



Nigerian Regulators Advances Key Accounting Tool to Support Electricity Sector Improvement

The Nigerian Electricity Regulatory Commission (NERC) has taken a major step toward a more sustainable, competitive and self-reliant electricity system in Nigeria, which came following long-running support provided by USAID on regulatory accounting.

NERC recently announced the implementation of a Uniform System of Accounts, or USoA, a best practice framework for accounting utility costs. As part of the September 24 announcement, NERC also set requirements that licensees file regular financial reports based on the USoA.

A USoA helps utilities and regulators get on the same page about how much electricity service actually costs, from generation to distribution. A common understanding of power costs, in turn, provides the foundation for strengthening the financial viability of utilities and attracting new investment into the electricity sector, setting the stage for growing self-reliance and sustainability in the sector.

USAID directly supported NERC in the development of this USoA through its collaboration with the U.S. National Association of Regulatory Utility Commissioners (NARUC). USAID and NARUC introduced the U.S. model for USoA to NERC in early 2014, working



Staff members with the Nigerian Electricity Regulatory Commission discuss regulatory accounting during NARUC's 2014 peer review on Uniform Systems of Accounts.

with NERC to adapt that model to Nigeria's context and needs.

Later, NARUC experts conducted a peer review of the NERC USoA, finding it to be comprehensive, well organized and well adapted for the Nigerian context.

NARUC experts also found that the USoA, when implemented, would support ongoing electricity sector reform in terms of ensuring greater accuracy, consistency, and transparency in financial information.

NERC approved the USoA on November 18, 2014, setting the implementation of the USoA and the related reporting requirements

for licensees for 2018.

USAID and NARUC applaud NERC's efforts to improve Nigeria's investment climate and continue to support the regulator as it implements the USoA. Next year, USAID and NARUC will conduct a technical training for key NERC staff on how to collaborate with Nigerian utilities on preparing the required financial statements.

As part of this training, NERC staff will travel to the U.S. to work side by side with state utility regulators to learn the necessary skills and techniques related to data collection under the USoA.