

NERC's efforts with regards to Performance monitoring and Benchmarking, Standards and Consumer Protection

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Outline

- Background
- Mandate of the Commission
- Performance monitoring
- Key Performance Indicators
- Framework for Information Collation and Publication
- Consumer protection
- Customer Complaint Handling :Regulation/ Structures Established

Background

- Prior to the unbundling of the power sector in Nigeria, performance monitoring, industry standards and consumer protection were lacking.
- Utilities have element of immunity to court action , civil or criminal
- No regulator existed.
- Customers were treated with disdain.
- Arbitrary disconnection, estimated billing and negligence of safety standards prevailed.
- No proper accountability hence discontent and dissatisfaction was the lot of consumers.

The Mandate of the Commission on Monitoring and Service Standards

The Commission is mandated to carry out the monitoring and regulation of the electricity industry.

- To ensure that an adequate supply of electricity is available to consumers;
- To ensure the safety, security, reliability, and quality of service in the production and delivery of electricity to consumers; fairness in regulation for all stakeholders in accordance with the EPSR Act 2005.
- Establish appropriate consumer rights and obligations regarding the provision and use of electric services;
- Establish or, as the case may be, approve appropriate operating codes and safety, security, reliability, and quality standards.

NERC At Work

Approved Standard Application & Regulations

- Safety of Power: health & Safety Standards established .
- Reliability of Power : Approved Grid, Distribution and Metering Codes, Market Rules, Bulk Trader, Vesting Contracts
- Affordability of Power: MYTO – Multi-Year Tariff Order, Complaints Process, Service Standards, Vesting Contracts
- Adequacy of Power: 25 Generation Licenses for IPPs granted.
- Processing of other applications – works in progress
- Approved NERC Business Rules – 1st in the Nation
- Consumer Protection: Bill of Rights, end to Wrongful Disconnections & Limits to Estimated Billing – a voice to the Consumer
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Performance and Monitoring Framework

- Objectives:
- Informing customers and other interest groups about the level of service they are receiving
- Providing information and data for developing regulatory standards where required and for on-going assessment of compliance with such standards
- Informing the decision- making processes of regulators
- Identifying baseline performance of service providers as well as comparing relative performance with other utilities
- Providing data necessary to assess market power and its abuse.
- Ensure efficient and effective utilisation of the MYTO revenue

Principles of the Monitoring Framework

- All Performance indicators would be defined and collected on a consistent basis to provide a valid measure of performance as well as to follow reasonable comparisons of utilities
- Indicators shall be meaningful and relevant and must relate to key issues relating to both utilities and its customers and must reflect local conditions
- Reporting framework shall focus on a reasonable range of meaningful indicators and should draw on easily available and existing performance indicators.
- Minimize the cost of preparation and collecting information
- The accuracy and reliability of information provided must be verifiable.

Key Performance Indicators for Generation

- Generation station make monthly reports to the Commission on their performance in:
 - Generation unit cost
 - Load factor
 - Megawatts hour lost due to grid disturbance
 - Megawatts hour lost due to failure within the power station
 - Number of failure leading to loss of more than 20% rated output
 - Capacity utilization index:
$$\frac{\text{Available capacity}}{\text{installed Capacity}}$$
 - Planned output for the reporting period

Key Performance Indicators for Generation

- Achieved output capacity for the reporting period
- Generation utilization index:
$$\frac{\text{Average actual Generation(MW)}}{\text{Average Capacity (MW)}}$$
- Staff cost
- Staff productivity
- Breakdown maintenance schedule and cost

Key Performance Indicators for Distribution Companies

- System average interruption frequency indicator :

- Duration of interruptions (Hrs)
- No of interruption to customers
- Total No of Customers

- System average interruptions frequency indicator:

$$\frac{\text{No of system interruptions}}{\text{Total No of Supply points}}$$

- Customer average interruptions frequency indicator

- HV faults clearance index:

$$\frac{\text{No of 33Kv faults cleared within 8 hours}}{\text{Total 33Kv \& 11Kv faults reported}}$$

- LV fault clearance index:

$$\frac{\text{No of LV faults cleared within 8 hours}}{\text{Total LV faults reports}}$$

Key Commercial Performance Indicators for Distribution

- Capital investment
- Work in progress
- Quarterly budget and plan of action on the above
 - Staff cost
 - Staff productivity index
- New service average connection time indicator :
$$\frac{\text{Total time taken to connect new customers (hrs)}}{\text{Total number of new customers connected}}$$
- Number of new service connections
- Distribution unit cost :
$$\frac{\text{Total expenditure (Naira)}}{\text{Energy delivered to distribution companies}}$$

Key Commercial Performance Indicators for Distribution cont'd

- Billing efficiency:

Total energy billed(KWH)

Total energy received (KWH)

- Collection efficiency:

Cash collected(Naira)

Revenue Billed

- Response to customer complains index

Total number of complaints received

Total number of complaints resolved

- No. of complaints in a specific period

Key Commercial Performance Indicators for Distribution cont'd

- Annual Customer Satisfaction Survey.

- Meter reading frequency:

Total No of meters read

Total No of meters installed

- Number of new pre-payment meters installed

- Percentage of customers un-metered

- Naira per KWH indicator:

Total revenue collected(Naira)

Total energy delivered to distribution Companies

- Outstanding debts at month end/collection of existing debts

Framework for Information Collation and Publication

- Licensees provide information monthly, quarterly/annually
- The Commission may carry physical verification or scheduled inspection or appoint external consultants/investigators to carry out such functions
- The Commission analyses reported data and produces a draft report for the operators to verify
- The Commission then publicly releases the finalized report, covering data for the relevant quarter

Framework for Information Collation and Publication

- On monthly basis the Commission publish industry score card
- On an annual basis the Commission will also, in line with the provision of the Act consolidate periodic reports to produce “State of the Nigerian Electricity market” report
- The Annual Report will focus on presentation of facts as gathered from the operators. However, it will consist of essays that will develop particular issues in depth, especially issues of current interest.

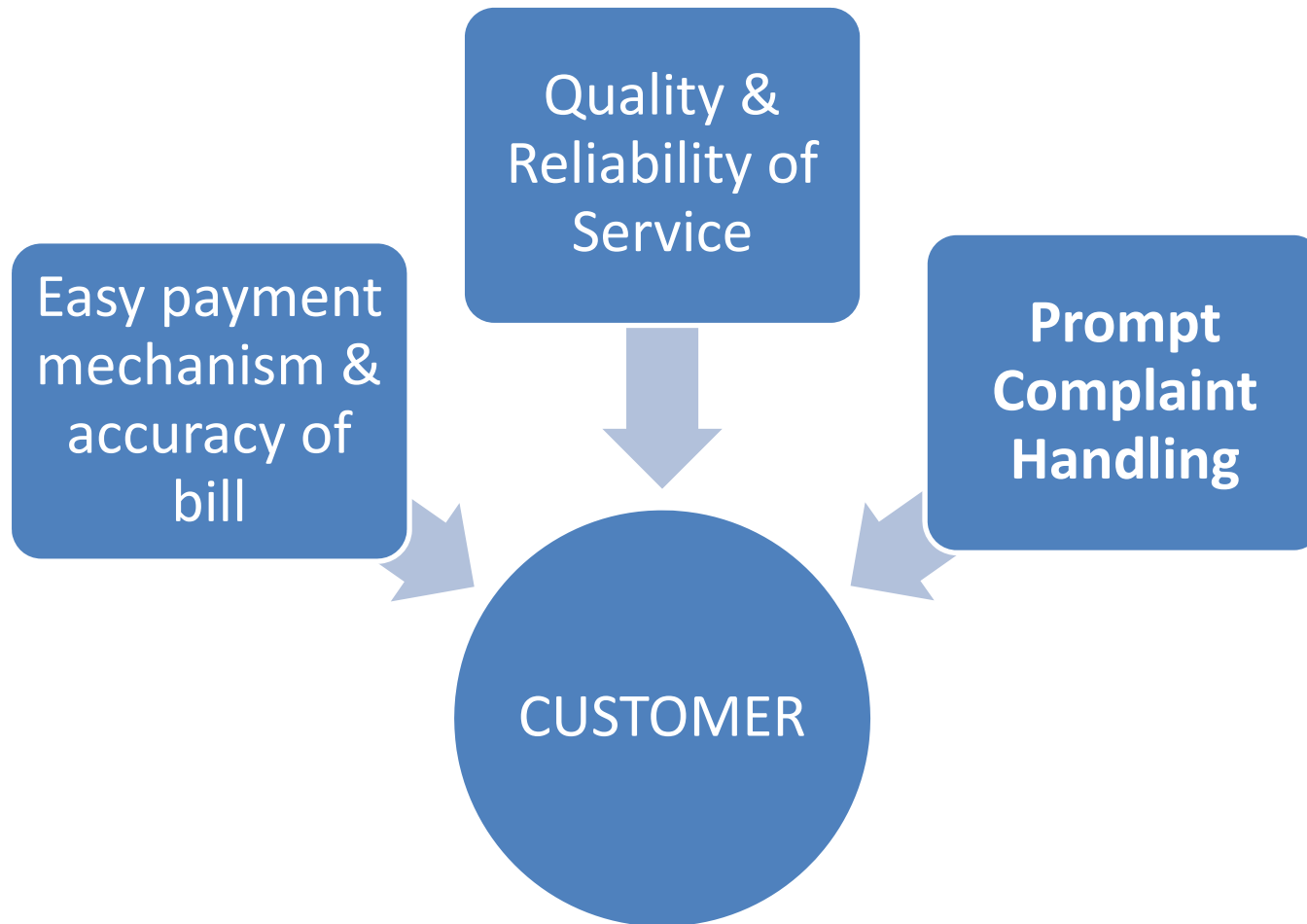
Consumer protection

- Required by Law
- Consumer Rights: the Consumer is the King-
 - The right to safety
 - The right to basic needs
 - The right to be informed
 - The right to choose
 - The right to be heard
 - The right to redress
 - The right to consumer education
 - The right to a healthy environment
- Sector Efficiency
- Customer Value for Money
- Security of Life and Property

Consumer Issues in Utility Regulation

- Consumer Rights are defined in terms of
 - Pricing/quality of service
 - Access to Utility Services
- Regulatory actions relating to consumers
 - Protecting consumer interest
 - Dealing with consumer complaints
 - Raising consumer awareness of their rights
 - Involving consumers in the regulatory process

What does a customer want?



Legal Framework

- Mandate of the Commission: EPSR Act 2005
To ensure that Nigerians have optimal access to electricity services and are provided with adequate supply that is affordable, reliable, and safe as well as ensure that there is fairness in regulation for all stakeholders in accordance with the EPSR Act 2005.
- The Nigerian Electricity Regulatory Commission (NERC) is responsible for promoting and protecting the rights and interests of electricity consumers, the electricity service providers and the facilitation of the partnerships with stakeholders to achieve its mandate

Consumer Protection Regulations/Institutions

- The Commission has established the following Consumer Protection Regulations:
- Customer Complaints handling; Standards and Procedures
- Connections & Disconnections Procedures for Electricity Services
- Customer Service Standards of Performance for Distribution Companies
- Meter Reading, Billing, Cash Collection & Credit Management for Electricity Supplies
- Consumer Forum

Connection and Disconnection Procedures for Electricity Services

- This regulation establishes standards and procedures for providing customers with electricity at their residential and business premises.
- Explains the procedures for obtaining supply of electricity including the documentations required.
- Procedures for disconnecting non- paying customers or for those breach of other terms and conditions of an applicable tariff or contract
- The information to be provided to consumers and the manner of its dissemination
- Puts in place guidelines that ensure that distribution companies adhere strictly to laid- down procedures for disconnecting defaulting customers in a methodical manner without infringing their rights.
- Establishment of standards for compensation to consumers who do not enjoy regular power supply

Customer Complaints Handling Standards and Procedures

- This regulation introduces a process for redressing complaints of electricity Consumers throughout the country by setting up a three- tier structure.
- The Customer Complaints Unit handles complaints at the distribution companies' level
- Customer Complaints Forum established by NERC at each distribution zone handles matters referred from the Customer Complaints Unit.

Meter Reading, Billing, Cash Collection & Credit Management

- Procedures concerning accurate meter reading by distribution companies,
- Correct billing,
- Adjustment of bills where overcharges and undercharges exist, and
- Processes for payment of bills
- To check problem of estimated billing

Customer Complaint Handling: Structures established

- There are minimum service standards expected of distribution companies in the provision of electricity services to customers.
- They cover:
 - Issues of timeliness to attending to faults,
 - Obligations with respect to replacements of faulty equipments,
 - Installations of equipments such as meters,
 - Minimum time to attending to other technical problems that may impinge on the provision of uninterrupted electricity supply to customers

Structures Established: Customer Complaints Unit (CCU)

- Every Distribution Licensee is required to establish at least one CCU, it may establish more than one in different locations within its operational area depending on the volume of complaints.
- Headed by a senior officer of the DISCO – Customer Complaints Officer (CCO) and staffed by DISCO staff.
- Complaints must be handled in accordance with Distribution Company's own written Complaints procedure as approved by NERC.

Structures Established :Customer Forum

- NERC has established FORUM in the operational areas of distribution companies
- Secretary and administrative support are provided by NERC.
- Office space and other required facilities provided by distribution companies
- The Forum shall comprise five part-time members
 - Representative of household customers
 - Representative of commercial customers
 - Representative of industrial customers
 - Representative of NGO operating in Distribution company's area
 - Qualified electrical engineer based in distribution company's area
- Both the Distribution company and the customer have right of appeal to the Commission where dispute is unresolved by THE FORUM.

Customer Obligations (Balancing Rights)

- Pay bills for electricity consumed
- Pay security deposit requested by the DISCO and other requirements for connection
- Vigilant protection of electrical installations
- Cordiality towards electricity workers
- Customer compliance with the requirements of the industry.

THE END

