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An Assessment of Socio-Cost Benefits of Electricity Reform and Privatisation in United Kingdom: Issues and the Way Forward for Nigerian Power Sector Reforms and Privatisation

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[Abstract]

Electricity reform/privatisation that started in Nigeria in 2000 has been unable to deliver the benefits of privatisation to the stake holders especially consumers. This work assessed the socio-cost benefit accruing to United Kingdom from electricity privatisation with a view to using the UK experience in providing a constructive guide that will drive to success the stagnated Nigerian electricity privatisation. Our analysis revealed that though electricity privatisation delivers net socio-cost benefits; tough regulations may need to be applied for some period after privatisation to control prices and prevent market manipulation until full competition for market forces takes control. We conclude that adequate regulation is needed to bring down electricity price for consumers, prevent market manipulation and control excessive profit made by producers so as to balance the socio-cost benefits among stake holders until competition is able to achieve this. Some inherent set-backs responsible for stagnating Nigerian electricity privatisation were identified and it was concluded that these set-backs must be tackled in addition to applying some of the useful lessons learnt from the experience of UK electricity privatisation.

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