

# NERC'S APRIL 2026 REGULATIONS UNLOCKING NIGERIA'S MINI-GRID PLAY- WHAT PLAYERS SHOULD KNOW

## Proem

As Nigeria's electric power sector continues to evolve, the Nigerian Electricity Regulatory Commission (NERC) has introduced the Mini-Grid Regulations, 2026—a game-changing framework designed to accelerate electrification, foster innovation, and protect investments. To adequately take advantage of these changes, understanding these regulations is crucial for navigating opportunities and risks in mini-grid development, operation, and management.

## Why Mini-Grids Matter:

Mini-grids are decentralised electricity supply systems with their own generation capacity, serving more than one customer. They can operate independently (isolated) or be connected to the main distribution network (interconnected). With capacity limits of up to 5 MW for isolated and 10 MW for interconnected mini-grids, these systems are vital for powering unserved and underserved communities, supporting industrial clusters, and enabling renewable energy integration.

## Key Highlights of the Regulations:

### Clear Classification and Scope

Isolated Mini-Grids are described as operating independently and are ideal for off-grid communities. Interconnected Mini-Grids are linked to the distribution network, supporting grid expansion and reliability.

The new Regulations apply to all mini-grids within the specified capacity limits, ensuring proportionate rights and obligations for developers, operators, licensees, and communities.

### Streamlined Permitting and Registration

Permits for Isolated Mini-Grids are granted for projects in unserved areas, subject to compliance with location, community agreement, technical, safety, and tariff requirements. Tripartite Agreements for Interconnected Mini-Grids are to be signed by the developer, distribution licensee, and community and filed with NERC for approval.

### Fast-Track Timelines

NERC is, in the writer's transactional and project experience, one of the most efficient regulators and the Regulations mandate the processing of permit applications within thirty (30) business days; hence, reducing bureaucratic delays.

### Technical and Operational Excellence

Mini-grid operators must comply with technical codes, health and safety guidelines, and environmental laws. For solar PV and battery mini-grids up to 10 MW, only environmental screening and an Environmental and Social Management Plan (ESMP) are required, simplifying compliance.

Quality of service benchmarks and customer service charters are mandatory, ensuring transparency and reliability.

### Tariffs and Commercial Arrangements

Retail tariffs and charges are determined using a Commission-approved model, with allowances for technical and non-technical losses. Developers are allowed to file single tariff applications for multiple sites, streamlining regulatory processes.



Interestingly, the Regulations provide that if the main grid arrives, mini-grid operators are entitled to fair compensation for assets and investments, with clear formulas and timelines.

### Site Exclusivity and Investment Protection

Developers can secure exclusive rights to develop mini-grid projects for up to twelve (12) months, extendable upon progress. Exclusivity agreements require community engagement, technical capacity proof, and milestone reporting.

NERC maintains a public registry of exclusivity agreements, preventing encroachment and protecting investments.

### Dispute Resolution and Customer Protection

All disputes are first resolved by negotiation, then referred to NERC for adjudication if unresolved. Customer complaints follow a standardised procedure, ensuring fair and timely resolution.

### Practical Examples for Players

A renewable energy developer can apply for a permit to build a 3 MW isolated mini-grid in a rural community, securing exclusivity and negotiating tariffs with the community. A distribution licensee can partner with a mini-grid operator to upgrade an underserved area, using a tripartite agreement and leveraging hosting capacity information for efficient siting. An investor can assess compensation mechanisms to mitigate risks if the main grid arrives, ensuring their capital is protected.

### Does this affect States that have established their Electricity Markets?

No, the Mini-Grid Regulations 2026 will not apply to States that have passed their laws and established their State electricity markets pursuant to the provisions of the Electricity Act 2023, and the Fifth Alteration to the Constitution of the Federal Republic of Nigeria, 1999 (as amended). This is because regulatory oversight has been transferred to the relevant State's electricity regulatory body. Hence, NERC cannot regulate the electricity operations within such States.

### Why This Matters for Your Business:

#### Regulatory Clarity

The regulations provide a predictable framework for project development, investment, and operations. It also helps with risk mitigation with concepts such as compensation, exclusivity, and dispute resolution mechanisms to protect your interests.

Furthermore, there are market opportunities, as streamlined processes and technical standards enable rapid deployment and scaling of mini-grids.

#### Conclusion

The Mini-Grid Regulations, 2026, mark a new era for Nigeria's power sector. Whether you're a developer, investor, operator, or community leader, these rules unlock opportunities for sustainable electrification, innovation, and investment protection. As your legal advisor, I recommend leveraging these regulations to maximise your project's success and safeguard your interests in Nigeria's dynamic energy landscape.

For more information on this article, please contact:



Dr. Ayodele Oni  
Partner

[ayodele.oni@bloomfield-law.com](mailto:ayodele.oni@bloomfield-law.com)

or your usual contact at Bloomfield LP.



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