



## Power

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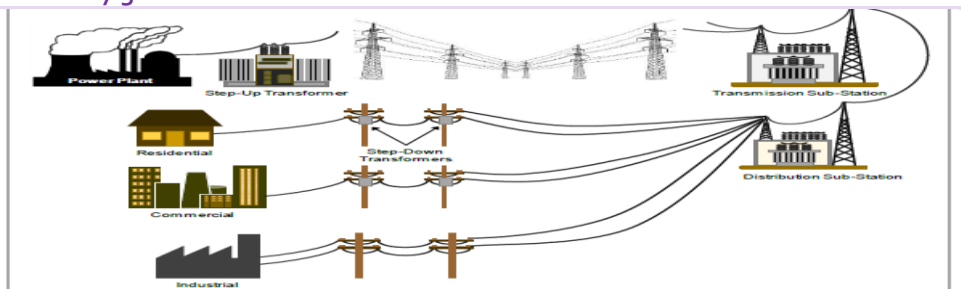
### Incessant grid collapse continues

According to a Punch news report, the House of Representatives has resolved to investigate the incessant collapse of Nigeria's power grid and the failure of the Transmission Company of Nigeria. At the plenary on Tuesday, the House mandated its Committee on Power to investigate the root causes of the incessant national grid collapse in the country viz-a-viz TCN's capacity to address the ugly trend, to forestall future occurrences and protect our already fragile socio-economic environment. The lawmaker noted that available statistics from research shows that if the power generated is adequately wheeled and transmitted for distribution to consumers, there will be a 30% reduction in the cost of generating power, thus leading to a corresponding reduction in the prices of utilities in the electricity supply industry.

Nigeria has continued to suffer nationwide power outage largely due to the collapse of the national electricity grid. As earlier noted, between 2010 and 2020, the national grid has collapsed a total of 216 times. From the incessant collapse of the national grid to electric sparks resulting in fire incidences, it goes without saying that Nigeria's power infrastructure is giving way to neglect and underinvestment. We had noted that there are 24 operational power plants, but many times, nine of these account for about 80% of generation due to their size and availability. The implication is that the (over) reliance of the grid on the energy supplied by nine power plants may pose a risk to network stability in the event of a sudden loss of any of them unless adequate proactive measures such as spinning reserves are put in place. Spinning reserves are backup energy production capacities that can be made available to the system operator (for transmission) within ten minutes of a power system failure and can operate continuously for at least two hours once brought online.

It goes without saying that transmission is a critical aspect of the power value chain. The GenCos and the IPPs can ramp up available capacity closer to installed capacity; the DisCos can improve their distribution networks, optimise metering, and improve collections efficiency; and gas supply and the gas transportation pipeline network can be made fit for (domestic) purpose; but, if it is not possible to transmit the electricity produced by the GenCos to the DisCos consistently and effectively, the entire system collapses figuratively and physically. Electricity cannot be stored so that which is not transmitted will be stranded due to lack of evacuation capacity. Nigeria's electricity transmission infrastructure has also suffered from lack of investment over many decades.

### Electricity generation and transmission



Source: CSL Research.

### MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	40,243.05	42,716.44	48,879.74
Naira / US\$	413.71	435.00	437.25
Brent, US\$/bbl	81.26	77.78	91.80
MPR %	11.50	11.50	15.50

Source: Nigerian Stock Exchange, Central Bank of Nigeria, Bloomberg. \*Nigerian Stock Exchange All-Share Index.

### CONTACT INFORMATION

**Head of Research:** Gloria Fadipe

+234 (1) 448 5436 ext.4516

[gloria.fadipe@fcbm.com](mailto:gloria.fadipe@fcbm.com)

**Banks:** Gloria Fadipe

+234 (1) 448 5436 ext.4516

[gloria.fadipe@fcbm.com](mailto:gloria.fadipe@fcbm.com)

**Industrials:** Oluwasesan Adeyeye

+234 (1) 448 5436 ext.4512

[oluwasesan.adeyeye@fcbm.com](mailto:oluwasesan.adeyeye@fcbm.com)

**FMCs & Brewers:** Edgar Ebinum

+234 (1) 448 5436 ext.4457

[edgar.ebinum@fcbm.com](mailto:edgar.ebinum@fcbm.com)

**Research Team:** [csresearch@fcbm.com](mailto:csresearch@fcbm.com)

**Retail Team:** [csclu@fcbm.com](mailto:csclu@fcbm.com)

**Sales Team:** [cslrmt@fcbm.com](mailto:cslrmt@fcbm.com)



## Today's news headlines:

**Emefiele: Rise in Disruptive Banking Technologies Disturbing:** The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele yesterday stressed that the rapid evolution of financial technology (fintech) companies has continued to alter the financial landscape globally. He said developments have continued to disrupt traditional ways of offering financial services in the banking landscape, describing the disruptions as, "very disturbing." However, in an apparent response to the concern raised by Emefiele, the Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, has challenged the financial sector regulators including the CBN and the Nigeria Deposit Insurance Corporation (NDIC) to sharpen their regulatory tool kits to enable them respond to any potential financial crisis arising from the activities of fintechs, among others.....Source: Thisdaylive.com

<https://www.thisdaylive.com/index.php/2022/10/05/emefiele-rise-in-disruptive-banking-technologies-disturbing/>

**Reps commence process to scrap, merge MDAs:** The House of Representatives has commenced the process of scrapping and merging ministries, departments and agencies of the Federal Government, with its Ad Hoc Committee to Investigate the Duplication of Functions of Agencies of the Federal Government commencing the move to reduce the cost of governance and ensure efficiency. The committee has consequently asked the MDAs to justify why they should remain in existence and as individual entities. At its inaugural investigative hearing in Abuja on Tuesday, the National Commission for Museums and Monuments, the National Council for Arts and Culture, the National Gallery of Art and the Nigerian Tourism Development Corporation appeared before the committee. The Director-General, NCAC, Otunba Segun Runsewe, while being grilled by the committee,...

.. Source: : punchng.com

<https://punchng.com/reps-commence-process-to-scrap-merge-mdas/>

**Compared to its peers, NNPC's 'historic' profit fails to impress:** The Nigerian National Petroleum Company Limited (NNPC) posted its second consecutive annual profit of N674.1 billion in the 2021 financial period, 135 percent higher than the previous year, but in comparison with its peers, the performance is underwhelming. Taiwo Oyedele, fiscal policy partner and Africa tax leader at PwC, put these numbers in context, presenting how the inefficiency in NNPC was leading to value destruction in Nigeria. He said: "Last year (2021), with an average daily crude oil production of 9.2 million bpd, Saudi Aramco generated revenue of \$400 billion and net income of \$110 billion after paying \$95 billion in taxes.....

Source:businessday.ng

<https://businessday.ng/big-read/article/compared-to-its-peers-nnpcs-historic-profit-fails-to-impress/>

**IOCs' selloff frenzy signals Nigeria's decline as oil giant:** In January 2021, Tony Elumelu's TNOG Oil & Gas Limited bought a 45 percent stake in Oil Mining Lease (OML) 17 for over \$800 million from oil majors, Shell and others. It planned to grow production from 27,000 barrels per day (bpd) to 100,000 barrels, a peak reached in the past. By December, the company had grown production by 40,000bpd but was only receiving the value of fewer than 10,000bpd from crude it pumps into the terminal. Divestments by International Oil Companies (IOCs) used to provide local operators an opportunity to prove their mettle, taking declining fields past production peaks, and improving host community relations to deliver higher royalties to the government; now local operators are scrambling to extract value from divested fields.....

Source:businessday.ng

<https://businessday.ng/energy/oilandgas/article/iocs-selloff-frenzy-signals-nigerias-decline-as-oil-giant/>

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Coverage universe	17	10	5	3	35
% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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Member of the Nigerian Stock Exchange	A trading name of CSL Capital (UK) Ltd
PO Box 9117	43-44 New Bond Street
Lagos State, NIGERIA	London
	W1s 2SA
	United Kingdom