INTRODUCTION

Nigeria has one of the world's largest electricity access deficits, with more than 90 million people lacking reliable access to electricity. As mini-grids evolve from small community projects into larger commercial and industrial energy solutions, the regulatory framework must provide sufficient certainty for developers, investors, financiers, Distribution Companies ("DisCos") and regulators.

On 10 April 2026, the Nigerian Electricity Regulatory Commission ("NERC") issued the Mini-Grid Regulations 2026 (the "2026 Regulations") pursuant to section 226 of the Electricity Act 2023. The 2026 Regulations replace the Mini-Grid Regulations 2023 (the "2023 Regulations") and introduce changes aimed at improving the scalability, bankability and regulatory certainty of mini-grid projects.

Importantly, the 2026 Regulations do not merely introduce new requirements; they refine and expand several protections already established under the 2023 Regulations, while introducing new mechanisms designed to support larger and more scalable projects.

The key question for market participants is therefore: what has changed from the 2023 framework, and what should stakeholders now do differently?

AT A GLANCE: 2023 VS. 2026:

Issue	*2023 Framework*	*2026 Framework*	*What It Means*
Capacity	1 MW threshold for isolated mini-grids	Up to 5 MW for isolated and 10 MW for interconnected mini-grids	Larger commercial and industrial projects can now be developed within the framework
Portfolio development	No equivalent consolidated application mechanism	Single portfolio applications permitted for multiple qualifying sites	Developers can build project pipelines with less repetitive regulatory processing
DisCo objections	DisCo had 15 business days to respond	Objections must be supported by specified	Greater certainty for developers

		information and are subject to time limits	
Project modifications	No comparable express mechanism	Material modifications can be approved using existing information, with incremental information where necessary	Projects can evolve without unnecessarily restarting the regulatory process
Network information	Limited standardised access to network capacity information	DisCos must publish Hosting Capacity Information ("HCI") and relevant network information	Better-informed site selection and interconnection planning
Dispute resolution	General reference to applicable dispute mechanisms	30-day negotiation period followed by regulatory adjudication if unresolved	Greater certainty when disputes arise
Grid arrival	Notice and compensation framework	More detailed valuation, transition and compensation mechanisms	Grid-arrival risk is more readily capable of being modelled
Environmental compliance	General environmental requirements	More risk-based requirements for qualifying projects	Potentially lower compliance burden for lower-impact projects
Federal/State regulation	Less clarity following decentralisation	Greater coordination between NERC and State Electricity Regulatory Commissions ("SERCs")	Developers can better determine the applicable regulatory pathway

WHAT HAS CHANGED IN PRACTICE?

1. Larger Projects Are Now Possible

The most significant commercial change is the increase in capacity thresholds. The 2026 Regulations permit isolated mini-grids of up to 5 MW per site and interconnected mini-grids of up to 10 MW per site.[1] This creates greater scope for projects serving agro-processing clusters, healthcare facilities, commercial estates and light industrial users.For developers, projects previously constrained by the 1 MW threshold should be reassessed for scale and commercial viability. For investors and financiers, larger projects may be better positioned to absorb development, transaction and financing costs and support more sophisticated financing structures.

[1] Section 4(1) of the Mini-Grid Regulations 2026.

2. DisCo Objections Are Now More Structured

The 2023 Regulations already required DisCos to respond to a mini-grid application within 15 business days. The 2026 Regulations retain this timeframe but impose greater discipline on the objection process.

A DisCo objection must now be supported by specified information, including the relevant project area, an approved expansion plan, financing milestones and commencement and energisation timelines.[2] An objection also lapses where construction has not commenced within 12 months or energisation has not occurred within 24 months, subject to applicable extensions.[3]

For developers, a DisCo objection should no longer be treated simply as a veto. Developers should examine the evidence supporting the objection, the relevant expansion plan and the applicable implementation timelines. For DisCos, network expansion plans relied upon to object to mini-grid projects must be sufficiently developed and capable of being demonstrated within the prescribed framework.

3. Network Data Becomes More Important

The 2026 Regulations require DisCos to publish feeder-level Hosting Capacity Information, updated annually and following material network changes.[4] This gives developers greater visibility into whether a proposed location can accommodate an interconnected mini-grid and should improve early-stage project screening.

For developers, HCI should become part of initial site-selection and technical due diligence, rather than something considered after the project has already been substantially developed. For financiers, access to network information provides an additional basis for assessing interconnection and regulatory risk.

4. Grid Arrival Is More Capable of Being Modelled

Grid arrival remains one of the key risks for isolated mini-grid projects. The 2023 Regulations already provided for notice and compensation where a DisCo extends its network to an isolated mini-grid.

The 2026 Regulations build on this by providing a more detailed framework for transition, asset valuation and compensation through the Compensable Transfer Value mechanism under the 2026 Regulations.[5]

For developers and financiers, grid arrival should be expressly considered in project financial models, financing documents and project contracts. The relevant question is no longer simply *"what happens if the grid arrives?"* but *"which transition option applies, what assets are affected and how will compensation be calculated?"*

[2] Section 7(1)(b) of the Mini-Grid Regulations 2026.
[3] Section 7(5) of the Mini-Grid Regulations 2026.
[4] Section 9(3) of the Mini-Grid Regulations 2026.
[5] Section 21(5) and Schedule 13 of the Mini-Grid Regulations 2026.

5. Environmental Requirements Are More Proportionate

The 2026 Regulations adopt a more risk-based approach to environmental compliance. Qualifying solar PV and battery-supported mini-grids of up to 10 MW may follow a simplified environmental screening and Environmental and Social Management Plan ("ESMP") pathway, while higher-impact technologies and environmentally sensitive projects remain subject to more extensive requirements.[6]

For developers, environmental requirements should be determined at the early design stage based on the project's technology, capacity and location. For financiers, environmental compliance should be assessed as part of project due diligence and conditions precedent to financing.

6. Milestone Reporting Is Now More Structured

The 2026 Regulations introduce a more structured milestone-reporting requirement for mini-grid developers. In addition to periodic reporting, developers are required to report key project milestones, including financial close or committed financing, procurement of principal equipment, site works, construction completion, commissioning, energisation and commencement of commercial operations.[7]

7. Federal–State Regulatory Coordination Matters More

The Electricity Act 2023 decentralised aspects of electricity regulation by enabling states to assume regulatory responsibility for intrastate electricity activities.The 2026 Regulations provide greater clarity on the relationship between NERC and SERCs and seek to minimise duplicative regulatory requirements.

For developers, the applicable regulator should be identified at the outset, particularly for projects located within states that have assumed regulatory oversight. For multi-state developers, this assessment should be undertaken separately for each project.

8. Portfolio Applications and Project Modifications

The 2026 Regulations introduce greater flexibility for developers pursuing multiple projects or modifying an approved project. A developer may submit a single portfolio application covering multiple mini-grid sites within the same jurisdiction and, for interconnected mini-grids, under the same distribution licensee[8]. The Commission may issue a unified decision, while site-specific information remains applicable.

The Regulations also provide a more flexible process for material project modifications, including capacity increases, technology changes and design modifications. Where information previously submitted remains valid, the Commission may rely on that information and require only incremental information necessary to assess the proposed change.

[6] Section 19(2)–(3) of the Mini-Grid Regulations 2026.
[7] Regulation 22(5), NERC Mini-Grid Regulations 2026.
[8] Regulation 11, NERC Mini-Grid Regulations 2026

For developers and investors, this is particularly significant for portfolio strategies: the regulatory framework is no longer designed solely around individual mini-grid sites, but can accommodate repeatable project development at scale.

9. Dispute Resolution

The 2026 Regulations also provide a clearer dispute-resolution pathway. Parties are required to attempt negotiation within 30 days, extendable by agreement, before an unresolved dispute may be referred to the regulator for adjudication[9]. This provides greater procedural certainty than the more general mechanism under the 2023 Regulations

WHAT SHOULD STAKEHOLDERS DO NOW?

Developers

- Reassess projects previously constrained by the 1 MW threshold.
- Conduct HCI and DisCo network-expansion due diligence at the site-selection stage.
- Identify the applicable NERC/SERC regulatory pathway early.
- Review any DisCo objection against the new evidential and time-bound requirements.
- Consider whether multiple projects can be structured as a portfolio application.
- Build regulatory milestone reporting into the project implementation timetable.
- Where a project changes after approval, assess whether the change requires regulatory approval and what incremental information is required
- Build grid-arrival and compensation scenarios into financial models.
- Confirm environmental requirements before committing significant development expenditure.

Investors and Financiers

- Update regulatory due diligence checklists to reflect the 2026 framework.
- Reassess the bankability of larger mini-grid projects.
- Assess whether portfolio structuring can reduce regulatory and transaction costs across multiple sites.
- Ensure financing documentation and reporting covenants accommodate regulatory milestone requirements.
- Review HCI, DisCo expansion plans and interconnection arrangements.
- Test grid-arrival assumptions and compensation mechanics.
- Confirm that project documentation adequately protects the project's regulatory and compensation rights.

DisCos

- Maintain and publish accurate HCI and network information.
- Ensure objections are properly documented and supported.
- Maintain evidence of approved and funded expansion plans.
- Track the applicable construction and energisation timelines.

[9] Regulation 25, NERC Mini-Grid Regulations 2026.

REGULATORS

The effectiveness of the 2026 Regulations will depend significantly on consistent implementation. NERC and SERCs will need to maintain clear coordination to minimise duplicative approvals, inconsistent requirements and jurisdictional uncertainty.

CONCLUSION

The Mini-Grid Regulations 2026 represent an important development in Nigeria's decentralised electricity market. While the 2023 Regulations established the basic regulatory framework, the 2026 Regulations seek to make that framework more suitable for a market moving towards larger projects, greater private investment and more sophisticated financing structures.

For stakeholders, the practical message is clear: the new framework requires a different approach to project development and due diligence. Developers should reassess project scale and site viability; financiers should revisit regulatory and grid-arrival risks; DisCos must provide more transparent and accountable network information; and regulators must ensure effective federal–state coordination.

The success of the 2026 Regulations will ultimately depend not only on the quality of the rules, but on how consistently they are implemented. If effectively applied, the framework could help move mini-grids beyond small-scale rural electrification towards a more significant role in Nigeria's commercial and industrial electricity market.

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