

AN EXAMINATION OF THE CHALLENGES OF POWER SUPPLY IN NIGERIA IN POST-PRIVATIZATION ERA, 2013—2016

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ABSTRACT

This paper examines the challenges facing power (electricity) supply in Nigeria since the privatization of the assets of the Power Holding Company of Nigeria (PHCN) in 2013. This is in view of the importance of regular power supply in national economic growth and social progress. In the course of this research, the writer established the fact that there were certain challenges that militate against regular power supply in the country. These include lack of effective implementation of some vital policies and projects concerning the energy sector; the nefarious acts of oil thieves and pipeline and cable vandals. There was also the challenge of lack of effective gas transmission infrastructure; the problem of gas flaring and inadequate gas supply to thermal power plants. Besides, there was also the challenge of obsolete power equipment and lack of regular maintenance of existing power plants and other electricity installations. Moreover, the power sector in post-privatization era is faced with the challenge of inadequate funding by the core investors as a result of paucity of fund. Also, there has been the controversy between the Distribution Companies (DISCOs) and electricity consumers over the appropriate billing system. Consequent upon these challenges about 75 percent of Nigerians were said to have no access to regular power supply in 2015. In like manner, about 41 per cent of businesses in Nigeria were said to be generating their own electricity, while 56 per cent had no access to electricity despite marginal improvement in power supply which stood at 4, 884 megawatts (MW) in November 2015 and 5,074.7MW in February 2016. The situation creates fears that Nigeria may not meet its target of 20,000MW generation capacity by 2020. However, the federal government should continue to provide necessary support and effective regulations to the power sector to ensure appreciable improvement in power supply for rapid and sustainable national development.

INTRODUCTION

This paper critically examines the challenges of power (electricity) supply in Nigerian society in the post privatization era, that is, since 2013. The effort towards the privatization of power supply in Nigeria actually began in 2005 with the passage of the Power Reform Act, 2005. However, it was during the former President Goodluck Jonathan's administration that concerted efforts were made to privatize the power sector in a bid to realize the goal of regular power supply in the country. President Jonathan's administration regarded power supply as the cornerstone of its Transformation Agenda and thus pursued the privatization programme relentlessly. This was in realization that in Nigeria's 100 years of existence, electricity supply has always been a major challenge and, indeed, a stumbling block to rapid economic development, and as well as an impediment to social transformation of Nigerian society. Agbo (2013) observed that the provision of regular and sustained power supply in Nigeria under the defunct National Electric Power Authority (NEPA) posed a daunting challenge that it was derided and contemptuously nicknamed "Never Expect Power Always". The privatization of the power sector was therefore viewed as a desirable policy aimed towards improving power supply in the country. To achieve the goals of privatization of the power sector, the federal government took certain policy measures and administrative actions

to ensure success and quick results. These include the following:

1. It established the National Council on Privatization and the former Vice President, Alhaji Namadi Sambo was designated its Chairman.
2. It also reconstituted the Nigerian Electricity Regulatory Commission which was suspended in 2007 by President Umar Musa Yardua's administration and charged it with the responsibility of regulating the power industry (Lucas, 2013).
3. It split the defunct Power Holding Company of Nigeria (PHCN) into six generation and eleven distribution firms, all sold separately for about \$2.5 billion in total (Yusuf, 2015).
4. The federal government also approved and supported the building of ten independent power plants under the National Integrated Power Project (NIPP) scheme. The power plants were said to be under the consortium of Independent Power Plants under the Niger Delta Power Holding Company, (NDPHC). Under the NIPP scheme the federal government reportedly holds 47 percent equity while the NDPHC holds the remaining 53 percent (Lucas, 2013).
5. In November 2013, the federal government reportedly handed over 14 of the 18 Power Holding Company of Nigeria, PHCN, successor companies to their new owners (Agbo, 2013).

During the occasion of the handover ceremony, the former Vice President, Alhaji Namadi Sambo was reported to have enthused that the transaction brought to an end government's participation in the power business as it generally believed that the private sector would handle it better (Agbo, 2013). The former Vice President was reported to have further stated with air of optimism that:

We anticipate that in the next two years, Nigerians will be reaping the benefits of this privatization programme by the virtue of the improvement of service delivery across the power value chain (See Agbo, 2013).

In a similar display of attitude of optimism about the desirability and success of the privatization of the power sector, the former Minister of Power, Professor Chinedu Nebo was said to have described regular electricity in Nigeria as "a done-deal". He was reported to have further stated that a new phase in electricity supply which he called "Awakening the Giant" had set in (Agbo, 2013). He also reportedly assured Nigerians that the transformation experience the country has had in the telecommunications sector would pale into insignificance when compared with what will happen when Nigerians begin to enjoy uninterrupted power supply. Prof. Nebo was said to have specifically boasted that industrialists would no longer contend with the challenge of high cost of production blamed on use of power generators for their operations, while the potential of the small and medium-scale enterprises would be unleashed for the prosperity of the country (See Agbo, 2013). Also, the immediate past President of Nigeria, Dr. Goodluck Jonathan whom his administration carried out far-reaching power sector reform, and as well privatized the defunct PHCN's assets, was very optimistic about the improvement in power supply in post – privatization era. He reportedly assured the Nigerian citizens that the privatization of the power assets would radically change the power supply in the country for the better. He further assured that:

To the Nigerian people who have demonstrated such great patience and confidence, putting up often, with darkness, noisy power generating sets, the related pollution and the daily disruption in their lives, I say better days are coming ... we can all look forward to a better time very soon as we have seen in the telecommunications and banking sectors (See Agbo, 2013).

The former President, Dr. Goodluck Jonathan then stated that the new owners of the generation companies (GENCOs) had all logistics worked out for them. He reportedly assured that his administration would maintain the agreed gas pricing policy in order to encourage new investments in gas supply and infrastructure development (Agbo, 2013). It should be noted that President Jonathan was reported to have boasted during an exclusive interview with *TELL* magazine in 2012 that:

By the middle of next year (2013) you will dash me your generator: I will send it out of the country because we won't need it here anymore (See Lucas, 2013).

However, Dr. Jonathan was said to have later had a rethink on the statement explaining later that the power issues were largely complicated and perhaps hydra-headed. On the whole, the federal government was said to have made concerted effort towards substantial improvement in power supply in the country since the return to civil rule in 1999. For instance, the Permanent Secretary, Ministry of Power, Mr. Godknows Igali was reported to have stated that the federal government had so far spent a total of N2.7trn on the power sector from 1999 to September, 2015. He was said to have further explained that of this sum, N1.6 trn was appropriated for the Ministry and its agencies, out of which N948billion was actually released during the period. Mr. Igali was also reported to have stated that the N2.7trn also covers the funds released for the National Independent Power projects, (NIPPs) (See Alechonu, 2015).

The State of Power Supply in Nigeria Since 2013

Despite the clearly laid down policy framework on power development and sustainability, coupled with the huge sum of financial expenditure on projects and staff emoluments, the power supply in Nigeria cannot be said to have substantially improved even after privatization. For instance, the policy framework and institutional reforms carried on since 2010 created the hope that the medium term expectation was that by the end of 2013, the country would have attained 14, 000 megawatts power generation capacity (*The Guardian Editorial*, March 27, 2014:14). Thus, after the unbundled Power Holding Company of Nigeria, PHCN, has been sold and handed over to its new owners in November, 2013, there has not been any appreciable improvement in power supply. *The Guardian Editorial* (March 27, 2014) lamented that rather than see improvement, power supply had dropped even more to an unbearable discomfort of Nigerians. The statistical data available in respect of power generation and supply in Nigeria gives credence to the above assertion. For instance, by 2013 the demand for electricity was said to have significantly exceeded its supply in the country, with a total installed capacity of 10,400MW, of which only 6000MW was available. Worse still, only 4,000 MW was actually available for power consumers (Lucas, 2013).

By May 2015, according to available statistics, the power supply dropped from about 3,000 mw to about 2000MW (See Oghene et al, 2015). Moreover, the power statistics from the Ministry of Power reportedly showed that energy generation had dropped to about 3, 810mw as at 27 October, 2015 when the system could only send out 3, 748MW (See Salau, 2015). However, it is an irony that the above figures depicting the power generation in October 2015 were regarded as representing an improvement in view of the disgusting situation in the recent past. Some Nigerians attributed the marginal improvement in power supply to the “body language” of President Muhammadu Buhari which stresses on efficiency and zero tolerance for corrupt practices (See Ogunmola, 2015). However, the African Progress Panel in its recent report on electricity situation in Africa, and Nigeria in particular, observed that Nigeria’s electricity generation has been stagnant since August 2015, when it managed to hit

4,810.70MW after several years of hovering around 1000 to 2000MW. The panel's report noted that as at 25 October, 2015 the country's electricity supply was 3,960. 82MW, while daily average energy generated stood at 4,029.39MW. The panel in its report therefore concluded that the current state of Nigeria's electricity supply was unacceptable in view of the fact that the country needs about 30,000MW to run the economy. The panel conclusively stated in its report that it believed that African leaders (including that of Nigeria) have no choice about tackling the region's chronic deficits in power generation and energy access (See Okere, 2015).

Challenges of Power Supply In Nigeria In Post Privatization ERA, 2013-2016

This paper has tried to establish in the foregoing sub-sections of this work that power supply has not appreciably improved in Nigeria despite the privatization of the sector since three years ago. This ugly situation is attributed to certain daunting challenges facing the energy sector and the oil and gas industry in Nigeria. These challenges include the following:

Lack of effective implementation of power policies and projects: This has been one of the most daunting challenges which have given rise to the inability to achieve the goal of improving power supply in Nigeria. Many laudable policies had been initiated in the past, but in most cases were not implemented satisfactorily. Besides, since 1999, power management in Nigeria has gone through various phases to ensure adequate, safe, reliable and affordable power supply. Unfortunately, however, Nigerians still groan under irregular or in most cases no power supply. The policy and projects on diversification of sources of power through off-grid and hydro- systems etc have not been implemented satisfactorily. This is despite the huge sum of \$16 billion allegedly spent on projects targeted towards improvement of the sector between 1999 and 2007 (See *the Guardian Editorial*, March 27, 2014; *Sunday Sun Editorial*, August 30, 2015 and Oghene et al, 2015).

Impact of Oil Theft on the Power Sector: Oil theft is a generic term for all manner of stealing of crude oil and refined products by and involving various categories of people in and outside of the oil sector (The Guardian Editorial, October 23, 2014:18). The nefarious activities of crude oil thieves have contributed immensely in frustrating the government efforts towards improving power generation in Nigeria. The oil thieves usually cart away large quantity of crude oil through broken oil pipe lines. The crude oil, for strategic economic purposes, could have been refined and the petroleum and gas made available to power generating plants. As a result of their nefarious activities, both the refineries and the Liquefied Natural Gas, LNG, Plant constantly experience inadequate supply of crude oil. The net effect is that the power plants often lack adequate gas supply for power generation. Besides, the crude oil theft deprives the country enormous financial resources which could have been substantially utilized in developing the power sector.

For instance, a civil society organization known as Stakeholders Democratic Network, SDN, has disclosed that Nigeria lost \$14 billion in 2014 to oil thieves who broke pipelines to scoop crude oil for sale. Its country Director, Imemo Samiama lamented that apart from the enormous financial resources the nation lost as a result of the activities of the oil thieves, the pipeline vandalism has done serious damage to an estimated 51, 500 hectares of land in Delta State (See Olasupo, 2014). In a similar view, the Nigerian National Petroleum Corporation, NNPC in its report covering between January 2013 and April 2014 has revealed that Nigeria recorded N858 billion losses to the activities of oil thieves and pipeline vandals. The Group Managing Director, GMD, Dr. Ibe Kachichukwu, however, stated that the unsavory trend has

recently reduced as a result of the counter-measures adopted by the NNPC which include the setting up of a critical infrastructure force and a combination of enlightenment, empowerment and enforcement of anti-sabotage laws (See Okere, 2015). Besides, the Nigerian Navy and other security agencies have been waging relentless war against oil thieves most of whom were said to have the backing of some influential members of the society. Most of the oil theft and pipeline vandalism occur in Niger Delta region and Lagos axis. For example, the Nigerian Navy was reported to have seized 4,000 jerry cans of petroleum products and arrested some vandals in Ikorodu, Lagos in October, 2014 (Oditia, 2014). Similarly, the Nigerian Navy and other Security agencies have been launching relentless raids on illegal refineries that were said to have been established by oil thieves and their accomplices in some parts of Niger Delta region. On the whole, it is estimated that at any point in time up to ten percent of Nigeria's crude output is stolen each day thereby depriving the nation of daily revenue of tens of millions of dollars (The Guardian Editorial, October 23, 2014:18). More specifically, crude oil theft from January to April 2015 was said to have stood at 39.3 million barrels, amounting to a loss of about \$3.9 billion at an average crude price of \$97.9 per barrel (Salau, 2015). The unwholesome activities of oil thieves, no doubt, have negative effect on power industry in the country as it deprives the nation of adequate financial resources for improving the power sector.

The Effect of Pipeline Vandalism on the power sector: Closely related to the nefarious act of oil theft is that of pipeline vandalism. Pipeline vandalism has been one of the major factors that hinder the development of energy sector especially in terms of power generation and distribution in the country. Pipeline vandals often break pipelines that transport gas to thermal power plants. This causes serious shortage of gas supply to power plants and ultimately results in epileptic power supply or total blackout for quite sometime in some parts of the country. In August 2015, oil and gas operators in Nigeria decried the unabated crude oil theft and pipeline vandalism in the Niger Delta region. They warned that if unchecked about \$12 billion worth of investment in the oil and gas sector may go down the drain. According to the Chairman of Society of Petroleum Engineers (SPE), Nigerian Council, Mr. Emeka Ene, the problem of crude oil theft, pipeline vandalism and illegal refining in the Niger Delta calls for a state of emergency. He regretted that the earning generated through these illegal activities far surpass the legitimately income average of government from oil resources (See Sanyolu, 2015).

Moreover, pipeline vandalism has been identified as the main threat to sustainable power supply in Nigeria. In a recent report written by Ikenna Ifediobi, a consultant to the American Petroleum Institute, API, United States of America, pipeline vandalism was identified as a major cause of Nigeria's epileptic power supply. This, according to the report, is due to the fact that about 81 percent of power in the country is generated by thermal power plants dependent on gas supply. According to the report, Nigeria loses about 150,000 barrels of crude oil per day to pipeline vandals. The report noted that the loss translates to about \$7.2 million daily to vandalism, \$50 million a week and \$2.6 billion a year at the approximately \$48 per barrel of Brent crude oil. The report further noted that half of the amount currently being lost through this nefarious act would revitalize the entire energy sector in less than two years. The report finally suggested that the federal government should use Distributed Acoustic Sensing (DAS), a digital surveillance that guarantees the safety of pipelines and crucial asset perimeters from sabotage (See Okoromadu, 2015). There is also the problem of wanton vandalization of power equipment and other vital public electrical installations in some parts of the country. This often results in total darkness in the affected communities and huge loss of revenue to the power sector. On November 20, 2015 it was widely reported that

nine states in Nigeria would experience a further drop in power supply following the vandalizing of the Okpai/Onitsha 350 KVA Power line by cable vandals. The vandalism stopped power generation from the most reliable power station from the Enugu region of the Transmission Company of Nigeria (TCN) which conveys 450 MW of energy (See Obi, 2015). Similarly, Nkwopara (2015) reported that saboteurs vandalized a standing high tension stall tower in Oronta Community in Abia State, while armed hoodlums tied the security men and removed 10 drums of aluminum conductors used for high tension wires in broad daylight in Umuahia. He attributed these incidents of sabotage as the reason why regular power supply has remained a mirage in the country. Ayodele (1999) observed that the vandalized equipment was usually resold, in most cases, to public/private electricity institutions etc. This ugly situation has largely contributed to the current electricity crisis in the country by which only about 4,800 MW could be generated and distributed. However, experts have stated that Nigeria requires at least 18,700 MW of electricity for healthy economic growth of the country (See Vanguard, October 15, 2015).

It should be noted that pipeline vandalism and oil bunkering have become integral part of oil politics and struggle for resource control in Niger Delta region. Ekpo (2004) wrote that the existence of oil in Niger Delta has remained a curse to oil bearing communities, and that attempts by oil companies to provide palliatives for the harmful effects of their activities have not solved fundamental problems of the people. He explained that this has been responsible for the restiveness of the people in the region which manifests itself in pipeline vandalism, hostage taking, oil bunkering etc. These acts particularly pipeline vandalism is very detrimental to the development of power sector in the country, including the Niger Delta area. However, President Muhammadu Buhari was reported to have referred to gas thieves and pipeline vandals as saboteurs working to frustrate the nation's quest for steady electricity supply. To solve the problems of oil theft and gas sabotage, the President was reported to have stated that the existing military task forces would be reorganized to ensure a successful protection of the network of gas pipelines (see Abubakar, 2015).

Impact of Gas Flaring On The Development Of Power Sector: Nigeria's proven gas reserves were put at 188 trillion cubic feet (tcf) (See Okere, 2015). However, the bulk of the gas reserves were said to have been discovered in the course of oil exploration and production activities (Ekpo, 2004). This means that large reserves of gas in Nigeria are associated with crude oil. This is perhaps why oil companies since the inception of oil exploitation in Nigeria have been engaging in gas flaring, thus wasting large quantity of gas which could have been utilised for domestic use as well as for generation of electricity in the country. By 2009, Nigeria was said have been flaring 40 per cent of its gas. Okonji and Ogidan (2009) reported that despite Federal Government's efforts to stop gas flaring that about 40 percent of gas produced in the country was still flared. Similarly, Ebo (2015) reported that according to Nigerian National Petroleum Corporation, NNPC, Statistical Bulletin for 2014, the country lost up to \$868.8 million, about N173.76 billion to gas flaring in 2014. He further reported that Nigeria lost the sum of \$359.01 million, about N71.8 billion to gas flaring in the first quarter of 2015. On the whole, the country was said to have lost about N22.232 billion (\$611.16 million) between January and September 2015 as oil and gas companies flared 203.72 billion cubic feet (bcf) of gas (Eboh, 2015). Apart from its negative effects on the environment, gas flaring deprives the country of enormous financial resources for national development. For instance, such financial resources could have been utilized in development of gas infrastructure for the overall improvement of energy sector in the country. The Chief Executive of NERC, Dr Sam Amadi has revealed that one of the major reasons why the nation's dream of reliable power has remained a mirage two years after the

unbundling the PHCN was due to lack of gas transmission infrastructure (Ogbonna, 2015). Gas supply has remained Nigeria's greatest challenge to electricity supply, with many of the nation's generation capacities, especially the new plants under the National Integrated Power Project, NIPP, not yet put into effective operation due to lack of reliable gas supply. Thus, gas flaring constitutes a colossal economic waste as such gas could have been utilized for power generation in the country. The Chief Executive Officer of the Total Support Group, Mr. Ubani Nkaginieme has disclosed that half of Nigeria's flared gas can generate 5,000MW of electricity and fuel over one million cars per day, if converted into usable energy (See Igbikiowubo, 2016). Moreover, gas is also in high demand in international market for generation of electricity and for transportation and domestic use. In this context, the gas flared ought to have generated substantial revenue for the country. Thus, it is time to put off the flare and light up Nigeria for the rapid development of the country.

Lack of Regular Maintenance Of Power Equipment: This is one of the challenges of power sector in the country. The envisioned regular power supply in the country after the unbundling of PHCN appears to be frustrated as a result of obsolete equipment and ineffective transmission network. This situation was reported to have partly resulted in the decision of the power distribution companies (DISCOs) to declare "force majeure", a situation that could have made the federal government to take back more power assets worth \$2.5 billion. The federal government was said to have been forced to take over the Yola Electricity Distribution Company following the declaration of "force majeure" by the core investor, Integrated Energy Distribution and Marketing Company (Yusuf, 2015). The major challenge of the DISCOs, apart from the demand for cost-reflective tariff, is the poor state of power equipment coupled with weak transmission network. The former Minister of Power, Prof. Barth Nnaji has stated that only 50 percent of power generated gets to consumers in Nigeria. He attributed the problem to "constraint in transmission and inefficiency in distribution". He noted that the situation represented "an incredible inefficiency in the power system" which should be effectively addressed (see Obasi, 2015). In a similar view, the Managing Director and Chief Executive of Egbin Power Plant, Engr. Mike Uzoigwe has stated that the challenge of power supply in Nigeria stems from the fact that for a long time there was very low investment in the sector.

He noted that new plants were not built (except recently when IPPs were built) and the old ones were not adequately maintained. He gave, as an example, the case of Egbin power station which he said did not overhaul one single plant in its station for 15 years until recently. He noted, therefore, that lack of systematic overhaul of the power plants may lead to system failure and thereby causing epileptic power supply or total blackout (See Obineche, 2015). In a similar perspective, Oyedele, (1999) observed that one of the challenges facing energy sector in Nigeria was that equipments and other facilities used for generation, transmission and distribution had operated for several years beyond their expected life span, without adequate and regular maintenance, servicing and rehabilitation. This causes frequent power outage in the country. It should be noted, however, that the Transmission Company of Nigeria, TCN, has stated that it would require \$7.7 billion (about N1.2 trillion) to expand its infrastructure and significantly improve the power situation in the country (The Guardian, March 25, 2014:19). Moreover, there have been cases of reckless abandonment of imported power equipment at the nation's seaports where they rot away as a result of lack of clearance. For instance, Akomolafe, (2015) reported that the Transmission Company of Nigeria (TCN) abandoned multi-billion naira power equipment brought in 27 containers at the sea port. He noted that the containers bearing the equipments have been rotting away at the port for almost one year. This unpatriotic attitude frustrates the nation's desire for effective and efficient

power generation, transmission and distribution in post-privatization era.

The Controversy over The Billing System For Power (Electricity) Consumers: This is one of the major challenges facing the distribution companies (DISCOs) in post privatization era. The tendency of the DISCOs to retain the old billing system of the unbundled PHCN has pitched them against the electricity consumers. For instance, the estimated billing is believed to be associated with fraud as consumers are compelled to pay more than what they consumed. The Chairman/Chief Executive officer of Nigerian Electricity Regulatory Commission, NERC, Dr. Sam Amadi has described the practice of estimated billing by the power distribution companies (DISCOs) as “evil”. According to him,

...the evil of estimated billing is that whatever you share; there will be relative injustice as some un-metered customers will pay more than they consumed (See Nnodim, 2015).

He noted that the solution to this unacceptable practice is to provide, in the long run, meters to all electricity consumers (Nnodim, 2015). It should be noted that about six million electricity consumers in the country were said to have no meters (See Hassan, 2015). This encourages estimated billing and fixed charges, and many consumers end up not paying the over bloated bills. The National Electricity Regulatory Commission (NERC) has recommended aggressive metering to avoid over billing of consumers in the face of epileptic power supply (See Airahubhor, et al, 2015). However, the DISCOs appear not to have embarked on aggressive metering as they complain of inadequate funds (See Hassan, 2015). The Chief Executive Officer of the Eko Electricity Distribution Company (EKEDC), Mr. Oladele Amoda has stated that the DISCOs require N250 billion to ensure that all electricity consumers in Nigeria have meters (See Ajibade, 2015). Thus, the above contentious issues generate controversy between DISCOs and electricity consumers particularly as DISCOs presently mount pressure on Nigerian Electricity Regulatory Commission to approve 40 percent hike in electricity tariff. The DISCOs insist that this represents the cost reflective tariff, while the electricity consumers nation-wide have opposed the tariff hike without appreciable improvement in power supply (See Anuforo, 2015; Aluko, 2015 and Ajayi, 2015).

It should be noted that on February 1, 2016 the National Electricity Regulatory Commission NERC, approved the take-off of new electricity tariff structure under the Multi-Year Tariff Order (MYTO), 2015. This was in disregard to the House of Representatives’ order for a stay of action on implementation of the new tariffs pending when its Committee on Power concludes its public hearing on the power situation in the country. The NERC in its policy document reportedly stated that the new Multi-Year Tariff Order may raise the country’s yearly investment profile by N1.36 trillion over the next 5 years. Besides, the document also reportedly stated that power generation is expected to hit 5,465MW by the end of 2016 and progressively rise up to 11,383MW by 2020 (See Okere, 2016). However, the new electricity tariff has generated ‘unending storm’ among the electricity consumers as well as the civil society groups in the country. For instance, the *Guardian Editorial* (January 14, 2016) observed that “the hike in electricity tariff against the widespread opposition of Nigerians smacks of gross insensitivity on the part of the authorities to the high level of poverty and suffering of Nigerians”. The paper further viewed the recent electricity tariff hike as “an albatross for which there seems to be no escape for the people”. Also, the President of Electricity Consumers Association of Nigeria, ECAN, Mr. Chijioke James described the timing of the tariff hike as “wrong and unjust”. He argued that the new tariff hike was unjustifiable in that over 60 percent of electricity consumers in the country were still without

electricity meters. He therefore viewed the hike in tariff as “jumping the gun” (See Esiedesa, 2016).

CONCLUSION

This paper establishes the fact that despite the privatization of the assets of the unbundled PHCN in 2013, nevertheless, there has not been appreciable improvement in power supply in Nigeria. This is due to numerous challenges facing the investors/management of the new power companies and, indeed, the power system at large. These include the nefarious activities of the oil thieves and pipeline vandals; the lack of effective gas transmission network for thermal power plants, and the problem of dilapidated power equipment. The power companies also face the challenge of raising adequate fund to finance their operations. Revenue shortfall by the power generating and distribution companies was said to have risen to N478billion since November 2013, when the defunct Power Holding Company of Nigeria, PHCN, assets were unbundled and handed over to private investors (Obasi, 2016). The poor financial situation of the power companies was aggravated by the seemingly negative attitude of many electricity consumers in the country towards prompt payment of electricity bills. For instance, Salau (2016) reported that available statistics from the DISCOs showed that the government Ministries, Departments and Agencies (MDAs) incurred the highest debt profile to the electricity firms to the tune of N45billion.

There is also the issue of controversial billing system which generates tariff crises and the vehement opposition from the electricity consumers etc. Consequent upon these challenges, about 75 percent of Nigerians were said to have no access to regular power supply in 2015 (See Obasi, 2015). In a related development about 41 per cent of businesses in the country were said to be generating their own electricity despite marginal improvement in power supply which stood at about 4884mw in November, 2015 and 5.074.7MW in February 2016 (See Onochie, 2015; Adeoye, 2015 and Anuforo and Okere, 2016). Thus, an economy that is generator-based cannot guarantee optimal production for industries, good profit margin for business ventures and job security for workers. However, the Federal Government should continue to encourage the various power agencies and investors to ensure appreciable improvement in power supply for overall national development. Besides, the electricity consumers in Nigeria should develop positive attitude towards regular payment of electricity bills for sustainable improvement in power supply.

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