

Consumer Protection in the Electricity Sector of Nigeria: A Legal and Institutional Analysis

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Abstract— The Nigerian Electricity Supply Industry (NESI) has undergone profound transformation since the return to democratic rule in 1999, culminating in the Electricity Act 2023 and the subsequent decentralisation of regulatory authority to state-level electricity regulators. Yet the end-user consumer, the ostensible beneficiary of these reforms, remains structurally vulnerable. This paper provides a systematic legal and institutional analysis of consumer protection in the Nigerian electricity sector. Drawing on doctrinal methodology and a critical review of primary legislation, subsidiary regulations, and regulatory practice, it examines the architecture of consumer rights established by the Electricity Act 2023 and the Nigerian Electricity Regulatory Commission's Customer Protection Regulations 2023. It analyses the tiered dispute resolution framework comprising Distribution Company Customer Complaints Units, NERC Forum Offices, the Commission itself, and the courts, and evaluates the role of the Federal Competition and Consumer Protection Commission as a supplementary enforcement layer. The paper argues that while the formal framework of consumer protection is comparatively robust, its practical efficacy is undermined by three structural deficiencies: the absence of a constitutional right to electricity, the persistence of estimated billing and metering deficits, and the juridical and practical barriers that inhibit access to redress. It further contends that the decentralisation introduced by the Electricity Act 2023 creates a new layer of jurisdictional complexity that may fragment consumer protection rather than strengthen it. The paper concludes by proposing reforms aimed at entrenching consumer protection as a substantive rather than merely procedural guarantee.

Keywords: Consumer protection; Electricity Act 2023; NERC; Dispute resolution; Nigerian electricity sector.

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INTRODUCTION

Electricity is indispensable to modern economic and social life (Ng'wasa, 2025). In Nigeria, however, its provision has historically been characterised by unreliability, opacity in billing, and a chronic disregard for the end-user. The reform trajectory that began with the Electric Power Sector Reform Act 2005, accelerated with the privatisation of generation and distribution assets in 2013, and culminated in the Electricity Act 2023 has been framed in the language of liberalisation, efficiency, and private-sector participation. Yet the question that remains insufficiently interrogated is whether these reforms have translated into meaningful protection for the electricity consumer (Donglong et al., 2026; Idih & Njoku, 2025).

The scale of the consumer protection challenge is considerable. As of the fourth quarter of 2025, approximately 5.2 million of 12.2 million active registered electricity customers in Nigeria were unmetered, representing roughly forty-three per cent of the customer base (Olaniwun Ajayi, 2026). During 2025, electricity consumers lodged a total of 708,677 complaints against distribution companies. Metering issues accounted for 43.18 per cent of complaints in the third quarter, billing for 20.93 per cent, and service interruptions for 8.62 per cent, together representing 72.73 per cent of all complaints in that quarter (Ain, 2026). In April 2025, eight Distribution Companies were collectively fined 628 million naira for non-compliance with NERC's estimated billing caps (NERC, 2025). These figures are not merely statistical abstractions. They represent a systemic failure to deliver the protections that the legal framework ostensibly guarantees (Duba et al., 2025).

This paper asks: to what extent does the Nigerian legal and institutional framework adequately protect electricity consumers, and what structural deficiencies undermine its efficacy? It argues that while the formal architecture of consumer protection established by the Electricity Act 2023 and the Customer Protection Regulations 2023 is comparatively comprehensive, its practical efficacy is compromised by three interrelated deficiencies: the absence of a constitutional right to electricity, which leaves consumer protection dependent on statutory grace rather than entrenched entitlement; the persistence of estimated billing and metering deficits, which generate the majority of consumer grievances; and the juridical and practical barriers that inhibit access to the tiered redress mechanisms. The paper further contends that the decentralisation of regulatory authority to state-level regulators, introduced by the Electricity Act 2023, creates a new layer of jurisdictional complexity that risks fragmenting rather than strengthening consumer protection.

The significance of this inquiry lies in its contribution to three bodies of scholarship. First, it contributes to the growing literature on Nigerian electricity law and regulation, which has examined the technical and economic dimensions of the sector but has paid comparatively less attention to the consumer as a legal subject (Usman et

al., 2014; Duba et al., 2025). Second, it contributes to consumer protection scholarship by examining a sector-specific redress regime in a developing economy, where access to justice is constrained by cost, distance, and informational asymmetry (Amicus Curiae, 2025). Third, it contributes to the broader debate about the justiciability of socio-economic rights in Nigeria, showing how the absence of an enforceable right to electricity shapes the possibilities and limits of consumer protection (Donglong et al., 2026; Oniemola & Wifa, 2024).

The paper proceeds as follows. Section 2 reviews the literature on consumer protection in the Nigerian electricity sector. Section 3 outlines the methodology. Section 4 examines the legal and institutional framework. Section 5 analyses the dispute resolution architecture. Section 6 evaluates the structural deficiencies. Section 7 examines the implications of decentralisation. Section 8 offers a comparative analysis of consumer protection models in South Africa and India. Section 9 concludes and offers recommendations.

LITERATURE REVIEW

The Evolution of Electricity Consumer Protection in Nigeria

The literature on Nigerian electricity regulation has largely tracked the sector's reform trajectory. Early scholarship focused on the privatisation process and its implications for efficiency and investment. More recent work has begun to examine the consumer dimension, though often as a secondary concern. Duba et al. (2025) adopt a doctrinal methodology to assess the legal and institutional framework for electricity governance and consumer protection, finding that most electricity consumers, particularly low-income consumers, are not conscious of their legal rights and the available mechanisms for redress (p. 218). This finding is significant because it suggests that the formal existence of rights is insufficient without corresponding awareness and accessibility.

Idih and Njoku (2025) examine the consumer protection provisions of the Electricity Act 2023, arguing that the Act consolidates existing regulations and establishes a strong legal framework to ensure that the rights and interests of electricity consumers are safeguarded. They highlight key provisions on connection and disconnection procedures, billing transparency, and complaint handling, and evaluate the establishment of consumer advocacy mechanisms, regulatory oversight, and penalties for non-compliance (p. 3). Their analysis is valuable for mapping the formal architecture of consumer protection, but it does not fully interrogate the gap between legal form and practical implementation.

Donglong et al. (2026) appraise the right of electricity consumers under the Electricity Act, arguing that the right to electricity is neither internationally nor domestically recognised. In Nigeria, they contend, the right to electricity is not

constitutionally or statutorily enshrined, and despite successive reforms, consumers continue to suffer setbacks in the protection of their right to affordable, accessible, and efficient electricity supply (p. 2). The authors recommend that the Constitution be amended to provide for electricity rights in Chapter IV alongside other fundamental rights. This argument is compelling, but it raises the question of whether constitutional entrenchment alone would resolve the practical deficiencies that currently undermine consumer protection.

Amicus Curiae (2025) provides a socio-legal analysis of consumer redress options and dispute resolution in the Nigerian electricity market. It examines the tier-structured mechanisms comprising Consumer Complaints Units, Customer Forums, the Commission, courts, and public enforcement. The analysis highlights the gap between legal frameworks and practical implementation but argues that a sector-specific consumer redress framework is the correct approach to provide greater access to justice in a monopolistic market (p. 543). The article advocates a conjunctive rather than alternative approach between industry redress mechanisms and the courts.

The Political Economy of Consumer Protection

A second body of literature examines the political economy of electricity consumer protection. Nwajiugo and Obutte (2026) interrogate NERC's Service-Based Tariff consumer banding framework, introduced in 2020, and its impact on underserved consumers. They contend that while consumer banding was a rational regulatory response to a structurally insolvent electricity sector, the design and implementation of the intervention have reproduced spatial inequalities, rewarded infrastructure-proximate consumers, and transferred the systemic failures of privatisation onto economically disadvantaged electricity consumer households (p. 1). This argument is important because it shows that consumer protection measures can themselves become instruments of inequality when they are designed without adequate attention to distributive justice.

Usman et al. (2014) examine the imperatives of competition law and a competition regulatory authority in the context of electricity sector deregulation and consumer protection. Their work highlights the limitations of a sector-specific regulatory approach and argues for the integration of competition law principles into the consumer protection framework. This perspective is valuable because it draws attention to the structural power imbalances between consumers and service providers, which cannot be resolved through procedural mechanisms alone.

A third strand of literature situates these debates within the broader framework of energy justice. Sovacool and Dworkin (2015) argue that energy systems must be evaluated not only on efficiency and affordability but also on distributive justice, procedural justice, and recognition justice. Applied to Nigeria, this framework

illuminates how the absence of a constitutional right to electricity, the persistence of estimated billing, and the procedural barriers to redress are not merely technical problems but manifestations of a deeper failure to distribute the benefits and burdens of the electricity system fairly (Sovacool & Dworkin, 2015; Okereke et al., 2025).

The Research Gap

Despite the growing body of scholarship on Nigerian electricity regulation, several gaps remain. First, much of the literature predates the Electricity Act 2023 and the Customer Protection Regulations 2023, and therefore does not capture the current legal architecture. Second, the literature has not adequately examined the implications of the decentralisation of regulatory authority to state-level regulators for consumer protection. Third, the relationship between the sector-specific redress regime administered by NERC and the general consumer protection mandate of the Federal Competition and Consumer Protection Commission has received insufficient attention. Fourth, the literature has not systematically compared Nigeria's consumer protection framework with alternative models in other developing economies. This paper addresses these gaps by providing a systematic analysis of the current framework, its structural deficiencies, and the lessons that can be drawn from comparative experience.

METHODOLOGY

This paper adopts a doctrinal legal research methodology, supplemented by a critical policy analysis. Doctrinal methodology involves the systematic analysis of primary legal sources, including legislation, subsidiary regulations, and judicial decisions, as well as secondary sources such as scholarly commentary and regulatory reports. The primary sources examined include the Electricity Act 2023, the Customer Protection Regulations 2023, the Federal Competition and Consumer Protection Commission Act 2018, and the Nigerian Constitution. The paper also draws on NERC regulatory instruments, including the Order on Capping of Estimated Bills (Order No. NERC/197/2020) and the Customer Complaints Handling Standards and Procedures. Secondary sources include peer-reviewed journal articles, legal practitioner commentaries, and regulatory reports from NERC and the FCCPC. The comparative analysis draws on academic literature and regulatory documents from South Africa and India, two jurisdictions that have developed distinctive approaches to consumer protection in the electricity sector.

The methodology is interpretive and critical. It does not merely describe the legal framework but interrogates its underlying assumptions and evaluates its practical efficacy. The paper is limited in scope to the federal regulatory framework and does not purport to provide an exhaustive analysis of state-level electricity laws, though it does examine the implications of decentralisation.

THE LEGAL AND INSTITUTIONAL FRAMEWORK FOR CONSUMER PROTECTION

The Constitutional and Statutory Basis

The Nigerian Constitution does not expressly recognise a right to electricity. Section 17 of the Constitution, which contains the Fundamental Objectives and Directive Principles of State Policy, does not include electricity among the objectives to which the state is committed. This omission is significant because, as Donglong et al. (2026) argue, the absence of a constitutional right to electricity leaves consumer protection dependent on statutory and regulatory instruments that can be amended or repealed at the discretion of the legislature or the regulator. The right to electricity is not internationally recognised either, though access to electricity is increasingly understood as instrumental to the realisation of other rights, including the rights to health, education, and an adequate standard of living (Sovacool & Dworkin, 2015).

The Electricity Act 2023 provides the primary statutory framework for the sector. Section 34(2)(c) empowers the Commission to establish appropriate consumer rights and obligations regarding the provision and use of electricity services in the Nigerian Electricity Supply Industry (NERC, 2024). This provision is the statutory foundation for the Customer Protection Regulations 2023, which consolidate existing consumer protection instruments into a single framework. The Regulations are designed to protect end-use customers, improve access to electricity, and align service standards with international best practices (AELEX, 2026). They set minimum service standards to ensure transparency, fairness, and accountability by distribution licensees (AELEX, 2026).

The Customer Protection Regulations 2023

The Customer Protection Regulations 2023 represent the most comprehensive attempt to articulate consumer rights and obligations in the Nigerian electricity sector. The Regulations apply broadly across the Nigerian Electricity Supply Industry, covering all categories of operators involved in delivering electricity to final consumers, and ensuring that consumer protection standards are uniform across both distribution companies and newer, decentralised electricity providers that serve unserved and underserved areas (AELEX, 2026).

The Regulations establish a range of substantive consumer rights. Customers have the right to accurate billing, with bills required to reflect actual electricity consumption for the billing cycle (Olaniwun Ajayi, 2026). An unmetered customer disputing an estimated bill has the right not to pay the disputed bill and to pay only the last undisputed bill while the dispute is being processed (Olaniwun Ajayi, 2026). The Regulations limit the period for which a distribution company may back-bill a customer: three months where the fault lies with the company, and six months in other

circumstances (Olaniwun Ajayi, 2026). Customers wrongfully disconnected are entitled to compensation in the form of energy credits equivalent to their average daily consumption for each day the wrongful disconnection subsists (Pavestones Legal, 2023).

The Regulations also impose procedural obligations on distribution companies. All companies are mandated to undertake routine meter readings within their areas of operation at least once every three months (Mondaq, 2024). Disconnection for non-payment is only permissible where a bill has been properly served, a minimum of ten days has elapsed from the date of service, and a further minimum of two working days has elapsed after the expiration of the ten-day payment window. Disconnection without notice is only permissible in limited circumstances, including illegal connection or imminent safety risk (Olaniwun Ajayi, 2026).

The Role of the Federal Competition and Consumer Protection Commission

A supplementary layer of consumer protection is provided by the Federal Competition and Consumer Protection Commission, established under the Federal Competition and Consumer Protection Commission Act 2018. The FCCPC works closely with NERC to ensure that consumer rights are protected (AELEX, 2026). In December 2025, the FCCPC sealed the headquarters of Ikeja Electricity Distribution Company for continuous violations of consumer rights and non-compliance with regulatory directives. This action followed a case in which a nineteen-unit residential property was left without electricity for over two and a half years. Prior to the FCCPC's intervention, NERC had issued a binding decision directing Ikeja Electric to unbundle a Maximum Demand account into twenty non-Maximum Demand accounts, to recognise each of the nineteen residential units and one service point as separate customer units, and to provide the required metering and connection (AELEX, 2026).

The FCCPC thus acts as an additional layer of protection with enforcement powers that cut across sectors nationwide. However, an argument can be made that consumers must first exhaust the dispute resolution mechanisms established by NERC before approaching the FCCPC, particularly where the dispute arises directly from electricity regulation and service delivery (AELEX, 2026). This raises questions about the relationship between the two regulatory bodies and the potential for jurisdictional confusion. Oniemola and Wifa (2024) examine the extent to which the Electricity Act 2023 and the FCCPC Act 2018 can be used to enable consumers to determine their choices of energy, arguing that the enabling environment must be reinforced for consumers to exercise meaningful choice (p. 5). Their analysis suggests that the FCCPC's role is not merely supplementary but potentially transformative, if it is empowered to address the structural power imbalances that characterise the electricity market.

THE DISPUTE RESOLUTION ARCHITECTURE

The Tiered Framework

The Nigerian electricity sector has established a tiered dispute resolution framework comprising four levels: the Customer Complaints Unit of the relevant Distribution Company, the NERC Forum Office, the Commission itself, and the courts. This tiered structure is designed to provide accessible, graduated remedies, reserving judicial intervention for cases that cannot be resolved through regulatory channels (Amicus Curiae, 2025).

The first tier is the Customer Complaints Unit of the distribution company. NERC's guidance is explicit that when an electricity customer wants to make a complaint, the first port of call is the CCU of the company responsible for supplying electricity to the area (Olaniwun Ajayi, 2026). The customer files a formal complaint in a traceable manner, whether in writing, by email, by SMS, or by telephone with a reference number issued. The company must acknowledge receipt promptly, and all complaints must be resolved within fifteen days of lodgement. Billing disputes requiring meter reconciliation must be resolved within one billing cycle. Where the company cannot resolve the dispute within fifteen days, it must notify the customer in writing and request an extension of no more than fifteen additional days, bringing the maximum timeline to thirty days (Olaniwun Ajayi, 2026).

The second tier is the NERC Forum Office. The Forum is a quasi-judicial body established by the Commission under its statutory powers to hear appeals from CCU decisions and to adjudicate complaints not satisfactorily resolved at the first tier (Olaniwun Ajayi, 2026). The Forum holds hearings in which both the customer and the company are afforded the opportunity to present their cases, investigates the complaint, considers documentary evidence, and may conduct site visits. The Forum's decision is binding on the parties, subject to appeal (Olaniwun Ajayi, 2026). In the fourth quarter of 2025, NERC's forum offices received a total of 866 new appeals (Olaniwun Ajayi, 2026).

The third tier is an appeal to the Commission itself. A customer dissatisfied with the Forum's decision may file a petition to NERC at its headquarters within ten working days of the decision (NERC, n.d.). The Commission reviews the matter and makes a final determination in line with existing regulations (Punch, 2025). In appropriate cases, NERC may issue binding regulatory determinations or sanctions (Olaniwun Ajayi, 2026).

The fourth tier is recourse to the courts. By virtue of section 51(4) of the Electricity Act, the Federal High Court has jurisdiction over matters relating to NERC and its licensees, including distribution companies (Olaniwun Ajayi, 2026). However, resort to the courts should not be treated as the first port of call for ordinary customer complaints. In *Manufacturers Association of Nigeria v. Nigerian Electricity Regulatory Commission*, the Federal High Court struck out an action challenging the tariff increase

from 66 naira to 225 naira per kilowatt hour for failure to explore the statutory remedies available to electricity consumers before approaching the court (AELEX, 2026).

Procedural and Jurisdictional Barriers

The tiered framework, while conceptually sound, is undermined by procedural and jurisdictional barriers that inhibit access to redress. One significant barrier is the requirement that a complainant consumer must first pay any monetary award made against them at the Forum before appealing to the Commission. Section 52(3) of the Customer Protection Regulations 2023 provides that the complainant consumer must first pay the amount before NERC can have jurisdiction to determine the appeal (*Amicus Curiae*, 2025). This requirement may operate as a practical bar to appeal for low-income consumers who cannot afford to pay the disputed amount. It effectively converts a procedural right into a substantive privilege, accessible only to those with the resources to pay.

A second barrier is the limited availability of Forum Offices. While NERC has established Forum Offices across the country, co-located with distribution company franchise areas, access may still be constrained for consumers in rural or remote areas. The requirement that complaints be filed in writing or through traceable electronic means may also exclude consumers who lack literacy or access to digital communication technologies.

A third barrier is the informational asymmetry between consumers and distribution companies. Many consumers are unaware of their rights or of the existence of the redress mechanisms. Duba et al. (2025) found that most electricity consumers, particularly low-income consumers, are not conscious of their legal rights and the available mechanisms for redress (p. 218). This finding underscores the importance of consumer education and awareness-raising, which NERC has sought to address through town hall meetings and public enlightenment campaigns (NERC, 2024). However, the scale of the awareness deficit suggests that these efforts are insufficient. Energy justice scholarship emphasises that procedural justice requires not only formal access to redress mechanisms but also the substantive capacity to use them (Sovacool & Dworkin, 2015). Where consumers lack the information, resources, or confidence to invoke their rights, procedural justice remains illusory.

STRUCTURAL DEFICIENCIES IN CONSUMER PROTECTION

The Absence of a Constitutional Right to Electricity

The most fundamental deficiency in the Nigerian framework is the absence of a constitutional right to electricity. As Donglong et al. (2026) argue, the right to electricity is neither internationally nor domestically recognised. In Nigeria, it is not enshrined in the Constitution or in the Electricity Act. This absence has significant consequences. It

means that consumer protection is dependent on statutory and regulatory instruments that can be amended or repealed at the discretion of the legislature or the regulator. It also means that consumers cannot invoke a fundamental right to electricity in court, as they can with rights guaranteed under Chapter IV of the Constitution.

The absence of a constitutional right is not merely a symbolic omission. It shapes the entire architecture of consumer protection. Because electricity is not a right, the state's obligation to ensure its provision is not legally enforceable in the same way as, for example, the right to life or the right to fair hearing. The provision of electricity is treated as a matter of policy and regulation rather than as a matter of constitutional entitlement. This has implications for the standard of review that courts apply to regulatory decisions and for the remedies available to consumers whose supply is unlawfully disconnected or whose bills are unlawfully inflated.

The African Charter on Human and Peoples' Rights, domesticated in Nigeria through the African Charter (Ratification and Enforcement) Act, does not expressly recognise a right to electricity either ((Ng'wasa, 2026; Ng'wasa & Kipangula, 2026). However, the African Commission on Human and Peoples' Rights has recognised that the right to health, the right to education, and the right to an adequate standard of living may have implications for access to energy. These connections have not been fully explored in Nigerian jurisprudence. Energy justice scholars argue that access to essential services, including electricity, is a precondition for the realisation of other rights and should be treated as a matter of distributive justice rather than merely regulatory discretion (Sovacool & Dworkin, 2015).

Estimated Billing and the Metering Deficit

The persistence of estimated billing and the metering deficit is the most visible manifestation of consumer protection failure in Nigeria. Estimated billing is the practice of calculating a customer's electricity consumption based on assumptions rather than actual measured usage. NERC has consistently identified this as a systemic problem. In February 2024, the Commission disclosed that distribution companies overbilled approximately 7.1 million unmetered customers by over 10.5 billion naira between January and September 2023 (Olaniwun Ajayi, 2026). In April 2025, eight distribution companies were fined 628.03 million naira for non-compliance with the capping of estimated billing for unmetered customers (NERC, 2025).

The Customer Protection Regulations 2023 require that a customer's bill accurately reflect actual electricity consumption for the billing cycle. Where a customer is unmetered, the Regulations require that estimated bills be aligned with the consumption patterns of similar metered customers on the same feeder (The Electricity Hub, 2025). The Commission has issued an Order on Capping of Estimated Bills (Order No. NERC/197/2020) and subsequent monthly energy caps aimed at aligning estimated

bills for unmetered customers with the measured consumption of metered customers on the same supply feeder (NERC, 2024). However, enforcement has been inconsistent, and the fines imposed on distribution companies, while significant, have not resolved the underlying problem.

The metering deficit is both a cause and a consequence of estimated billing. As of the fourth quarter of 2025, approximately 5.2 million customers were unmetered out of 12.2 million active registered customers (Olaniwun Ajayi, 2026). The Meter Asset Provider programme was introduced to accelerate metering, but its implementation has been uneven. The persistent deficit means that millions of consumers remain subject to estimated billing, with limited ability to verify or challenge the accuracy of their bills. The Regulations provide that an unmetered customer disputing an estimated bill has the right not to pay the disputed bill and to pay only the last undisputed bill while the dispute is being processed (Olaniwun Ajayi, 2026). However, exercising this right requires the consumer to be aware of it and to have the confidence and resources to invoke it.

The Tariff Banding Controversy

The Service-Based Tariff system, introduced in 2020, and the subsequent April 2024 tariff increase, which raised Band A tariffs from 168 to 225 naira per kilowatt-hour, have generated significant consumer backlash and litigation (Olaniwun Ajayi, 2026). The banding system classifies customers according to the number of hours of electricity supply they receive, with Band A customers receiving the highest number of hours and paying the highest tariffs. The rationale is that customers who receive better service should pay more, and that the tariff structure should incentivise distribution companies to improve service delivery.

However, Nwajiugo and Obutte (2026) argue that the design and implementation of the banding framework have reproduced spatial inequalities, rewarded infrastructure-proximate consumers, and transferred the systemic failures of privatisation onto economically disadvantaged households (p. 1). They contend that the banding system constitutes a technically and normatively inferior pricing instrument that aids consumer exploitation when compared to demand-side subsidies anchored on verifiable consumption proxies (p. 23). The banding controversy illustrates a broader tension in consumer protection: measures designed to protect consumers can themselves become instruments of inequality when they are designed without adequate attention to distributive justice. The Regulations provide for compensation where consumers do not receive the electricity services contracted for, but the practical enforcement of this entitlement is uncertain. Energy justice scholarship would evaluate the banding system not only on its procedural fairness but on its distributive outcomes,

asking whether it allocates the benefits and burdens of the electricity system in a way that is fair to the least advantaged (Sovacool & Dworkin, 2015).

DECENTRALISATION AND THE FRAGMENTATION OF CONSUMER PROTECTION

The Transition to State-Level Regulation

The Electricity Act 2023 introduced a decentralised regulatory model, granting states the power to establish and regulate electricity markets within their boundaries. As of May 2026, no fewer than fifteen states had assumed full regulatory authority over their electricity markets, with State Electricity Regulators now serving as the primary regulatory interface for consumers in those jurisdictions (Olaniwun Ajayi, 2026). This transition represents a fundamental shift in the architecture of consumer protection. Consumers in these jurisdictions should no longer direct their complaints to NERC. Instead, they are required to engage directly with their State Electricity Regulator (Gulf Oil and Gas, 2026).

The decentralisation has significant implications for consumer protection. On the one hand, it may bring regulation closer to the consumer, allowing for more responsive and context-sensitive protection. State regulators may be better placed to understand local conditions, address local grievances, and tailor service standards to local needs. On the other hand, decentralisation creates a new layer of jurisdictional complexity. Consumers may be uncertain about which regulator has authority over their complaint, particularly where the dispute involves a distribution company that operates across state boundaries or where the applicable legal framework is unclear. The transition from federal to state regulation also raises questions about the continuity of existing complaints and the recognition of decisions made under the federal framework.

The Lagos State Experience

The Lagos State Electricity Law 2024 provides an instructive case study. Under the Law, the Lagos State Electrification Agency is empowered to issue rules on consumer protection covering clear service delivery standards, including special services for vulnerable consumers. The Law establishes complaint handling and dispute resolution mechanisms, sets procedures for applying for or withdrawing electricity services, and regulates consumer charging, billing, collection, and credit practices to ensure fairness and transparency. It also provides for compensation where consumers do not receive the electricity services contracted for, mandates the establishment of consumer forums, and sets standards for fault repairs and emergency response (AELEX, 2026).

The Lagos State Electricity Law further provides that the Lagos State Electricity Regulatory Commission should work in collaboration with the Lagos State Consumer

Protection Agency to establish dedicated complaint-handling mechanisms for electricity consumers (AELEX, 2026). Since its establishment in 2018, LASCOPA has received over 11,100 complaints and resolved more than 10,400 cases across sectors. Earlier recoveries included over 330 million naira, of which 83 million naira came from Ikeja Electric and 28 million naira from Eko Electricity Distribution Company, addressing billing discrepancies and service-related issues. By 2025, cumulative recoveries rose to over 530 million naira (AELEX, 2026).

The Lagos experience suggests that state-level regulation can provide more accessible and responsive consumer protection. However, it also raises questions about the capacity of state regulators, the consistency of standards across states, and the potential for regulatory arbitrage by distribution companies operating in multiple jurisdictions.

The Risk of Fragmentation

The decentralisation of electricity regulation creates a risk of fragmentation in consumer protection. Different states may adopt different standards, different dispute resolution procedures, and different levels of enforcement. This may lead to unequal levels of protection depending on the state in which a consumer resides. It may also create confusion for consumers who are uncertain about which regulator to approach. The Electricity Act 2023 does not establish a clear framework for resolving jurisdictional disputes between NERC and state regulators, or between different state regulators. This gap may be addressed through inter-regulatory cooperation and harmonisation, but the mechanisms for achieving this are not yet clear.

The risk of fragmentation is particularly acute for consumers in states that have not yet established their own electricity markets. These consumers remain under NERC's regulatory authority, but the transition to state-level regulation may create uncertainty about the applicable framework and the availability of redress. The Electricity Act 2023 provides for a transition period, but the details of how the transition will be managed and how consumer complaints will be handled during the transition remain unclear. Okereke et al. (2025) warn that decentralisation without coordinated capacity-building risks uneven enforcement, divergent tariffs, and fragmented planning, a warning that applies with particular force to consumer protection (p. 18).

COMPARATIVE ANALYSIS: LESSONS FROM SOUTH AFRICA AND INDIA

The limitations of Nigeria's consumer protection framework become clearer when viewed against alternative models in comparable jurisdictions. South Africa and India have both developed tariff structures that embed distributive justice into the pricing system itself, rather than relying solely on procedural redress after harm has occurred.

South Africa: The Inclining Block Tariff and Free Basic Electricity

South Africa's Inclining Block Tariff (IBT) is designed to protect low-income households by charging progressively higher rates for higher levels of consumption. The IBT divides consumers into blocks based on the amount of electricity they use (Ng'wasa & Kipangula, 2026a; Ng'wasa & Kipangula, 2026b). The first block, which typically covers essential consumption, is priced at a lower rate, while subsequent blocks are priced at progressively higher rates. The higher-use blocks include a surplus that is used to cross-subsidise the lower-use blocks, so that low-volume users pay less per unit than high-volume users (National Treasury, 2010, p. 33). The IBT is complemented by Free Basic Electricity (FBE), which provides 50 kWh per household per month to indigent consumers through the Equitable Share Fund (NERSA, 2024, p. 15).

The South African model has strengths and weaknesses. Its strength lies in its distributive logic: it embeds a subsidy for low-income consumers directly into the tariff structure, so that vulnerability is addressed through the price mechanism rather than through a separate complaints and compensation process. Its weakness lies in implementation. Eskom has argued that the IBT as currently structured does not sufficiently target low-income households and places an unsustainable subsidy responsibility on urban customers (NERSA, 2024, p. 28). The FBE is also unevenly implemented: a Reserve Bank study found that only about two million recipients out of a potential ten million received their FBE in 2021 (NERSA, 2024, p. 37). Moreover, the IBT has been subject to political contestation, with the Nelson Mandela Bay Municipality being directed by a High Court order to restore the IBT for qualifying domestic consumers (South African Government News Agency, 2026).

The lesson for Nigeria is that tariff design matters. A consumer protection framework that focuses exclusively on complaint handling and compensation, while leaving the tariff structure untouched, will inevitably fail the most vulnerable consumers. The South African experience shows that embedding distributive justice into the tariff structure is possible, but it requires sustained political commitment, effective targeting mechanisms, and robust regulatory oversight.

India: Lifeline Tariffs and the Problem of Targeting

India's approach to consumer protection in the electricity sector is centred on lifeline tariffs. These are subsidised tariffs for households with low consumption, typically defined as those using less than 50 kWh per month (CEEW, 2024, p. 18). The lifeline tariff provides a basic quantum of electricity at a low price, with higher rates applying to consumption above the lifeline threshold. The design varies across states: in Uttar Pradesh, the lifeline tariff covers 0 to 100 kWh at 3.5 INR per kWh; in Gujarat, it

covers 0 to 30 kWh at 1.5 INR per kWh; in Maharashtra, it covers 0 to 30 kWh at 1.1 INR per kWh (CEEW, 2024, p. 5).

The Indian model has been praised for its potential to make electricity affordable for poor consumers. However, it has also been criticised for its targeting failures. A World Bank study found that 87 per cent of subsidy payments go to above-poverty-line households rather than to the poor, and over half of subsidy payments are directed to the richest two-fifths of households (Trimble et al., 2015, p. 15). The major driver of these outcomes is tariff design: few states have highly concessional below-poverty-line tariffs; in most, all households are eligible for a subsidy on at least a portion of their monthly consumption. Because wealthier households tend to consume more electricity, they capture a disproportionate share of the subsidy (Trimble et al., 2015, p. 19).

The lesson for Nigeria is that tariff design alone is not sufficient. A lifeline tariff can be a powerful tool for protecting vulnerable consumers, but only if it is carefully targeted and if the subsidy is not captured by wealthier households. India's experience suggests that volume-differentiated tariffs, combined with means-tested eligibility criteria, may be more effective than universal lifeline tariffs (Trimble et al., 2015, p. 30).

Implications for Nigeria

The comparative analysis yields three lessons for Nigeria. First, consumer protection must be embedded in the tariff structure, not merely in procedural redress mechanisms. Nigeria's banding system classifies consumers according to the quality of service they receive, not according to their capacity to pay. A low-income household in a Band A area may be charged the highest tariff, even if electricity constitutes a disproportionate share of its expenditure. A more just design would incorporate a lifeline or inclining block element, so that vulnerable consumers are protected through the price mechanism itself.

Second, targeting matters. South Africa's IBT and India's lifeline tariffs both attempt to target subsidies to low-income consumers, but both have experienced targeting failures (Ng'wasa & Kipangula, 2026c). Nigeria can learn from these experiences by designing a tariff structure that combines volume-differentiated rates with means-tested eligibility criteria, and by ensuring that the subsidy is transparently funded and administered.

Third, procedural justice must be complemented by distributive justice. The Nigerian framework focuses heavily on complaint handling and compensation, but it does not address the underlying fairness of the tariff structure. Energy justice scholarship emphasises that a just energy system must distribute benefits and burdens fairly, not merely provide procedures for redress after harm has occurred (Sovacool & Dworkin, 2015). Reforming the tariff structure to incorporate a distributive dimension would be a significant step toward a more just consumer protection framework.

CONCLUSION AND RECOMMENDATIONS

This paper has examined the legal and institutional framework for consumer protection in the Nigerian electricity sector. It has argued that while the formal architecture of consumer protection established by the Electricity Act 2023 and the Customer Protection Regulations 2023 is comparatively comprehensive, its practical efficacy is undermined by three structural deficiencies: the absence of a constitutional right to electricity, the persistence of estimated billing and metering deficits, and the juridical and practical barriers that inhibit access to redress. It has further argued that the decentralisation of regulatory authority to state-level regulators creates a new layer of jurisdictional complexity that risks fragmenting rather than strengthening consumer protection. The comparative analysis of South Africa and India has shown that Nigeria's consumer protection framework lacks a distributive dimension, focusing on procedural redress rather than on the substantive fairness of the tariff structure itself.

These three structural deficiencies are interconnected, and the recommendations proposed here address them in turn. The first deficiency, the absence of a constitutional right to electricity, is addressed by the recommendation that the Constitution be amended to recognise such a right. This would transform consumer protection from a statutory grace into a constitutional entitlement and would provide a firmer foundation for judicial review of regulatory decisions. The second deficiency, the persistence of estimated billing and metering deficits, is addressed by the recommendation that NERC and state regulators intensify efforts to eliminate estimated billing through accelerated metering programmes, stricter enforcement of billing caps, and reform of the Meter Asset Provider programme. The third deficiency, the juridical and practical barriers to redress, is addressed by the recommendation that the requirement to pay disputed amounts before appealing to the Commission be reconsidered, and that Forum Offices be expanded to ensure that all consumers have access to redress regardless of their location or income.

Beyond these three recommendations, the paper makes two further proposals. First, the tariff structure should be redesigned to incorporate a distributive dimension, following the logic of inclining block tariffs or lifeline tariffs, so that vulnerable consumers are protected not only through complaint mechanisms but through the price structure itself. This recommendation draws directly on the comparative analysis of South Africa and India and addresses the distributive justice deficit identified in the paper. Second, the transition to state-level regulation should be managed through a coordinated framework that ensures consistency of standards, clarity of jurisdiction, and continuity of consumer protection across state boundaries.

The protection of electricity consumers in Nigeria is not merely a technical or regulatory question. It is a question of justice. Electricity is a precondition for the

realisation of other rights, including the rights to health, education, and an adequate standard of living. A legal framework that does not recognise this connection, and that does not provide effective remedies for consumers whose rights are violated, falls short of the constitutional promise of social justice. The reforms proposed in this paper are modest, but they are necessary steps toward a more just and effective system of consumer protection in the Nigerian electricity sector.

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