

Opening Remarks by **Thomas Park, Chief Economist USAID/Nigeria** on
the Occasion of the Electric Utility Planning and Strategic Investment
December 1-5, 2003

Protocol:

Senator Liyel Imoke - Honorable Minister of Power and Steel
Eng. Joseph Makoju – Managing Director NEPA
Dr. Sam Agbogun – Executive Director Corporate Planning
Participants

I welcome you to this one-week workshop focusing on *Electric Utility
Planning and Strategic Investment*.

Nigeria with a population of over a 120 million people is a country rich in human and natural resources from which it has grown into one of the most prominent countries on the African continent.

Although Nigeria's oil and gas resources are some of the largest in Africa, its 5000 Megawatts of installed capacity makes Nigeria's power sector one of the least developed in the world. Roughly only one-half of the installed capacity is available for power generation, of which only 40% of the population is reached and only 10% of the rural areas. The power system is further characterized by low access and unavailability, high losses in generation, transmission and distribution, and poor financial performance.

The performance of the energy sector has slowly improved overall, Nigeria continues to face a severe energy crisis. The current FGN faces a long legacy of poor policy and investment decisions under previous regimes that are difficult to overcome in the short term. These have created a highly subsidized energy sector, severe domestic shortages of power and refined petroleum products, low access to commercial sources of energy, and flaring of immense amounts of clean natural gas. To address these problems, the FGN has taken significant, initial steps towards the rehabilitation and development of new energy infrastructure and the privatization of the electricity sector.

We support the Government of Nigeria in its effort to remedy some of these problems and further develop the country's energy sector. Specifically, we support Nigeria's power sector restructuring and reform initiative to improve its performance, and the consequently, the quality and reliability of electricity services to its people. Already underway, the restructuring plan will create a series of generation and distribution companies, connected by a single transmission operator. For these utilities to achieve optimum performance, one of the most essential characteristics will be their

independent management and operation. No matter whether a utility is publicly or privately owned, it must function as autonomous enterprise and make planning and investment decisions that will maximize the benefit of its resources and the services it can provide. This is the underlying concept of the training that comes to you today. The course will further emphasize the idea of “Least Cost Planning”; the practice of which allows optimum investment to yield the minimum cost of electricity.

I am pleased to see such a coordinated interest of the power sector stakeholders in this restructuring process – a commitment to change which is evidenced by each one’s representation here today, and the leadership of the Ministry of Power and Steel, and the National Electric Power Authority (NEPA). I would like to thank the honorable Senator Liyel Imoke for inaugurating this workshop and Eng. Joseph Makoju, the Managing Director/Chief Executive of NEPA, and Dr. Sam Agbogun, Executive Director of NEPA’s Strategic Planning Department, for hosting this workshop here in Abuja.

The Energy Group of the Institute of International Education has coordinated this workshop on behalf of USAID. It is the fourth training

workshop under our program, and the second in which NEPA and IIE have teamed up to bring you training in today's most relevant aspects of power sector restructuring and management. We look forward to the continued partnership between USAID, the Ministry, NEPA, IIE and other stakeholders and hope that the training you receive here this week will assist you to achieve the overall goals that you have set forth: to improve Nigeria's power sector performance and the quality of life for its people.

Thanks very much.