](#) (Last accessed June 26, 2026)

⁴⁹ [Nigeria secures \\$428 million German investment deal as Europe deepens Africa energy push](#) (Last accessed June 26, 2026)

⁵⁰ [Niger Set For 100-Megawatt Power Firm, Gets IsDB \\$150m Financing](#) (Last accessed June 26, 2026)

5. Federal Government hands over Ikere Gorge Hydropower Plant to Concessionaire⁵¹

The Federal Government, through the Federal Ministry of Power and Ministry of Water Resources and Sanitation formally handed over the 6MW Ikere Gorge Hydropower Plant in Oyo State to Quaint Power and Infrastructure Nigeria Limited under a concession arrangement. The project is expected to enhance electricity supply within the region while supporting job creation and economic development.

6. Federal Government awards Construction of Nigeria's First Floating Solar Project⁵²

According to media reports, the Federal Government has awarded the development of a 7MW floating solar power plant in the University of Lagos, the first of its kind in Nigeria, to China Civil Engineering Construction Corporation. The project is expected to improve electricity supply to the University while advancing the objectives of the Energy Transition Plan.

7. Tetracore Energy Commences Phase I Operations of 100MW Atakobo Independent Power Project⁵³

In H1 2026, Tetracore Energy commenced electricity supply to industrial customers under Phase I of its 100MW Atakobo Independent Power Project, marking a significant expansion of the company's gas-to-power portfolio.

8. Lagos State Commissions Ikosi Fruit Market Biodigester Plant⁵⁴

The Lagos State Government has commissioned the Ikosi Fruit Market Biodigester Plant, an anaerobic digestion facility that converts organic market waste into electricity. The project is expected to power critical market operations, particularly refrigeration facilities, while promoting cleaner energy and reducing food waste.

⁵¹ [FG hands over Ikere hydropower plant to concessionaire](#) (Last accessed June 26, 2026)

⁵² [Chinese firm to construct Nigerias first 7MW floating solar project](#) (Last accessed June 26, 2026)

⁵³ [Tetracore Energy Fires up 100MW Atakobo Power Plant for Manufacturers](#) Last accessed June 26, 2026)

⁵⁴ [Lagos launches Anaerobic Waste Digester to cut Food Waste](#) (Last accessed June 26, 2026)

9. Schneider Electric commissions Solar Power System at Ikeja Central Grammar School⁵⁵

Schneider Electric commissioned a solar power system at Ikeja Central Grammar School, Lagos State, restoring electricity supply to the school after about two years of unstable power and demonstrating the growing role of distributed renewable energy solutions in public institutions.



⁵⁵ [Schneider Electric Powers Lagos School with Solar Installation](#) (Last accessed June 26, 2026)

The second half of 2026 is expected to foster continued momentum in the Power Sector, with key developments anticipated across legislative and regulatory reforms, market restructuring, infrastructure expansion, energy transition, and State electricity market development. Specifically, we anticipate:

■ **Progress on GAMCO**

Updates on the establishment of the Grid Asset Management Company, including developments on proposed legislative and institutional reforms.

■ **Resolution of Liquidity Challenges**

Continued efforts to settle legacy debts and improve liquidity across the electricity value chain.

■ **Federal Government Intervention on Ajaokuta Debt**

Developments on the resolution of longstanding payment default by Ajaokuta Steel Company Limited and its host community.

■ **Expansion of State Electricity Markets Operations**

More States are expected to operationalise their electricity laws, establish regulators, and issue market licences.

■ **Implementation of Regulatory Instruments**

Increased enforcement of the Codes, Regulations, and Orders issued in 2025 and in H1 2026.

■ **Enhanced Grid Security Measures**

Progress on implementation of coordinated antivandalism initiatives between NERC and ONSA.

■ **Accelerated Metering**

Continued rollout of smart meters under DISREP and other metering initiatives.

■ **Grid Modernisation**

Progress on grid digitisation, transmission upgrades, and measures to improve system reliability and security.

■ Development in Clean Energy Projects

Advancement of renewable energy, mini-grid, hydropower, and embedded generation projects.

■ Energy Transition Financing

Greater focus on implementing the Net-Zero Investment Strategy and developing Nigeria's carbon market to mobilise finance for the transition.

■ Proposed Amendments to the Electricity Act

More developments on the proposed amendments to the Electricity Act 2023.



While the Nigerian Power Sector has continued to record notable regulatory, institutional, and investment milestones, it remains structurally fragile. Addressing persistent challenges, particularly in relation to market liquidity and regulatory coordination will be essential to sustaining the momentum achieved over the past 24 to 36 months. Going forward, the success of ongoing reforms will depend on effective collaboration among Federal and State institutions, coherent policy implementation, and carefully coordinated interventions that reinforce, rather than undermine, the gradual progress made towards more reliable, competitive, and financially sustainable electricity markets.



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