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# Economic Reform and The Development of Nigeria's Power Sector, 2015-2020

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**ABSTRACT**: *Nigeria's successive governments have tried a variety of policy alternatives throughout the years to enhance the country's power industry, but they have all failed due to substantial energy losses (both technical and non-technical), a lack of knowledge, and high operating costs. The present government found it difficult, if not impossible, to implement any meaningful changes in the power industry given this tendency. Consequently, the private sector must be involved in the growth of Nigeria's electricity sector. In essence, the study looks at how Nigeria's electricity sector would develop between 2015 and 2020 in the wake of economic reform. In order to arrive at the solution to the problem, the study relied on secondary sources of data collecting in addition to qualitative data analysis and documentary methods of data acquisition. The study found that the lack of competition among power distribution businesses was the cause of Nigeria's ongoing poor access to power, using the crony capitalism theory as our analytical framework. Above all, the report advises the Nigerian Energy Regulatory Commission (NERC) to enforce its authority as a regulator by enforcing appropriate fines and consequences against individuals who transgress the laws, rules, and regulations governing the energy market.*

**KEYWORDS:** economic reform, development, power sector, Nigeria

## INTRODUCTION

Any type of institutional or policy change that affects or aims to affect the formulation and application of economic policy is referred to as an economic reform (Ariyo, 2006, p. 166). This is done in order to ensure better and more effective management of the economy. In general, it refers to any effort made to stop the economy's declining fortunes and so boost sustained improvement in the welfare of the populace. The goal of economic reform is to eliminate abuses and distortions in the economy or system that is already in place. The overall goals of economic reform are to strengthen the economy and reduce poverty as well as increase production efficiency by introducing new ideas and skills as a result of scientific and technological advancements, significantly reduce government involvement in the management of public enterprises by encouraging the private sector to take over public firms, Increase employment for the growing population, promote capital and foreign investment, diversify the economy to include non-oil sectors, particularly manufacturing, and minimize corruption for economic growth.

In the case of Nigeria, the reform process genuinely aimed to restructure and remodel the country's economy in order to increase its stability and make it more conducive to growth and development. The majority of Nigeria's reform measures were imposed on the country by the West and international financial institutions like the World Bank and the IMF, which are influenced by the West. As a result, these reforms have mostly been erratic and incoherent since they adhere to the liberalization and free market economic tenets advanced by these international financial hawks. As a result, the reforms have been mostly driven from the outside, without taking into account their political and socioeconomic implications for the affected populations. In order to increase private sector participation in the economy and improve economic performance, Nigeria implemented an economic reform policy in the 1980s when government revenue decreased due to falling oil prices on the international market, declining trade balances and external reverse, interest in agency costs, and corrupt practices in the nation (Akpan, 2006, p. 168).

Since the restoration of civil rule in 1999, a number of economic reform efforts and projects have been initiated in Nigeria, notably the National Economic Empowerment and Development Strategy (NEEDS). This strategy aims to change our value system, produce wealth, eradicate poverty, and generate employment (NEEDS 2005, P. 3). Other economic reform initiatives that were accepted and implemented in Nigeria include the Monetization Policy of the Obasanjo administration, Vision 20, 20:20 of the Yar'Adua administration, the Transformation Agenda of President Goodluck Jonathan, and most recently, Buhari's Economic Recovery and Growth Plan (ERGP). The growth of Nigeria's economy, which aims to raise the standard of life for Nigerians by meeting their socioeconomic requirements and reducing inefficiency in the public sector, is at the heart of these economic reform programs.

Several scholars have attempted to explain why, despite a number of economic reform policies and programs implemented by numerous succeeding governments, the Nigerian economy has endured the crippling and agonizing effects of a severe economic crisis. Mahmoud and Sa'idu (2020), for instance, claim that the main issues affecting the Nigerian economy are caused by the government's inability to take on the problems of economic sabotage, fraud, and corruption seriously by failing to punish those responsible.

According to Umezurike (2011), the widespread corruption in the public sector and the inadequate accountability of public officials in the administration of public parastatals are to blame for the problem of economic reform and its concomitant effects on the growth of the power sector.

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According to him, the aforementioned explain how political unrest and apparent pressure from foreign creditor agencies on Nigerian administrations to shrink and lessen the role of the public sector are to blame for the country's eroding values of governance. It is recommended that the Nigerian state reduce its overdependence on anti-people policies imposed by the western countries and their agencies, which in most cases result in mass protests with dangerous ramifications, by refusing to respond to the interests of the people in favor of advancing those of the western interests with a view to mortgaging the people's future. This is according to Ariyo (2006), cited in Alo(2006, p. 51). As a result, practically every sector of the economy is covered by these reform programs, including the banking sector, the power sector, the public sector, education, pension, and security. The aforementioned reforms, while beneficial, have not been implemented as planned by Nigeria's successive governments since the late 1980s because of a number of crises and controversies, most notably the privatization of the power sector, which led to an epileptic power supply as a result of elite competition for financial gain, and the nature, composition, and character of the Nigerian state. In light of the foregoing, the article examines the connection between economic reform and the expansion of Nigeria's power business.

**Theoretical Framework**

The term "Crony Capitalism" was used in this book as a theoretical framework for examination. In his renowned book "The Rise and Decline of Nations," Mancur Olson popularized the concept of crony capitalism in 1982. In it, he detailed how well-organized interest groups had systematically taken control of the US government and were suffocating the American economy with the combined weight of their collective success in obtaining special favors. Stephen Haber, Amando Razo, Aron Tornell (1980), Gordon Tullock (1997), and Huber (2002) are some other proponents of this hypothesis. According to Huber and Haber (2002), "crony capitalism" is a term used to describe a system of interactions between the government and business that makes it difficult for enterprises to prosper. It might take the form of favoritism in the granting of licenses, government grants, exclusive tax exemptions, or other manifestations of state interventionism. It defines a system in which the federal government, large corporations, and strong interest groups—particularly labor unions—cooperate to further their shared goals. Powerful corporations are protected and supported by the government, and in return (implicitly), the government uses those companies to implement its objectives outside of the normal channels of government.

The theory can be useful or can be applied to the study to describe an economy where business success depends on strong relationships between business people and government officials, which may be shown by favoritism in the distribution of legal permits, government grants, special tax breaks, or other forms of state interventionism in the power sector. In this way, cronies benefit from the capacity to set greater prices for their goods than would be the case in a market that is more competitive. The privatization scheme mostly benefits high net worth individuals like Aliko Dangote, Jimoh Ibrahim, Wale Adenuga, Femi Otedola, and Aminu Dantata, leaving the great majority of poor Nigerians with the short end of the stick. Nigeria's privatization experience serves as an effective illustration of this claim. The scenario inevitably widens the already yawning gap between the rich and the poor in Nigeria because privatization is primarily driven by the profit motive and the management of the privatized power sector will inexorably resort to increasing the prices and tariffs of goods produced and services rendered beyond the reach of the have-nots who constitute the vast majority of the population in Nigeria. Such a situation led to the following undesirable outcomes: an increase in electricity without an equal increase in the supply of electricity; political and economic elites appropriating the privatization program; and an influx of investors lacking appropriate expertise in the power industry.

## METHODOLOGY

This is a qualitative research which relied on secondary sources like news paper, archives, academic and other published articles. Data collected was analysed through content analysis.

### Privatization Exercise and Electricity Generation Target in Nigeria

Power is regarded as one of the key tools and forces behind economic growth. A country will continue to be at the center of economic muddles if it cannot produce enough electricity to fuel its developing industry (Adedeji, 2017). Nigeria's successive governments have introduced a wide range of policy alternatives to strengthen the country's electricity sector throughout the years, but the nation has not yet achieved notable success in this area. In Nigeria, electricity generation, transmission, and distribution were all under the control of the National Electricity Power Authority (NEPA), a federal government-owned utility company, from 1972 until the start of 1998.However, it was inferred that the availability of power during the NEPA era was appalling due to a number of problems, including insufficient finance, institutional corruption, excessive political meddling, and poor managerial and operational methods (Adoghe et al., 2009). The Electricity Power Sector Reform (EPSR) Act was consequently adopted by the Nigerian Federal Government in 2005. The main objective of the reform was to liberalize, deregulate, and privatize the nation's power industry in order to ensure a consistent, uninterrupted supply of power throughout the country.

Given the foregoing, Nigeria's power sector was fully privatized in 2013 with the establishment of six (6) privatized electricity generation companies (GENCO's) and eleven (11) privatized electricity distribution companies (DISCO's) (Isah & Peterside, 2014). Nigeria's power sector remains plagued by a variety of grave issues despite becoming privatized. Examples of these problems include the competitive bidding process that occurred before the core private power investors emerged, the apparent lack of capital on the part of the private power companies, the contentious electricity tariff charged by the power distribution companies (DISCOs), the extent to which the recently privatized power industry is properly regulated, and the perception of stagnation in the nation's electricity supply. There were 207 prequalified bids for the electricity distribution and generating firms, including 80 for the DISCOs, 87 for the thermal GENCOs, and 40 for the

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hydro GENCOs, according to Bolanle Onagoruwa, the then-Director General of the Bureau of Public Enterprises. The table below contains a list of prequalified bidders for the electricity generation and distribution companies.

**Table 1: Prequalified Bidders for the Electricity Distribution and Generation Companies**

| | SHORTLISTED | FIRMS PURCHASING BID DOCUMENTS | PERCENTAGE |
|---|---|---|---|
| HYDRO | 40 | 35 | 88% |
| THERMAL | 87 | 56 | 64% |
| DISTRIBUTION | 80 | 72 | 90% |
| TOTAL | 207 | 163 | 79% |

Source: Okonkwo 2015.

According to the table above, 207 prequalified bidders participated in the electricity distribution and generating businesses' procurement process, including 80 DISCOs, 87 thermal GENCOs, and 40 hydro GENCOs. Following this procedure, on November 1, 2013, the technical evaluation of the bidders, the financial opening, the announcement of the preferred bidder, and the closure and transfer of these businesses took place. The payments made to the distribution companies are shown in the table below, and each of them also got letters clarifying the revised deadline for submitting bids (Onagoruwa, 2011).

**Table 2: The Amount Paid by each of the Distribution Companies**

| SUCCESSOR COMPANY | BIDDER | PURCHASE PRICE (DOLLARS) | PURCHASE PRICE (NAIRA) |
|---|---|---|---|
| ABUJA | KANN | 164,000,000 | 25,799,000,000 |
| BENIN | VIGEO | 129,000,000 | 20,215,000,000 |
| EKO | WEST POWER AND GAS | 135,000,000 | 21,182,000,000 |
| ENUGU | INTERSTATE | 126,000,000 | 19,803,000,000 |
| IBADAN | INTEGRATED | 169,000,000 | 26,505,000,000 |
| IKEJA | NEDC | 131,000,000 | 20,638,000,000 |
| JOS | AURA | 82,000,000 | 12,852,000,000 |
| KADUNA* | NORTHWEST | 163,000,000 | 25,612,000,000 |
| KANO | SAHELIAN | 137,000,000 | 25,612,000,000 |
| PORT HARCOURT | 4POWER | 124,000,000 | 21,438,000,000 |
| YOLA | INTEGRATED | 59,000,000 | 19,506,000,000 |

*Kaduna was completed in 2014

Source: Okonkwo 2015.

What can be concluded from the aforementioned data is that, on the surface, it seems to show some degree of openness and competitiveness in the bidding process for the DISCOs and GENCOs. However, a number of sources have questioned the fairness and openness of the bidding process that preceded the privatization of the PHCN successor enterprises in Nigeria. A lack of competition led to only one approved bidder for each of the four energy distribution corporations serving Jos, Kano, Port Harcourt, and Yola, according to Brock and Eboh (2012). They also emphasized the fact that several of the bidders had little to no prior experience in the power sector. Ayodeji (2012), who was quoted in Isah and Peterside (2014) and Sunday (2016), also supported this claim. They emphasized further that some of these businesses were formed specifically to compete for the energy blocks, in addition to the fact that they have a poor track record in managing electricity. The issue of the credibility crisis afflicting the process of privatizing the power sector also became apparent when the governors of the states of Delta, Edo, and Ekiti publicly criticized the choice of Vigeo Power Consortium as the preferred bidder for the Benin Electricity Distribution Company. Former governor of Edo State Adams Oshiomole argued that a corporation with a current service area of 500 km2 lacks the technical know-how to operate a service area of 57000 km2 in the Niger Delta without having any local knowledge of the area (Oluwaseun, 2013).

Obadan (2000, cited in Adedeji, 2017) believed that excessive meddling in the privatization process as well as breaking set norms undermines the privatization program's bidding process. Ezeani (2004) noted in a similar spirit that where there is a lack of openness in the privatization process, there is likely to be a public uproar against it, which can jeopardize the program. According to Shirley (1988), cited in Adedeji (2017), the absence of fair play in the bidden process is the cause of the community's potential dissatisfaction with privatization and subsequent agitation for the exercise's cancellation. A lack of transparency in the competitive process of privatizing public enterprises may also lead to a situation in which a country's assets and wealth are concentrated in the hands of a small number of wealthy people, giving them the ability to take advantage of the weaker segments of society, as noted by Ezeani (2004). The privatization scheme mostly benefits high net worth individuals like Aliko Dangote, Jimoh Ibrahim, Wale Adenuga, Femi Otedola, and Aminu Dantata, leaving the great majority of poor Nigerians with the short end of the stick. Nigeria's privatization experience serves as an effective illustration of this claim. This condition inevitably widens the already alarming wealth gap in the country. This contributes to the argument made by those opposed to privatization that since it is primarily driven by the profit motive, management of privatized enterprises will inevitably resort to raising prices and tariffs on goods produced and services rendered so that they are out of the reach of the have-nots, who make up the vast majority of people in sub-Saharan Africa.

Based on the low levels of electric power generation, transmission, and distribution despite the enormous sums of money the Obasanjo administration spent on the sector, President Yar'Adua was determined to increase the production capacity of Nigeria's power stations beyond 4,000mw, which Obasanjo left it at in 2007. By keeping strategic reserve control over the transmission

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component and allowing private participation in production and distribution, the government was able to pursue reform without completely privatizing the business. The way the government handled the transmission sector was anticipated to give the evolving national gas master plan strategic value. Nigeria's power situation is still dire despite these efforts. In view of the aforementioned, The International Energy Institute places Nigeria in its comparative analysis of per capita energy usage across the globe as a sort of afterthought, noting:

> *In the Americas (North and South), the U.S., with a population of 250 million, generates 813,000 megawatts and consumes 3.2 kilowatts per person, whereas Cuba, with a population of 10.54 million, generates 4,000 megawatts and consumes 0.38 kilowatts per person. In Europe, the U.K., with a population of 57.5 million, generates 76,000 megawatts and consumes 1.33 kilowatts per person, whereas Ukraine in Eastern Europe, with a population of 49 million, generates 54,000 megawatts and consumes 1.33 kilowatts per person. Iraq, which has a population of 23.6 million people, generates 10,000 megawatts with a 0.42 kilowatt-hour per capita consumption, while South Korea, which has a population of 47 million people, generates 52,000 megawatts with a 1.09 kilowatt-hour per capita consumption. In Africa, Nigeria, which has 150 million people, generates less than 4,000 megawatts and has a per-person consumption of 0.03 kilowatts; Egypt, which has 67.9 million people and generates 18,000 megawatts; and South Africa, which has 44.3 million people and a per-person consumption of 1.015 kilowatts.*

The table below provides a summary of an investigation of the per-person power consumption in comparison to other climes.

**Table 3: Summary of Comparative Analysis of per capita Consumption of Electricity in Nigeria in relation to other climes**

| S/N | Country | Continent/Location | Population | Power Generating Capacity | Per Capital Consumption |
|---|---|---|---|---|---|
| 1 | USA | North-America | 250 million | 813,000mw | 3.5kw |
| 2 | Cuba | South-America | 10.54m | 4,000mw | 0.38kw |
| 3 | UK | Europe | 57.5m | 76,000mw | 1.33kw |
| 4 | Ukraine | Eastern Europe | 49m | 54,000mw | 1.33kw |
| 5 | Iraq | Middle East and Far East | 23.6m | 10,000mw | 0.42kw |
| 6 | South Korea | Asia | 47m | 52,000mw | 1.09kw |
| 7 | Nigeria | Africa (West) | 200m | 4,000mw | 0.03kw |
| 8 | Egypt | Africa (North) | 67.9m | 18,000mw | 0.256kw |
| 9 | South Africa | Africa (Southern) | 44.3m. | 45,000mw | 1.015kw |

**Source: Compiled by Authors**

Nigeria has been unable to manage its human and natural resources in the productive sector to bring about development, despite receiving a generous gift of oil capital to realize a reliable power supply to the population's economic activity at a more accessible and affordable price. The table above presents a comparative analysis of per capita electricity consumption around the world, placing Nigeria as a relative back-bencher. Nigerians spend up to N769.4 billion a year on fuel for energy producers, according to NERC. Diesel generators cost N540.9 billion, while fuel for generators costs N255.5 billion, of this total. In response to the erratic power supply, NERC argued that the Nigerian Presidency appropriate N2 billion for the purchase, upkeep, and fueling of the generators that service the Presidential villa (House of Representatives Committee on Power, 2009). Akaeze (2009) reenacted the catastrophic state of the electricity business when he said that Nigeria had topped the list of countries buying generators for four years in a row after overtaking other countries since 2002. In addition, of the $432.2 million spent by other African nations on the importation of generators, the country accounted for 35%, or $152 million. The country's deteriorating electricity situation has caused the figure to rise by another 20% during the last two years. According to Akaeze (2009), 750 businesses, or 30% of those functioning in Nigeria, either migrated to Ghana or shut down entirely in 2006 as a result of electrical outages that for several years caused the GDP to drop from a high of 8.2% in 1990 to a low of 4.2% in 2011.

Furthermore, a UNDP assessment states that Nigeria loses N66 billion annually as a result of unpredictable energy sources. Up to 20–30% of untapped capital is lost as an initial investment on the acquisition of facilities to improve electricity supply reliability as a result of the restriction brought on by insufficient power supply to small scale enterprises. This has a significant negative impact on the manufacturing sector's ability to compete on price (Okpugie, 2009). Analysts have made an effort to pinpoint the industry's issues and suggest solutions. Inadequate power generation infrastructure, poor maintenance culture, inadequate funding, gas shortages, outdated equipment, weak and inadequate network coverage, and subpar distribution lines are just a few of the significant obstacles that the Nigerian Presidential Reform Committee identified for improving the availability of electricity to consumers (Ejumudo & Ejumudo, 2014). The Committee's issues all acted as wheels on the initial privatization bait, which was a requirement for the reform process. In addition, the Committee raised concerns about the PHCN's subpar billing procedures and customer support, pointing to, for instance, its eight-year track record of only generating $4.06 billion in revenue (Lawal & Ebosele, 2008). The PHCN executives' ongoing criminal habit of orchestrating vengeful power outages to demand private reconnecting fees is another related crime. Through projected invoices, the billing system has evolved into a means of taking advantage of innocent victims while rewarding allies and friends. Deliberately delaying the payment of electricity rates by government officials and agencies causes the bad debt syndrome that plagues PHCN's operations and financial viability (Ahiuma Young, 2009).

More specifically, appointments in the industry have followed a path of settling political scores by using carrot and stick tactics against allies and adversaries, respectively, to the detriment of professionals and/or the general public who are forced to pay the price for the monopolistic government enterprise's ruthless sharp practices. The World Bank/UNDP evaluation claims that "there has been much misuse of National Electric Power as a political patronage machine in terms of staffing and employment policies, through unrealistically low tariffs, and as a source of large, lucrative construction contracts" (Ukpevo, 1993). This is due to the prevalence of bureaucratic rifts and delays about role differentiation and which agency (Ministry of Energy, NERC, NIPP, REA, PHCN) is best suited to handle the fund for carrying out the reform in the sector. The dispute over management of the N177.95 billion the Federal Government set aside for the sector's recovery between the Ministry of Power and Steel and NERC is particularly instructive (Oloja, 2009). The frantic bureaucratic activity reenacts the crucial issue of the sector's severe lack of funding. According to Nicholis (2007), Nigeria needs to invest roughly $60 billion to revive its struggling power sector and put an end to the nation's frequent power outages.

Although the power generating and distribution firms were turned over to their new owners to complete the privatization process, the Federal government is now faced with the challenge of how to address the issue of transparency in the evaluation of assets sold. For instance, a big issue that arose both during and after the privatization process was how to offer severance and compensation to the staff of the now-defunct Power Holding Company of Nigeria. In a petition to President Buhari in 2015, the National Union of Electricity Employees (NUEE) claimed that two years after the enterprises were privatized; over 50,000 PHCN employees were still getting benefits while another 5,000 had not yet received any entitlements. Similar to this, according to the Union, a fixed deposit account had 50 billion naira that was supposed to be used to pay former PHCN employees' entitlements (The Vanguard, 2015). Dikki (2014), Director-General of the Bureau of Public Enterprise (BPE), refuted these allegations and claimed that the proceeds from the sale of 17 of PHCN's successor companies were used to pay the ex-employees' entitlements (BusinessNews, 2015).

Along with the labor issue and the lack of pricing transparency in asset evaluation, other issues including the revenue generation by these distribution enterprises and the availability of gas to power the thermal electricity came up. For instance, The Punch Newspaper (2016) reported that the electricity market revenue shortfall in December 2016 was N809.8 billion. This implies that the distribution businesses have been losing money, which has severely hindered their ability to supply their clients with electricity effectively. Omonfoman (2016) noted further that when the Federal government privatized these distribution firms, it intended the private sector to handle these concerns. A year after the privatization process was finished; the new owners are still having trouble addressing these issues. This has sparked calls for a reassessment of the privatization process in some circles.

According to Audu, Paul, and Ameh (2017), the company's inability to raise the significant money required is the reason why there isn't pricing transparency in asset evaluation. They add that in order for Nigeria's energy sector to be strong enough to meet the country's need for electricity, the transmission and distribution networks must be renovated. Since these power businesses lack the necessary capital requirements, they will eventually need additional funding from the new private power companies, the majority of which were funded by the country's leading banks. According to Nervin (2012), it was previously estimated that $10 billion would need to be invested annually to improve the country's electricity supply system. Further, he noted that the biggest banks in Nigeria have total assets of only $2.94 billion, which is woefully insufficient to fund the country's electricity sector. It is significant that the 11 DISCOs and 6 GENCOs' new owners obtained short-term funding from regional banks to finance the purchase of these assets, which were previously controlled by the federal government. The local banks were overstretched as a result, and they are now exerting pressure on the key investors to pay their obligations. The investors are now in serious financial trouble as a result of having to repay the loans in addition to providing the funds required to run the infrastructure required to provide the public with high-quality power (Tsavar, 2016). Less than two years after the government sold the power assets to the private sector, the disbursement of a 213 billion naira loan to the power generation (GENCOs) and distribution (DISCOs) companies—divided into four batches beginning in the first quarter of 2015—brings to light the fiscal incapacity of the private power firms in Nigeria.

In order to operate in the Nigerian markets for electricity generation and distribution, it is evident that the GENCOs and DISCOs do not have the necessary capital (Audu et al., 2017, p. 8–9).The aforementioned clarifies the concern that motivated Yar'Adua to use tactics to shield his administration from accountability for substantial expenditures that failed to revive the electricity sector. In order to determine why the troubled electricity sector has not improved, the House of Representatives directed its Committee on Power and Steel to conduct a thorough investigation into the funds used by the Obasanjo administration between May 1999 and June 2007 under the pretext of revitalizing it (Ogbodo & Yakubu, 2008). Reason would suggest that the NERC's poor case was only the beginning. The announcement by the late President Yar'Adua, as noted in Ogbodo and Yakubu (2008), that "over $10bn was said to have been spent on the power sector by the last administration, but not with commensurate results," increased the necessity for the power probe. Indicated amounts ranged from $10 billion to $16 billion, of which $12.93 billion had been traced, according to Ndudi Elumelu, the then-Chairman of the House Committee (Usigbe, 2008). Funding for the project came from both domestic and international sources. The money was put to use for NIPP transmission infrastructure and National Rural Electrification Projects (Binniyat, 2008a). The House Committee's attempt to name the 21 extremely powerful untouchables in Nigeria who it believed were in charge of the blackout was quickly shot down. Abimboye and Agbaegbu (2009) claim that the defendants took use of their political standing by making up part of the charges in order to place the investigating committee's chairman in a vulnerable political position, effectively shielding the orchestra from political scrutiny and concluding the case. The Bureau of Public Enterprises (BPE), the manipulation of rules and disregard for existing laws, the emergence of companies without experience in the power sector, management and payment capacity, and unnecessary political considerations of political leaders are, according to The Socio-Economic Right and Accountability Project (SERAP) (2017), major challenges of the sector privatization exercise.

## Power Distribution Companies and Power Accessibility in Nigeria

On various cases, the use of a single model to gauge customer satisfaction with the services rendered has resulted in unpredictable power supply coming from predicted billings. The majority of customers receive estimated billing rather than the installation and use of pre-paid meters, according to Edwin Anyim's (2016) analysis of the services provided while using a number of variables to measure consumers' satisfaction with DISCOs. As a result, customers may be charged for electricity they did not use, which decreases their satisfaction with the services provided by these DISCOs. Usman (2013) offers more examples of the usage of a single model for measuring customers' happiness with the services provided by the former Abuja Electricity Distribution Zone. Usman (2013) established a model for judging customers' satisfaction with the services delivered by the zone. The four parameters of the model were as follows:

• The Product: Customization, Value Information, Scope, Product Quality Accuracy, and Guarantee.

• The Service- Manager, Call Center, Quality, Information Distribution, Response, and Feedback.

• The Network: Security, Dependability, Operational Ease, Accessibility, and Humanization of the System.

• Willingness to Pay: Bill Accuracy, Payment Method Accuracy, Payment Facilities, and Inherited Bills.

Using this single model, Usman (2013) observed that:

> Customers are dissatisfied with the energy that is provided by the current Abuja Disco in general and the commercial unit in particular. This is caused by an insufficient supply of power, which is often exacerbated by the power industry's widening supply-demand gap. The consumers do not view the current situation regarding the supply of energy by the major stakeholders as satisfying their expectations. The level of conformity with service standards is insufficient, and the technical skill as indicated by the professionalism and service continuity indices is likewise subpar.

The performance trend seen across the many DISCOs in Nigeria is described in the aforementioned statement. In a report by the Independent Energy Watch Initiative (IEWI) (2016), which ranked each of the DISCOs in accordance with the factors listed in the table 4 below, typical examples abound:

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**Table 4: Performance Trend Noticeable Across the Various Discos in Nigeria, 2015-2020**

| Distribution Company (DISCO) | Responsiveness (customer service) | Value for Money | Quality of Power (electricity) | Hours of Availability of Electricity | Customer Communication and Engagement | Electricity Supply Infrastructure | Overall |
|---|---|---|---|---|---|---|---|
| Abuja | 7th | 7th | 3rd | 4th | 7th | 6th | 6th |
| Benin | 11th | 10th | 11th | 10th | 10th | 10th | 11th |
| Enugu | 6th | 3rd | 8th | 5th | 2nd | 11th | 5th |
| Eko | 10th | 11th | 9th | 11th | 11th | 5th | 10th |
| Ibadan | 8th | 8th | 10th | 8th | 9th | 3rd | 9th |
| Ikeja | 9th | 9th | 7th | 6th | 8th | 4th | 8th |
| Jos | 3rd | 2nd | 1st | 1st | 3rd | 7th | 1st |
| Kaduna | 4th | 4th | 4th | 7th | 1st | 2nd | 4th |
| Kano | 1st | 5th | 2nd | 3rd | 5th | 1st | 3rd |
| Port Harcourt | 5th | 6th | 6th | 9th | 6th | 9th | 7th |
| Yola | 2nd | 1st | 5th | 2nd | 4th | 8th | 2nd |

**Source:Adedeji, 2017**

According to the above table, none of the DISCOs outperformed expectations across the board. The Benin DISCOs had the lowest ratings across the board, while the Jos DISCO received the highest ratings. This survey shows that the DISCOs have fallen short of customers' expectations in many ways. Reports cited in print and online media publications also point to a general level of dissatisfaction among customers of these Distribution Companies (The Authority Online, 2016). Customers may have negative opinions of the performance of distribution organizations, but these management teams regard limited income as the key barrier to their success. According to Business News (2014), the Distribution Companies were underperforming as a result of large income leakages. The investors who bought these businesses contend that they were not given enough information about the actual revenue losses the companies had endured. As a result, they (investors) had to deal with having to pay for electricity usage without receiving corresponding payments from customers. In other words, the Transmission Company must use the money it receives from customers to cover the cost of the power it supplies to the Distribution Companies. However, the amount needed to pay the Transmission Company is far less than the money generated by customers. As a result, The Distribution Companies have experienced huge income losses of about 809.8 billion naira (The Nation Newspaper, 2016). This income loss may have an effect on the long-term performance of these DISCOs due to a shortage of cash for servicing loan commitments to domestic commercial banks and modernizing electricity assets. The fact that many companies lack the resources needed to perform better and that customers may be hesitant to pay extra for services they haven't yet received creates a conflict. Given the foregoing, Omonfoman (2016) stated that "there is a certainty that these operational challenges will persist without funding or improving the revenue profile of DISCOs." It makes sense that the cost of power has increased in Nigeria after 2020.

On the other hand, Audu et al. (2017) claimed that the inconsistent power supply was caused by the privatized power sector's lack of effective and fair regulation, which also explained a number of other violations like the persistence of impunity and non-compliance with rules and regulations in the Nigerian electricity sector. According to Ojo (2016), other harmful manifestations of this industry malfeasance include the refusal of the electricity companies to provide prepaid meters to ensure proper pricing of electricity, relatively high tariffs in the face of an unstable electricity supply, load rejection by distribution companies, and refusal of consumers, particularly Government ministries, departments, and agencies at all levels, to pay for electricity consumed. Despite all of these clear wrongdoings, the Nigerian Electricity Regulatory Commission (NERC) has declined to use its regulatory authority by enforcing the appropriate penalties and sanctions. Due to this, the agency's laws and regulations have been violated less strictly. In addition, it has given the operators the confidence to manage the industry against the interests of Nigerian power users (Ameh, 2006 cited in Audu et al., 2017).

Ikeme and Ebohon (2005, cited in Audu et al., 2017) provide additional evidence in support of this claim. Worse still, because the power companies profit whether they provide electricity or not (www.punch.ng/electricitydrops-zero-six-times), they are less concerned about the unreliable electricity situation in the nation. As a result, many Nigerians who use electricity continue to pay exorbitant prices despite the deteriorating state of the power supply. This change violates consumer rights and is exploitative. Consumers in Nigeria have reportedly continued to express their displeasure with the slow distribution of pre-paid meters, receipts of exorbitant anticipated billings, inconsistent energy supply, and relatively high pricing even after the power sector there was privatized, according to Asu (2016). The new ten-year rate set by the Nigerian Electricity Regulatory Commission (NERC), which took effect in February 2016 and led to an average 40% increase in electricity prices, has been the subject of intense debate and response among Nigerians. Most Nigerians concur that the quality of service delivery, the availability of electricity, and the increase in tariff have no link (Yekeen, 2016). In its report urging against the renewal of Manitoba's TCN management contract in June 2016 (www.energymixreport.com/reps-panel-urges-non-renewal-manitoba-tcn-contracts-slams-nerc.com), the Nigerian House of Representatives' Committee on Power criticized the Nigerian Electricity Regulatory Commission (NERC).

In response to these challenges, Audu et al. (2017) in their paper titled Privatization of Power Sector and Poverty of Power Supply in Nigeria: A Policy Analysis, attributed the issue of erratic power supply facing the power sector to the challenges of lopsided bidding processes that have produced private power firms linked to the country's ruling elite but lacking the resources and relevant experience to effectively run the power sector with its accompanying challenges.

## CONCLUSION

The study's conclusion is that the inability of the power generating businesses to fulfill Nigeria's energy generation objective is due in part to a lack of openness in the privatization process. This is accomplished through a lack of impartiality and an unfair privatization bidding process, the inability of power generation companies to meet consumer demand, a lack of price transparency in utility operations, and an increase in tariff per kilowatt without an equal increase in electricity supply.

Additionally, the lack of competition among power distribution firms explains Nigeria's ongoing poor access to power, which is evident in the country's single buyer of the electricity produced by PHCN, the deteriorating state of the power supply, the use of a single model to gauge customer satisfaction with the services offered, and the inconsistent supply of power. Based on the findings and conclusions of this study, we recommend the following:

i. The Electric Power Sector Reform Act, 2005 should be changed to stop the ruling elites, their commercial partners, and fronts from influencing the outcome of future tender and bidding processes.
ii. The Nigerian Energy Regulatory Commission (NERC) should not be hesitant to execute its role as a regulator by upholding the law and punishing offenders with the appropriate fines and sanctions. These laws, rules, and regulations govern the energy market. As a result, the nation's electricity industry will exhibit less impunity and arbitrary behavior.

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