

ENERGY, POWER & RENEWABLE RESOURCES PRACTICE GROUP

NERC's New Mini-Grid Rules: A Faster Path to Off-Grid Power Projects

In April 2026, the Nigerian Electricity Regulatory Commission (NERC) issued its Mini-Grid Regulation 2026, arguably the most significant regulatory update Nigeria's decentralised energy sector has seen in years. The new framework is built on the Electricity Act 2023 and is designed to shorten the route from project concept to energisation. For investors, financiers, developers and regulators working in off-grid power, the changes affect how projects are licensed, what they can serve and how risk is allocated.

A Lighter Entry Point for Smaller Systems

The Regulation draws a clear line at 100kW. Systems below that threshold now only need to register with NERC, which removes a layer of approval that previously slowed small projects. Systems above 100kW still require a permit, but NERC is now required to process permit applications within 30 business days. A fixed processing window gives developers something they can plan around and put in a financing timeline. The framework also lifts the earlier 1MW ceiling: isolated mini-grids can now go up to 5MW, and interconnected mini-grids, which are linked to distribution networks, up to 10MW.

Beyond Household Electrification

Mini-grids are no longer limited to powering homes. With greater capacity and interconnection options, projects can now support commercial and productive uses such as cold storage, agro-processing and small-scale manufacturing. Productive-use customers typically consume more power and do so more predictably than households, so this widens the demand base and can make project economics stronger. It also supports the wider goal of giving communities that still lack reliable electricity access to power that can drive local enterprise.

Tariffs and the Arrival of the National Grid

The Regulation sets out a clearer approach to tariff design and, importantly, provides set rules for what happens when the national grid reaches an area already served by a mini-grid. Uncertainty over this point has long been a concern for lenders and equity investors, who had little certainty about what would become of their assets once the grid arrived. A defined framework does not remove that risk, but it allows it to be priced, documented and allocated between the parties from the outset.

Reporting, Environmental and Dispute Provisions

The Regulation also introduces risk-based obligations. Mini-grids below 1MW report annually, while those above 1MW report quarterly, and developers must also submit milestone reports from financial close through to commercial operation. Solar and battery projects up to 10MW generally need environmental screening and an Environmental and Social Management Plan rather than a full Environmental and Social Impact Assessment, although higher-impact technologies and sensitive sites still require a full assessment. Where disputes arise, parties must first attempt negotiation within 30 days, extendable by agreement, before referring the matter to NERC.

What This Means for Investors and Developers

These changes link directly to national programmes aimed at bringing electricity to underserved communities, and they give private capital a more predictable regulatory environment in which to participate. Developers should review their project pipelines against the new registration and permit thresholds, confirm the reporting and environmental obligations that apply to each site, and make sure that project agreements, offtake arrangements and financing documents reflect the Regulation's tariff and grid-arrival provisions. Financiers will want to see these points addressed in due diligence before committing funds.

We support investors, financiers and regulators working on mini-grid projects under the new Regulation, from regulatory registration and permitting to project documentation, financing and dispute resolution.

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