



Watts New in Legislation: The Charge of the 2024 Electricity (Amendment) Act and the 2023 Power Shifts

In an important development for Nigeria's power sector, President Tinubu has signed into law the Electricity Act (Amendment) Bill, 2024. This legislative action represents a significant leap towards realizing a sustainable and inclusive energy framework in Nigeria.

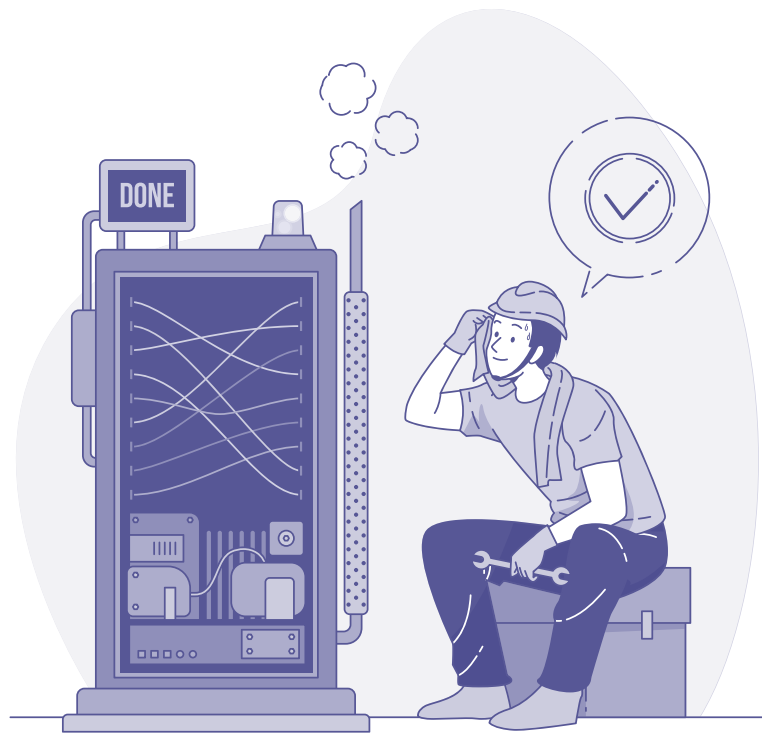
Key Highlights of the 2024 Amendment

At the heart of the amendment is the requirement for power generating companies (GENCOs) to allocate five percent of their previous year's annual operational expenditures towards the development of their host communities. This measure aims to ensure that these communities benefit directly from the power generation activities through improved infrastructure and living conditions. The allocation and management of these funds will be executed with utmost transparency and accountability,

facilitated by a Trustee/Manager mutually selected by the GENCOs and their host communities.

Leveraging the 2023 Legislative Framework

As we applaud the recent advancements in legislation, it is crucial to acknowledge the groundwork established by the 2023 Constitutional Amendment (5th Alteration Act 2023) and the Electricity Act 2023. These pivotal pieces of legislation have granted state governments the authority to manage the generation, transmission, and distribution of electricity within their territories, ushering in a new era of initiatives at the state level. This legislative framework aims to address grid instability and infrastructure challenges while opening avenues for increased investment in the energy sector by state and private entities.



By decentralizing the power sector, states now have the autonomy to issue licenses across the electricity value chain and establish their electricity market regulations. This model of state-level public utility regulation, new to Nigeria but successful in countries like India, Australia, Canada, and the United States, offers a blueprint for Nigeria. Pioneering states including Lagos, Edo, Kaduna, Enugu, and Oyo are leading the charge in crafting state-specific electricity legislation.

The Road Forward:

State Initiatives and Green Energy The Electricity Act 2023 lays the foundation for states to actively shape their energy futures, particularly by investing in renewable energy sources and developing mini-grid systems. This transition is aimed at tackling the longstanding issue of unreliable electricity supply, encouraging state-driven initiatives that could lead to significant advancements in development, agriculture, and industry. Furthermore, the potential for rural electrification, leveraging Nigeria’s abundant solar resources, opens up prospects for stimulating grassroots-level economic activities.

Partner with SimmonsCooper Partners for Strategic Advancement

In light of these legislative changes, navigating the evolving energy landscape demands informed, strategic guidance. SimmonsCooper Partners is at the forefront, ready to provide our clients with expert legal advice, strategic planning, and support in renewable energy initiatives, electricity markets, competition law, development finance, and regulatory compliance

Take Action Now:

For bespoke consultations, deeper insights, or to discuss how these developments impact your business operations, we invite you to connect with us at www.scp-law.com or via email at info@scp-law.com.