



RURAL ELECTRIFICATION AGENCY

ENERGY • EMPOWERMENT • EFFICIENCY



THE WORLD BANK



# Nigeria Electrification Project

Solar Hybrid Mini Grid Component – Performance Based Grant Programme (PBG)

# COMPONENT 1 – SOLAR HYBRID MINI GRIDS



To support the development of private sector mini grids in unserved areas that have high economic growth potential. The component consists of three subcomponents:

- 1. Performance Based Grants (PBG)**- aims for the development of mini grids on a rolling basis. The communities are identified, verified as suitable for mini grids and sensitized by mini grid developers, and they may also use this window to support development of pre-planned projects in their portfolios. Grants of US\$350/connection are available on a first-come first-served basis, with a minimum total grant request of US\$10,000 per mini grid. Eligible projects are solar hybrid systems in unserved areas.
- 2. Minimum Subsidy Tender (MST)** - aims to electrify pre-selected communities that have high economic growth potential through a competitive tender. The communities to be electrified under the MST are identified, verified as suitable for mini grids and sensitized by the REA/NEP. The grant amount will be determined competitively through the tender

Current Status:

World Bank: ISD Completed, RFP publication Q2 2021

AFDB: ISD publication Q3 2021

- 1. COVID-19 & Beyond** - Aims to provide power supply for equipment (ventilators, cooling systems, etc.) used for testing and treating COVID-19 related cases by providing sustainable and clean energy power to 100 Isolation/treatment centers and 400 Primary Health Centers.

Total funding available for the component is **US\$223 million**



Total of **US\$48million** has been assigned for the PBG programme

Total of **US\$105million** has assigned for the MST to electrify 403 communities

Total of **US\$70 million** assigned for the EPC contracts of the containerized solar hybrid systems



**403**  
MST sites



**405,000**  
Households



**50,000**  
MSMEs



**100** Treatment/Isolation centres

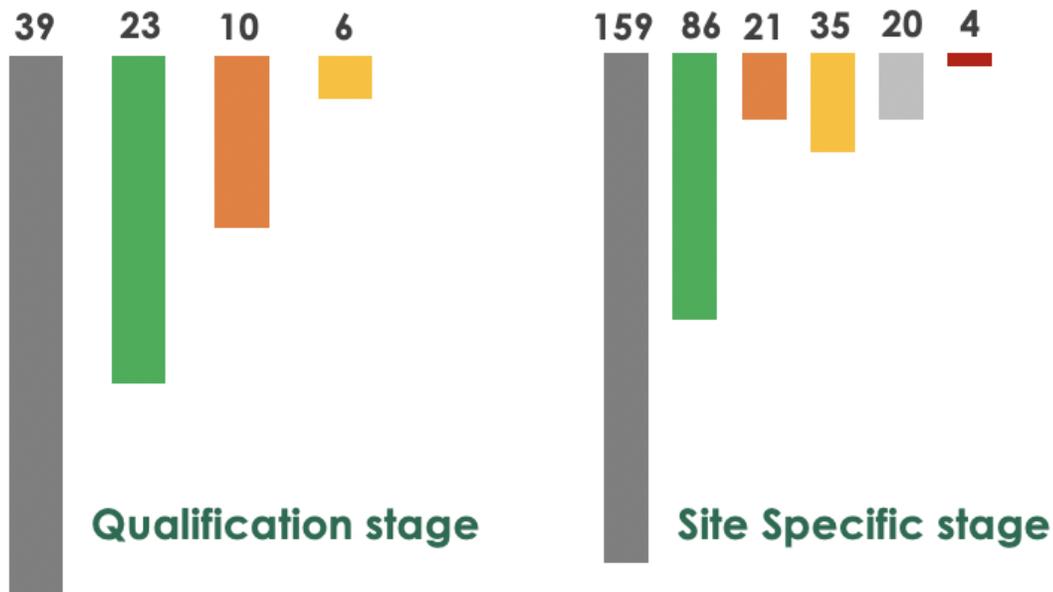


**400**  
PHCs

# NEP COMPONENT 1- SOLAR HYBRID MINI GRIDS

Performance Based Grant – 11<sup>th</sup> March 2021

## Evaluation Progress



- Total developer/sites
- Approved
- Under Active Review
- Awaiting Clarification
- Inactive (>5 months)
- Rejected



**US\$ 238,700**  
Total grant disbursed



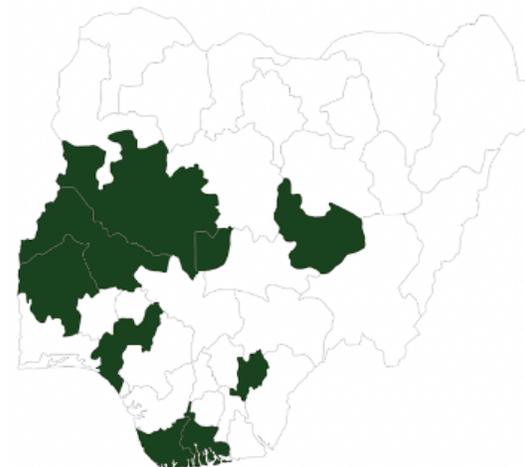
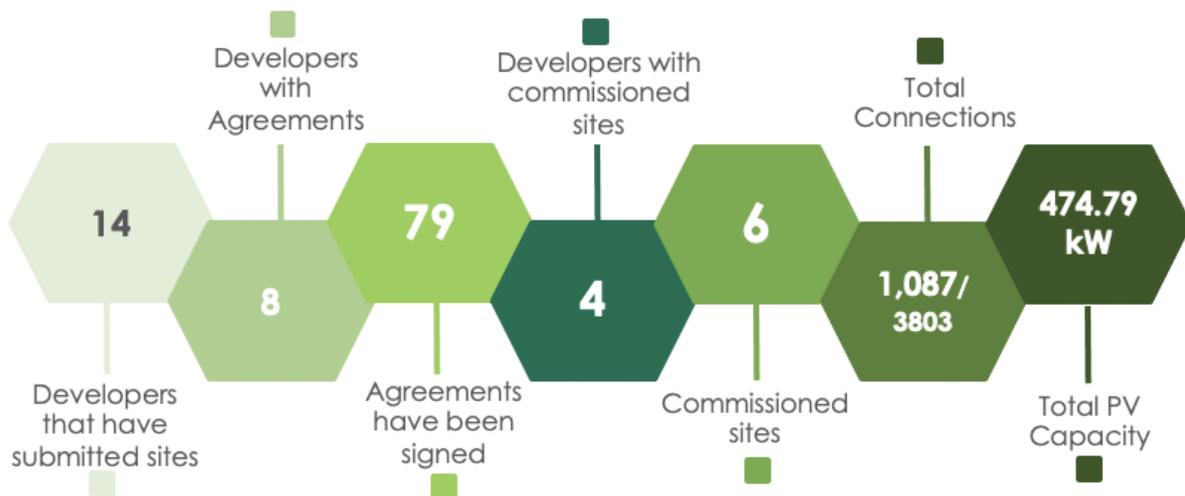
**2**  
Developer beneficiaries (WindGen & Renewvia)



**3**  
Communities (Rokota, Oloibiri and Akipelai)



**682**  
Verified and paid connections



Projects across **9** states

**42,725 connections** in the pipeline (from 79 agreements)

**4,214.81 kW PV capacity** in the pipeline (from 79 agreements)

# PBG APPLICATION PROCESS



## Qualification

- The interested applicants register for the programme through the REA – NEP solar hybrid mini grid website (<http://rea.gov.ng/mini-grid-pbg/>), to receive log in information for the Odyssey platform.
- The applicant is to log onto the platform to access fully detailed information on the programme and application guidelines for all stages. Templates are also provided for the pre-qualification stage.



## Site Specific

- After the applicant has passed all requirements from the qualification stage, they are notified to progress to the site-specific stage with details on the site, generation and distribution designs, and targeted number of connections for each site they intend to electrify.
- Site location and targeted number of connections in 21 months



## Grant Agreement Signing

- Standardized and non-negotiable and are granted per site approved under Site specific stage
- Grant period: **21 months**
- Grant will terminate after **12 months** if the Grantee has not commissioned the mini grid or has not connected any customers
- Grant agreement will contain clauses on enforcement of program requirements (service standards, minimum technical specifications, and E&S requirements), and on reporting requirements



## Verification and Disbursement

- Detailed on last slide

3 Months

# PBG APPLICATION SUBMISSIONS



## Qualification

- **Eligibility:**
  - Signed application Letter (Template on Odyssey);
  - Certificate of Company Registration;
  - Certificate of Tax Clearance;
  - Pension Clearance Certificate;
  - Nigeria Social Insurance Trust Fund Clearance Certificate;
  - Industrial Training Fund Clearance of Compliance;
  - In case of a JV or Consortium, a letter of to form a JV.
- **E&S compliance:**
  - Environmental and Social Management System of Company (Template on Odyssey);
  - Health and Safety Policy of Company.
- **Technical capacity:**
  - Form EXP 3.1 – Evidence of Designing and Constructing at least 1 Mini grid of 10KW (Template on Odyssey);
  - Form EXP 3.2 – Evidence of Operating and Maintaining at least 1 Mini grid of 10KW (Template on Odyssey).
- **Financial capacity:**
  - Fully Audited Financials of past 2 years;
  - Form FIN 2 – Evidence of Ability to raise finance (Template on Odyssey).
- **Business plan:**
  - Three-Year projection of Profit and Loss Statement;
  - Three-Year projection of Cashflow Statement;
  - Three-Year projection of balance sheet;
  - Three-Year projection of business ratios- debt ratio and profit margin ratio.



## Site Specific

- **E&S compliance:**
  - Exclusivity Agreement with Community;
  - Compliance with the ESMF Exclusion Criteria, and site screening requirement (Template on Odyssey);
  - Compliance with requirements for Category I sites as defined in the ESMF (Carrying out EIA and submission to Federal Ministry of Environment; Acknowledged letter of EIA receipt sufficient);
  - Compliance with requirements for Category II sites as defined in the ESMF (Carrying out ESMP and submission to Federal Ministry of Environment; Acknowledged letter of ESMP receipt sufficient);
  - Detailed stakeholder engagement in the form of Minutes of Engagement, Photos and signed Attendance list with phone numbers of attendees);
  - Grievance Redress Mechanism document with a clear structure for collecting and attending to grievances from the community at the developers' level and at what point it is escalated to the REA.
- **Technical capacity:**
  - Detail of required specifications and documents presented in Site Specific Guidelines presented to developer once they qualify from qualification stage

# Grant Disbursement Process



40% after commissioning



60% after 3 months of connections



# Grant Disbursement Requirements



- A cover letter from the grant beneficiary to the NEP HPMU, that should include:
  - The names of Customers
  - Meter number
  - Connection dates
  - Total consumption

Cover letter



- Inspection **Certificate from NEMSA** following physical inspection and testing of the Mini Grid by NEMSA officials (see NEMSA Guidelines for the Inspection of Solar Mini-grids in Nigeria).

NEMSA



- For PV plants **below 100kW**, proof of **registration with NERC**;
- For PV plants **above 100kW**, **NERC permit** (to better secure their mini grids, developers are advised to seek a permit regardless).

NERC



- Category I sites: **ESIA** Certificate;
- Category II sites: **ESMP** Certificate;
- Documented process of land acquisition;
- Where displacement or livelihood has been impacted, a copy of RAP or LRP report, along with a completion and audit report.

E&S



## RURAL ELECTRIFICATION AGENCY

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