



POWER SECTOR UPDATES

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INTRODUCTION

This update highlights recent regulatory and industry developments within Nigeria's power sector, including the issuance of the Nigerian Electricity Regulatory Commission's ("NERC") Guidelines on the Procedures for Technical Audit of the Transmission System and Network Data Validation 2026, the publication of a directory of State Electricity Regulatory Commissions ("SERCs") to support the transition to state electricity regulation, and the establishment of a nine-member inter-agency committee to facilitate the decentralisation of the electricity market.

Collectively, these developments reflect ongoing efforts to strengthen regulatory oversight, support the implementation of the Electricity Act 2023, enhance coordination between federal and state institutions, and improve the governance and operation of the Nigerian Electricity Supply Industry ("NESI").

We will continue to monitor these and other developments within the NESI and provide further updates in our August 2026 edition.

1. NERC Issues Guidelines on the Procedures for Technical Audit of the Transmission System and Network Data Validation 2026

On 20 July 2026, the NERC issued the *Guidelines on the Procedures for Technical Audit of the Transmission System and Network Data Validation 2026* (the "Guidelines") pursuant to sections 34 and 226 of the Electricity Act 2023 and section 7.2.2 of the NESI Grid Code¹. The Guidelines establish a framework for the conduct of periodic technical audits of Nigeria's transmission system and the validation of transmission network data by the Nigerian Independent System Operator ("NISO"). The framework is intended to support the assessment of transmission infrastructure and improve the quality of network data used for system planning, maintenance and investment decisions.

The Guidelines were issued against the backdrop of persistent technical and operational challenges affecting Nigeria's transmission network, reinforcing

¹ Nigerian Electricity Regulatory Commission (NERC), Guidelines on the Procedures for Technical Audit of the Transmission System and Network Data Validation 2026 (20 July 2026) <https://nerc.gov.ng/wp-content/uploads/2026/07/Guidelines-on-the-procedures-for-technical-audit-of-the-transmission-system-and-network-data-validation.pdf>



NERC's efforts to strengthen the planning, maintenance, and long-term development of transmission infrastructure.

- a. **Regulatory Context:** The Guidelines respond to longstanding challenges affecting the transmission segment of the NESI. According to NERC, there remains a disconnect between the transmission network's installed capacity and its actual wheeling capability, driven by ageing infrastructure, mismatches between transmission lines and substations, obsolete protection systems, and deficiencies in network planning. NERC also recognises that effective transmission planning depends on accurate and up-to-date network data. As the grid expands and integrates renewable energy projects, battery energy storage systems, and other emerging technologies, reliable technical data has become increasingly important for system planning, asset management, and investment decisions. Collectively, these challenges undermine grid reliability and operational efficiency and underscore the need for a structured mechanism to periodically assess the condition of transmission assets and verify the accuracy of network data. It is against this backdrop that NERC issued the Guidelines.

b. Key Features of the Guidelines

- i. **Objectives:** The Guidelines seek to establish a consistent framework for assessing the technical condition of Nigeria's transmission infrastructure. They provide for the periodic evaluation of transmission assets, validation of network data used for operational and planning studies, identification of constraints affecting network performance, and prioritisation of maintenance, refurbishment and investment decisions.
- ii. **Technical Audit Framework:** The Guidelines require NISO to engage a suitably qualified consulting firm to undertake a comprehensive technical audit of all 330kV and 132kV transmission lines and substations at least once every five years, unless otherwise directed by NERC. In addition to these periodic audits, NERC may direct NISO to undertake special audits where there are recurring system failures, major incidents or accidents, evidence of significant asset deterioration or non-compliance, or where it otherwise considers such audits necessary. To facilitate the exercise, all licensed Transmission Service Providers ("TSPs") are required to provide the audit team with access



to transmission facilities, operational records, and other information necessary for the conduct of site inspections. NISO is also required to

- iii. submit inception, interim, and final reports to NERC, ensuring regulatory oversight throughout the audit process rather than only at its conclusion.
- iv. **Appointment of Independent Consultants:** Rather than leaving consultant selection to NISO's discretion, the Guidelines prescribe detailed minimum competency requirements. The lead consultant must be a duly registered engineering or consulting firm with the Council for the Regulation of Engineering in Nigeria or the Chartered Institute of Power Engineers of Nigeria, with demonstrable expertise in transmission system planning, design, construction, protection, power system studies, operations, maintenance, and grid modernisation. The firm must also possess at least 10 years' experience in transmission engineering consultancy and have successfully completed at least three comparable assignments involving technical audits, network planning, or the rehabilitation of high-voltage transmission systems. In addition, the consulting team is required to comprise specialists in operations and maintenance, power system planning, and electrical power systems, with prescribed academic qualifications, professional competencies, and industry experience. These requirements are intended to ensure that technical audits are undertaken by consultants with the expertise necessary to produce reliable findings capable of supporting regulatory and investment decisions.
- v. **Scope and Methodology:** The scope of the audit extends well beyond a physical inspection of transmission assets. Under Schedule II, consultants are required to review transmission network data, grid maps, and single-line diagrams, undertake condition surveys of transmission lines and substations, evaluate historical operational and maintenance records, validate network datasets, conduct power system performance tests, and assess the adequacy of protection systems, SCADA/EMS facilities, telecommunications infrastructure, grounding arrangements, and fire protection systems. Consultants are



vi. also required to identify weak sections and operational hotspots across the network and develop prioritised intervention projects and strategic investment plans for grid modernisation. Schedule III complements these requirements by prescribing the methodology for the audit, including a regional implementation approach, preliminary gap analyses, documentation of historical operational data, and the use of engineering studies such as power flow, short-circuit, switching, contingency and dynamic simulations using recognised power system modelling software. Collectively, these requirements demonstrate that the audit is intended to provide a comprehensive engineering assessment of the transmission network and a technical basis for future network planning and investment.

vii. **Implementation of Audit Recommendations:** The Guidelines treat implementation as an integral component of the audit process. Upon completion of the audit, the relevant TSP is required to prepare an updated Performance Improvement Plan based on the identified gaps and submit annual progress reports to NERC detailing the status of each recommended action, expenditure incurred, performance improvements achieved and any implementation challenges. NISO is also required to utilise the validated network data generated from the audit in future power system studies, while NERC is expected to update the transmission asset register and valuation based on the audit outcome. In addition, the Commission may engage independent experts to validate audit findings or undertake spot checks to verify compliance. These measures underscore that the audit is intended not merely to identify deficiencies but to establish a continuous framework for monitoring implementation, improving transmission performance and strengthening regulatory oversight.

c. **Towards a More Reliable Transmission Network**

The Guidelines represent a significant step towards strengthening the governance of Nigeria's transmission network through a structured and data-driven approach to asset management. By institutionalising periodic technical audits and network data validation, NERC has established a framework that supports more informed maintenance planning, evidence-based investment decisions and improved regulatory oversight.



Ultimately, the effectiveness of the Guidelines will depend on how effectively they are put into practice. While periodic technical audits are expected to provide valuable insights into the condition and performance of transmission assets, meaningful improvements in grid reliability will require the timely implementation of audit recommendations, sustained investment in network infrastructure, and continued regulatory oversight.

2. NERC Launches State Electricity Regulatory Commissions Directory for Electricity Consumers in Transition States

As part of its ongoing public sensitisation on the transition to state electricity regulation, including a recent X Spaces discussion, NERC directed electricity consumers to a newly launched directory of State Electricity Regulatory Commissions ("SERCs") on its website². The directory contains the verified websites, email addresses, telephone numbers, social media handles and physical addresses of SERCs in states that have completed the transition to state electricity regulation.

NERC explained that consumers in transition states should continue to lodge complaints with their electricity distribution company ("DisCo") in the first instance. Where a complaint remains unresolved, however, consumers are now expected to escalate the matter to the relevant SERC, rather than NERC, as the state regulator has assumed responsibility for regulating intrastate electricity activities within its jurisdiction. NERC also noted that the directory will be updated periodically as more states complete the transition to state electricity regulation. The SERC directory is available on NERC's [website](#).

The publication of the directory supports the transition to state electricity regulation by making it easier for consumers to identify and engage the appropriate state regulator.

² Nigerian Electricity Regulatory Commission, *The Transition to State Electricity Regulation: Key Takeaways & The New SERC Directory* (22 July 2026) <https://nerc.gov.ng/media/the-transition-to-state-electricity-regulation-key-takeaways-the-new-serc-directory/>

3. Minister of Power Establishes Inter-Agency Committee to Support Electricity Market Decentralisation

On 14 July 2026, the Honourable Minister of Power established a nine-member inter-agency committee to address legal, policy and regulatory issues arising from the decentralisation of the NESI under the Electricity Act 2023³. The committee was announced at the conclusion of the Workshop on Legal, Policy and Regulatory Harmonisation between Federal and State Institutions on the Decentralisation of the NESI, which brought together representatives of federal and state governments, electricity regulators, legislators and other stakeholders to discuss the implementation of the Electricity Act.

The committee, chaired by the Honourable Minister of Power, has been mandated to facilitate coordination between federal and state institutions, address implementation issues arising from the decentralisation of the electricity market, engage with relevant stakeholders and, within four weeks, submit recommendations to support the effective implementation of the Electricity Act.

The establishment of the committee underscores the Federal Government's commitment to ensuring that the decentralisation of the electricity market is implemented in a coordinated and coherent manner. As more states establish independent electricity markets and regulatory institutions under the Electricity Act, the committee is expected to promote greater coordination between federal and state regulatory frameworks, address implementation challenges, and support a more predictable regulatory environment for market participants.

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³ Nigerian Electricity Regulatory Commission, *Hon. Minister of Power Sets Up 9-Member Inter-Agency Committee to Address Issues Around Decentralisation of Electricity Market* (14 July 2026) <https://nerc.gov.ng/media/hon-minister-of-power-sets-up-9-member-inter-agency-committee-to-address-issues-around-decentralisation-of-electricity-market/>