



**“LIGHT Years Ahead” ...  
Focus: Power Sector Development-  
An Investor’s Perspective**

*Bringing energy to life.*

- Who We Are...
- ↓
- State of Play
- ↓
- Roadmap for Reform
- ↓
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Sahara Group was founded in 1996, with initial operational competency focused on trading;

Our growth has led to the diversification into strategically fitting business activities spanning the entire energy value chain, including:



Our Vision: "To be the provider of choice, wherever energy is consumed."

**SAHARA GROUP**

**UPSTREAM**

Sahara Energy Fields Limited



Nigeria

Ghana

Sao Tome & Principe

**MIDSTREAM**

Eco Aviation

Sahara Trade

Sahara Bulk Storage

Petroleum Warehouse and Supplies Ltd

Nigeria

Switzerland

Ghana

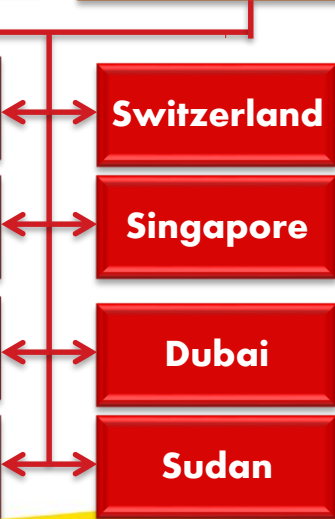
Singapore

Cote D'Ivoire

Dubai

Tanzania

Sudan



**DOWNSTREAM**

NEDC

So Energy

NG Power

So Aviation

KERL

Sahara Gas

Nigeria

India

Ghana

Switzerland

Cote D'Ivoire

USA



**SAHARA POWER GROUP**

**SAHARA POWER  
COMPANIES**

**NG Power**

- Joint Partnership with Hankuk on Omoku, Trans-Amadi plants in River State

**KERL (KEPCO + ERL)**

- Joint Partnership with Korea Electrical Power Company

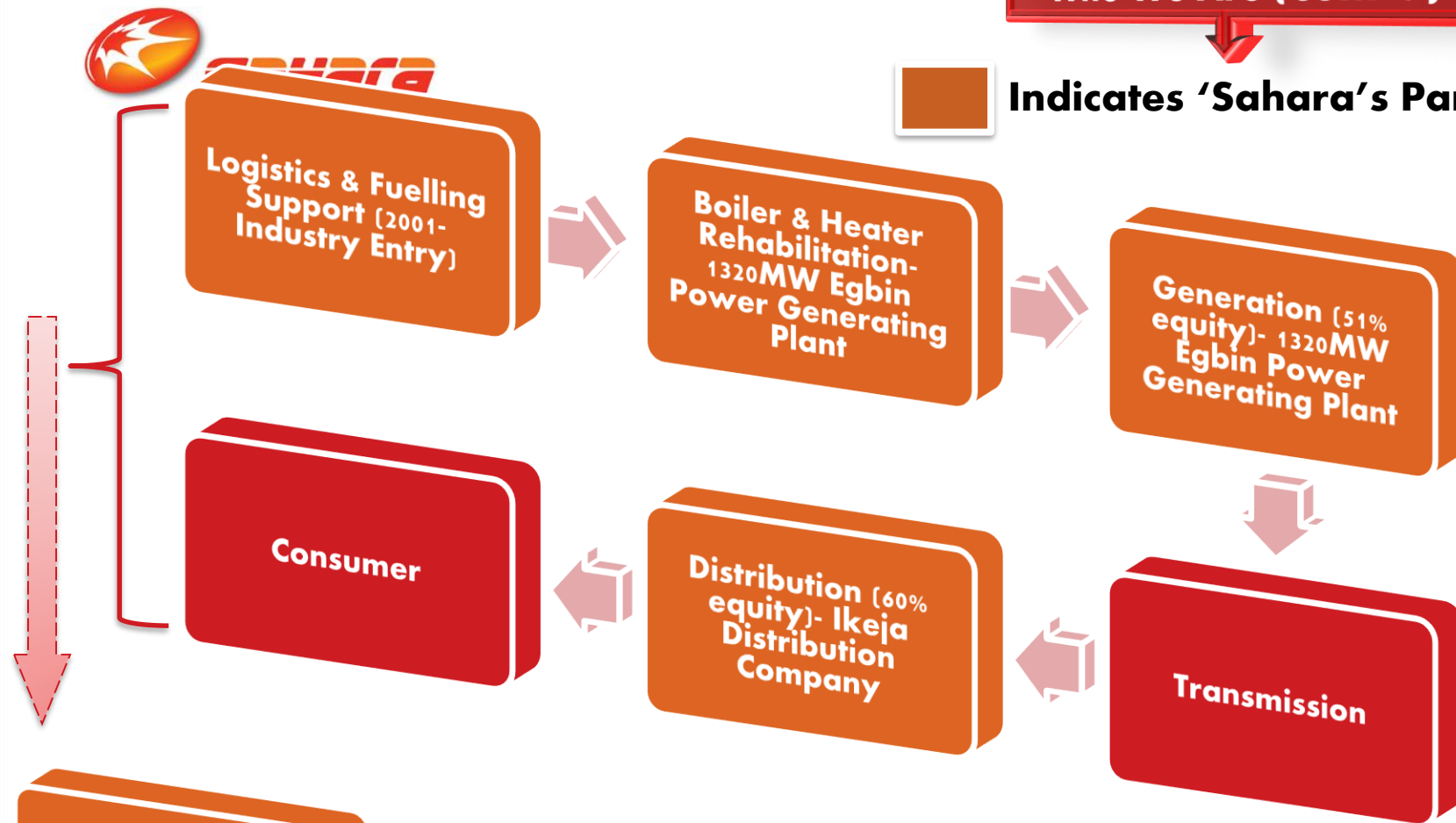
**NEDC**

- Consortium for the acquisition of electricity assets such as the Ikeja Electricity Distribution Company

**SAHARA POWER GROUP**

## Who We Are (Cont'd)

Indicates 'Sahara's Participation'



**Mergers and Acquisitions  
for further development  
leading up to the proposed  
WAPP & APP**

**Dominant Constraint: Lack of an Enabling Commercial Framework**

**Centralised Power Structure**

- System peculiarities susceptible to abuse
- Facilities with need for change
- High technical & commercial losses
- Allegations of arbitrary billing by users of analogue meters
- Reduced commercial orientation

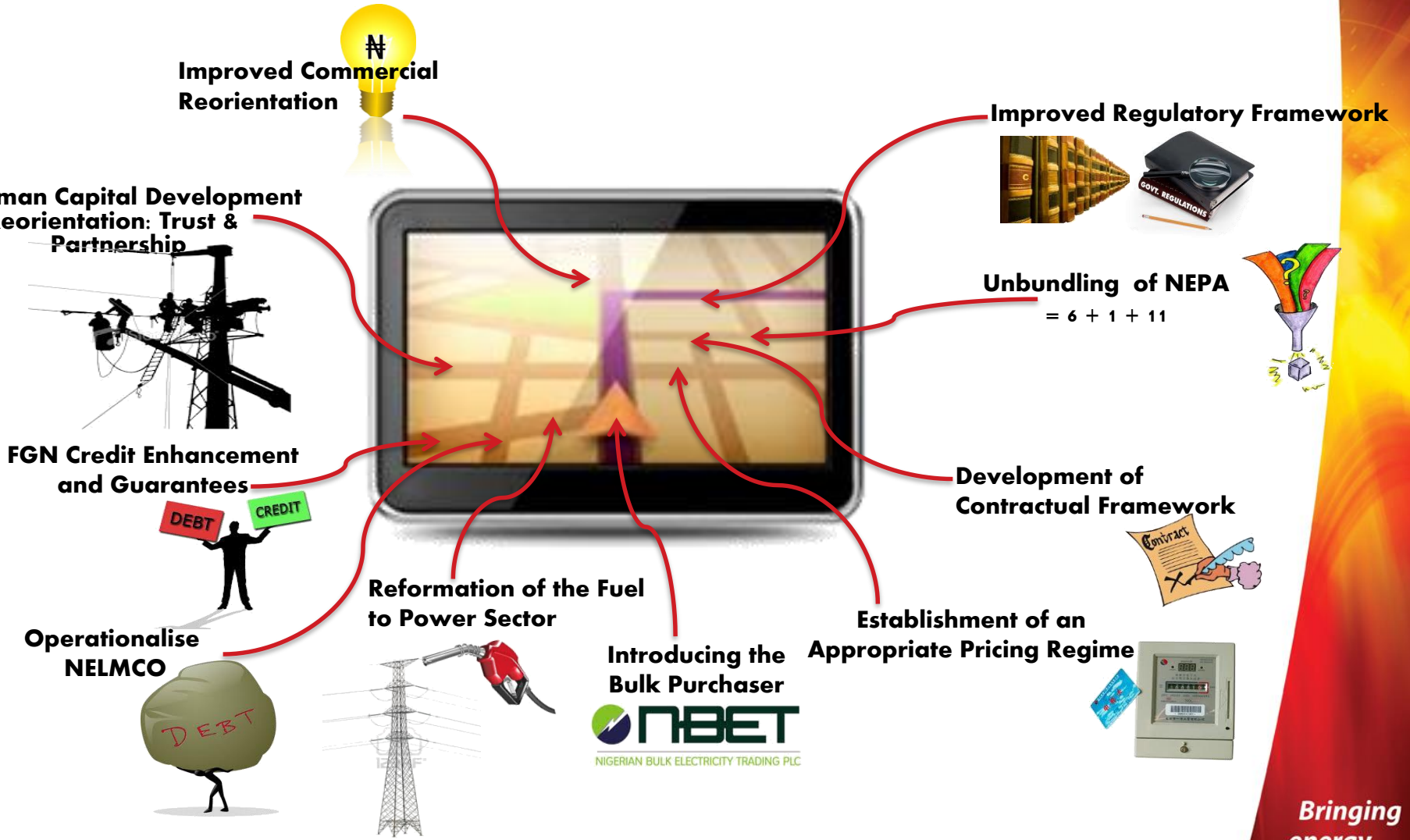
**Demand/Supply Mismatch**

- Approx. 36% of national population have access to electricity
- Peak generating Capacity of 4,300MW (Approx.) for a population of 150m
- Unannounced load shedding, prolonged and intermittent outages
- Inadequate evacuation capacity

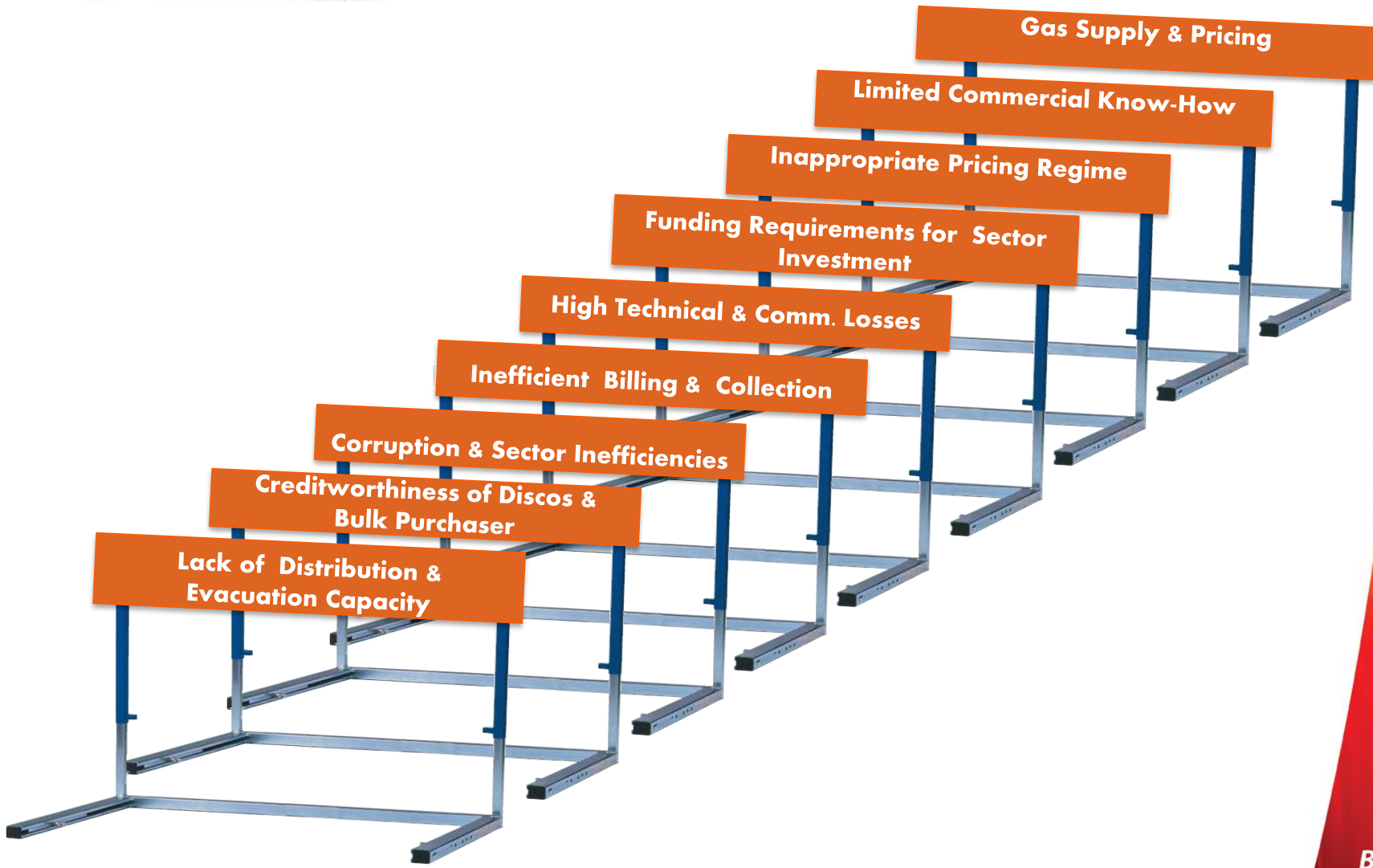
**Self Generation**

- N17.9bn (Approx.) spent annually on generators
- The alternative power market is worth an estimated \$10bn p/a.
- Self generation cost constitutes 60% of production costs for manufacturers
- Self generation costs 5 – 10 times more than PHCN generated power
- Lack of profitability of SME sector due to high self generation costs

*Bringing energy to life.*









### In the Beginning...

- Daily supply of fuel to PHCN



### Acquisition of 51% equity stake in Egbin power plant

- Partnership with Kepco



### O & M activities in Rivers State

- Technical partner selection difficulties
- Security matters



### Fuel supply arrangements

- Lack of gas supply infrastructure
- Gas Pricing



### Acquisition of 60% equity stake in Ikeja DisCo

- What exactly are we acquiring (DD issues)?
- The challenge of human capital & labour unions



### Pricing regime & Liquidity

- Cost reflective pricing
- Revenue collection

**Q: WHAT ARE THE MAIN DECISION PARAMETERS FOR INVESTMENTS IN POWER SECTOR?**



**Creating an efficient, reliable and cost-effective system of generation, transmission, distribution and marketing**

**2013**

**2014**  
Encouragement of a competitive market to meet growing demand through the full privatization of the electricity market

**2015/16**

To provide a new regulatory & competitive environment that reflects account new technological developments and the international trends in the power sector

**2017**

Projection of 2-digit growth in GDP when domestic demand is fully met.

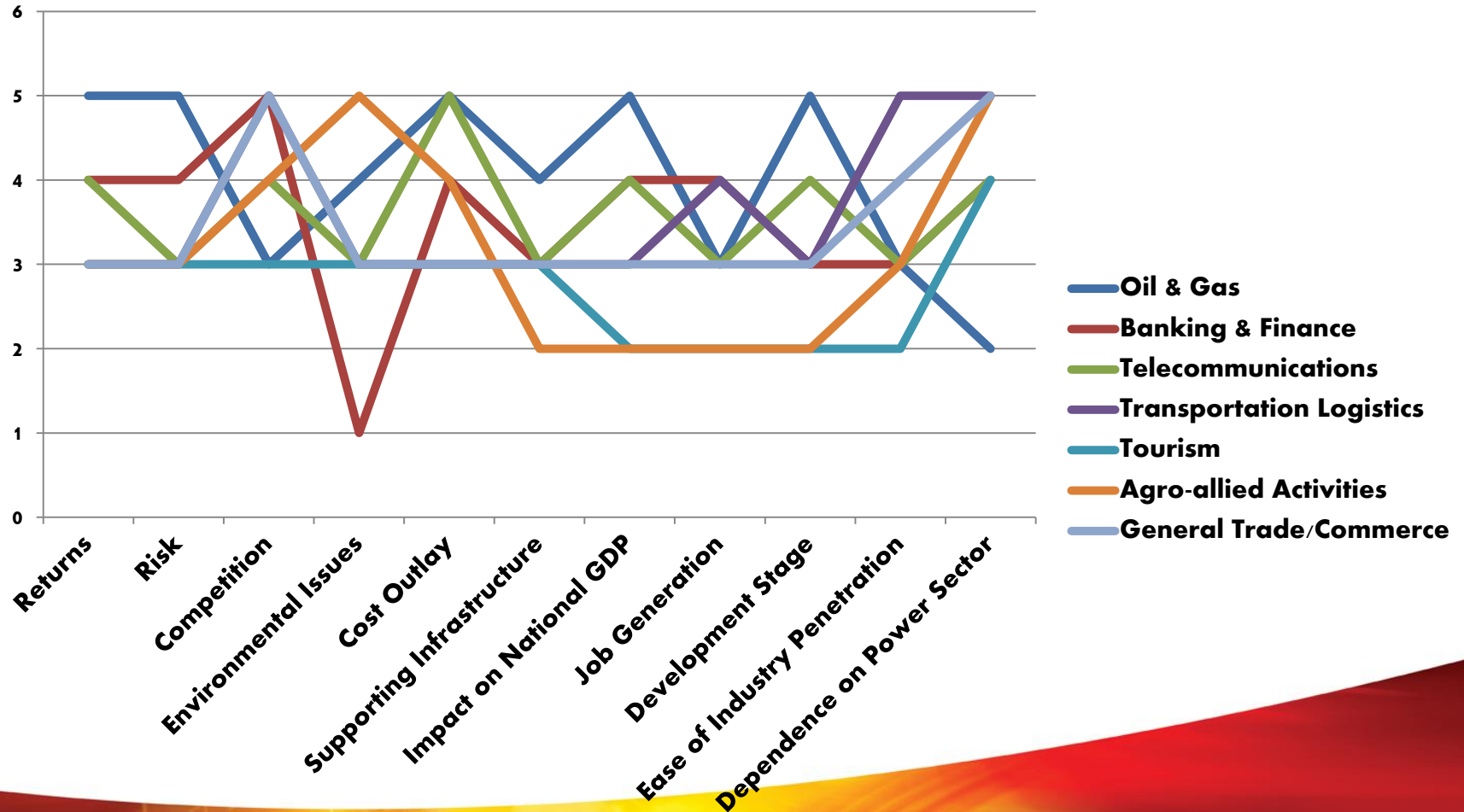
**2018**

Placing Nigeria in a leading capacity for the development of the proposed West African Power Pool (WAPP) & African Power Pool (APP).

**Sectoral Comparison Matrix- Nigeria**

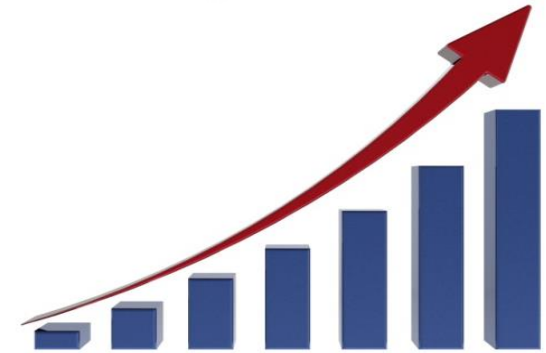
Sector	Parameter	Returns	Risk	Competition	Environmental Issues	Cost Outlay	Supporting Infrastructure	Impact on National GDP	Job Generation	Development Stage	Ease of Industry Penetration	Dependence on Power Sector		
Oil & Gas		5	5	3	4	5	4	5	3	5	3	2		
Banking & Finance		4	4	5	1	4	3	4	4	3	3	4		
Telecommunications		4	3	4	3	5	3	4	3	4	3	4		
Transportation Logistics		3	3	5	3	3	3	3	4	3	5	5		
Tourism		3	3	3	3	3	3	2	2	2	2	4		
Agro-allied Activities		3	3	4	5	4	2	2	2	2	3	5		
General Trade/Commerce		3	3	5	3	3	3	3	3	3	4	5		
											<b>Average Level of Cross-Sectoral Dependence on Power Sector =</b>			
											<b>4</b>			
<b>Ranking:</b>														
<b>5- High</b>		<b>4- Present</b>		<b>3- Fair</b>		<b>2- Borderline</b>		<b>1- Negligible</b>					<b>Note: An average Dependence level of '4' = Present, indicating a huge potential for power sector growth and impact on national development</b>	

**Trend Pictorial**





## Power Sector- The Appeal



**Scenario 1:** Less than optimal capacity for growth in the power sector...

**Effects:**

- Poor support for other sectors' electricity requirement
- Increased cost of living as financial provision is being made in the household sector for power supply at homes
- Increased cost of business, thus discouraging/reducing business profits
- Discouragement of foreign capital & investors
- Reduced impact on growth in national GDP thus, reduced rate of economic development as a nation.

**Scenario 2:** Optimal capacity being utilized for growth in the power sector...

**Effects:**

- Increased support for other sectors' electricity requirement
- Decreased cost of living as financial provision is being made in the household sector for power supply at homes
- Decreased cost of business, thus discouraging/reducing business profits
- Encouragement of foreign capital & investors
- Increased impact on growth in national GDP thus, increased rate of economic development as a nation.

**“To become the leading integrated fully Certified Power Company in Africa & the Middle East, whilst emerging as the foremost producer and supplier of energy.”**



