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National Economic Implications of the Gradual Migration of Citizens from the National Grid: A Call for Legislative Intervention

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Executive Summary

Nigeria's power sector still faces problems of inadequate generation, poor infrastructure, and power grid collapses, leading to power shortages. While the installed power generation capacity stands at more than 13,000 megawatts, actual power generation averages between 4,000 and 5,500 megawatts to serve a population of over 200 million Nigerians. This has forced Nigerians to increasingly turn to self-generation of power through the use of diesel, petrol, solar power, and mini-grids. This trend of turning away from the national grid has many implications, including higher production costs, reduced sectoral revenue, inequality of power supply, and increased greenhouse emissions. Estimates show that the lack of a consistent power supply costs Nigeria billions of dollars every year, while the use of generators raises costs and public health concerns.

Though recent initiatives by the government, including the Grid Asset Management Company Limited and the Presidential Metering Initiative, are aimed at addressing the problems of power supply in Nigeria, underlying problems still exist, including issues of transmission, regulatory consistency, liquidity, and institutional coordination, all of which are forcing Nigerians to increasingly turn to self-generation of power, thereby leading to the underutilization of existing power generation infrastructure in the country.

This brief highlights the need for legislative intervention to strengthen grid performance, improve affordability, and regulate the expanding off-grid market. It recommends that:

- i. The National Assembly may invite the Minister of Power to explain the frequent failures of the national grid and outline measures, including ongoing initiatives such as the Presidential Power Initiative, aimed at strengthening generation, transmission, and distribution infrastructure to improve electricity reliability. Some of these measures should include the introduction of a dedicated public platform that displays real-time progress data, including data from meters deployed by the state, Disco, installers, and vendors.
- ii. The National Assembly may advise the Federal government (Ministry of Power, the Nigerian Electricity Regulatory Commission [NERC] and the Rural Electrification Agency [REA]) to introduce a means-tested electricity subsidy for low-income households, identified through the national social register, with implementation beginning in the next fiscal year.
- iii. The National Assembly may advise the Federal Ministry of Power to regulate and partner with off-grid energy providers to deliver reliable, affordable electricity, while ensuring that these services do not replace but supplement the national grid and remain accessible to low-income households.

1. Background

The Nigerian electric power sector has, over the years, faced challenges characterised by inadequate power generation, poor infrastructure, and an unstable electric grid. Despite an installed generation capacity of over 13,000

megawatts, the country can generate only 4,000 to 5,500 megawatts, which is not enough to meet the needs of over 200 million citizens. The situation has forced Nigerians to seek alternatives to electricity, including diesel and petrol generators and solar power.



The gradual migration from the national grid also has economic effects on businesses, including higher production costs, environmental pollution, and reduced revenue for the power sector. This brief highlights the need for legislation to improve the national grid and govern the off-grid energy sector to avert national economic loss.

2. Issue

The country's electricity sector is not only plagued by problems of inadequate generation, poor infrastructure, and frequent failure of the grid, but also beset with structural and governance challenges that have resulted in inefficiency and inequality.¹ While the installed capacity of the sector is well above 13,000 megawatts, the actual generation capacity is only between 4,000 and 5,500 megawatts for a population of over 200 million people. This is a critical issue that questions the success of reforms in the sector, especially in the post-privatisation era of the generation and distribution companies.

In addition to the aforementioned shortcomings, the industry is also marred by regulatory contradictions, liquidity crises, and poor institutional synergies between the relevant industry players, such as the Nigerian Electricity Regulatory Commission, the Transmission Company of Nigeria, and the various private electricity distribution companies. These

challenges have created a vicious cycle of underinvestment, thus curtailing the industry players' ability to invest in the expansion of the grid or upgrading the existing infrastructure. Consequently, the culture of self-generation through the use of diesel or petrol generators has become the new normal, thus privatising the cost of electricity supply with a focus on small and medium-sized businesses.

More critically, the implications reach beyond the economic costs to social equity and environmental sustainability concerns. Although the elite and big businesses can afford alternative sources of power like solar systems and inverters, the poor continue to wallow in energy poverty, thereby widening the socio-economic disparities. Moreover, the prevalence of the use of generators results in the emission of greenhouse gases, which is detrimental to the health of the population.² While estimates have indicated that unreliable electricity translates into billions of dollars in loss of revenue for Nigeria, a fact also attested to by the Standard Bank Africa Trade Barometer, which indicated a loss of about \$26 billion, as well as a further loss of \$22 billion in generator-related costs,³ such figures may understate the broader developmental costs, including reduced industrial competitiveness, discouraged foreign direct investment, and constrained human capital development.

¹ International Energy Agency. (2019). Africa energy outlook 2019.

<https://www.iea.org/reports/africa-energy-outlook-2019>

² Ibid.

³ World Bank. (2023, June 9). The World Bank approves additional financing to consolidate the

gains of Nigeria's power sector recovery program.

<https://www.worldbank.org/en/news/press-release/2023/06/09/the-world-bank-approves-additional-financing-to-consolidate-the-gains-of-nigeria-s-power-sector-recovery-program>



Ultimately, the presence of these challenges also brings into question not only the technical capability of the sector but also the national economic implications. The slow but sure shift of consumers from the national grid to private generation can also result in economic losses for the country, mainly through declining utility revenues and inefficient utilisation of existing energy investments.

Realising this, the Federal Government, on March 6th, 2026, established the Grid Asset Management Company Limited (GAMCO) with the aim of reviving the stranded power plants. This was a move to address the challenges that have continued to characterise the power sector in the country, especially in the generation capacity and transmission.⁴ In addition, the president also approved the Presidential Metering Initiative (PMI), a revolutionary program geared towards bridging the metering deficit of the 60% of the registered electricity consumers who currently rely on estimated billing systems. By installing over 5 million smart meters and related technologies by 2027, the PMI program aims at improving the efficiency of the Nigerian electricity sector.⁵ Noting that multiple reforms and initiatives had existed in the power sector before now, and given the economic importance of the issue, urgent and decisive steps may be necessary.

3. Areas for Legislative Intervention

Nigeria's electricity sector faces persistent supply challenges, causing economic losses and limiting access for low-income households. Despite government initiatives like GAMCO and the Presidential Metering Initiative, reliable electricity remains scarce. Legislative intervention by the National Assembly is needed to support vulnerable households, strengthen the national grid, and regulate the off-grid energy market to ensure equitable and sustainable electricity access. Accordingly, to address the power sector quagmire by improving the efficiency of the national grid, arresting the issue of estimated billing and reducing national economic losses, this brief recommends the following:

- i. The National Assembly may invite the Minister of Power to explain the frequent failures of the national grid and outline measures, including ongoing initiatives such as the Presidential Power Initiative, aimed at strengthening generation, transmission, and distribution infrastructure to improve electricity reliability. Some of these measures should include the introduction of a dedicated public platform that displays real-time progress data, including data from meters deployed by the state, Disco, installers, and vendors.
- ii. The National Assembly may advise the Federal government (Ministry of Power, the Nigerian Electricity Regulatory Commission [NERC] and

⁴ Uzoho, P. (Sunday, 15th March, 2026). GAMCO: Nigeria Bets on Stranded Power to Revive Electricity Supply. *This Day*. <https://www.thisdaylive.com/2026/03/13/gamco-nigeria-bets-on-stranded-power-to-revive-electricity-supply/>

⁵ Energy reform. (2023). the Presidential Metering Initiative. *Energy reform*. <https://www.energyreforms.ng/presidential-initiatives/metering/>



the Rural Electrification Agency [REA]) to introduce a means-tested electricity subsidy for low-income households, identified through the national social register, with implementation beginning in the next fiscal year

- iii. The National Assembly may advise the Federal Ministry of Power to

regulate and partner with off-grid energy providers to deliver reliable, affordable electricity, while ensuring that these services do not replace but supplement the national grid and remain accessible to low-income households.

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