



BIOGRAPHY

Chinedu Ositadinma Nebo was born in 1952 and is currently the Minister of Power. Before assuming this role, he was the Vice-Chancellor of the Federal University of Oye-Ekiti and the University of Nigeria. He has a Master's degree in Metallurgical Engineering, and a PhD in Materials Engineering and Science from the South Dakota School of Mines and Technology.

generated is distributed to end users. Additionally, the distribution leg has been privatized. Private sector companies know that the best way to increase profits is to ensure that they have more satisfied customers demanding electricity. The fact is that the suppressed demand for electricity in Nigeria today virtually quadruples supply. There will be an expansion of the distribution facilities and infrastructure to reach every corner of Nigeria, whereby all Nigerians will benefit.

You have recently signed agreements with General Electric (GE) and the Export-Import Bank of China on power plant projects for small communities. How do you plan to attract more investors to bring in capital and value-added?

Nigeria is one of the top four investment destinations in the world, and the number one in Africa. In terms of return on investment (ROI), Nigeria ranks fourth in the world, providing an average ROI of over 35%, having maintained that level over the last couple of years. POWERCHINA has an MoU with the Federal Ministry of Power to fund and provide financing for 20,000 MW at plants in Nigeria, and GE has committed to installing 10,000 MW, while Siemens has committed to a further 10,000 MW. Meanwhile, Daewoo from Korea is another involved party. All these companies are committed to producing 1,000 MW every year for at least the next decade. When you consider the sum total of these initiatives, all things being equal, we will get to our destination.

From a regulatory standpoint, will a specific policy or law be required to incentivize further deals?

The government has introduced a policy framework that makes Nigeria an investors' haven. Within the power sector, the Nigerian Bulk Electricity Trading (NBET) company was set up for one primary purpose: to buy power from all the independent power producers (IPPs) that may not feel comfortable about direct sales to distribution companies or to the Transmission Company of Nigeria out of concerns of not receiving payment. However, the NBET will buy this power from the IPPs on behalf of the transmission and distribution

VIP INTERVIEW

Chinedu Ositadinma Nebo

Big Operation

TBY talks to Chinedu Ositadinma Nebo, Minister of Power, on what the ministry is doing to light up rural Nigeria with private sector involvement.

THE BUSINESS YEAR As of today, 55% of the population lacks access to a regular electricity supply. How is the electricity privatization process going to benefit Nigerians?

CHINEDU O. NEBO The capital required to finance the development of the electricity sector is so huge that the government felt obliged to invite significant private sector participation. Indeed, private sector players have been particularly keen to increase generation capacity, in large numbers. We have also seen investors from all over the world seeking to invest in Nigeria. The results have met government expectations, and a much larger capacity to generate, transmit, distribute, and supply electricity throughout the length and breadth of Nigeria is now being installed. Transmission remains the only aspect to be retained by the government for now, and huge sums of money have been set aside to expand transmission infrastructure so that all power

companies. Therefore, investors now know that regardless of the amount of power you produce, once you have a power purchase agreement from the NBET, you can't lose your investment. The tariffs have been adjusted and solid profitability is built in without making electricity too excessive for consumers and customers. In addition to the NBET being capitalized, there is also a partial World Bank risk guarantee to support the NBET in the event of its default. Even the African Development Bank is working on doing the same measure, in terms of a partial risk guarantee for the NBET, which confirms that incentives are in place.

What is the role of renewable energy in rural areas of less developed infrastructure?

Nigeria has the desire to diversify its generation mix. For example, 70% of all power stations are gas-fired, while the remaining 30% comes from hydro-power. If you were to realize production exclusively using gas, then you can't call yourself an energy-secure country. So we are compelled by necessity to seek alternatives, with renewable energy being just such an alternative. Be it solar, wind, or biomass, we are working to incorporate this technology into the network. In fact, for rural areas, the President has personally flagged off what we termed "Operation Light Up Rural Nigeria," where we are using 100% solar sources to power entire communities. Each household and street will benefit from a 100% solar integrated solution. We are also set to add wind to the mix and are working on biomass solutions, although these are more geared at the major cities where a mix of waste elements is available. Then, of course, we are working on small-scale hydro projects. Work has been completed on a national renewable energy and energy efficiency policy, which should see imminent approval by the Federal Executive Council. Meanwhile, solar installations are increasingly cheaper due to technological advances. In rural areas that are not connected to the national grid, and that lack gas pipelines to fire turbines, or lack sufficient wind velocity, we can make particular use of solar power. Nigeria sits on substantial coal deposits, and we are also looking to this fuel as an energy source, although clearly it is not a part of the renewable landscape. In fact, we have signed agreements with companies that are interested in developing coal-fired power plants. The idea is to ensure that in the future 10% of our energy needs derive from coal, at least 5% from solar and wind, perhaps 15% from hydro, and the remainder from gas, as Nigeria currently boasts the eighth largest gas deposits in the world.

What are you doing to assure the population that there is a plan at work regarding energy provision?

The Transformation Agenda arose at a particularly low point for Nigeria. A key goal of the program, therefore, is ensuring that a larger proportion of the population benefits from electricity supply, and not just in quantitative, but also qualitative terms. Part of the accountability of government involves taking each citizen into consideration and making sure that resources meant for the entire country are spread equitably. That's what the President is now doing, and this will ultimately lead to the success of "Operation Light Up Rural Nigeria." Meanwhile, we are stemming corruption by benchmarking procurements, service delivery, and project execution to global best practices. We are accountable to the country, and the people know it. The Transformation Agenda is working, and more people are getting a regular power supply, with improvements continuously being registered. Our firm hope is that the success of the Transformation Agenda in the power sector can serve as a catalyst for the industrial sector, as without power, industries cannot thrive and develop. Nigeria's power sector has a very bright future. For the first time, the government is focusing on power as a priority. It is now addressing the entire sector from a holistic perspective and working toward the future instead of reacting to a decaying infrastructure. A glance at the country's demographics reveals that industries can begin to thrive on the back of a market hungry to consume, which is all underpinned by the power sector. As we mature and make more power available to our people, we believe that the economy will not be talking 6.5%, but double-digit GDP growth, which is something we are looking forward to.