



The New Electricity Tariff and Why It Is The Best Time to Consider Solar Power.

The electricity subsidy in Nigeria was on track to hit N3 trillion in 2024, 12.2% of the total federal budget, almost equivalent to the cumulative subsidy incurred between 2015 - 2023. The federal government recently reintroduced subsidy payments in the power sector to protect Nigerians from soaring inflation due to the removal of fuel subsidies and the collapse of the foreign exchange (FX) market.

In H1,2024, the Nigerian Electricity Regulatory Commission (NERC) announced at a press briefing a tariff increase to relieve the burden of paying N240 billion per month (projected) following a two-year tariff freeze. The Nigerian Electricity Regulatory Commission (NERC) reported that the 235%* tariff increase would affect Band 'A' customers who consistently enjoyed 20 hours daily, meaning an increase from N68 to N206 per kilowatt-hour (kWh).

The recent hike in electricity tariffs is bound to have a negative impact on households and businesses alike. However, this hike increases the need for Nigerians to explore alternative energy solutions, with solar power being the most promising one. In addition to being a renewable and eco-friendly source of energy, solar power offers multiple benefits such as:

“ ... this hike increases the need for Nigerians to explore alternative energy solutions, with solar power being the most promising.”

* - source: [Nigerian Electricity Regulatory Commission \(NERC\)](#)

The Benefits

1

More affordable energy source and long-term savings

Solar power represents a cost-effective and sustainable energy source for many; solar panels' minimal maintenance requirements and long lifespan provide long-term savings.

2

A more sustainable means and reduced carbon footprint

By utilising solar power, individuals and organisations can contribute to global efforts to reduce carbon footprints and combat climate change, thus ensuring a more sustainable energy future.

3

Steady and reliable power supply

Solar power can reduce dependence/reliance on the grid, providing a more secure and stable energy supply when stored appropriately in batteries. The ability to generate electricity through solar power also reduces peak demand on the electrical grid.

4

Energy diversification

Diversifying energy sources and incorporating solar power into energy requirements can promote energy independence and flexibility.

Nigeria's recent rise in electricity tariffs has created an opportunity for individuals and businesses to consider alternative energy solutions such as solar power. Solar power's long-term benefits, sustainability, and reliability make it a promising investment. By shifting towards solar power, Nigerians can also contribute to a more sustainable energy future and reduce their carbon footprint.

For more information about Starsight Energy and our commitment to sustainable energy solutions, please visit our website at www.starsightenergy.com or info@starsightenergy.com.

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About Us

Starsight Energy is a prominent energy-as-a-service and cooling solutions provider in Africa, with a significant presence in Nigeria, Ghana, and Kenya. Our primary objective is to offer complete solar solutions at no upfront cost, enabling our clients to drastically reduce their annual energy expenses, enhance energy efficiency, and reduce their carbon footprint.

We take pride in our meticulous, data-driven site evaluation process, which enables us to create customised solutions that cater to the unique requirements of each business. Our wide range of services ensures that we cater to diverse client needs.

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The New Electricity Tariff and Why It's The Best Time to Invest in Solar Power.

The electricity subsidy in Nigeria is projected to hit over N2 trillion in 2024, averaging N240 billion per month, compared to N645 billion in 2023, N144 billion in 2022 and N251 billion in 2021. The federal government recently reintroduced subsidy payments in the power sector to protect Nigerians from soaring inflation due to the removal of fuel subsidies and the collapse of the foreign exchange (FX) market.

On 3rd April 2024, the federal government announced at a press briefing a tariff increase to relieve the burden of paying N240 billion per month (projected) following a two-year tariff freeze. The Nigerian Electricity Regulatory Commission (NERC) reported that the 230.8% tariff increase would affect Band 'A' customers who consistently enjoyed 20 hours daily, meaning an increase from N68 to N225 per kilowatt-hour (kWh).

During the press briefing, the Nigerian Electricity Regulatory Commission (NERC) Vice Chairman Musiliu Oseni stated that the majority of feeders that did not meet the 20-hour supply threshold before now would be downgraded to lower bands to protect consumers and that only 15% of consumers fall into Band A.

Nigeria's recent rise in electricity tariffs has created an opportunity for individuals and businesses to consider alternative energy solutions such as solar power. Solar power's long-term benefits, sustainability, and reliability make it a promising investment. By shifting towards solar power, Nigerians can also contribute to a more sustainable energy future and reduce their carbon footprint.