
Power Sector Reform Policy And Development In Nigeria

Joyce Iyieke-Jaja, PhD

Department Of Public Administration
Port Harcourt Polytechnic, Rumuola

Abstract

The Nigerian Power Sector is saddled with a lot of controversies ranging from constant low current, improper billing and outright power failure. Most governments have given lip service to the solution of power crisis, while policy reforms have failed to yield the expected result. There is a clear demonstration of inefficiency in the power sector, bearing in mind that there can be no reasonable development without a corresponding power supply. Even attempts at privatization have failed to yield the desired result. The paper traced the introduction of electricity in Nigeria from Lagos in 1896 through different power reform policies of government to facilitate power generation and distribution, especially as the current dearth of power supply has become unbearable. It opines that privatization and commercialization have not met the power need of Nigeria, for development can only be achieved when there is available power supply. Since all business utilizes power, it should be a collective effort of government and citizens. There should be utilization of natural sources of generating power like solar system etc. there should also be equitable distribution of power to all sections and sectors to enhance development.

Keywords: Power, reform and development

Introduction

Nigerian power sector predates her independence as a nation. Electricity was first introduced in Lagos in 1896, with a generation capacity of 60Kw. In 1946 the Nigerian government electricity undertaking was established under the jurisdiction of the Public Work Department (PWD) to take over the responsibility of electricity supply in Lagos National, Electricity Power Authority. This metamorphosed to (NEPA) in 1972. Unfortunately since the inception of NEPA and its annual expansion to meet the ever-increasing demand, the majority of Nigerians still suffered from lack of electricity supply. This has propelled the Federal Government to embark on an aggressive reform with the intention of resuscitating NEPA and making it more efficient, effective and responsive to the yawning of the teeming population (Okoro & Chikuni 2007). The power sector reform policy is a strategy geared towards strengthening sporadic economic development in Nigeria. Most business ventures in Nigeria utilize power and need a steady supply of power to be operational. The power sector is crucial for achieving National Development. This is as a result of the heavy dependence of the small, medium and large scale industries on power or energy for their survival. The Nigeria economy needs at least 10,000 megawatts of electricity. Since the Usman Musa Yaradua led administration power had degenerated from 3,000 to 1,700 megawatts. In these days of economic recession, it is expedient to devote more attention to the power sector visible reform in order to bring about economic development and poverty alleviation. It has been opined by certain scholars that commercialization, urbanization and privatization of the energy sector will revitalize the sector and promote security in the power sector. It should however be noted that these policies or programmes of government will not stabilize power, as the failure or inefficiency of the sector can be attributed to lack of political will. (Ororowiro, 2009) noted that the country still face energy crisis even after the completion of the privatization programme which he attributed to decline in electricity generation from domestic power plants which are obsolete, unreliable and appalling in the state of despair. This reflects the poor maintenance culture in the society and inefficiency of the public utility irrespective of the privatization.

Power sector reform

The call for power sector reforms in Nigeria is actually as a result of the inadequacy of electricity supply, incessant power outages, low generating plant availability and high technical and non-technical losses that have characterized the Nigeria electricity industry. The reform bill approved by the Federal Executive Council (FEC) set out to achieve the following objectives:

- Unbundle NEPA
- Privatize the unbundled entities
- Establish a regulatory agency
- Establish a rural electrification and fund
- Establish a power consuming assistance fund etc.

The reform objective is to improve efficiency, through partial or full privatization of Federal Government of Nigeria interest. Through power generation, transmission and distribution; the target of the reform is to achieve an increase in power generation capacity to reach 40,000MW by 2020. The Nigerian Electricity Regulating Commission (NERC) is charged with regulatory oversight including licensing, setting, tariffs, consumer protection and generally ensuring that the sector achieves its objectives of quantum leap in an orderly manner. Transmission Company of Nigeria (TCN) was created to take over all transmission assets. The Federal Government enacted the Electric Power Sector Reform (EPSA) in May 2015 and launched the National Integrated Power Project (NIPP) initiative in 2006. The goal of the NIPP is to bridge the gap between immediate supply/demand of gas and reduce bottle necks on the delivery system.

The purpose of the reform is to create an environment that would attract the much needed private sector finance. Several attempts have been made to increase capacity output. These include the following. The promulgation of the privatization and commercialization decree No. 25 of 1988, this established the technical committee on privatization and commercialization (TCPC). There was the proposal to commercialize the operation of Power Holding Corporation of Nigeria on 21st September 2013. Adequate power supply is an inevitable tool for any country's development. It is an indisputable fact that Nigeria is counted among the problematic electricity sectors in the world. Nigeria has an estimated installed electricity generation capacity of 8,644 MW, and available capacity of approximately 3,718MW, to cater for the needs of over 180 million consumers.

The difference between the demand for electricity and the available capacity has led to the current national power shortage and inefficiency. This has led to self-generation of power by current national power shortage and inefficiency. This has led to self-generation of power by individuals and corporate entities. As a result of poor performance of the electricity power sector in Nigeria, it has constituted a barrier to private investment, economic growth and all round development. The market structure is dominated by the government owned Power Holding Company of Nigeria, formerly the National Electric Power Authority (NEPA). PHCN is characterized by low capacity generation, high cost, inadequate distribution of power, inability to finance new expanded infrastructure, inadequate machinery for effective billing. Despite all these reforms the Nigerian electricity power sector continued to experience low sector supply. In response, the Federal Commercial adopted the National Electric Power Policy (NEPP) in March 2001 with the following objectives:

1. Attract private investment both from Nigeria and abroad
2. Establishment of an independent regulatory agency
3. Development of a wholesale electricity market.
4. Establishment of a rural electrification agency to manage rural electrification fund.

The electric power sector reform of 2005 include the elimination of NEPA, provisions to ensure privatization of successor companies, establishment of Nigerian Electricity Regulatory Commission(NERC) establishment of rural electrification agency and a consumer assistance fund to bridge the gap for low income earners. There was also the enactment of the Public Enterprises Act of 1999; by this the Bureau of Public Enterprises (BPE) replaced TCPC with the power to shift emphasis from commercialization to encouraging core investors and promoting foreign investment in the privatization programmes.

Concept of development

There is no universally accepted definition of development comprehensive and elucidating. According to (Ibodje, 2009; 2) defining development is one of the most continuous issues not only in development studies but in the social sciences. The difference is in the ideological perspectives. Nwaorgu 2006:78 posits that development is multi-faced, multi-discipline and multi-dimensional. He prescribed major perspectives to understanding development, namely the liberal theory perspective and the radical scholar's perspective. Development should be people oriented. It should be able to raise the standard of living which will include: high income, better education, good housing, and availability of healthy facility readily available to the citizens. Neither the liberal perspective nor the radical view of development can adequately help us to comprehend and resolve the Nigeria Power epileptic problem. The resolution can only be found in a dogged and holistic determination by the political class and the citizenry who have been accused of sabotage and outright hooliganism.

Benefit of the reform

Proper implementation of the reform will promote efficiency and growth in the power sector. The reform will lead to improved electricity services as it will encourage private sector participation and investment in the power sector industry. This is meant to bring about efficiency of service (NEPA 2004). The reform was meant to bring about increase in employment, which would be achieved as more distribution companies emerged. These companies will need labour force for their operation, which will lead to employment creation. It will also lead to a reduction in crime rate as restive youths who will engage in anti-social behaviours and crime would be positively occupied through gainful employment. Poverty, lack, criminality and violence will be reduced through gainful employment.

Constraints**Generation**

There is inadequate funding for the power sector and maintenance of existing ones as well as limited gas processing and supply infrastructures.

Transmission

There is also high transmission losses and poor voltage stability due to poor planning and maintenance. The network is unreliable and contributes to a high number of system collapses.

Funding

Sustainable energy may be difficult to attain if the funding mechanism is not fully diversified. This is because energy projects generally have high cost. Some electrical projects are better sited in places where there are competent and qualified manpower for operations. The adoption of decentralized electricity governance model will make for participatory, all inclusive regions to integrate.

Conclusion

The Nigerian power sector reform has created more opportunities for investors which arise from the supply of meters, transformers, cables, transmission and distribution facilities. Whereas there is marked improvement in power stability for the consumers, there still remains large room for improvement in the realization of the full promises of the roadmap to steady supply of electricity. The consumers now watch with eager and earnest expectation of the transition from darkness to light as the federal government has put in place the enabling structure and regulatory mechanism thereby passing the buck to private investors who are exploiting Nigerians with the excessive billing of high electricity tariffs.

Recommendations

To achieve good and efficient power generation and distribution, the implementation of government policies and programmes on power reforms must be anchored on these principles, political and leadership discipline, budget and economic discipline, social and moral discipline among others. The best way to resolve Nigeria's electricity problem is to view it from a multidimensional perspective. The government must see it as an emergency and note that power crisis is detrimental to the Nation's Economy. This is because everything runs with power in the economy. The monopoly of the hydro electrics must be phased out as obsolete or should not be the sine qua non in the country's power generation. Nigeria is blessed with enormous natural resources so there should be a functioning pipeline grid to operate downstream and upstream sections of oil and gas. Finally, each zone in Nigeria should utilize their natural resources to generate power. North should utilize solar, because of the intensity of the sun in the north, while the south should utilize the south hydro or any of the two.

References

- Carlton, D. & Perloff, J. (2005). *Modern Industrial Organization*. London 4th Edition, Boston, Pearson Addison Wesley.
- Ibitoye, F. I. & Adenikinju, A. (2007). *Future Demand for Energy*, Volume 84.
- Iwayemi, A. (2008). Nigeria's Dual Energy Problems: *Policy Issues and Challenges IAEE Energy Forum* 4th Quarter, 2008.
- Makwe, J. (2011). *The Nigerian Electricity Market*. University of Aberdeen Business School. NEPA Profile, www.nepanigeria.org.2004.
- Okoro, O. & Chituni, E. (2007). Power Sector Reforms in Nigeria, Opportunities and Challenges. *Energy Journal*, Volume 1, 8 November.
- Ororowiro, G. O. (2018). Perception Rewriting in Service Marketing: Steward Xpress Nigeria Limited, 2012.
- Smith, T. (2016). *Implementation Process Policy* Vol. 4, No. 2.
- William, W. (1975). Implementation Analysis and as Assessment: *Policy Analysis Summer*