

# Wholesale Electricity Price Projections for Nigeria

## **A market in need of development and investment to meet challenges today and in the future**

Nigeria is Africa's largest economy, home to over 200 million inhabitants and with an abundance of natural resources, in particular natural gas. However, the current electricity sector is under-developed and grossly in need of investment. Only about 55% of the population is connected to the grid, and per capita electricity consumption is only 1/35<sup>th</sup> that of South Africa and 1/25<sup>th</sup> of the global average. More problematic is the quality of electricity supply – of an installed capacity of ~14 GW, the grid is only capable of supplying 3-5 GW at peak, hence forcing consumers to rely on expensive (and dirty) off-grid diesel engines for the bulk of their electricity needs.

In addition to natural gas, Nigeria enjoys very good solar resource, and much of its hydropower potential remains untapped. As a result, the Government has set ambitious targets for the development of renewable electricity, including a target of 13.8 GW of grid-connected renewable capacity by 2030, and 30% of total

electricity generation to come from renewables (part of the Vision 30:30:30 initiative which targets 30 GW of total installed capacity) by 2030. Nigeria has also set an economy-wide net-zero target by 2060; however, this is potentially at odds with its ambition to expand and develop its oil and gas economy

Therefore, in our latest Nigerian report we explore:

- What are the market reforms required to develop the electricity sector and stimulate investment?
- How will the aforementioned targets impact the future power generation mix?
- What will be the value of electricity in the country at the wholesale level, and what will the value of the revenue streams available to independent generators in the future?
- What are the prospects for off-grid renewable solutions, especially in the commercial and industrial (C&I) sectors?

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# Our Offering

## AFRY Independent Market Report

- Presents our annual projections for wholesale electricity prices out to 2060 for our three internally consistent scenarios (High, Central and Low).
- Considers the main drivers of electricity prices in each scenario, including:
  - the evolution of generation capacity mix;
  - carbon and commodity prices; and
  - developments in technology costs and electrification.
- Delivers in-depth market intelligence, including insights into:
  - government policy and regulation;
  - renewable subsidy support schemes; and
  - future technology trends.
- Based on highly detailed modelling from our suite of worldwide commodity models.

## Bespoke updates

- Projections updated bespoke, ensuring all the latest regulatory and market developments are reflected.
- Updated projections are accompanied by an Update Note, which summarises the major changes and drivers in prices.

Key data for AFRY projections is provided in a usable Excel format annually, with updates available.

## Half-day workshop

- Provides the opportunity to discuss the market, our modelling and price developments.

## Webinar

- Access to webinars held on a quarterly basis presenting the latest results of our modelling.

## Invitation to our Power Market Conference

- Hear the latest developments in our modelling, insights into new topics and areas of research every year.

## Subscriber support

- Prompt access to our experts who have a wealth of experience and constantly follow market developments.

## Our reports and projections are:

- **Independent.** Our reputation is built on providing an impartial view.
- **Trusted.** The 'AFRY curves' are the definitive benchmark for the power sector.
- **Bankable.** Relied on by the financing community for over 25 years.



## Our Nigerian market expert



Nnamdi Ibeanu

[nnamdi.ibeau@afry.com](mailto:nnamdi.ibeau@afry.com)

+44 1865 812886

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# Additional Services

## Transaction support services

*M&A advisory including commercial, market, regulatory and technical due diligence*

## Bespoke scenarios and sensitivities

*Customisation for client-led assumptions e.g. fuel prices, decarbonisation goals,...*

## Climate change modelling

*Bespoke simulations of physical and transitional risk for assets and/or portfolios for 2, 4 and 6 degree pathways*

## Model offerings

*BID3 and Pegasus models and datasets are available for purchase*

## Other AFRY Independent Market Reports available

*Our expansion is client-led: if you're interested in any other market, please contact us for options*

## Capture prices

*Available for all markets and technologies*

## AFRY Analytics Capture

*A cloud-based digital tool to calculate asset-specific capture price projections*

## Imbalance projections

*Projections of the costs of imbalance for wind and solar farms*

## Ancillary service projections

*Reserve product value projections for flexible generation and storage*

