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FG TO RESOLVE TARIFF SHORTFALL IN THE ELECTRICTY SECTOR

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A major challenge that plagued the electricity sector is the liability relating to a shortfall in tariff. The latest fact sheet issued by the Federal Government of Nigeria (the “FGN”) on the Power Sector Recovery Programme stated that the shortfall in electricity tariff paid by consumers across the country to power distribution companies has dropped from N1.891 trillion to N247 billion. In a bid to promote sustainable growth in the Nigerian electricity supply industry, the FGN recently inaugurated the board of directors of Nigeria Electricity Liability Management Company (NELMCO), an act long overdue as the NELMCO had been operating since 2013 without a duly constituted board.

At the inauguration, the FGN stated that the inauguration was a veritable mechanism for managing the very dynamic nature of the liquidity challenges of the power sector in Nigeria. The board of NELMCO was charged to always act in the best interest of all segments of the society, especially for the ordinary citizens, with respect to implementing NELMCO’S mandates.

The implementation of NELMCO’S mandate by its board of directors will in the long run have the effect of upholding a fiscal transparent financial plan to cover the tariff shortfall in the power sector, thereby promoting sustainable growth in the sector.
