



UDO UDOMA &
BELO-OSAGIE

POWER SECTOR UPDATES

NO. 3 (MARCH 2026)



Introduction

This update highlights recent regulatory and market developments in Nigeria's power sector, including the proposed establishment of the Grid Asset Management Company Limited, recent orders issued by the Nigerian Electricity Regulatory Commission ("NERC"), and developments in Nigeria's climate change and carbon market framework.

These developments reflect a continued regulatory focus on strengthening grid efficiency, enhancing revenue assurance within the electricity market, improving metering frameworks, and promoting transparency and investor confidence across the power sector value chain.

We will continue to monitor these developments and issue our next monthly update in April 2026.



Key updates

1. **Establishment of the Grid Asset Management Company Limited (GAMCO);**

The Federal Government of Nigeria has approved the establishment of the Grid Asset Management Company Limited (“GAMCO”) as part of ongoing reforms aimed at addressing inefficiencies in Nigeria’s electricity transmission and grid management segment.

In a State House publication, the Presidency announced that, following Federal Executive Council approval, an inter-ministerial committee has been constituted to develop the legal and operational framework for GAMCO¹. The committee is mandated to review existing electricity sector laws, regulations, and institutional arrangements, and to assess whether amendments to primary legislation or subsidiary instruments are required to support the proposed framework.

In addition, the Minister of Information and National Orientation indicated, following the Federal Executive Council meeting, that the President has proposed a bill for the establishment of GAMCO. However, it remains unclear whether the bill has been formally introduced before the National Assembly.

The initiative is intended to address structural constraints in the transmission segment of the electricity value chain, which continues to be a key bottleneck to power evacuation and system reliability. Government indications suggest that GAMCO will focus on improving grid management, optimising stranded generation capacity, and strengthening oversight of critical transmission infrastructure.

The proposed framework raises important legal and regulatory considerations, including potential changes to asset ownership and operational responsibilities within the transmission segment of the Nigerian Electricity Supply Industry (“NESI”). If implemented, GAMCO may introduce a new institutional layer within the electricity value chain and reshape existing market arrangements in the transmission segment. Its ultimate impact will depend on the final legal and regulatory structure adopted.

¹ State House Press Release, “Towards Optimising the Power Sector: President Tinubu Inaugurates Committee on Grid Asset Management Company (GAMCO)”, issued by Bayo Onanuga, Special Adviser to the President on Information and Strategy, available at: <https://statehouse.gov.ng/towards-optimising-the-power-sector-president-tinubu-inaugurates-committee-on-grid-asset-management-company-gamco/>



While GAMCO is positioned as a solution to transmission inefficiencies, the creation of an additional entity within the NESI risks duplicating the functions of existing institutions, particularly the Transmission Company of Nigeria, and may introduce further complexity into an already fragmented framework.

Uncertainty around asset ownership, control, and the allocation of responsibilities is likely to raise bankability concerns and may deter investment in the transmission segment.

Absent clear role definition and a well-structured governance framework, GAMCO could add another bureaucratic layer, potentially slowing decision-making and project execution rather than resolving existing inefficiencies.

The current lack of clarity on the legal structure and funding model will need to be addressed to provide greater certainty, support sustained investor confidence, and avoid compounding existing risks in the sector.

2. NERC's Amended Order on the Reimbursement of Meter Costs

NERC has issued Order No. NERC/2026/025² (the “MAP Reimbursement Order”), effective from 1 March 2026, amending the reimbursement framework under the Meter Asset Provider (“MAP”) and the National Mass Metering Programme (“NMMP”) Regulations.

The MAP Reimbursement Order is issued pursuant to section 226 of the Electricity Act 2023 and follows a regulatory review of Distribution Companies’ (“DisCos”) compliance with meter cost reimbursement obligations. NERC observed that DisCos had failed to fully reimburse customers who paid upfront for meters under the MAP framework, with outstanding obligations estimated at ₦20.33 billion as of 31 December 2025. The Order also addresses recurring customer complaints about delays and deficiencies in the reimbursement process.

² Nigerian Electricity Regulatory Commission, Amended Order on the Reimbursement of Meter Costs (Order No NERC/2026/025, 3 March 2026) <https://nerc.gov.ng/wp-content/uploads/2026/03/Amended-Order-on-the-Reimbursement-of-Meter-Costs.pdf> accessed 11 March 2026.



Key directives under the Order include:

- a. **Automation of reimbursement:** Meter costs are to be recognised as credits upon activation and refunded through monthly credits over the approved amortisation period.
- b. **No offset against debts:** DisCos are prohibited from offsetting reimbursement credits against customer liabilities.
- c. **Billing transparency:** Credits must be clearly disclosed, via energy tokens for prepaid customers, and as distinct line items in monthly bills for postpaid customers. In each case, there must be a clear disclosure of the meter cost, credits applied, and the outstanding balance.
- d. **Recovery timeline:** Outstanding balances are to be cleared over a 12-month period commencing from 1 March 2026.
- e. **Reporting obligations:** DisCos are required to submit periodic reports to NERC on reimbursement and establish complaint channels for customers in relation to unpaid meter costs.

The Order introduces a more prescriptive and enforceable framework, strengthens transparency, and enhances regulatory oversight of DisCos' compliance with metering and customer reimbursement requirements.

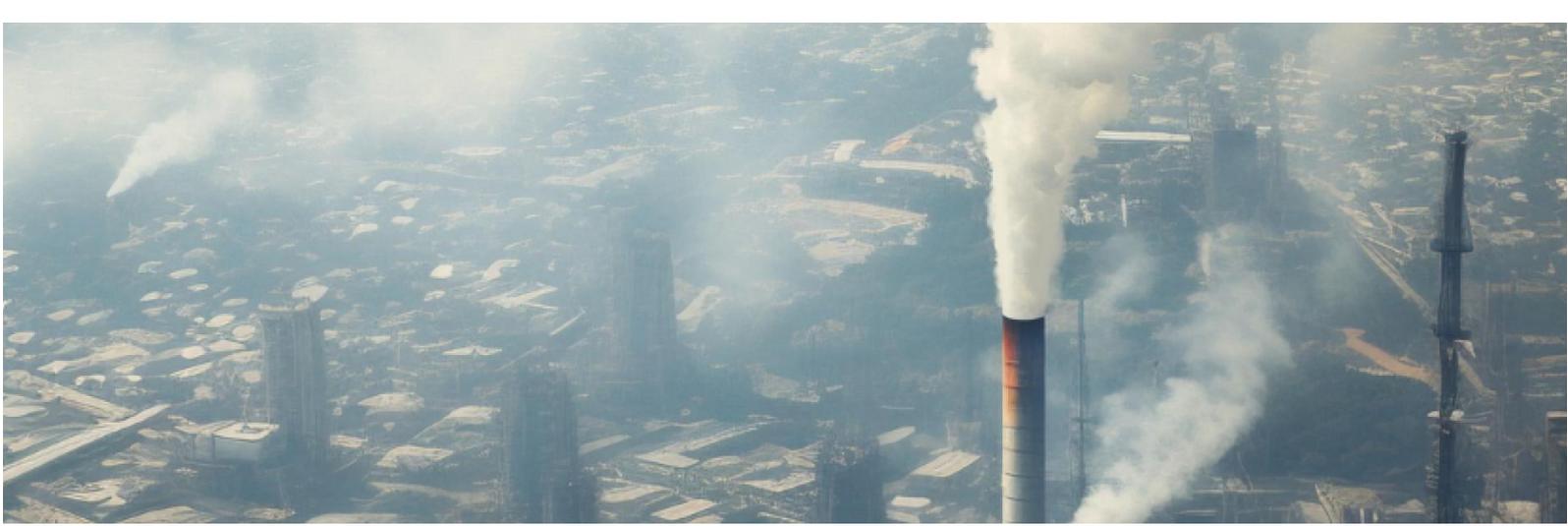
3. NERC's Order on Grid-Connected Private Transmission Substations

NERC has issued Order No. NERC/2026/013³ (the "Private Substation Order"), establishing a regulatory framework for the registration and authorisation of grid-connected private transmission substations.

a. Background and Rationale

The Order responds to persistent grid performance challenges, including 677-line trips on 330kV lines and 1,720 on 132kV lines in 2025. It also addresses the increasing role of privately owned substations operating without a formal regulatory framework.

³ Nigerian Electricity Regulatory Commission, Order on the Registration and Authorisation of Grid-Connected Private Transmission Substations (Order No NERC/2026/013, 9 March 2026) <https://nerc.gov.ng/wp-content/uploads/2026/03/Order-on-the-Registration-and-Authorization-of-Grid-Connected-Private-Transmission-Substations.pdf>



b. Key Provisions

Mandatory registration and permitting under an Independent Electricity Transmission Network Operator (“IETNO”) regime. Existing operators must apply within 45 days; new operators must obtain permits prior to grid interconnection.

The Order also imposes key compliance obligations, including:

- compliance with the Grid Code, Metering Code, and technical standards.
- Implementation of control and communication systems for system visibility.
- ongoing reporting obligations.

Full compliance is required by 31 December 2026.

c. Implications

The Order expands NERC’s regulatory oversight, introduces new compliance obligations for large industrial and commercial consumers, and is expected to enhance grid reliability and operational discipline.



4. NERC's Amended Order on Unauthorised Access and Meter Tampering

NERC has reaffirmed its enforcement stance on electricity theft following renewed public sensitisation efforts.

The Amended Order on Unauthorised Access, Meter Tampering and By-Pass (2024)⁴ (the "Unauthorised Access Order") establishes a structured framework for addressing unauthorised connections, including meter tampering and bypass. It provides for administrative charges, back-billing, reconnection costs, and a Standard Operating Procedure ("SOP") governing enforcement actions.

The framework also imposes procedural obligations on DisCos, including evidence requirements, notice procedures, and timelines for reconnection. In addition, DisCos may be required to compensate customers for delayed or unjustified reconnections.

Recent communications from NERC signal increased regulatory scrutiny and a renewed focus on strict compliance with enforcement procedures.

5. Climate Change Developments in Nigeria

a. Authorisation of Nigeria's First Carbon Credit Project under the Paris Agreement

The National Council on Climate Change has announced that it has issued Nigeria's first Letter of Authorisation under Article 6 of the Paris Agreement, enabling the issuance of 5.2 million carbon credits from clean cooking projects⁵. This marks a significant step in Nigeria's participation in international carbon markets and signals the operationalisation of its carbon market framework. It also establishes a basis for the generation and transfer of internationally recognised carbon credits, positioning Nigeria to attract climate finance through market-based mechanisms.

b. Renewed Hope Climate Change Awareness Tour (REHCCAT)

The Federal Government has launched the Renewed Hope Climate Change Awareness Tour ("REHCCAT")⁶, a nationwide initiative aimed at engaging stakeholders and local communities on climate change and carbon market opportunities, within the framework of Nigeria's broader climate change commitments. The programme seeks to strengthen subnational participation, bridge policy implementation gaps, and promote coordinated climate action across Nigeria.

REHCCAT forms part of ongoing efforts to support the implementation of Nigeria's climate agenda and its participation in global carbon market mechanisms under the Paris Agreement.

⁴ Nigerian Electricity Regulatory Commission, Amended Order on Unauthorised Access, Meter Tampering and By-Pass (Amended Order No NERC/2024/148, 22 January 2025) <https://nerc.gov.ng/wp-content/uploads/2025/02/Amended-Order-on-Unauthorised-Access-Meter-Tampering-and-By-Pass-.pdf>

⁵ The Letter of Authorisation is not publicly available at this time.

⁶ Office of the Senior Special Assistant to the President on Climate Finance and Stakeholder Engagement, 'Renewed Hope Climate Change Awareness Tour (REHCCAT)' (LinkedIn, 2026) https://www.linkedin.com/posts/ossapcfse_rehccat-nigeriaclimate-climateaction-activity-7436687818120196096-6RTU/



6. Inauguration of the Forum of Nigerian Electricity Regulators (FONER)

On 25 March 2026, NERC inaugurated the Forum of Nigerian Electricity Regulators (“FONER”), comprising federal and state electricity regulators, pursuant to section 230(9) of the Electricity Act 2023, which provides for coordination and cooperation between federal and state regulators within the Nigerian Electricity Supply Industry.

FONER is intended to institutionalise collaboration among regulators in light of the decentralisation of the electricity market under the Electricity Act, align regulatory approaches, and address sector-wide challenges through coordinated oversight. It will focus on areas such as tariff setting, licensing, enforcement, and consumer protection, while also facilitating information sharing and capacity building.

In his address at the inauguration, the NERC Chairman emphasised that FONER is intended to strengthen coordination among regulators in light of the decentralisation of the electricity market under the Electricity Act. He noted that sector-wide challenges are not confined to the generation, transmission, or distribution segments in isolation, but reflect broader structural issues that require coordinated regulatory oversight.

The initiative is expected to reduce the risk of regulatory arbitrage by market participants, enhance regulatory coherence across jurisdictions, and provide a mechanism for resolving regulatory issues through engagement and consensus rather than conflict, thereby strengthening overall market discipline.

The establishment of FONER aligns with the broader regulatory focus on coordination, oversight, and market discipline across the electricity sector. It is expected to improve regulatory consistency, strengthen enforcement of service standards, and enhance transparency in tariff and billing frameworks, ultimately supporting more stable market operations and improved service delivery for consumers.

Conclusion

Nigeria’s power sector continues to evolve, with reforms focused on strengthening transmission infrastructure, improving metering frameworks, and reinforcing regulatory enforcement.

Recent developments, including the proposed establishment of GAMCO, the inauguration of FONER, and new and amended NERC orders, reflect a more structured and intervention-driven approach to addressing grid inefficiencies, revenue leakages, and operational gaps within the NESI.

These measures signal increased regulatory oversight across the transmission and distribution segments, as well as enhanced coordination between federal and state regulators, particularly in relation to asset management, metering compliance, and electricity theft enforcement.

As these frameworks are implemented, clarity of institutional roles, strict adherence to regulatory procedures, and sustained enforcement will be critical to improving system reliability, strengthening market discipline, and enhancing investor confidence across the electricity value chain.

For more information about our Energy and Infrastructure practice, or any of our other practice group offerings, please visit www.uubo.org or contact us at powerteam@uubo.org or uubo@uubo.org

Disclaimer: This update is prepared by members of Udo Udoma & Belo-Osagie's Energy and Infrastructure Team and is intended for information purposes only and shall not be construed as legal advice on any subject matter in any circumstances. It does not and shall not be construed as creating any relationship, including a client/attorney relationship, between readers and our firm or serve as legal advice.