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Siemens' pre-engineering contract for the expansion of Nigeria's electricity capacity to 25,000 MW approved

- **Contract approved by the Federal Government of Nigeria**
- **Upgrade and expansion of transmission and distribution infrastructure**
- **Improving access to affordable, efficient, and reliable electricity**
- **Supporting industrial development and economic growth**

The Federal Government of Nigeria has approved Siemens' pre-engineering contract to commence work on the significant expansion of Nigeria's electricity transmission and distribution network and also generation capacity. The pre-engineering contract forms the initial step in the Presidential Power Initiative (PPI), formerly the Nigeria Electrification Roadmap, outlined by Siemens and the Federal Government of Nigeria in July 2019.

The PPI project aims to upgrade the electricity network to achieve operational capacity of 25,000 megawatts (MW) from the current average of around 4,500 MW, through a series of projects spanning three phases.

Siemens will begin pre-engineering works for the transmission, distribution and meter data management systems (MDMS) infrastructure across the country, to enable the development of a functional, efficient and reliable electricity grid system. Comprehensive studies and power system analysis software for the Nigerian utilities are also included.

Nigeria's power system is suffering from an imbalance between power generation and demand. Despite more than 8,000 MW of operational power generation capacity in the country, only an average of 4,500 MW reliably reaches consumers.

This inadequate power supply results in regular brownouts and blackouts and has restrained Nigeria's economic development. Raising Nigeria's operational electricity capacity to 25,000 MW will power various industries and businesses, as well as significantly improve access and reliability of power supply to the Nigerian people.

This project will also facilitate the creation of thousands of jobs, while generating new opportunities for small and medium enterprises (SMEs) across the country. This will in turn increase Nigeria's GDP and boost economic productivity.

"This significant, timely and high-level intervention between President Buhari and Chancellor Merkel addresses critical infrastructure deficits in the value chain and helps reposition the power sector to become more attractive, viable and investable," said Saleh Mamman, Minister of Power, Federal Republic of Nigeria.

"The Government loses over \$1 billion annually due to technical and commercial inefficiencies along the electrification value chain. The PPI will help eliminate these inefficiencies and unlock economic value for the country," said Zainab Shamsuna Ahmed, Minister of Finance, Federal Republic of Nigeria.

"The PPI aligns very strongly with the key objectives of the power sector reforms initiated by Government and superintended by the Bureau of Public Enterprises, which were to attract private sector investment into the power sector, increase operational efficiencies and improve service delivery to end users," said Alex A. Okoh, Director General, Bureau of Public Enterprises, Federal Republic of Nigeria.

"This contract is one important step as part of the development of vital electrification infrastructure that will ensure reliable power supply, remove constraints in Nigeria's electricity grid, secure additional revenue for investors, and build competent local content and capacity," said Onyeche Tifase, Managing Director Siemens Nigeria.

"The projects will create vital direct and indirect jobs for Nigerians and local businesses, thus enabling economic growth and increased productivity, based on the supply of reliable electricity."

The pre-engineering contract is the start of a longer-term approach. Phase 1 of the PPI will focus on essential and quick-win measures to increase the system's operational capacity to 7,000 MW and to significantly reduce the ATC&C financial losses. As part of Phase 1 Siemens will provide general technical training on core competency areas as well as training for employees of Nigeria's 11 electricity distribution companies, the Transmission Company of Nigeria, and regulators, on all the equipment and software being provided by Siemens.

Phase 2 will target the remaining network bottlenecks to enable full use of existing generation and distribution capacities, bringing the systems operational capacity to 11,000 MW.

Phase 3 will develop the system up to 25,000 MW in the long-term. This includes upgrades and expansions in both generation, transmission and distribution.

Siemens has been active in Nigeria since the 1950s, and in addition to major powerplants, has also supplied and installed more than 100 small gas turbines and compressors in onshore and offshore oil and gas facilities.

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