

Credit, Compliance and Grid Connection:

What **NERC's Net Billing
Regulations 2026** Mean for
Businesses and Renewable
Energy Users



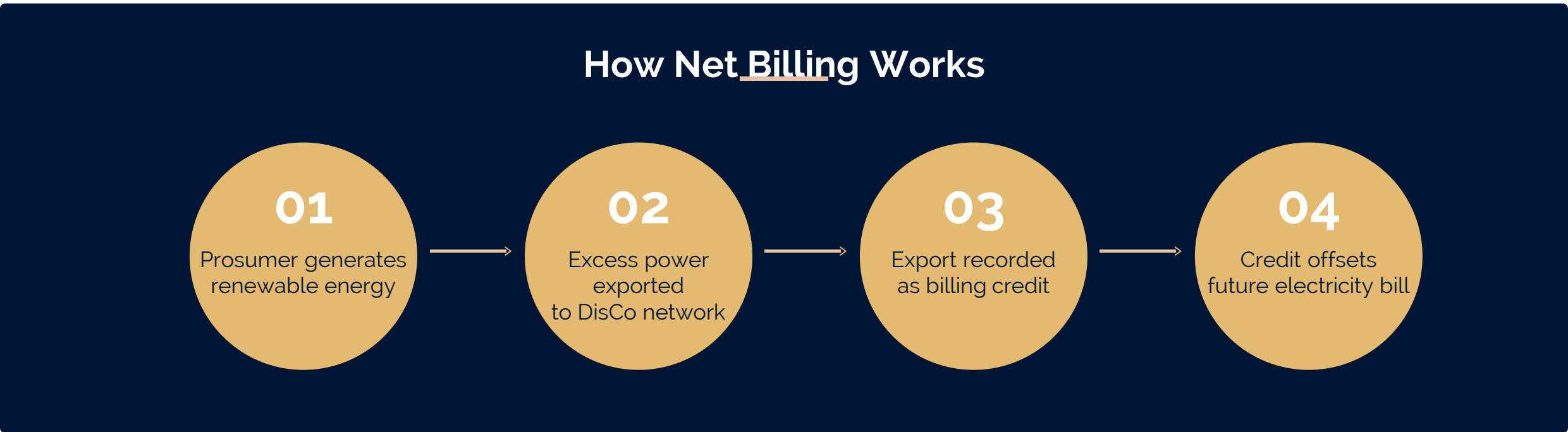
Introduction

Nigeria's electricity market is gradually moving towards decentralised power, the adoption of renewable energy, and more flexible customer participation in the electricity value chain. For many businesses, the question is no longer whether to invest in alternative power solutions, but how to reduce costs and improve reliability whilst remaining compliant with regulatory requirements.

In June 2026, the Nigerian Electricity Regulatory Commission ("NERC" or "the Commission") commenced the implementation of the Net Billing Regulations 2026 ("the Regulations"). In its public notice announcing the commencement of the Regulations, NERC stated that the Regulations are designed to promote renewable-energy adoption, improve energy security and reliability, encourage private-sector participation in distributed generation, reduce greenhouse gas emissions and support the efficient integration of renewable-energy systems into distribution networks.¹

The Regulations create a framework through which eligible customers, referred to as prosumers, may generate electricity primarily from renewable-energy sources for their own consumption and export excess electricity to distribution networks under a net billing arrangement. In practical terms, the framework seeks to convert unused renewable power into billing credits, while also imposing approval, technical, metering, safety and grid-connection obligations.

For businesses, residential estates, campuses, industrial facilities and renewable-energy developers, the commercial relevance is clear. Net billing may improve the economics of renewable-energy investments, but participation is not automatic. It requires technical feasibility, distribution Licensee approval, execution of a Net Billing Agreement, NERC registration, compliant metering and proper interconnection with the distribution network.



Key Obligations and Business Impact

Net Billing as a Credit-Based Arrangement

The Regulations define a net billing arrangement as one under which a prosumer with a renewable-energy system may export excess electricity to the distribution network and receive energy-based compensation in the form of credits. These credits are then netted against the user's electricity bill for energy imported from the utility over a given period.²

This is commercially important because, under a net billing arrangement, eligible excess electricity generated by a prosumer does not merely remain unused by the customer. Where it is exported to the distribution network in accordance with the Regulations, it may be recognised as a billing credit that can reduce future electricity liability. Where the value of energy exported to the distribution network exceeds the value of energy consumed from the distribution network in a billing cycle, the excess value may be treated as a carried-forward credit.³

For businesses with daytime energy generation that sometimes exceeds consumption, this arrangement may improve the return on investment in solar or small-wind systems. However, the benefit is not automatic. It will depend on the business's consumption pattern, the approved export tariff, metering accuracy, and the upfront and ongoing costs of setting up the net billing arrangement. These costs may include connectivity charges, net-meter procurement and installation, engineering certification, Nigerian Electricity Management Services Agency (NEMSA) inspection, interconnection and protection equipment, and possible grid-upgrade requirements. The commercial benefit will also depend on whether the relevant distribution network can safely receive the exported energy.

Eligible Capacity Range

50 kWp – 1.5 MWp

Installed capacity band for prosumer renewable-energy systems.

Eligibility and Capacity Requirements

Based on NERC's announcement, as reported by Premium Times, eligible customers must be connected to the network of a licensed electricity distribution company, install renewable energy systems that comply with applicable technical standards and regulatory requirements, and deploy systems with installed capacities ranging from 50 kWp to 1.5 MWp.⁴

Beyond capacity, participation also depends on regulatory approval and grid-readiness. Under the Regulations, the relevant electricity distribution company serves as the Distribution Licensee. It receives and evaluates the user's application, conducts the technical feasibility assessment, approves or rejects the application, executes the Net Billing Agreement with the user, and participates in the commissioning of the interconnection point. The user must thereafter register with NERC before the net billing arrangement can be fully implemented.⁵

This means the Regulations are especially relevant to commercial and industrial users, malls, estates, universities, hospitals, manufacturing facilities, corporate campuses and renewable-energy developers whose systems produce meaningful excess energy. They are also relevant to Distribution Licensees, not necessarily because customer-sited generation creates automatic liability for them, but because they are required to manage the approval, technical feasibility, interconnection, metering, commissioning and monitoring processes in a manner that protects safety, power quality and network reliability.

The regulations also recognise that grid capacity is not unlimited. The Regulations provide that the aggregated excess capacity injected into a Distribution Licensee's 0.4/11/33kV network by prosumers should not exceed 30% of the average load of the relevant network asset.⁶ This means a technically eligible customer may still face approval constraints where the affected distribution network cannot safely absorb additional exported power.

Application, Approval and Commissioning Process

The Regulations contemplate a Distribution Licensee-led application process.⁷ A user seeking to participate must apply to the relevant Distribution Licensee with supporting documents, including proof of occupation, evidence of payment of the application fee, a certified single-line diagram, and specifications of the proposed renewable-energy system.⁸

The Regulations also require each Distribution Licensee to publish its application procedure, eligibility criteria and tariff structure at its offices and on its website. Accordingly, businesses intending to participate should confirm whether the relevant Distribution Licensee has published its DisCo-specific procedure and tariff structure, as these details will shape the practical steps, timelines and cost of participation.

Where the renewable-energy system already exists, the user must provide additional information, including the system specification, commissioning date, prior approvals or permits, available generation history or performance data, and a certified inspection report confirming safety, operational integrity and compliance with applicable technical standards.⁹

Upon receiving a complete application, the Distribution Licensee must evaluate it and issue a technical feasibility report within the timeline prescribed by the Regulations. Upon approval of the application, the user is to execute a Net Billing Agreement with the Distribution Licensee, after which the user applies to NERC for registration. The Regulations also contemplate the payment of connectivity charges, the installation of the renewable-energy system and net meter, NEMSA inspection, and final commissioning by the Distribution Licensee.

Technical, Safety and Metering Requirements

The technical requirements are central to the framework because a prosumer's system will operate in parallel with a distribution network. The Regulations require that the installation, interconnection, maintenance, and operation of Net Billing Systems be carried out by a certified engineer in compliance with the Distribution Code and the Nigerian Electricity Supply and Installation Standards Regulations 2015.¹⁰

The system must operate safely and reliably at a single interconnection point. It must include protection mechanisms against over-voltage, under-voltage and frequency deviations. It must also include automatic and manual isolation devices, anti-islanding protection and synchronisation mechanisms to prevent unsafe backfeeding into the distribution network during outages or restoration of supply.¹¹

Metering is equally important. The prosumer is required to provide a net meter, either as a revenue-grade import/export meter or a dual-register smart meter, installed in conformity with the Metering Code. The meter must separately record energy imported from and exported to the Distribution Licensee. At the same time, the Distribution Licensee is responsible for remote reading, validation, and reconciliation of meter data for commercial settlement.¹²

For businesses, technical compliance is therefore directly linked to commercial value. Poor design, incomplete documentation, defective metering, or inadequate protection devices may delay commissioning, affect credit settlement, or expose the user to disconnection when the system raises safety or reliability concerns.

Planning takeaway. Net billing should not be treated as a simple equipment installation exercise — timelines must account for feasibility review, agreement execution, NERC registration, NEMSA inspection and possible grid upgrades.

Bottom-Line Impact

The Regulations have direct implications for project finance, energy-cost planning and operational risk, particularly for grid-connected businesses that rely on both self-generated renewable energy and supply from a Distribution Licensee. The benefit of net billing arises because exported electricity is credited against the customer's bill for electricity imported from the distribution network. Accordingly, businesses that operate entirely off-grid may not benefit from the arrangement unless they are connected to the distribution network and comply with the approval, metering and interconnection requirements under the Regulations. In this sense, the Regulations may also create a commercial incentive for self-generating customers to remain connected to, or reconnect with, the distribution network where the value of export credits justifies the cost of participation.¹³

However, the financial model must be realistic. Businesses should consider the applicable export tariff, the cost of the net meter, engineering certification, connectivity charges, NEMSA inspection, possible grid upgrades, maintenance obligations and the timing of regulatory approvals. A project that appears commercially attractive at the procurement stage may yield a different outcome once approval, interconnection, and settlement costs are included.

Monitoring, Transfer and Dispute Resolution

The Regulations require Distribution Licensees to maintain an up-to-date, publicly accessible register of prosumers and to submit quarterly reports to the Commission detailing the number of Net Billing Systems, their capacities, and energy flows.¹⁴ This gives NERC visibility over participating Prosumers and helps monitor the effect of exported power on distribution networks.

The Regulations also address transfer. Where a Prosumer is no longer in control or possession of the premises where the Net Billing System is installed, the right to use the Net Billing System and associated credits may be transferred to a new owner or occupier using the transfer form prescribed in Schedule VI of the Regulations.¹⁵ The transfer is subject to the prior approval of the Distribution Licensee, submission of the required certifications, confirmation that there has been no change in system configuration or installed capacity, and written confirmation from the Distribution Licensee. This is important for leased premises, estates, commercial properties and facilities that may be sold, assigned or restructured.

The Regulation anticipates disputes between Prosumers and Distribution Licensees and prescribes that they be resolved first through mutual negotiations within thirty (30) days of the date the dispute arises. If unresolved, the dispute is to be referred to the Commission for final adjudication.¹⁶ Businesses should therefore keep proper records of applications, approvals, feasibility reports, meter readings, exported energy, credits, correspondence and inspection documents.

Records to Keep

Applications · approvals · feasibility reports · meter readings · exported energy · credits · correspondence · inspection documents.

What Businesses Should Do Now

Prospective and participating Prosumers should:

01 **Assess Project Viability**

Confirm capacity eligibility, expected excess generation, consumption patterns, network capacity, applicable export tariffs and likely connection, metering and grid-upgrade costs.

02 **Plan for Regulatory & Technical Approvals**

Engage qualified engineers early, prepare the required technical documentation and incorporate Distribution Licensee, NERC and NEMSA approval timelines into project planning.

03 **Maintain Post-Connection Compliance**

Ensure continued compliance with applicable technical and safety standards, maintain the renewable-energy system and metering infrastructure, and obtain any required approval before material changes are made to the approved system.

04 **Monitor Commercial Performance**

Review monthly bills, exported-energy credits and carried-forward balances against the applicable Net Billing Agreement and retain relevant operational and billing records.

Distribution Licensees should maintain appropriate application and technical-assessment processes, metering and reconciliation systems, Prosumer registers, regulatory reporting procedures and mechanisms for monitoring network capacity and resolving disputes.

Conclusion

NERC's Net Billing Regulations 2026 represent an important step in Nigeria's transition towards a more decentralised and renewable-friendly electricity market. The framework allows eligible electricity customers to move beyond self-generation and recover value from excess renewable energy exported to the distribution network.

For businesses and renewable-energy users, the opportunity is significant but regulated. Net billing requires more than just installing solar panels or small wind equipment. It requires technical feasibility, compliant grid interconnection, accurate metering, regulatory registration, NEMSA inspection, proper documentation and a clear understanding of how credits are calculated and applied.

The practical priority is therefore to treat net billing as both a commercial opportunity and a compliance project. Businesses that prepare early will be better placed to assess project viability, manage approval timelines, reduce regulatory risk and extract value from renewable-energy investments. Distribution Licensees that prepare early will also be better positioned to manage grid reliability, customer expectations and regulatory reporting obligations in a more decentralised electricity market.

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Endnotes

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<https://www.premiumtimesng.com/business/business-news/885027-nerc-to-set-net-billing-regulations-boost-renewable-energy.html> accessed June 19, 2026
2. Net Billing Regulations, definition of "Net Billing Arrangement".
3. Net Billing Regulations, definitions of "Credits" and "Carried-Forward Credit".
4. Net Billing Regulations, Rule 5
5. Mojeed, "NERC to Set Net Billing Regulations" Premium Times (n1)
6. Net Billing Regulations, Rule 6.3.
7. Net Billing Regulations, Rule 7.1.
8. Net Billing Regulations, Rule 7.2.
9. Net Billing Regulations, Rule 7.3.
10. Net Billing Regulations, System Installation: Interconnection and Safety, Rule 17; Nigerian Electricity Supply and Installation Standards Regulations 2015.
11. Net Billing Regulations, Rule 17.
12. Net Billing Regulations, s 9(1)–(4).
13. Net Billing Regulations, ss 3(1)–(2), 4 (definition of "Net Billing Arrangement") and 5.
14. Net Billing Regulations, Rule 25.
15. Net Billing Regulations, s 12(1)–(6) (Transfer and Assignment); Schedule VI
16. Net Billing Regulations, Dispute Resolution, Rule 26.



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