



## Energy Sector Reform: Introducing the Nigerian Independent System Operator Limited (NISO)

The Nigerian Electricity Regulatory Commission (NERC) has announced a major restructuring initiative with the introduction of the Nigerian Independent System Operator Limited (NISO). This development, detailed in NERC Order No: 2024/45 dated April 30, 2024, signifies the unbundling of the Transmission Company of Nigeria (TCN), which previously managed both transmission and system operations for Nigeria's national grid.

### A Strategic Shift

Under the new framework, NISO will independently manage system operations, while the TCN will focus exclusively on managing transmission. This reform is in compliance with the Electricity Act of 2023, which requires a distinct separation of transmission services from system operations to improve the operational effectiveness and reliability of the

nation's power infrastructure.

### Key Transition Details:

- **NISO's Formation:**

The Bureau of Public Enterprises (BPE) is expected to register the NISO as a private company limited by shares at the Corporate Affairs Commission (CAC) by May 31, 2024.

- **Operation License Transition:**

The system operation license will be officially transferred from TCN to NISO.

- **Asset and Liability Transfer:**

TCN is required to identify and prepare all relevant assets and liabilities for transfer to NISO by June 30, 2024.



- **Operational Continuity:**

All existing contracts, securities, and employment relationships connected to TCN's system operations will seamlessly transition to NISO.

- **Employee Transition:**

TCN employees engaged in system operations will move to NISO under terms of service that are as favorable as, if not better than, their current terms.

- **Contract Negotiations:**

NISO will negotiate ancillary service procurement contracts with independent power producers and other generation licensees.

- **System Oversight:**

NISO will be responsible for critical operational functions, focusing on maintaining grid stability and efficiency.

## Expected Completion Date

The full transition is expected to be completed by August 31, 2024, repositioning TCN to focus solely on its role as a Transmission Service Provider, while NISO will handle market and system operations.

## Implications for Stakeholders:

### 1. For Consumers:

- **Reliability:** Consumers will benefit from improved reliability and efficiency of the electricity grid, resulting in fewer power outages.

- **Grid Expansion:** NISO will focus on expanding and maintaining the transmission grid, enhancing electricity access nationwide including in under-served areas.

- **Competitive Pricing:** The facilitation of a competitive electricity market could lead to reduced electricity rates as market dynamics evolve.

### 2. For Businesses:

- **Infrastructure Opportunities:**

Companies specializing in electrical infrastructure may gain from new projects and partnerships with ISO.

- **Service Contracts:**

Businesses offering ancillary services like frequency regulation and voltage control will find new opportunities in contracts and collaborations with NISO.

## Stay Informed with SimmonsCooper Partners:

As these developments unfold, staying informed and prepared is crucial. SimmonsCooper Partners is ready to provide strategic advice and legal insights to navigate this new phase in the energy sector. Whether you are a business seeking to align with new regulations or a consumer seeking guidance, we are here to help.

For more information or to discuss how we can assist you, please reach out to us at [info@scp-law.com](mailto:info@scp-law.com) or visit our website at [www.scp-law.com](http://www.scp-law.com).