

Makurdi Hydropower Will Address Nigeria's Power Challenge- Minister

/ News, Press Release / By Florence Eneche

The Minister of Power Engr. Abubakar Aliyu has revealed that the 1,650mw Makurdi Hydro Power Plant (MHPP) when completed would not only address the energy shortfall in the country, but also mitigate flooding.

Speaking at the inauguration of the Project Steering Committee (PSC) for the concession of the Power Plant in Abuja on Monday, December 12, 2022, the Minister assured that the Federal Government was committed to addressing the power challenge in the country even as he said the present administration had embarked on various projects to address the energy crisis in the country.

Also speaking, Minister of Water Resources, Engr. Suleiman Hussein Adamu urged all the players in the power sector to work in synergy to achieve stable power supply in the country.

Earlier, Director General of the Bureau of Public Enterprises (BPE), Mr. Alex A. Okoh observed the severe shortages the country has suffered in electricity supply in the last three decades, noting that with an estimated population of over 200 million people, peak power production in 2022 hovered around 3,000 – 4,500 MW.

The Director General said “these shortages have had an extremely negative impact on the economy’s ability to grow and the people’s quality of life, hence the obvious need for serious interventions to remedy the situation”.

He noted that successive governments in Nigeria had in the past embarked upon projects and programmes to address the challenges, including the privatisation and sector reform programme, aimed at encouraging private investment and participation in the power sector, to augment government’s efforts and interventions in an environment of severe fiscal [budgetary] constraints.

According to him, the Nigerian Electricity Regulatory Commission [NERC] has projected an increase in electricity generation capacity to 25,000MW by the year 2025 with an

estimated peak demand of 32,000MW.

“When suppressed demand is factored in, demand is expected to grow to over 60,000MW by the year 2030 if Nigeria is to meet its economic growth aspirations. This projected supply deficit presents an opportunity for Private Finance Initiatives (PFI) in the Nigerian Electricity Supply Industry (NESI”, he added.

On the Makurdi Hydro Power Plant (MHPP), the Director General recalled that in 2009, Interaf Power Development Company Ltd (IPDC), the promoter of the plant, approached the Federal Ministry of Power and the Federal Ministry of Water Resources, respectively, with the aim of exploring possibilities and modalities of developing the Makurdi Hydroelectric Project.

“Consequently, Messrs Makurdi Hydropower Project Company Limited (a Joint Venture of Interaf Power Development Company Limited (IPDC) and Sinohydro Corporation Limited) produced an Outline Business Case (OBC) for the development of the Makurdi Hydro Power Dam, and the associated power evacuation facilities on a Public Private Partnership basis”, he stated.

Okoh added that the MHPP having been submitted to the Bureau of Public Enterprises (BPE) in December 2021 by the Federal Ministry Power, and Federal Ministry of Water Resources, was screened and found eligible for PPP procurement, hence it was listed in the Bureau’s workplan for 2022 as approved by the National Council on Privatisation (NCP) and the OBC has been re-certified by the Infrastructure Concessions Regulatory Commission (ICRC).

He said that in furtherance to the ICRC’s revalidation of the OBC, the NCP at its meeting of November 14, 2022, approved the governance framework for the transaction as well as the constitution, membership, and terms of reference of a Project Steering Committee (PSC) for the transaction in line with the provisions of the ICRC Act 2005, and the National Policy on Public Private Partnership (N4P) 2009.

“Being an unsolicited proposal, in line with ICRC regulations and international best practice, the NCP also approved the use of the Swiss-Challenge methodology for the PPP procurement of the project, to ensure that government obtains value for money. The Swiss Challenge method involves the inclusion of other qualified investors in the bidding process. If at the end of the bidding process, the proponent is not the most responsive bidder, it will be given the right to match the most responsive bid to win the concession. However, if it is unable to match the most responsive bid, the most responsive bid

becomes the winning bid and the project proponent is compensated for investments made developing the project”, he explained.

He expressed optimism that the development of the project will contribute towards a sustainable and enduring solution to the power supply shortages in Nigeria and congratulated the members on their appointment.

Ibeh, Uzoma Chidi

Head, Public Communications

December 13, 2022.

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