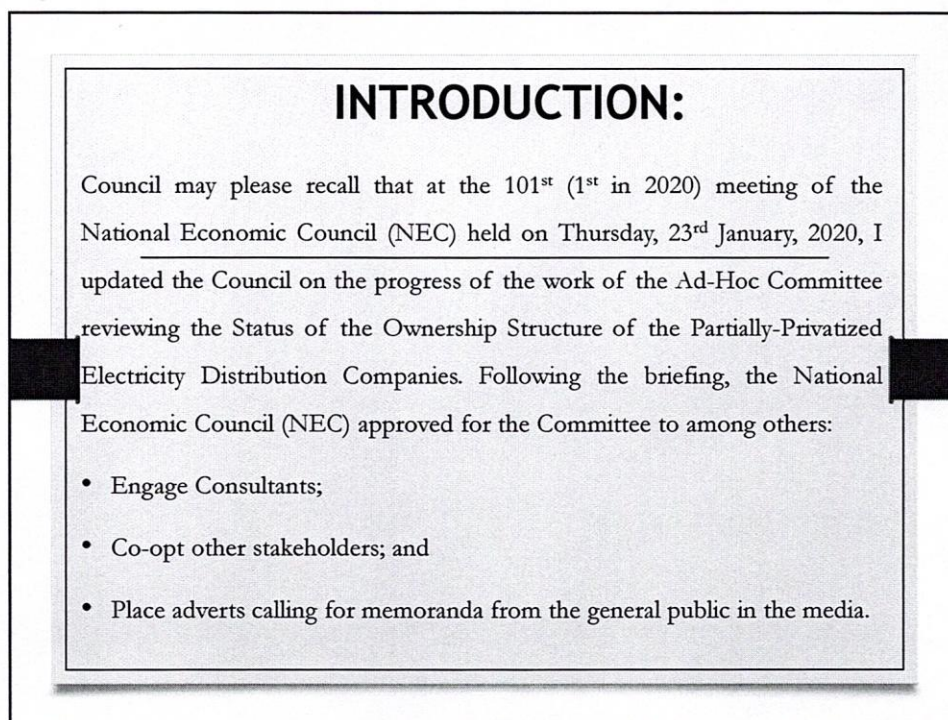


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MEETINGS:

- After the last briefing of the Council on Thursday, 23rd January, 2020, the Committee had met thrice (30th, 31st January, and 11th February 2020).
- Altogether, the Committee had met seven (7) times since its inception and its deliberations had been thorough & interactive while the turnout had been very encouraging.
- Equally, the Sub-Committees had been meeting regularly to meet the deadline.
- The Ad-Hoc Committee had resolved to meet twice in the Month of March 2020.

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Milestones attained by the Committee so far

Following the approval of National Economic Council (NEC) via the prayers made by the Ad-Hoc Committee, the following tasks had been accomplished:

- Appointment of two (2) Consultants, KPMG and PWC to work with the two (2) Sub-Committees;
- Placed adverts calling for memoranda from the general public in five (5) national dailies (The Sun, Guardian, Vanguard, Daily Trust and the Leadership Newspapers of Monday 3rd February, 2020) as well as radio jingles both on air and via the Chairman's twitter handle and the Federal Radio Corporation of Nigeria (FRCN);
- So far, the Committee had received forty-five (45) responses from the general public in respect of the advert

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MILESTONE CONTD

The Ad-Hoc Committee:

- Constituted two (2) Sub-Committees on “Ownership Review and Analysis” and the “Sector Reform Revitalization” respectively for ease of delivery.
- The Sub-Committees had since swung into actions in collaboration with the two (2) Consultants so as to meet with the deadline.
- On this note, I wish to state that the work of the Committee and the Sub-Committees in collaboration with the Consultants was still on-going and the Council would be provided with the update of its activities regularly until a final Report is submitted.

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TERMS OF REFERENCE OF SUB-COMMITTEE 1:

The Ad-Hoc Committee after the initial review of all the presentations, developed ToR for the Two (2) Sub-Committees to give the Report a focus and clarity in the final Report.

(a) OWNERSHIP REVIEW AND ANALYSIS SUB-COMMITTEE

Under-listed are the Terms of Reference of the above mentioned Sub-Committee:

- i. Financial Review:
 - Identification and forensic audit of all bank accounts (declared and undeclared)
 - Financial Statements, including collection and remittance records and accounts
- ii. Asset and Shareholding Analysis:
 - Asset registers review
 - Update of registers
 - Determination of sources of said assets
- iii. Capital Expenditure Review:
 - Post-privatization capex performance and needs to 2025
 - DISCOs capitalization needs and options

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TERMS OF REFERENCE OF SUB-COMMITTEE 1 (CONTD)

- i. Organizational review:
 - Capacity review
 - Corporate restructuring
 - Governance options of each DISCOs
- ii. Findings and Recommendations:
 - Sector findings
 - Organizational findings
 - Financial and capex findings and recommendations
 - Costs-benefit analysis of each recommended option
- iii. Performance/Compliance Analysis:
 - Review of SSPA
 - Performance Agreements & Shareholder Agreements
 - NCP and NERC monitoring Reports

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TERMS OF REFERENCE OF SUB-COMMITTEE 2

(b) SECTOR REFORM REVITALIZATION

The Terms of Reference of this Sub-Committee are as follows:

- i. **Privatisation:** trace the process of the privatisation of the DISCOs and its aftermath; when did it commence, what were its key steps, when were they expected to be taken, when were these steps actually taken, by whom and what were their outcomes;
- ii. **Transactions/Decisions Review:** analyse all relevant minutes of meetings of NCP, NERC, NDPHC, TCN, etc., to determine actual privatisation decisions taken relative to each Disco, map them to subsequent actions taken and identify their outcomes and their impact on the sector and its reform process, if any;

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TERMS OF REFERENCE OF SUB-COMMITTEE 2 CONTD

iii. **Commercial and Financial Transactions Review:** identify, review and summarise all PPAs, vesting contracts and other commercial transactions between the various Market Participants amongst themselves and with other third parties, other sector financial transactions (e.g., the CBN-NEMSE and other CBN/FGN financial interventions, DFI (e.g., World Bank) interventions and documents related thereto, and identify challenges with the implementation of said PPAs and the implications and consequences of these challenges;

iv. **Reform Process Review:** identify power sector reform (policy, legal/regulatory, commercial, engineering) actions, when they were expected to be taken and by whom; when they were actually taken and by whom; challenges in executing these actions; challenges in key reform guiding documents, including the EPSRA, 2005, the Market Rules, MYTO framework, Grid Code, Reporting Requirements and the various other extant regulatory instruments; and the consequences of identified challenges;

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TERMS OF REFERENCE OF SUB-COMMITTEE 2 CONTD

v. **Market Design Review:** describe current market design, players, roles and expected outcomes; identify key dates and events in the activation of said design; and identify key challenges that have become apparent with said design since enactment of Electric Power Sector Reform Act (EPSRA) 2005, unbundling and privatisation occurred; and

vi. **Reform Options Review and Recommendations and Sector Roadmaps to 2025 and Beyond:** in the light of a - f above, propose options for revitalising reform and fixing identified challenges in the electricity supply industry value chain, situating each option within its own roadmap for growth and development to 2025 and beyond, stating preferred actions to be taken, authorities to approve such actions, resources required for execution (if necessary to state), responsible entities for executing action, timelines for execution and metrics for determining quality of execution; with a cost-benefit analysis of each option.

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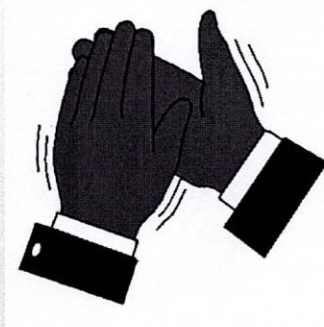
REQUEST

The Committee is hereby soliciting the National Economic Council (NEC) to approve thus:

- That all the States Governors officially submit their levels of investment in the Power Sector since November 2013, privatization take over.
- Seek more time to submit the final Report as the assignment needed due diligence and review of voluminous documents received to date

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THANK YOU



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