

FACTSHEET: PRESIDENTIAL POWER INITIATIVE (PPI)

A Programme to modernise Nigeria's electricity grid, under a Government-to-Government framework between the Nigerian and German Governments; to be managed and implemented by Siemens AG.

1. **BEGINNING:** The initiative was birthed from discussions between the Nigerian and German Governments during **German Chancellor Angela Merkel's State Visit** in August 2018.
2. **UNFOLDING:** Initial development work on the foundational 'Roadmap' document (known as the **Nigeria Electrification Roadmap**) was done by Siemens, the Nigerian Government (Ministries, Departments and Agencies) and the 11 Electricity Distribution Companies (DisCos), between October 2018 and June 2019. [As part of this, the DisCos submitted lists of priority projects to be done in all three Phases of the PPI].
3. **SIGNING: Signing of the Implementation Agreement** for the Roadmap took place on Monday July 22, 2019. The Agreement was signed by Siemens and by the Bureau of Public Enterprises (on behalf of the Nigerian Government), and witnessed by shareholders and management of the DisCos.
4. **PHASES:** The PPI will be implemented in three (3) Phases:

- **Phase 1:** Resolve 2,000MW of Transmission and Distribution Constraints, taking operational capacity of the grid to **7,000MW**
 - **Phase 2:** Increase operational Grid Capacity by an additional 4,000MW, to **11,000MW**
 - **Phase 3:** Achieve total operational Generation and Grid Capacity of **25,000MW** subsequently
5. **FOCUS:** The PPI is **focused more on critical interventions in the Transmission and Distribution segments of the Power Sector in Phases 1 and 2**. Siemens will be working to upgrade Assets belonging to the Transmission Company of Nigeria (TCN) and the 11 Power Distribution Companies (DisCos).
6. **PROJECTS:** Phase 1 of the PPI comprises several individual **brownfield** and **greenfield** transmission and distribution upgrade and expansion projects that will be executed by Siemens and other Project Partners.

These include but are not limited to the following:

- a. **Transmission Projects:** Supply and installation of Transmission Substations, Mobile substations, Transformers, Compensation Systems, and Overhead Transmission Lines.

- b. **Distribution Projects:** Upgrade/Expansion of existing Distribution Substations. Supply and installation of power distribution products and systems. Installation and commissioning of mobile substations, and power Distribution Lines.
 - c. **Power System Simulation and Studies:** Software licences and associated services for TCN and DisCos. Training and Technical Services for TCN and DisCos.
 - d. **Control & Protection Devices:** Supply of Control and Protection devices for TCN and DisCos.
 - e. **Meter Data Management Systems:** Deployment of national Meter Data Management Infrastructure (Hardware, Software, Services).
 - f. **Technical Training:** Extensive Training and Technical support for TCN, DisCos and other relevant Power Sector Agencies.
7. **FINANCING:** Financing will be through the German Export Credit Agency (Euler Hermes AG) and other financing Agencies.
8. **UPDATE (May 2020)**
- a. President Muhammadu Buhari has directed the Ministries of Power and of Finance, Budget & National Planning and the Bureau of Public Enterprise ('BPE') to conclude the engagement with Siemens AG to

commence the pre-engineering and concessionary financing workstreams of the PPI.

- b. To recap, with the support of the German Government, the Federal Government on behalf of the other shareholders in the Electricity Distribution Companies ('DisCos') will invest in significant infrastructure upgrades in the form of improved payment systems, distribution substations, transformers, protection devices, smart meters, transmission lines, amongst others.
- c. The President has directed that to ensure value for money and preserve the integrity and transparency of the procurement process under the Government to Government framework, Siemens AG shall be solely responsible for nominating its EPC partners to perform all onshore works; NO middle-men.
- d. All DisCos have directly, and through the BPE, been diligently carried along over the last 15 months to understand in detail the challenges in the electricity systems. All items to be purchased were provided by the DisCos and Transmission Company of Nigeria and they will be vetted by a professional Project Management Office.
- e. The funding for the project will be secured under concessionary terms (up to 3-year moratorium and 12-year repayment at concessionary interest rates) through

the German Euler Hermes cover, which the Federal Government will on-lend as a convertible loan to the other shareholders in the DisCos.

- f. Funding for the first part of Phase 1 has now been approved by President Buhari to kick-off the pre-engineering and concessionary financing workstreams.
- g. To ensure fairness and transparency of the intervention, the President has also directed that Federal Government engages the International Finance Corporation ('IFC') to assist in developing the commercial structure of the intervention under this Presidential Power Initiative (PPI) and in undertaking an independent company valuation of the DisCos.

9. IMPACT:

- a. Will deliver improved power supply nationwide, with attendant results in job creation, investor confidence, cost and ease of doing business and economic growth.
- b. Will provide training and capacity building for thousands of young Nigerians (non-graduates, students and graduates)
- c. Will create economic opportunities for Nigerian engineering companies that will serve as local vendors for the provision of manpower and equipment.

d. Will stimulate/encourage inflow of additional investment into the power sector

10. **BACKGROUND:**

The PPI journey started on **August 31, 2018**, when Chancellor Angela Merkel visited Nigeria and met with President Buhari. She brought along with her a business delegation that included the Global CEO of Siemens, Mr Joe Kaeser. Nigeria and Germany agreed to explore cooperation in a number of areas, including Power. This set the stage for subsequent meetings.

11. **QUOTES:**

“Our goal is simply to deliver electricity to Nigerian businesses and homes... Our intention is to ensure that our cooperation is structured under a **Government-to-Government framework**. No middlemen will be involved, so that we can achieve value for money for Nigerians.” – **President Muhammadu Buhari**

I will personally oversee the implementation [of the Nigeria Electrification Roadmap / Presidential Power Initiative] as this is a **landmark project for Nigeria and Africa.**” – **Joe Kaeser, Global CEO, Siemens AG**