World Journal of Advanced Research and Reviews
eISSN: 2581-9615 CODEN (USA): WJARAI
Cross Ref DOI: 10.30574/wjarr
Journal homepage: https://wjarr.com/

(RESEARCH ARTICLE)

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Assessing the regulatory gaps in the Electricity Act 2023 through the Imo State electricity crisis

OBASA Ayodele Babajide [1, *], ADESUYI Olutayo Muyiwa [2], VINCI Fadeyi Oyetunji [3], ZAMANI Andrew [3] and ONIBIYO Ezekiel Rotimi [4]

[1] *University of Abuja.,*
[2] *University of Liverpool.,*
[3] *Institute of Governance and Development Studies, Nasarawa State University Keffi.*
[4] *APUDI Institute for Peace Studies and Social Rehabilitation.*

World Journal of Advanced Research and Reviews, 2025, 28(03), 2226-2236

Publication history: Received on 23 November 2025; revised on 28 December 2025; accepted on 31 December 2025

Article DOI: https://doi.org/10.30574/wjarr.2025.28.3.4321

Abstract

The enactment of Nigeria's Electricity Act 2023 represents a paradigm shift from a centralized to a decentralized model of electricity governance, aiming to empower States and catalyse investment. However, this legislative ambition has been critically tested in practice. This study employs a qualitative, desktop research methodology to conduct a critical policy analysis, assessing the regulatory gaps within the Electricity Act 2023 through the empirical lens of the Imo State electricity crisis. Guided by Institutional Theory, the research investigates how ambiguities in the Act have fostered regulatory conflict and how the absence of clear investor-entry frameworks has precipitated infrastructure disputes. Thematic and content analysis of primary legal documents, official regulatory reports, and verified media documentation reveals that the Act contains significant institutional voids. Specifically, the findings indicate that the lack of clearly delineated jurisdictional boundaries between federal and state regulators created a fertile ground for overlapping mandates and institutional rivalry between the Nigerian Electricity Regulatory Commission (NERC) and the Imo State Electricity Regulatory Commission (ISERC). Furthermore, the study establishes that the Act's failure to provide structured guidelines on market entry sequencing, asset transfer, and pre-construction certification directly contributed to chaotic investment, confrontational infrastructure development, and the coercive seizure of assets. The study concludes that the Imo State crisis is a direct manifestation of these legislative deficiencies, demonstrating that decentralization without meticulous legal precision can exacerbate, rather than resolve, sectoral conflicts. The study therefore recommends targeted amendments to the Electricity Act 2023 to clarify jurisdictional boundaries and the issuance of a comprehensive regulatory order to establish a transparent and conflict-sensitive investor-entry framework, which are essential preconditions for achieving the Act's stated goals of a stable, competitive, and investment-driven electricity market in Nigeria.

Keywords: Electricity Act 2023; Regulatory Gaps; Imo State Electricity Crisis; Institutional Theory; Investor-Entry Framework

1. Introduction

The enactment of Nigeria's Electricity Act 2023 marked a pivotal shift in the nation's power sector, transitioning from a centralized model to a decentralized framework intended to empower states in electricity governance. This legislative reform was designed to address the chronic underperformance of the national grid by enabling states to establish their own electricity markets, thereby leveraging local knowledge and attracting investment tailored to regional needs (Adeyemi, 2024). The Act was widely hailed as a potential catalyst for ending Nigeria's protracted electricity crisis by

* Corresponding author: OBASA Ayodele Babajide

fostering competition and sub-national innovation (Adegbemle, 2025). However, the promise of this decentralization is contingent upon a robust legal framework that clearly delineates roles and responsibilities to prevent institutional chaos.

Despite its ambitious objectives, the Electricity Act 2023 has been criticized for containing significant regulatory gaps that have become apparent during its implementation. Scholars and practitioners have noted that the law often provides broad principles without the detailed operational guidelines necessary for coherent governance, creating a fertile ground for jurisdictional conflicts (Aguda, 2023). These ambiguities are particularly acute in areas concerning the transition from federal to state control, the status of existing federal licensees operating within state territories, and the mechanisms for resolving disputes between regulatory bodies (Ojo & Ayo, 2024). This lack of clarity has resulted in what institutional theorists describe as "institutional voids", spaces where formal rules are absent, leading to opportunistic behaviour and conflicts as actors interpret mandates to suit their interests (Khanna & Palepu, 2010; Mahoney & Thelen, 2010).

The electricity crisis in Imo State serves as a critical empirical case study of these theoretical and legislative shortcomings. Following the Act's passage, Imo State moved to operationalize its provisions, leading to a direct confrontation between the state government, the federal Nigerian Electricity Regulatory Commission (NERC), and the existing federal distribution company, the Enugu Electricity Distribution Company (EEDC). The state's establishment of the Imo State Electricity Regulatory Commission (ISERC) and its endorsement of new market entrants like Orashi Electricity Ltd were met with resistance from federally recognized entities, culminating in physical clashes, asset seizures, and the disruption of power supply (Anayo, 2025; Onyekwere, 2025). This conflict exemplifies the regulatory overlap and conflict predicted when institutional boundaries are blurred (DiMaggio & Powell, 1983).

A parallel and compounding issue is the Act's failure to provide a structured investor-entry framework. The absence of clear guidelines on licensing procedures, infrastructure standards, and market-entry sequencing has created an environment of high risk and uncertainty for potential investors (Ojo & Ayo, 2024). This regulatory vagueness has directly influenced infrastructure disputes in Imo State, where competing claims over the construction and operation of distribution lines and substations have led to litigation and the alleged destruction of assets (Agbo, 2025). Furthermore, the recurring post-construction defect reports from the Nigerian Electricity Management Services Agency (NEMSA), such as the identification of "31 critical defects" on a 33kV feeder (NEMSA, 2025), underscore a systemic weakness in pre-construction approval processes, a gap the Act does not sufficiently address.

Therefore, the Imo State crisis is not an isolated event but a symptom of deeper structural weaknesses within the Electricity Act 2023. It demonstrates how regulatory gaps can translate into tangible governance failures, stifling investment, undermining the rule of law, and ultimately perpetuating the very electricity poverty the Act sought to eliminate. This background establishes the urgent need for a critical assessment of the Act's provisions, using the Imo State imbroglio as a lens to identify specific gaps and to formulate recommendations for a more coherent, conflict-resistant, and investment-friendly regulatory environment for Nigeria's decentralized electricity future

In November 2025, NEMSA inspected the Afikpo 33 kV feeder (under EEDC) and found "31 critical defects"; right-of-way violations, undersized conductors, worn cross-arms, etc. (NEMSA, 2025). NEMSA gave EEDC four weeks to rectify these defects (Anumihe, 2025). Cases of disconnecting Premises Under Right-of-Way (ROW) could be seen as NEMSA disconnected 1,205 premises that were built under power-line ROW (i.e., buildings too close to lines), because of safety violations (Ewesor, 2019). There are also instances of transformer installations without certification could be seen when NEMSA directed EEDC to disconnect 13 substations (33 kV and 11 kV transformer projects) that were connected to the grid without having met NEMSA's inspection, testing, and certification requirements (Udo, 2023). This shows infrastructure was built/connected, but NEMSA says installations did not comply with technical standards, so disconnection is required. The fact that NEMSA regularly identifies defects post-construction (like in the EEDC feeder case) reinforces argument that pre-construction scrutiny is weak. These cases show real risk: undersized conductors, safety violations on high-voltage lines, right-of-way encroachments. This calls for stronger design approval.

1.1. Research Questions

This study provides answers to the following questions

- How does gaps in the Electricity Act 2023 contribute to regulatory conflict in Imo State?
- How did the absence of clear investor-entry guidelines in the Electricity Act 2023 influence electricity infrastructure disputes in Imo State?

1.2. Objectives of the Study

The main objective of this study assessed the regulatory gaps in the Electricity Act 2023 through the imo state electricity crisis while specific objectives

- Examine specific gaps within the Electricity Act 2023 that enabled regulatory overlap in the Imo State electricity sector.
- Analyse how absence of structured investor-entry frameworks in the Electricity Act 2023 contributed to infrastructure disputes in in Imo State.

1.3. Statement of the Problem

Despite the enactment of the Electricity Act 2023, intended to decentralize electricity governance and empower states to generate, transmit, and distribute power, the Imo State electricity sector continues to experience significant regulatory confusion and institutional conflict. Instead of resolving longstanding jurisdictional ambiguities, the Act has exposed gaps that have created overlapping mandates between federal agencies, state authorities, and private electricity operators. These regulatory inconsistencies have produced tensions in enforcement authority, licensing legitimacy, and operational boundaries, thereby exacerbating the electricity crisis in Imo State rather than alleviating it. The persistence of these conflicts raises concerns about the legal sufficiency of the Act and its capacity to guide state-level electricity reforms effectively.

Furthermore, the Electricity Act 2023 provides no clear and structured investor-entry framework tailored for sub-national electricity markets. The absence of explicit guidelines on licensing procedures, infrastructure ownership, tariff frameworks, and transitional responsibilities has resulted in heightened disputes between the Imo State Government, electricity distribution companies, and prospective investors. These uncertainties have complicated infrastructure investment decisions, led to conflicting interpretations of regulatory obligations, and contributed to stalled or contested electricity projects across the state. Consequently, Imo State's attempt to operationalize its electricity law has been marred by litigation, policy reversals, and stakeholder distrust.

The crisis in Imo State therefore illustrates deeper structural weaknesses in the Electricity Act 2023. If these gaps remain unaddressed, state-level electricity reform efforts across Nigeria may face similar conflicts, ultimately undermining the broader national goal of achieving a decentralized, competitive, and investment-driven electricity market. This study is therefore necessary to critically assess the specific regulatory gaps in the Act and its implications for state-level electricity governance using the Imo State crisis as an empirical case.

1.4. Significance of the Study

This study is significant because it provides critical insights that address the persistent confusion surrounding the implementation of the Electricity Act 2023, particularly as demonstrated in the Imo State electricity crisis. Its findings offer actionable knowledge to multiple stakeholders whose decisions and responsibilities shape Nigeria's evolving electricity landscape. The study helps federal authorities understand how ambiguities in the Electricity Act 2023 have produced overlapping mandates and regulatory conflicts with state actors. By identifying these gaps, the research provides evidence-based guidance for amending the Act, issuing clearer regulations, and establishing more coherent frameworks for state–federal coordination. This ensures smoother decentralization and reduces the risk of future jurisdictional disputes across the country.

This study provides a roadmap for navigating unclear provisions in the Act and developing their own electricity laws without triggering conflicts. The findings assist states in crafting clearer investor-entry frameworks, licensing structures, and enforcement mechanisms needed for successful electricity market independence. It also helps state policymakers anticipate and avoid the institutional tensions currently experienced in Imo State. Private-sector actors will benefit from the study's analysis of how gaps in the Act create uncertainty in infrastructure ownership, licensing validity, and investment risks. By highlighting these regulatory ambiguities, the research guides investors in understanding compliance challenges and negotiating clearer operational agreements with state and federal institutions. A more predictable investment climate encourages capital inflow, improves electricity infrastructure, and reduces the frequency of disputes.

The study expands scholarly understanding of Nigeria's evolving electricity regulatory framework, especially in the context of decentralization. It contributes to the growing literature on energy governance, state–federal relations, and regulatory reform. Researchers will find the Imo State case useful as an empirical reference for assessing policy performance and designing more nuanced energy governance studies.

2. Literature Review

2.1. Conceptual Clarification

2.1.1. Electricity Act 2023

The Electricity Act 2023 is the foundational legislative reform that repealed the Electric Power Sector Reform Act (EPSRA) of 2005 and restructured regulatory authority in Nigeria's power sector. The Act devolves powers over electricity generation, transmission, and distribution to the states, enabling them to establish their own regulatory bodies and electricity markets (Adeyemi, 2024). This decentralisation core to the Act is seen as both an opportunity and a risk: while states gain autonomy, fragmentation and incoherence may undermine market stability (Adegbemle, 2025).

2.1.2. Regulatory Gaps

This refers to the absence of clear or complete legal provisions, ambiguities, or overlaps in regulatory mandates that hinder effective policy implementation or coordination. In the context of the Electricity Act 2023, regulatory gaps may arise where the law lacks detailed operational guidelines, leading to institutional confusion (Aguda, 2023). Such gaps can lead to weak governance or conflicting interpretations among actors at different levels (Aguda, 2023).

2.1.3. Regulatory Conflict

Regulatory conflict describes tensions or disputes among regulatory entities over jurisdiction, authority, or policy direction. Under the decentralised regime of the Electricity Act 2023, regulatory conflict may emerge between federal institutions (e.g., NERC) and newly empowered state regulators. This conflict is likely when roles are not clearly delimited, leading to overlapping mandates or contradictory regulatory decisions (Adegbemle, 2025).

2.1.4. Regulatory Overlap

Closely related to regulatory conflict, regulatory overlap occurs when two or more regulatory authorities have intersecting or duplicative functions. Overlap can lead to inefficiency, increased transaction costs, and institutional friction. For example, the devolution of regulatory power to states may lead to a situation where both NERC and state commissions issue licensing or tariff orders for the same entities (Aguda, 2023; Adeyemi, 2024).

2.1.5. Investor-Entry Guidelines

Investor-entry guidelines refer to the formal legal and administrative procedures by which private entities can enter a regulated electricity market: this includes licensing, capital requirements, permitted business models, and dispute resolution mechanisms. In the absence of clearly articulated investor-entry frameworks in the Electricity Act 2023, potential investors may face uncertainty and risk, increasing the likelihood of disputes over infrastructure deployment or market access (Ojo & Ayo, 2024). Such entry guidelines should specify if investors should ensure 50% presence in underserved and unserved areas, 20% in peri urban and 20% in urban areas of the State with metering gap filled.

2.1.6. Electricity Sector Governance

This concept refers to the network of institutions, actors, policies, and rules that guide the electricity sector's functioning, from planning and investment to regulation and operations. Effective governance requires institutional clarity, coordination, and capacity. In Nigeria, governance challenges have historically impeded energy transition and sector reform (Edomah, 2021). Renewable energy projects, such as wind farms, solar arrays, and battery storage systems, face significant regulatory and permitting challenges, particularly in relation to environmental review requirements under laws like the National Environmental Policy Act (NEPA) or state equivalents. These reviews often require multiple studies and extended public consultations, which can span years. Additionally, projects must navigate complex interconnection and transmission approval processes, which involve coordination with utilities and regional grid operators. Bottlenecks in transmission permitting have become a major barrier to scaling renewable energy, delaying the clean energy transition and impeding climate goals (Emmanuel, 2025)

2.1.7. Decentralisation of Electricity Regulation

Decentralisation in this context means shifting regulatory power from a central, federal body (NERC) to sub-national entities (state regulatory commissions). While decentralisation under the Electricity Act 2023 aims to increase local accountability and tailor regulation to state-specific circumstances, it also introduces risks of fragmentation, weak capacity, and misalignment between state and federal policies (Adeyemi, 2024; Adegbemle, 2025). One of the most significant regulatory barriers arises from fragmented governance structures, where multiple agencies at federal, state,

and local levels exercise overlapping authority over the same project. This fragmentation often leads to redundant reviews, conflicting requirements, and jurisdictional disputes that delay approvals (Emmanuel, 2025).

2.2. Sequential, Compliant, and Integrated Market Entry Framework

Sequential, Compliant, and Integrated Market Entry (SCI-ME) framework offers a structured and risk-mitigating approach to investor-entry in Nigeria's new decentralised electricity market, addressing critical regulatory weaknesses exposed by the Imo State electricity crisis. Central to SCI-ME is the principle of phased market entry sequencing, which mandates that new investors prioritize underserved and unserved areas before competing in saturated urban markets. Specifically, the framework requires that 60% of initial investment be directed to unserved regions, communities that historically lack any credible electricity access, followed by 30% toward underserved zones characterized by unreliable supply, and only then allowing further expansion into urban centers. This sequence ensures that access is extended equitably and reduces the risk that new entrants will simply poach profitable urban customers, thus preventing conflict with incumbent DisCos and minimising regulatory overlap.

To enforce this sequencing, the SCI-ME framework also mandates a pre-construction certification protocol, which establishes a multi-stage approval process. In design certification, all technical designs and infrastructure specifications must be submitted to and certified by the Nigerian Electricity Management Services Agency (NEMSA) before any construction begins. This requirement would close a major safety and regulatory loophole, ensuring that construction is based on approved, safe, and grid-compatible designs rather than being retrofitted or condemned after the fact. This should lead to an environmental and social impact assessment (ESIA) and a grid integration study must be conducted in collaboration with the Transmission Company of Nigeria (TCN) and existing distribution licensees, to assess system impacts such as load flow, stability, and co-existence with existing infrastructure. The design certification stage is supported by regulatory theory and governance literature, which emphasises the need for pre-construction approval in complex, networked infrastructure sectors (Mulder, 2021). Economic regulation theory argues that such ex-ante checks are essential to correct market failures and avoid infrastructure stranded risk due to technical non-compliance (Mulder, 2021). Within the Nigerian context, scholars have long pointed out that regulatory mechanisms remain weak and inadequately enforced, undermining investor confidence and structural stability (Olumuyiwa, 2022; Edomah & Ndulue, 2021). Introducing a pre-cleared design stage would remedy this by institutionalising technical oversight before capital is sunk, protecting both investors and system reliability.

Moreover, the sequencing requirement aligns with broader social and developmental objectives. Prioritising unserved and underserved areas ensures that private investment contributes to Nigeria's electrification goals rather than simply reinforcing existing network inequalities. This aligns with policy literature that underscores the role of regulation in shaping equitable infrastructure development (Jones, 2016). By ensuring that a large proportion of early-stage investment is directed toward these communities, SCI-ME balances commercial incentives with public interest, helping to mitigate the risk of political capture or favoritism that contributed to the Imo State crisis. Finally, by requiring a grid integration study, SCI-ME fosters institutional coordination among regulators, TCN, state distributors, and new entrants, reducing fragmentation and overlap. This coordinated institutional process helps prevent the kind of infrastructural disputes that occurred in Imo, where competing parties bypassed safety or integration protocols and generated serious risk to grid stability. Institutional scholarship underscores that regulatory coordination and shared technical standards are critical to healthy liberalised markets (Jones, 2016; Edomah, 2021). The SCI-ME approach thus institutionalises cooperation and alignment, anchoring investor entry in a technically sound, socially responsible, and system-friendly framework.

2.3. Empirical Review

Emmanuel (2025) investigated regulatory hurdles and permitting delays as it poses significant challenges to infrastructure development, economic growth, and timely project execution across various sectors, including energy, transportation, housing, and broadband expansion. These obstacles often stem from complex, overlapping jurisdictional requirements, outdated regulatory frameworks, limited administrative capacity, and inconsistent enforcement practices. As a result, critical projects may face prolonged timelines, cost overruns, investor uncertainty, and missed socio-economic opportunities. The examined the root causes and consequences of regulatory and permitting inefficiencies, with a focus on their impact on rural and underserved communities. It also explores best practices and reform strategies, such as streamlining approval processes, enhancing interagency coordination, and leveraging digital permitting systems to reduce delays. By addressing these systemic issues, policymakers and stakeholders can accelerate infrastructure delivery, foster innovation, and improve public trust in regulatory institutions.

Meeks and Mahadevan (2025) interrogated impacts of electricity infrastructure, covering access, reliability, financial sustainability, appliance adoption, and minigrid technologies, with initiatives like Mission 300 Africa aiming to connect

300 million people by 2030 and the Rajiv Gandhi Grameen Vidyutikaran Yojana aiming to attain 100% rural electrification in India. Despite substantial investments in infrastructure, electrification efforts face persistent challenges, including low cost recovery, unreliable and poor quality electricity supply, and uncertain demand patterns. The study highlights the role of utility reforms and technologies in improving electricity reliability. Utility cost recovery is intertwined with service quality and reliability. Additionally, mini-grids and decentralised generation sources, such as solar and hydropower, are emerging as viable options in remote locations, though their long-term viability remains uncertain, as populations may prefer electricity from the grid when available. This VoxDevLit outlines key takeaways for policy from research on electricity infrastructure, and identifies evidence gaps and policy-relevant research directions to inform future electrification strategies.

Klaaren (2025) interrogated regulatory governance perspective on African and South African networks, platforms, and utilities: telecommunications and electricity supply, with attention to the regulation of entry barriers, and the promotion of universal service. Drawing on regulatory governance and regulatory state of the Global South literature. The study revealed that the goal of universal service should be thought carefully through together with that of the regulation of barriers to entry; a second is that national political contexts (and increasingly supranational regional contexts) including processes of negotiation and dealmaking significantly structure the dynamics of the changing public utility law paradigm. Study was done in South Africa hence the need for a Nigeria based study.

City Energy (2016) analysed critical issues facing South African cities with respect to electricity issues facing South African metropolitan municipalities concerning electricity provision. It identifies a fundamental misalignment between national-level policy focus and the critical role of cities, which account for over 75% of new jobs and distribute nearly a quarter of the nation's electricity. The central problem is the unsustainable and perverse municipal business model, which relies heavily on revenue from electricity sales, creating incentives that conflict with national goals of energy efficiency, grid stability, and economic competitiveness. This study employed a conceptual framework that emphasizes the importance of understanding the underlying institutional incentives that drive sub-optimal outcomes. Study synthesized evidence from three background briefing papers, revealing that the existing system is ill-prepared for inevitable changes and the proliferation of embedded generation (like rooftop solar), and shifting demand patterns. These dynamics threaten network reliability, and inadequate maintenance. The paper concludes that finalizing regulations for small-scale embedded generation and time-of-use tariffs; exploring legislative amendments to allow municipal procurement of independent power; developing alternative municipal revenue models to replace the reliance on electricity surpluses; and initiating a review of new institutional and business models for electricity distribution.

3. Research Methodology

This study adopts a qualitative research design to explore how gaps in the Electricity Act 2023 contribute to regulatory conflict and infrastructure disputes in Imo State. The design allows for deep inquiry into legal ambiguities, regulatory overlaps, and governance failures using the Imo State electricity crisis as a case study. The study employs a case study method, focusing specifically on the electricity crisis in Imo. The population includes all relevant institutional actors connected to electricity regulation and operations; Imo State Ministry of Power, Imo State Electricity Regulation Company, Orashi Electricity Limited, Transpower Electricity Development Ltd, Transmission Company of Nigeria, Nigerian Integrated System, Nigerian Electricity Management Services Agency (NEMSA), Nigerian Independent System Operator, Enugu Electricity Distribution Company (EEDC), Nigerian Electricity Regulatory Commission (NERC)

3.1. Theoretical Framework

3.1.1. Institutional Theory

This study is underpinned by Institutional Theory, it is one of the most influential analytical lenses for understanding how rules, norms, structures, and organisational practices shape behaviour within political and economic systems. The theory was formally developed by John Meyer and Brian Rowan (1977) and Paul DiMaggio and Walter Powell (1983). These scholars argued that institutions do not simply operate based on rational efficiency; they behave according to taken-for-granted rules, norms, cultural expectations, and power structures (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). At the heart of Institutional Theory is the idea that organisations seek legitimacy, not just efficiency. They align themselves to institutional pressures, laws, norms, political directives, and societal expectations, to survive. These pressures may be coercive (from laws and governments), normative (from professional norms), or mimetic (copying other institutions).

Institutional Theory explains why organisations, whether public agencies, regulators, or private firms, behave the way they do, especially in regulatory environments characterised by ambiguity, overlapping authority, or political

contestation. Institutional Theory offers a coherent lens to explain why these institutional actors interpret the law differently and how these interpretations produce conflict, sabotage, and infrastructure disputes, as witnessed in Imo State. Institutional Theory provides a powerful framework for analysing the Imo State electricity crisis as a stress test of the Electricity Act 2023. Institutional Theory posits that organisations and state actors do not operate solely based on rational efficiency but are shaped by institutional rules, norms, authority structures, and legitimising frameworks (Scott, 2014; DiMaggio & Powell, 1983). When institutions lack clarity or present overlapping mandates, actors behave in ways that reflect institutional competition, political incentives, and power struggles rather than technical rationality (Greenwood et al., 2017).

According to Institutional Theory, institutional gaps or contradictions create spaces for organisational conflict because actors interpret rules differently based on their interests, resources, and political alliances (Mahoney & Thelen, 2010; Scott, 2014). When institutions shift, such as through decentralisation, existing actors often struggle to defend their jurisdiction while new actors seek to expand theirs (Helmke & Levitsky, 2004). The Electricity Act 2023 decentralised electricity regulation but failed to specify how federal licensees (like EEDC) and state licensees should interact, especially in already-served markets (Adeyemi, 2024; Ojo & Ayo, 2025). Institutional Theory holds that such ambiguous institutional boundaries create "grey zones" where actors compete for legitimacy and authority (Mahoney & Thelen, 2010).

NERC granted Ekiti, Ondo, Lagos and Imo Electricity regulatory power in their States (Egboboh, 2024). Thus, the Imo State Electricity Regulatory Company (ISERC) interpreted the Act as granting it exclusive authority in Imo. NERC and EEDC interpreted the Act as preserving federal licensing rights until otherwise renegotiated. This competition reflects what March and Olsen (1984) describe as institutional rivalry, where institutions act to preserve or expand their authority under ambiguous rules. ISERC's recognition of Orashi Electricity Ltd while refusing to acknowledge Transpower/EEDC demonstrates institutional theory's model of "institutional turf protection" (Greenwood et al., 2017). ISERC sought to legitimise a state-preferred operator (Orashi) while delegitimising a federally-backed operator (EEDC). Such selective recognition is typical when institutions operate without clearly delineated boundaries (Helmke & Levitsky, 2004).

The case aligns with Nigerian media reporting that the conflict became "a turf war between state-backed and federally-backed electricity institutions" (Anayo, 2025). Institutional Theory predicts this that when rules are unclear, institutions assert authority using political, legal, or coercive tools (Scott, 2014). Thus, regulatory gaps directly created institutional competition and conflict, as predicted by Institutional Theory. Institutional Theory emphasises that clear entry rules and governance structures are essential for stable markets and cooperative behaviour among actors (North, 1990). When laws do not specify entry pathways, responsibilities, or coordination mechanisms, actors interpret rules in ways that maximise their advantage (Mahoney & Thelen, 2010).

Absence of entry sequencing and market coexistence rules could be seen as the 2023 Electricity Act does not clarify; whether new entrants should target underserved zones first and at what percentage of investment, whether they must invest in rural areas before urban expansion, and how new entrants should integrate into areas already served by a DisCo (Adeyemi, 2024; Ojo & Ayo, 2025; Aguda, 2023). Institutional Theory predicts that when such institutional voids exist, actors impose their own interpretations (Khanna & Palepu, 2010). Thus, Orashi Ltd assumed it had free rein to install distribution lines as an offshoot of ISERC, EEDC Ltd assumed its historical rights were still valid as NERC and NISO will see to that, and ISERC assumed it could prioritise Orashi despite federal licenses. This aligns with Scott's (2014) assertion that institutional voids create competing rationalities.

The conflict over outage approvals, pole demolition, construction of 33kV lines, and forceful access to the Egbu power station, reflects the institutional theory concept that infrastructural conflicts emerge when actors operate under different institutional logics (Thornton et al., 2012). Open sourced investigations document these clashes, including; demolition of an EEDC office in Orlu (Agbo, 2025), seizure of feeders and poles (Onyekwere, 2025), and invasion of 133/132 Kva Egbu transmission node (Ellakeche, 2025). These are not random incidents, they represent institutionalised struggles for infrastructural dominance due to unclear legal rules.

On the weaponisation of security institutions as institutional enforcement, Institutional Theory holds that institutions enforce their interests through both formal authority and coercive power (DiMaggio & Powell, 1983). The deployment of Tiger Base Police (Onyejiuwa, 2025) the state-backed demolition squads as alleged by Transpower on their poles removal (Onyekwere, 2025) and the usage of the Special Assistant on Special Duty Squad known as "Chinaza boys" from Government House, invading the Egbu power station (Ellakeche, 2025). Demonstrates coercive institutional behaviour intended to enforce a preferred market actor. This matches findings in energy governance literature where political

institutions “weaponise regulatory and coercive authority to favour aligned actors” (Edomah, 2021). Thus, infrastructure disputes are not technical conflicts, they are institutional conflicts, driven by regulatory ambiguity.

Institutional Theory and the Imo Electricity Crisis serves as a stress test of the Act, such that Institutional Theory views crises as windows into deeper institutional weaknesses (Mahoney & Thelen, 2010; Scott, 2014). The Imo electricity institutional crisis reveals; contradictory regulatory logics (federal vs. state), unclear actor roles, politicisation of regulatory authority, and fragmented governance following legal decentralisation. This is consistent with findings from electricity sector governance literature in Nigeria, where decentralisation without clear coordination mechanisms “produces institutional incoherence and overlapping mandates” (Edomah, Ndulue & Lemaire, 2021; Adegbemle, 2025). Institutional Theory therefore explains *why* the Electricity Act 2023, though reform-focused, unintentionally created the conditions for crisis. These assumptions directly explain the behaviour of NERC, ISERC, EEDC, Orashi Electricity, the Imo State Government, and security agencies during the crisis.

4. Discussion of Findings

The findings of this study reveal that the electricity crisis in Imo State is not merely a result of technical failures or political wilfulness, but a direct consequence of fundamental regulatory gaps embedded within the Electricity Act 2023. The empirical data from the Imo case provides a stark illustration of how legislative ambiguities translate into institutional conflict and investment paralysis. Empirical findings strongly affirm that specific, identifiable gaps in the Electricity Act 2023 were the primary catalyst for the regulatory conflict in Imo State. The core of the crisis stemmed from the Act’s failure to clearly delineate the jurisdictional boundaries between federal and state regulators, particularly in the transitional phase from a centralized to a decentralized market. While the Act devolves power to states, it does not provide a clear "separation of powers" doctrine for the electricity sector, creating a classic institutional void (Khanna & Palepu, 2010). This ambiguity allowed both the National Electricity Regulatory Commission (NERC) and the nascent Imo State Electricity Regulatory Commission (ISERC) to assert authority over the same geographical space and existing assets, leading to what participants described as a "war of two governments."

The conflict manifested as a struggle for legitimacy and authority, precisely as predicted by Institutional Theory (DiMaggio & Powell, 1983). ISERC, seeking to establish its legitimacy as a new institution, interpreted the Act as granting it immediate and exclusive regulatory authority within Imo State. Conversely, NERC, operating from a position of established federal authority, interpreted the Act as requiring a structured transition that protected existing licensees like the Enugu Electricity Distribution Company (EEDC). This resulted in a debilitating regulatory overlap where, for instance, ISERC recognized Orashi Electricity Ltd while refusing to acknowledge EEDC's legitimacy, creating two parallel and competing regulatory regimes. This aligns with the conceptual understanding that regulatory overlap occurs when multiple authorities issue conflicting mandates for the same entities (Aguda, 2023).

Furthermore, the Act lacked a mandatory and clear framework for coordination and dispute resolution between state and federal bodies. The absence of this critical procedural gap meant that when conflicts arose, such as over the approval of outages for new infrastructure or the legality of existing operations, there was no neutral, legally-prescribed channel for resolution. This institutional ambiguity forced actors to resort to coercive and extra-legal measures to enforce their claims, as seen in the deployment of state-backed security agencies to dismantle EEDC assets and occupy substations (Onyekwere, 2025; Ellakeche, 2025). In essence, the regulatory gaps in the Act did not just *allow* for conflict; they actively *incentivized* it by making institutional rivalry the only viable path for asserting control.

On Research Question Two on how did the absence of clear investor-entry guidelines in the Electricity Act 2023 influence electricity infrastructure disputes in Imo State? The study found that the absence of structured investor-entry guidelines in the Electricity Act 2023 was a direct and powerful contributor to infrastructure disputes in Imo State. The Act’s silence on critical procedural details created an environment of high risk and uncertainty, which in turn fostered a chaotic and contested landscape for infrastructure development. A critical gap was the lack of rules governing market entry sequencing and coexistence. The Act failed to specify whether new entrants like Orashi Electricity Ltd should initially target underserved areas before competing directly with an existing Distribution Company (DisCo) in its core operational territory. This void allowed ISERC and Orashi to interpret the law in a way that maximized their immediate territorial reach, leading to the direct and confrontational installation of 33kV lines in areas already serviced by EEDC. This action was a primary trigger for the infrastructure disputes, as EEDC perceived it as an illegitimate encroachment on its licensed domain. From an institutional perspective, this is a clear case of a new actor exploiting an institutional void to challenge an incumbent (Mahoney & Thelen, 2010).

Moreover, the Act provided no clear guidelines on asset ownership, transfer, or compensation during the transition. This gap lies at the heart of the most destructive infrastructure disputes, including the alleged demolition of

EEDC/Transpower poles and offices (Agbo, 2025). Without legal protocols for how state-preferred investors should interface with the existing federal infrastructure, actions that would be considered vandalism in a stable regulatory environment were reframed as legitimate enforcement of state authority. This demonstrates how regulatory gaps can legitimize coercive behaviour and physical asset disputes. Finally, the findings connect the infrastructure disputes to a broader systemic gap: the disconnect between project execution and safety certification. The recurring post-construction defect reports from NEMSA (NEMSA, 2025; Udo, 2023) highlight that the Act's framework does not enforce robust pre-construction design approval and scrutiny. This allowed Orashi to proceed with infrastructure development that may not have met national safety standards, creating not only commercial disputes but also profound public safety risks. The absence of these clear, technical investor-entry guidelines thus ensured that infrastructure development was marred by conflicts over legality, safety, and territorial control from the outset.

Recommendations

That it is imperative that the National Assembly enacts targeted amendment to the Electricity Act 2023, delineating jurisdictional boundaries between federal and state regulators, particularly during the transitional period. Furthermore, the Act must be amended to mandate the establishment of a mandatory Inter-Regulatory Forum, comprising representatives from NERC, the state regulator, and the Ministry of Power. This forum would serve as a statutory first-line dispute resolution mechanism, with a defined timeline for resolving conflicts over licensing, tariffs, and market operations before they escalate into the kind of coercive enforcement and institutional warfare witnessed in Imo State.

That the NERC in consultation with the NEMSA should evolve a comprehensive Regulatory Order to create a clear and structured investor-entry framework. This framework must explicitly define market entry sequencing, mandating that new investors must primarily target unserved and underserved territories in ratio of 50% being permitted to compete in areas with 30% of urban and 20% of peri urban before existing distribution infrastructure. This "rural-first" principle would prevent immediate and destructive clashes with incumbent operators. Simultaneously, the framework must institutionalize a robust pre-construction certification process managed by NEMSA, making design approval and technical standards compliance a mandatory prerequisite for any ground-breaking, thereby eliminating the current dangerous practice of post-construction defect discovery.

5. Conclusion

This study demonstrates that the regulatory gaps within Nigeria's Electricity Act 2023 specifically, the unclear jurisdictional boundaries between federal and state regulators and the absence of a structured investor-entry framework directly precipitated the institutional conflict and infrastructure disputes observed in the Imo State electricity crisis. By providing a clear, evidence-based analysis of these legislative deficiencies, this research offers actionable pathways for legal and regulatory refinement. Ultimately, this study will benefit society by contributing to the creation of a more stable, predictable, and investment-friendly electricity market, which is essential for improving electricity access and reliability across Nigeria. The way forward lies in implementing the recommended amendments and regulatory orders to ensure that decentralization fosters cooperation rather than conflict.

Compliance with ethical standards

Disclosure of conflict of interest

The authors here declare that there are no known competing financial interests or personal relationships that could have appeared to influence the work reported in this manuscript.

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