

TCN POLICY THRUSTS

Towards an excellent service delivery through development of service-based infrastructures and human-capital

**TCN Policy Thrusts**

1. **Preamble**

The policy thrusts hereby developed are directed at weaning TCN off the Federal Government of Nigeria’s Budgetary allocation and depending on the NERC regulated tariff revenue recovery mechanism. The policy thrusts are also dependent on human capital development as the main driver to achieve the objectives of the policy thrusts.

1. **Introduction**

The Federal Government of Nigeria (FGN) has decided that the Nigerian Electric Supply Industry (NESI), needs to move towards a more cost reflective tariff and in its recent September 1, 2020 order to Discos, TCN was allowed a cost reflective tariff that is more than double its current component tariffs (TSP,SO,MO and Ancillary Services).

The expected annual revenue from these new tariffs, are much more than what was released to TCN in its Budget Allocation by the National Assembly. If the new tariffs persist, TCN also has a sure source of revenue assurance through the **Market Rules Payment Enforcement Mechanism,** the new CBN control of **Discos accounts and enforcement of Market obligations**.

The increase in tariff for TCN is predicated on a more efficient performance both at the overall grid level and the TCN/Disco interfaces. The September 1, 2020 Tariff Orders, reflects these and TCN is going to be responsible for capacity payment for energy it does not deliver to Discos resulting from interface problems caused by TCN. TCN is also preparing to enter into a **Service Level Agreement (SLA)** with Discos to bear financial loss accruing to the Discos, due to excessive duration and frequency of interruption caused by TCN. TCN is also going to bear the risks of not dispatching generators in accordance with the Merit Order requirement of NERC. The FGN is interested in TCN completely evacuating power from generating plants that are on Take-or-Pay guaranteed by the government.

TCN is both the System Operator and Transmission Service Provider of NESI; these two unique positions give it the vantage opportunity to efficiently organize the upstream and downstream of NESI, through adequate planning, optimal system operation techniques and efficient rules enforcement; while at the same time delivering reliable, adequate and quality transmission service to both the Discos, Gencos and Direct transmission loads.

From the foregoing, it is prudent and exigent that TCN aligns its projects and maintenance with the new directives of NERC.

As a result, TCN policy thrusts should focus on the delivery of excellent service to the 11 Discos, 30 Generators and more than 10 direct loads it serves.

1. **Policy Thrusts**

A five-pronged policy thrust should be adopted by TCN. TCN should focus on:

* 1. Integrated System Planning of NESI as required by the SO in the Grid Code and Market Rules
  2. Implementation of the Market Rules and Grid Code
  3. Project Management and Delivery in line with the needs of NESI,
  4. Maintenance of transmission assets
  5. Human Resource Development, Performance Evaluation and Improvement

1. **Integrated System Planning**

In NESI, there is a glut of projects both in Generation, Transmission and Distribution that are not aligned and therefore do not support each other in the power value chain. NESI has generation capacities that cannot be transmitted due to lack of transmission capacity and distribution capacities. There are also places with adequate transmission and distribution capacities without generation capacity. This is a result of lack of adherence to spelt out procedures in the Grid Code and Market Rules for Integrated System and Least Cost-Efficient Planning. The planning functions of NESI is warehoused in TCN under its System Operation License. The dictates and timelines of the Market Rules, Grid Code and Generation Procurement Regulation must be strictly adhered to ensure the best use of funds being injected into the sector.

1. **Implementation of the Grid Code and Market Rules**

TCN in its role as the System Operator is the custodian of the Market Rules and Grid Code. The Market Rules and Grid Code are the documents that give guidance and specific directions on how Gencos, Discos, SO, TSP and other grid users behave on the grid. Both the Market Rules and Grid Code create order in the grid. TCN will ensure strict compliance by all participants with the dictates of the Market Rules and Grid Code.

1. **Project Initiation and Delivery with the needs of NESI**

The results of the planning in thrust A, should be used by TCN in Project Initiation. Project should not start without adequate show of need based on results of system planning studies. There are several ongoing projects TCN, the completion of these projects should be aligned with the delivery of immediate service need to the Generation and Distribution Companies in addition to strengthening the grid. In this regard the following should be done:

1. TCN should focus on completing projects that will lead to increased revenue and economic impact, increased profitability leads to better staff welfare
2. TCN should focus on project that will have positive impact on the security of energy flow both at the Genco/TCN and Disco/TCN interfaces
3. TCN should focus on projects that will enhance grid stability and redundancy in key distribution/transmission interface in order to reduce service delivery downtime.
4. TCN should focus on completing projects that evacuate energy from take or pay contracts
5. **Maintenance Strategy and Policy**

TCN should develop Maintenance Strategy and Policy that will focus on transforming from corrective maintenance techniques to preventive maintenance techniques. This can be achieved by procurement & usage of non-invasive maintenance tools (such as infrared detectors, DGA analyzer etc) and large amount of fast deployable spare parts stockpiled in TCN stores. An Inventory and Stock Management system should be developed for this.

For more expensive assets like 300 MVA transformers, maintenance techniques should be more of predictive maintenance and monitoring to protect them as financial assets.

1. **Human Resource Development and Performance Evaluation and Improvement**

Achieving thrust A, B, C and D requires continuous human capital development and evaluation of performance of human capital in order to improve such performances. In order to achieve this, the following is suggested:

* 1. The **Human Resources**, **Corporate Planning, Learning & Performance and Monitoring & Evaluation Departments in TCN** need to be strengthened to implement, monitor and give feedback on the policy thrusts and give guidance to TCN and staff on corporate goals and objectives.
  2. The invigorated Corporate Planning Divisions should implement Corporate Planning, Monitoring and Performance System to guide TCN in achieving its objectives.
  3. Human Resources Departments, Corporate Planning Departments, Monitoring and Evaluation Departments and the Learning and Performance Department should work jointly to create the following processes and procedures for TCN;
     1. Create Business process and procedures for all Departments
     2. Create responsibility charts/matrices for all the departments and KPIs for personnel in the departments.
     3. Create succession plan strategies to fill in the positions of aging/retiring staff
     4. Specialised manpower adjustment in terms of migration to a more automated transmission system.
     5. Evaluate departments on their performances as referenced to their responsibility charts/matrices and suggest improvement points
  4. TCN should organise trainings for staff in technical areas like:
     1. Protection
     2. Asset Management
     3. Maintenance
     4. System Planning
     5. Data Analytics
     6. Corporate Planning and Performance Evaluation
     7. Specialised training in automation areas like; SCADA, communications etc

1. TCN should organize ongoing training for PM and above on Leadership & Management . The training should prepare all PMs and above for senior level managerial roles and responsibilities.