Energy Insights: The Quarterly

Reviews and Highlights of the Nigerian Energy Sector in Q2, 2025

www.strenandblan.com
contact@strenandblan.com
@strenandblan

+234 (0)702 558 0053
3 Theophilus Orji Street, Off Fola Osibo Road, Lekki Phase 1, Lagos, Nigeria

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Executive Summary

The second quarter of 2025 marked significant progress across Nigeria's energy sector, underpinned by enhanced regulatory oversight, infrastructure expansion, and renewed capital inflows. These developments reflect growing momentum in the country's energy transition efforts and commitment to a more transparent and resilient sector.

Oil and Gas Sector

Nigeria's average crude oil production for the quarter stood at approximately 1.544 million barrels per day (mbpd) (excluding condensates), reflecting a modest recovery from Q1 2025 and aligning with OPEC's production expectations, although still below the national budget benchmark of 2.06 mbpd. Regulatory efforts intensified with the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) introducing a digital export monitoring platform and revised crude export procedures reforms aimed at improving metering accuracy, enhancing transparency, and ensuring stronger compliance across terminal operations.

Commercial activity also advanced notably, with the Dangote Refinery achieving its first export of refined petroleum products to Asian markets, supported by expanded crude supply allocations from the Nigerian National Petroleum Company Limited (NNPC). In addition, over US$8 billion in gas infrastructure investments were announced, targeting critical projects in pipeline development, gas processing, and gas-to-power initiatives, aligned with Nigeria's "Decade of Gas" strategy.

Power Sector

The Federal Government released the National Integrated Electricity Policy 2025, establishing a unified blueprint for electricity market development, clean energy integration, and regulatory coordination between federal and state authorities. The Nigerian Electricity Regulatory Commission (NERC) complemented this by issuing a Code of Corporate Governance to strengthen board accountability, transparency, and compliance among sector licensees. Implementation of the Electricity Act 2023 also progressed across several states, advancing Nigeria's electricity market liberalisation objectives.

Renewables Sector

Momentum in clean energy accelerated with the launch of a ₦100 billion financing facility by the Rural Electrification Agency (REA), in partnership with First City Monument Bank and the DARES platform, to support off-grid and mini-grid developers. In a pioneering move, Lagos State inaugurated Nigeria's first carbon market and exchange, providing a formal platform for the trading of verified carbon credits and reinforcing Nigeria's climate finance ambitions.

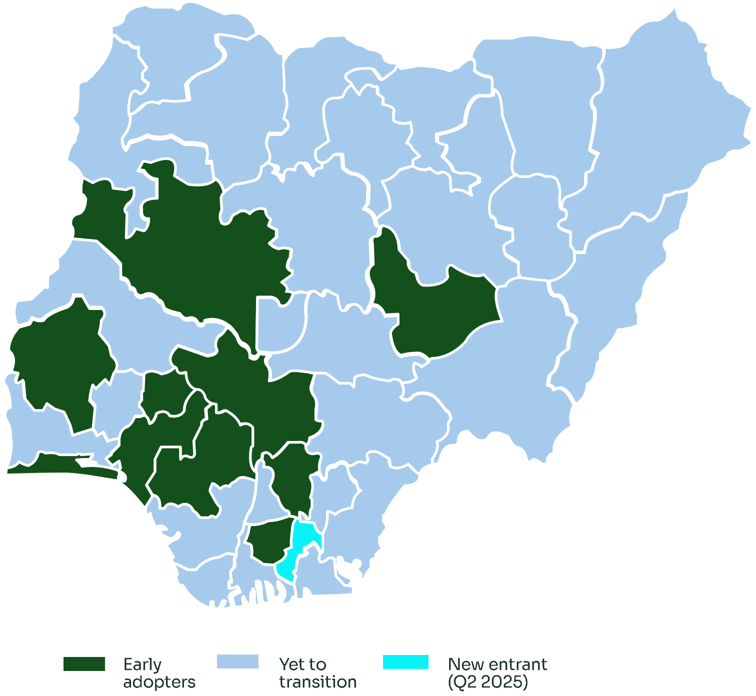
Overall, Q2 2025 reinforced Nigeria's commitment to energy market reform, commercial efficiency, and sustainability. The convergence of regulatory innovation, infrastructure delivery, and capital mobilisation continues to drive investor confidence and position the sector for long-term resilience and growth.

Market Overview

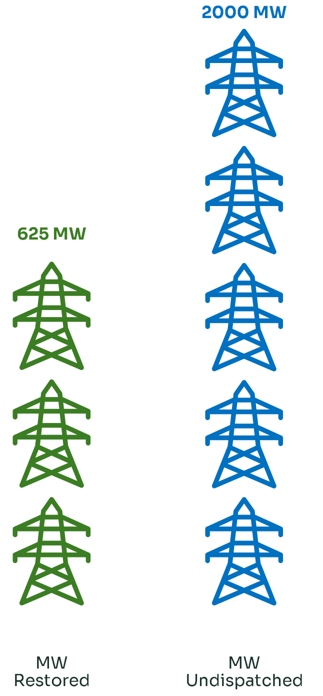
Power Sector

The second quarter of 2025 marked a critical transitional phase in Nigeria's power sector, as regulatory restructuring and decentralisation efforts under the Electricity Act 2023 continued to take shape. Most notably, Abia State formally assumed regulatory control of its electricity market in June 2025, following the earlier transitions by Lagos, Ondo, Ekiti, Enugu, Imo, Oyo, Edo, Niger, Kogi, and Plateau. These moves signal growing subnational assertiveness in electricity governance, licensing, and service delivery, with expectations for improved localisation, accountability, and private-sector participation. Meanwhile, sector performance remained uneven.

While modest gains in generation and tariff reform were recorded, legacy issues such as pipeline sabotage, grid underutilization, Distribution Companies (DisCo) debt accumulation, and infrastructure degradation continued to hinder consistent electricity delivery. In Q2 2025, public utilities like the Niger Delta Power Holding Company (NDPHC) and the Transmission Company of Nigeria (TCN) played key stabilising roles amid growing system fragility. NDPHC restored 625 MW by reviving five turbines but struggled to dispatch over 2,000 MW due to gas and grid limitations tied to a ₦600 billion market debt. Similarly, TCN faced operational strain from ₦457 billion unpaid receivables, which limited its ability to maintain and expand transmission infrastructure. These constraints highlight persistent liquidity challenges in Nigeria's power sector.



State-by-State Regulatory Transition Map



NDPHC Power Performance – Q2 2025

Notable Developments in Nigeria's Power Sector

1. Federal Government Approves the National Integrated Electricity Policy (NIEP)

The Federal Executive Council (FEC), at its meeting on May 2, 2025, formally approved the National Integrated Electricity Policy (NIEP), a long-awaited policy blueprint developed under Section 3 of the Electricity Act 2023, which mandates the Minister of Power to prepare and periodically review an integrated electricity policy for Nigeria. This replaces the National Energy Policy of 2003 and the Electric Power Policy of 2001.

The NIEP provides a unified and strategic framework to guide investment, market operations, access, and sustainability goals across Nigeria's now decentralized electricity market. Key highlights include:

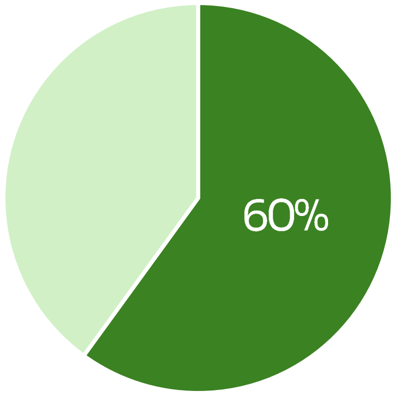
- Universal Access Goal: Targets 6.3GW of installed capacity to achieve full electricity access by 2030 through grid, mini-grid, and off-grid systems.
- Decentralized Market Structure: Supports development of sub-national electricity markets and regional coordination, while reinforcing NERC's transitional role.
- Renewable Energy Focus: Aims for at least 60% renewable energy mix by 2060, with a roadmap for scaling up solar, wind, hydro, and biomass.
- Gender and Inclusion Mainstreaming: Mandates inclusive energy planning and financing for women, youth, and marginalized communities.
- Local Content Promotion: Includes a framework for prioritizing Nigerian-manufactured materials, equipment, and human resources across the electricity value chain.

2. Federal Government Advances TCN Unbundling with Inauguration of NISO Board

The Federal Government has advanced the unbundling of TCN with the formal inauguration of the board and management of NISO (Nigerian Independent System Operator) on April 9, 2025. This milestone, aligned with the Electricity Act 2023, establishes NISO as a distinct entity responsible for grid management and electricity market operations, separate from TCN's transmission service function. Vice President Kashim Shettima presided over the inauguration, announcing Abdu Mohammed as Managing Director/CEO and Adam Segun Akin-Olugbade as Board Chairman. The newly appointed executive directors will oversee system operations, planning, market operations, and finance. The development is expected to enhance transparency, grid efficiency, and operational independence in Nigeria's power transmission sector.

6.3GW

capacity to achieve full electricity access by **2030**



The NIEP Aims for at least 60% renewable energy mix by 2060

3. NERC Transfers Regulatory Oversight in Abia State to ASERA

In a major step toward power sector decentralization, NERC, on June 25, 2025, officially issued the order transferring regulatory oversight of electricity in Abia State to the Abia State Electricity Regulatory Authority (ASERA). This action was taken pursuant to the Electricity Act 2023, which empowers States to establish their own electricity markets and regulatory bodies.

The transfer has the following key implications:

- Intra-State Electricity Market: ASERA assumes full regulatory control over generation, transmission, and distribution of electricity within Abia State, including licensing, tariffs, safety, and consumer protection.
- Licensee Restructuring: The Enugu Electricity Distribution Company (EEDC) is required to incorporate an Abia-specific subsidiary within 60 days (by August 24, 2025) to manage operations exclusively within Abia.
- Transition Timeline: The transfer must be fully implemented by December 24, 2025, after which NERC will cease regulation of Abia's intrastate electricity market.
- Coordination Framework: ASERA and NERC are expected to collaborate on residual cross-border and technical interface issues, especially with respect to transmission and market settlement.

This development follows earlier transfers to Kogi and Niger States, signaling the progressive rollout of state-level market autonomy as envisioned by the new electricity legal regime. Abia's action sets a precedent for other States pursuing similar decentralisation paths.

4. REA Launches ₦47 Billion Mini-Grid Rollout Under DARES

In April, the Rural Electrification Agency (REA), in partnership with eight renewable energy developers, signed over ₦47 billion in performance-based grant agreements under the Distributed Access through Renewable Energy Scale-up (DARES) programme. This initiative-backed by the World Bank, targets the deployment of solar hybrid mini-grids and stand-alone home systems in underserved and off-grid communities.

Key elements include:

- Over 2.4 MW of mini-grid capacity across 11 communities in Kogi State by Privida Power.
- Distribution of 1.6 million solar home systems by companies like Salpha, Baobab Plus, and Asolar.
- Expected impact: 47 MW of installed renewable capacity and more than 340,000 new connections.

The programme will create thousands of jobs, boost rural electrification, and reduce diesel dependence, advancing Nigeria's energy access and clean energy goals under the Electricity Act 2023 and the National Integrated Electricity Policy.

5. NERC Orders SCADA/EMS Integration for Generation Companies (GenCos)

In June, NERC issued an order requiring all grid-connected GenCos to integrate their operations into the national Supervisory Control and Data Acquisition/Energy Management System (SCADA/EMS) by December 31, 2025.

Highlights:

- Mandatory installation of real-time data systems for active/reactive power, voltage, frequency, fault alarms, and breaker status.
- Integration with the TCN/Nigerian System Operator (NISO) platform.
- Non-compliance could result in disconnection or fines.
- The SCADA mandate aims to improve grid transparency, dispatch efficiency, and system reliability, critical steps toward stabilising Nigeria's fragile electricity grid.

47MW

Installed Renewable Capacity

REA's ₦47 Billion Mini-Grid Rollout Under DARES Expected Impact

Generation

Electricity generation remained dominated by gas-fired thermal plants, which accounted for over 70 per cent of the country's power output during the second quarter of 2025. Despite an installed capacity exceeding 13,000 MW, actual generation in Q2 2025 averaged below 5,800 MW, falling short of the 6,003 MW available capacity recorded at the end of Q1 2025. The reduction in output reflects ongoing challenges, including gas supply shortages, ageing infrastructure, transmission constraints, and operational inefficiencies across the power value chain.

Although some idle capacity was recovered, particularly through NDPHC efforts, generation assets remained underutilised due to systemic constraints. The sector's heavy dependence on gas infrastructure also exposed it to multiple vulnerabilities.

Month		Details
April	Peak Generation Reached 5,148.34 MW	National grid hit a new daily peak output, up from 4,742.80 MW earlier in the month, signaling improved dispatch and generation performance.
May	Kainji Unit 1G9 (80 MW) Restored and Synchronised	After successful refurbishment and a 30-day test run, the 80 MW unit was reconnected to the national grid, increasing Kainji's available capacity from 520 MW to 600 MW.
June	Afam II Gas-Fired Power Plant (180 MW) Commissioned	President Tinubu commissioned the 180 MW Afam II power plant in Rivers State, developed via a public-private partnership, and added it to the national grid.
	New National Peak Generation Record: 5,801.84 MW	Nigeria recorded its highest-ever daily generation output, surpassing all previous records and confirming improved grid and generation performance.

Challenges

1

Tariff Adjustment and Subsidy Reduction:

In April 2025, the Federal Government implemented a 35% reduction in electricity subsidies and introduced higher tariffs for Band A consumers as part of broader power sector reforms. While this measure helped reduce the annual tariff shortfall from ₦3 trillion to ₦1.9 trillion and improved cash flow, it did not fully resolve longstanding revenue challenges. GenCos continued to receive less than 30% of their market invoices, leaving them financially constrained.

2

Liquidity Crisis and Debt Overhang:

By the end of Q2, GenCos were owed approximately ₦4 trillion in unpaid invoices, comprising legacy debts and current market shortfalls. This heavy debt burden undermined their ability to procure gas, conduct routine maintenance, and keep plants operational. Although the government pledged to clear part of the debt through a mix of cash and financial instruments, actual disbursement was limited during the quarter, prolonging operational stress across the sector.

3

Gas Supply Constraints:

Gas-fired generation, which makes up the bulk of Nigeria's installed capacity, was adversely affected by persistent gas supply shortages. These were primarily due to frequent pipeline vandalism, underinvestment in gas infrastructure, and GenCos' inability to meet payment obligations to gas suppliers. The result was a decline in available generation from key thermal plants, especially those in the southern and central parts of the country.

4

Transmission and Grid Reliability Issues:

The national grid remained fragile throughout Q2 2025, with ageing infrastructure and vandalised transmission lines contributing to frequent outages and load rejection. Even when generation capacity was available, poor transmission infrastructure prevented effective evacuation and delivery to end-users. This continued to constrain generation output and further weakened public confidence in the electricity supply chain.

5

Hydropower Disruptions Due to Flooding:

In May 2025, severe flooding caused by the release of water from the Jebba Dam led to widespread damage across parts of Niger and Kwara States, particularly around Mokwa. This incident disrupted operations at the Jebba and Kainji hydropower stations, both key contributors to Nigeria's baseload generation. The floods not only impaired hydropower output but also damaged auxiliary infrastructure, compounding generation shortfalls during the quarter.

Transmission

The Transmission Company of Nigeria (TCN) maintained a nominal wheeling capacity of around 8,000–8,701 MW, yet actual power transmitted remained much lower. While infrastructure buildouts continued under programmes like the Presidential Power Initiative (PPI) and the World Bank–funded NETAP, operational output was hampered by vandalism, underutilisation, and mounting debts.

8,000–8,701MW

Wheeling Capacity

Power Transmitted

Month		Details
May	Unbundling of TCN into NISO & TSP	The Federal Government advanced preparations to separate the TCN into NISO and Transmission Service Provider (TSP) via the inauguration of the NISO board management
June	Transmission Wheeling Capacity Expanded	TCN announced the expansion of its wheeling capacity to 8,701 megawatts (MW)
June	Birnin Kebbi Substation Upgrade	TCN energized 100 MVA and 150 MVA transformers at the Birnin Kebbi station, boosting substation capacity from 300 MVA to 450 MVA. This translates to an additional 120 MW of transmission capacity injected into the national grid.

Challenges

1

High-Voltage Transmission Tower Vandalism:

During Q2 2025, the TCN reported a surge in infrastructure vandalism, with over 100 high-voltage transmission towers attacked across the country. This forms part of the 178 tower vandalism incidents recorded in the first half of 2025 and contributes to a total of 264 incidents over the past 18 months. The most affected areas included transmission corridors in Abuja, Nasarawa, and the Northeast. These attacks significantly impaired power evacuation capacity and triggered widespread outages, with some transmission lines left inoperable for extended periods.

4

Debt Owed to TCN Hinders Operations:

The TCN disclosed in June that it is owed approximately ₦457 billion by other power sector participants, comprising ₦217 billion in legacy debts and ₦240 billion for recent services rendered as of March 2025. This severe arrear situation cripples TCN's capacity to maintain and expand grid infrastructure, hampering swift restoration of file-damaged lines and

commissioning of new substations. The ongoing deficit undermines investments and impacts critical transmission upgrades, intensifying existing constraints even as grid vulnerability remains high.

2

Grid Instability and Evacuation Constraints:

The vandalism crisis compounded existing weaknesses in the national grid, resulting in continued instability and inefficient power evacuation. Even when generation reached levels above 5,000 MW during the quarter, the grid frequently failed to evacuate the full load due to limited transmission capacity and frequent tripping. This led to stranded generation, especially at key gas-fired plants such as Geregu, Odukpani, and Egbin, where available output could not be delivered to end users, increasing load rejection and worsening supply to distribution companies.

3

Delays in Transmission Infrastructure Projects:

Efforts to modernise and expand Nigeria's transmission infrastructure under the Siemens Presidential Power Initiative and World Bank-backed Nigeria Electricity Grid Enhancement Project (NE-GEP) encountered delays during Q2 2025. These setbacks were caused by procurement challenges, logistical issues, and security concerns at project sites. As a result, the plan to raise grid wheeling capacity from the current 8,000 MW toward the projected 10,000+ MW mark remained behind schedule, further constraining the ability of the transmission network to meet rising demand and absorb new generation capacity.

Distribution

Q2 2025 saw continued efforts to reform Nigeria's electricity distribution landscape. Electricity distribution companies (DisCos) operated under tighter regulatory scrutiny from NERC, particularly regarding metering, service delivery, and performance improvement. Government-led initiatives like the Presidential Metering Initiative (PMI) and the World Bank-funded Distribution Sector Recovery Programme (DISREP) sought to close metering gaps and improve network reliability, but progress remained incremental. Structural limitations in infrastructure, billing, and customer service persisted across most networks.

Month		Details
April- May	FG Secures ₦700bn for Metering, Targets Two Million Meters Annually	Under the World Bank–backed DISREP, the government secured ₦700 billion to support metering nationwide, aiming for two million meters annually. Delivery rollouts included 75,000 units in April and 200,000 in May.
April	Electricity subsidies cut by 35% via targeted tariff hike	Nigeria reduced electricity subsidies by 35% through a tariff adjustment focused on the top 15% of high-usage consumers.

Challenges

1 Debt and Liquidity Strain:

DisCos reported a significant outstanding debt of ₦497.4 billion owed by consumers as of 2024, and ₦457 billion owed collaboratively by GenCos to the TCN, highlighting extreme liquidity pressure across the value chain. These unpaid arrears prevented DisCos from settling payments to Generators and TCN, blocking effective infrastructure investment and hampering operational continuity.

2 Subsidy Payment Delays:

DisCos faced worsening liquidity pressures as the federal government's unpaid subsidy obligations rose to ₦1.1 trillion in the first half of 2025, up from ₦870 billion in the second half of 2024. The increase represents a 27 per cent rise in unpaid subsidies, exacerbating the cash flow crisis across the power sector. The delays in remittance impaired the ability of DisCos to pay for electricity purchases from GenCos and settle transmission service charges, further deepening operational and financial instability across the value chain.

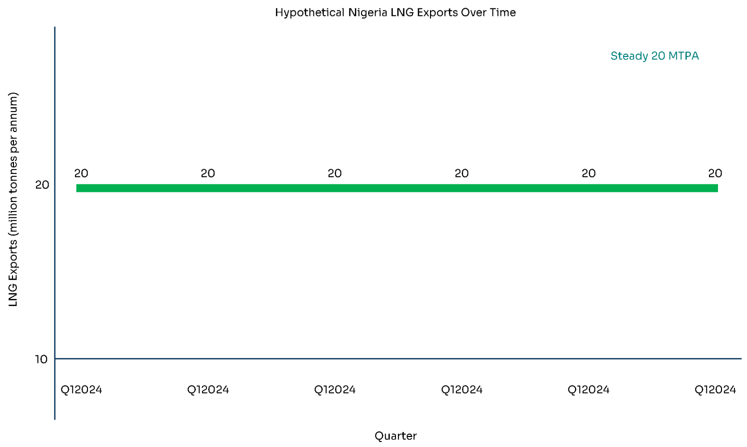
3 Institutional Debt Accumulation

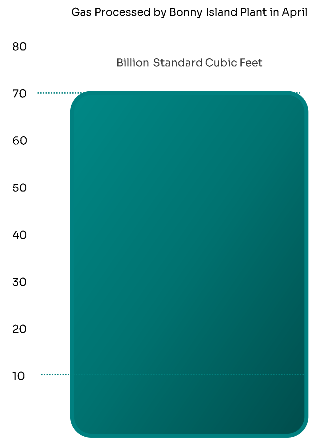
Ministries, Departments, and Agencies (MDAs) previously owed DisCos substantial amounts. While there was a 47% reduction, from ₦15.5 billion to ₦8.17 billion by April this year, overdue payments remain a major source of financial strain. Although this progress is positive, unpaid bills across commercial and government clients continue to undermine DisCo creditworthiness and investment capacity.

Oil and Gas Sector

In Q2 2025, Nigeria's crude oil production averaged around 1.544 million barrels per day, below its OPEC Plus quota, as pipeline vandalism and security disruptions continued to hamper output, including a major incident on the Trans Niger pipeline in early May. In Q2 2025, ExxonMobil announced a US$1.5 billion investment in deepwater assets, including the Usan, Owowo, and Erha fields, with project execution expected later in the year. However, gas output remained largely flat due to delays in key infrastructure projects such as the Assa North–Ohaji South and OB3 pipelines, which continued to constrain domestic supply to power and industrial users.

Despite this, momentum grew under the Decade of Gas Framework and Nigerian Gas Expansion Programme, both aimed at deepening domestic utilisation and attracting private investment. Nigeria's LNG exports through NLNG remained steady at approximately 20 million tonnes per annum, with the Bonny Island plant processing over 70 billion standard cubic feet of gas in April alone. NLNG also signed a new supply deal with Seplat to enhance feed gas reliability. Meanwhile, a major leadership change in April saw the appointment of former Shell executive Bashir Ojulari as NNPC's Group CEO, signalling a push for improved governance and investor confidence.





Notable Developments in the Oil and Gas Sector

1. President Tinubu Appoints Bayo Ojulari as CEO of NNPC

On April 2, 2025, President Bola Ahmed Tinubu appointed Bayo Ojulari, former Managing Director of Shell Nigeria Exploration and Production Company (SNEPCo), as the new Group Chief Executive Officer of the Nigerian National Petroleum Company Limited (NNPC Ltd). Ojulari brings over three decades of experience in upstream oil and gas operations and project delivery, including leadership roles in deepwater asset development and capital project execution.

His appointment is widely seen as a strategic move to strengthen corporate governance, enhance investment attractiveness, and reposition NNPC for greater commercial efficiency under the Petroleum Industry Act framework. As CEO, Ojulari is expected to drive the next phase of reforms across crude oil production, gas infrastructure rollout, and the integration of private-sector-led initiatives such as the Dangote Refinery and Nigeria's gas commercialization agenda.

2. CNG Supply Expansion Gains Momentum Nationwide

In June 2025, the Presidential Compressed Natural Gas Initiative (P-CNGi) announced a major partnership with the Nigerian National Petroleum Company Limited (NNPC), Gas Aggregation Company of Nigeria (GACN), and the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) to scale compressed natural gas (CNG) supply across Nigeria. This collaborative effort aims to accelerate the transition to cleaner and more affordable energy by developing key infrastructure such as mother-daughter stations, pipelines, and virtual gas networks.

Since its commencement, the initiative has attracted over $500 million in investment and trained more than 2,500 technicians for vehicle conversions. The initiative is expected to ease pressure on petrol demand, reduce transportation costs, and enhance energy access, particularly for industrial and automotive users. It also aligns with Nigeria's broader strategy to decarbonize transport and diversify its energy mix.

3. Offshore Drilling Projects Signal Renewed Regional Energy Push

In May 2025, Nigeria, Ivory Coast, and Mozambique were confirmed as key participants in ten new offshore drilling projects set to commence between 2025 and 2027. The three countries are strategically positioning themselves and Africa to meet the rising global energy demand. These drilling projects mark a renewed focus on deepwater exploration in West and Southern Africa, especially as stakeholders are keen on channelling investments into the continent's resource-rich waters, which have till now been largely underexplored.

For Nigeria, this development comes at a point when efforts to boost upstream investment are on the rise. It therefore signals continued investor confidence in Nigeria's offshore basins and the country's regulatory environment. The anticipated increase in upstream activity could boost government revenues, attract foreign direct investment, spur technological partnerships, and contribute to long-term production stability.

Over **$500 million** in investment and trained more than **2,500 technicians** for vehicle conversions.

10

new **offshore drilling projects** set to commence between 2025 and 2027

4. Afreximbank launches $3 billion Revolving Oil Trade Financing Program to boost Intra-African, Caribbean petroleum trade

In April 2025, the African Export-Import Bank (Afreximbank) introduced a $3 billion revolving oil trade financing program aimed at supporting petroleum trade between African and Caribbean nations. The initiative seeks to address funding challenges for intra-African oil trade by providing working capital for national oil companies, downstream operators, and bulk traders engaged in crude and refined product transactions. The program is also expected to help stabilize domestic supply chains by ensuring access to affordable finance for importers and refiners facing currency volatility and liquidity shortfalls. For Nigeria, the facility presents a financing option for state-owned entities and midstream players involved in crude exports and product swaps. With several Nigerian refineries, public and private, either operational or nearing completion, the Afreximbank facility offers timely support for procuring feedstock and exporting refined fuels within Africa. Due to its focus on intra Africa trade, the program is also aligned with the objectives of the African Continental Free Trade Area (AfCFTA), which aims to boost regional value chains and industrial integration.

5. Green Energy International (Geil) Commissions Indigenous Onshore Export Terminal

In June 2025, Green Energy International Limited (GEIL) officially commissioned Nigeria's first fully indigenous onshore oil export terminal at Otakikpo in Rivers State. Developed in partnership with Lekoil and other technical collaborators, the terminal is designed to handle up to 30,000 barrels of oil per day (bpd) and includes key infrastructure such as storage tanks, export pipelines, and a mooring system for shuttle tankers.

The facility aims to provide a more cost-effective and secure alternative to offshore export routes, which have long been vulnerable to vandalism, oil theft, and weather disruptions. The Otakikpo terminal will serve not only GEIL's production but is also intended to operate as a shared export solution for other marginal field operators in the Niger Delta. The terminal is expected to boost Nigeria's marginal field development, reduce reliance on third-party evacuation systems, and improve netbacks for indigenous producers. It also aligns with government efforts to strengthen local production and create value through upstream infrastructure owned and operated by Nigerian companies.

6. Nigeria to Export First Gasoline Cargo to Asia from Dangote Refinery

In June 2025, Dangote Refinery announced plans to export its first cargo of Euro-5 petrol to Asia, marking a key milestone in the facility's operational ramp-up. The shipment will be the refinery's first international sale since commencing domestic production in September 2024. With a nameplate capacity of 650,000 barrels per day, the refinery is one of the largest in the world and is expected to supply both local and regional markets. The planned export underscores Nigeria's potential to become a net exporter of refined petroleum products, reversing decades of reliance on imports.

Exporting to Asia reflects the refinery's commercial competitiveness and the strategic quality of its refined output, particularly its low-sulphur petrol which meets international environmental standards. In addition to providing foreign exchange inflows, such exports will strengthen Nigeria's standing in the global refined products market and reinforce the refinery's role as a cornerstone of West Africa's downstream transformation, especially if sustained over the medium term through expanded production, improved port infrastructure, and harmonized export policy.

New $3bn Afreximbank fund supports intra-African and Caribbean oil trade, aligns with AfCFTA goals.

GEIL launches Nigeria's first fully indigenous onshore oil terminal, boosting marginal field exports.

Dangote Refinery set to export Euro-5 petrol to Asia—Nigeria enters global refined fuel market.

New $3bn Afreximbank fund supports intra-African and Caribbean oil trade, aligns with AfCFTA goals.

7. Brazil's Petrobras Plans Return To Nigeria's Oil Sector, Targets Deepwater Acreage

In May 2025, Petrobras, Brazil's state-owned oil company, announced plans to re-enter Nigeria's oil and gas sector, more than a decade after its initial exit. The company is targeting new deepwater acreage as part of its broader upstream expansion strategy under its 2025–2029 investment plan. Petrobras' renewed interest was confirmed during bilateral discussions in Abuja ahead of the Nigeria–Brazil Strategic Dialogue Mechanism meeting. Discussions are expected to culminate in formal engagements by June. The company is also exploring ethanol blending opportunities in partnership with the Nigerian National Petroleum Company Limited (NNPC), signaling a potential entry into Nigeria's nascent biofuels segment.

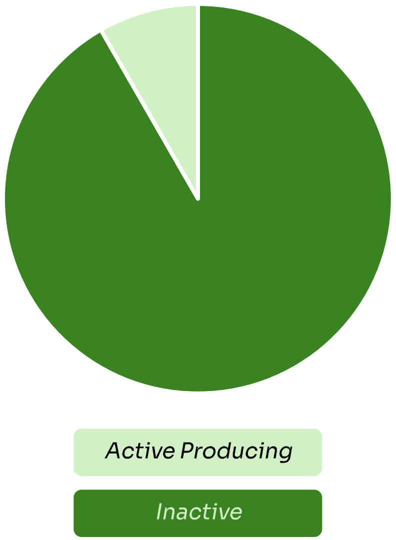
This move comes as Nigeria intensifies efforts to attract upstream investment and unlock frontier assets under the framework of the Petroleum Industry Act. Petrobras brings significant technical expertise from Brazil's pre-salt deepwater operations and may play a key role in advancing exploration and production efforts in Nigeria's offshore basins. If finalized, Petrobras' return would strengthen bilateral energy ties and support Nigeria's upstream recovery targets. It would also open the door for greater South-South collaboration across energy infrastructure, technology, and trade.

8. FG To Revoke Dormant Oil Licenses with "Drill or Drop" Policy

In April 2025, the Federal Government announced the enforcement of a new policy targeting dormant oil licenses, with plans to revoke titles lacking visible progress. The move is part of broader efforts to optimize asset utilization and raise Nigeria's crude oil output, which remains below national targets. According to the Minister of State for Petroleum Resources (Oil), only a small fraction of marginal field licensees awarded in recent bid rounds have commenced production.

Out of 60 licensees issued during the 2021 marginal field round, only five are actively producing. The NUPRC also confirmed that over 40 fields from the 2020 round remain inactive and could be revoked if no significant work is done by June 30, 2025.

The policy is grounded in the "drill or drop" provisions of the Petroleum Industry Act (PIA), which empower regulators to recover undeveloped assets for reassignment. It aims to discourage speculative holdings, incentivize timely field development, and attract serious investors capable of delivering on work programs. If fully implemented, the policy could strengthen Nigeria's upstream regulatory environment and unlock long-held dormant reserves. Its success will depend on consistent enforcement, transparent reassignment processes, and support for licensees with credible development plans.



Less than 10% of 2021 marginal field licensees are producing; over 40 fields from 2020 remain inactive.

9. NNPC Gas Limited Set to Acquire 5.2 million Standard Cubic Feet Per Day CNG Facility

In April 2025, NNPC subsidiary NNPC Gas Marketing Limited (NGML), acquired a CNG compression and refuelling facility with a daily capacity of 5.2 million standard cubic feet. The facility was acquired from Gas Network Services Limited (GNSL) and includes mobile compression units and CNG vehicle refuelling infrastructure. Regulatory approvals for the acquisition were also secured from the Federal Competition and Consumer Protection Commission.

This acquisition strengthens the implementation of the Presidential Compressed Natural Gas Initiative and supports NNPC's broader strategy to deepen domestic gas utilization. It also complements recent CNG investments in Northern Nigeria, including vehicle deployment and conversion programs aimed at reducing petrol reliance.

The new facility expands access to off-grid gas supply and provides an alternative energy solution for areas underserved by pipeline infrastructure. It is expected to lower transportation costs, promote cleaner fuel adoption, and stimulate economic activity in the gas logistics and automotive conversion sectors. The development signals growing momentum behind gas as a transition fuel in Nigeria's energy mix.

NNPC Gas Limited acquires a major CNG facility with a 5.2 million scfd capacity, enhancing domestic gas distribution and CNG vehicle refuelling.

The deal supports the Presidential CNG Initiative and NNPC's efforts to cut petrol dependence through cleaner, cost-effective alternatives.

The facility promotes off-grid gas access, reduces transport costs, and drives growth in gas logistics and vehicle conversion markets

Challenges

1 Pipeline Vandalism and Oil Theft

Nigeria continued to experience widespread pipeline sabotage during Q2 2025. In May, a major spill occurred on the Trans Niger Pipeline in Ogoniland due to a rupture linked to vandalism. Incidents like this, often attributed to militant groups, disrupted crude exports, caused environmental damage, and eroded investor confidence in upstream operations.

2 Underproduction and Infrastructure Constraints

Despite an average crude production of 1.544 million barrels per day during the quarter, Nigeria remained well below its 2.06 million barrels per day budget benchmark. This gap was due to ageing infrastructure, delayed maintenance on key pipelines like the Forcados line, and underinvestment in new upstream developments. These issues persisted throughout April, May, and June.

3 Gas Supply Disruptions

Delays in the completion and activation of the Assa North Ohaji South and OB3 pipelines continued to affect gas delivery to both domestic users and the Nigeria LNG export terminal. During Q2, reduced feedgas volumes limited LNG output and hampered gas-to-power capacity, despite growing demand from industrial and CNG markets.

4 Divestment and Environmental Liabilities

International oil companies advanced their divestment plans in Q2, but attention turned to unresolved environmental liabilities. Civil society organisations and regulatory bodies demanded that local acquirers assume responsibility for pollution remediation, especially in the Niger Delta. These concerns led to calls for stronger enforcement of host community obligations under the Petroleum Industry Act before approving new asset transfers.

5 Asset Underutilization and Dormant Licenses

A number of awarded oil licenses remain undeveloped due to delays in financing, lack of technical capacity, or speculative holdings. This has led to a build-up of dormant assets across both marginal fields and mainstream licenses, reducing the country's actual production potential. The government's recent push to enforce "drill or drop" rules under the Petroleum Industry Act highlights the extent of this issue and its impact on revenue generation and resource optimization.

Renewable Energy

In Q2 2025, Nigeria's renewable energy sector advanced its decentralised electrification drive through increased deployment of mini grids and solar home systems. In April, the Rural Electrification Agency signed grant agreements with nine developers under the World Bank-funded Distributed Access through Renewable Energy Scale-up initiative aimed at rolling out over one thousand mini grids and home systems to serve rural households and small businesses. These interventions are projected to improve energy access for over 17 million Nigerians. Although large-scale solar farm development remained limited due to financing and regulatory constraints, investor interest grew in captive solar projects and waste-to-energy pilots, particularly in peri-urban industrial clusters. Overall, the sector continued to benefit from strong donor support and policy momentum under the Nigeria Energy Transition Plan and the National Renewable Energy and Energy Efficiency Policy.

Developers in the Initiative

PriVida, Baobab+, ASOLAR, Salpha Energy, StarTimes, A4&T Power Solutions, Bboxx, sun king, d.light

Over **17 million Nigerians** to benefit from the initiative.

Notable Developments in Renewable Energy Industry

1. Sun King secures $80 million loan to power 4 million Nigerian homes

In May 2025, Sun King, a leading global solar energy company, secured a naira-denominated loan worth $80 million to expand electrification efforts across the country. The loan, denominated in naira, represents one of the largest local currency access-to-energy financing deal in West Africa to date, highlighting growing confidence in Nigeria's off-grid energy market.

The financing was jointly provided by the International Finance Corporation (IFC) a member of the World Bank Group and Stanbic IBTC Bank, one of Nigeria's top-tier financial institutions. The facility is designed to support the distribution of solar home systems and clean energy products, with the goal of delivering affordable, reliable electricity to as many as four million Nigerian households over the next four to five years. This milestone aligns closely with the World Bank and African Development Bank's "Mission 300" initiative, which seeks to connect 300 million people across sub-Saharan Africa to electricity by 2030. It also reflects a broader global shift toward decentralised, scalable energy solutions that can bridge the gap for underserved and off-grid communities in Africa.

2. The Federal Government of Nigeria, Germany sign a 20 million Euro deal to support renewable Energy.

In June 2025, the Federal Government of Nigeria entered into a transformative €20 million partnership agreement with the Government of Germany to support Nigeria's energy transition and deepen the development of renewable energy across the country. This strategic collaboration signals a shared commitment to sustainable energy, climate action, and inclusive economic growth.

The agreement, facilitated through the KfW Development Bank and the Africa Enterprise Challenge Fund (AECF), is part of Germany's broader effort to promote clean energy adoption and economic resilience in Africa.

At the core of this initiative is the goal of accelerating the adoption of renewable energy technologies, particularly solar and hybrid systems to support a reliable and affordable power supply. The project aims to enhance energy efficiency in households, commercial enterprises, and public institutions, while simultaneously reducing the environmental impact of conventional power sources. Again, this initiative is directly aligned with Nigeria's Energy Transition Plan (ETP) and net-zero emissions target by 2060, as well as the global ambition under the Paris Agreement. It reflects a deep understanding that addressing energy access must go hand in hand with tackling climate change and empowering communities

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Challenges

1 Inadequate Financing and Currency Instability

One of the most pressing challenges in Q2 2025 has been the scarcity of affordable, long-term financing for renewable energy projects, particularly for solar mini-grids and decentralized energy systems. Moreover, exchange rate volatility has worsened project economics. With the naira under pressure, developers relying on foreign-denominated loans face rising repayment costs. Despite a few bright spots such as Sun King's USD80 million (naira-denominated) loan announced in May most renewable energy firms still struggle to secure stable, local currency financing at scale.

2 Supply Chain and Import Dependency

Nigeria remains heavily dependent on imported components for renewable energy systems, including solar panels, batteries, and inverters. Global supply chain constraints coupled with foreign exchange shortages have led to increased costs and project delays. Without a strategic push to develop local manufacturing or assembly capacity, Nigeria's renewable energy sector remains vulnerable to external shocks. Additionally, customs bottlenecks and inconsistent application of import tariffs further complicate procurement processes for developers and contractors.

3 Skills Shortage and Workforce Limitations

The sector's rapid growth is not yet matched by a skilled labour force. Many renewable energy firms report shortages of trained technicians, solar installers, and system designers, especially outside urban centres. While there are ongoing efforts to expand vocational training, such as through recent Germany-Nigeria partnerships, these programs are not yet reaching the scale or regional coverage needed to match the growing demand for skilled green workers.

Legal/Regulatory Updates

Power Sector

Updates

FG Approves National Integrated Electricity Policy to Reshape Power Sector In Nigeria.

In a decisive move aimed at revitalizing the nation's power infrastructure, the Federal Government has formally endorsed the National Integrated Electricity Policy (NIEP). This strategic framework, originally drafted in December 2024 and submitted for final approval, now stands as the guiding blueprint for overhauling Nigeria’s electricity sector. It marks a pivotal departure from the outdated National Electric Power Policy of 2001 and is designed to systematically tackle the long-standing challenges hampering the sector. A notable aspect of the NIEP is its emphasis on decentralized energy governance. The policy supports the emergence of state-level electricity markets and empowers sub-national (state and local) authorities to actively participate in energy planning and management.

NERC Issues Guidelines on Engagement of Third-Party Collection Service Providers

In a bid to improve transparency, financial efficiency, and service delivery in Nigeria’s electricity market, the Nigerian Electricity Regulatory Commission (NERC) on May 30, 2025, issued its Guidelines on the Registration and Engagement of Third-Party Collection Service Providers. This regulatory move is pursuant to Section 226 of the Electricity Act 2023, which empowers the Commission to establish mechanisms for more efficient billing and collections by licensed operators.

Under the new framework, DisCos are now formally permitted to engage independent third-party firms including fintechs, billing companies, and licensed agents to manage customer payment collections. These agents must register with NERC and meet strict eligibility and operational criteria, including technology standards, data protection requirements, and financial reporting obligations.

The guidelines aim to address longstanding challenges in revenue collection and nonpayment that have plagued the distribution segment of Nigeria’s power sector. By allowing DisCos to outsource collections under regulated terms, NERC hopes to enhance liquidity across the value chain, reduce collection losses, and promote innovation in customer service and digital billing systems. Importantly, this framework also supports off grid and embedded generation operators, many of whom rely on third party platforms for customer engagement and collections, thereby aligning with Nigeria’s broader renewable energy and decentralisation goals under the Electricity Act.

Power Sector

Updates

NERC Issues the Code of Corporate Governance for the Nigerian Electricity Supply Industry (NESI)

On May 30, 2025, NERC issued the Code of Corporate Governance for NESI, a landmark regulatory instrument that introduces mandatory governance and accountability standards across the electricity value chain. Unlike the 2014 guidelines, this new Code is binding on all licensees including GenCos, transmission service providers, DisCos, trading licensees, and system operators.

The Code introduces wide-ranging governance requirements, including:

- **Board Composition:** Mandates separation of Chairman and CEO roles, with a minimum number of independent directors and defined tenure limits.
- **Audit and Risk Committees:** Requires the constitution of functioning audit committees, risk management policies, and external audit independence.
- **Conflict of Interest & Disclosure:** Enforces strict rules on conflict of interest, insider dealings, and mandatory disclosures of beneficial ownership.
- **Whistleblower Protection:** Obliges licensees to implement whistleblower mechanisms, grievance channels, and report mechanisms aligned with national anti-corruption frameworks.
- **Annual Governance Report:** Each licensee must submit a Governance Report to NERC annually, detailing compliance or risk sanctions.
- **Enforcement Mechanisms:** Breaches attract penalties including fines up to ₦500,000 per violation or imprisonment for responsible officers in extreme cases (as provided under the Electricity Act).

This Code significantly enhances transparency and investor confidence in NESI and aligns Nigeria's power sector with global corporate governance best practices.

Oil and Gas Sector

Updates

The Nigerian Upstream Petroleum Regulatory Commission Unveils New Export Rules to Boost Transparency

The NUPRC has rolled out new guidelines under the Advance Cargo Declaration Regulation 2024 to tighten oversight of crude oil and petroleum product exports. The regulations apply to every license and lease granted or upheld under the Petroleum Industry Act 2021.

Currently, Exporters are required to secure digital export permits, vessel clearances, and a Unique Identification Number (UIN) via NUPRC's online portal before any shipment. The UIN will be required on all key export documents, including the bill of lading and certificate of origin, enabling end-to-end tracking. According to NUPRC, its real-time digital portal links with other government systems for seamless monitoring and compliance enforcement.

Upstream Petroleum Operations Cost Efficiency Incentives Order, 2025

In April 2025, the Federal Government of Nigeria issued the Upstream Petroleum Operations Cost Efficiency Incentives Order, 2025, under the authority of the Petroleum Industry Act. The Order introduces a performance-based fiscal incentive regime designed to reward upstream oil and gas operators who reduce their unit operating costs below thresholds set by the Nigerian Upstream Petroleum Regulatory Commission. The move comes as part of a broader strategy to lower Nigeria's notoriously high production costs, enhance investment competitiveness, and drive capital inflow into the sector.

Under the Order, qualifying operators who achieve verifiable cost savings are eligible to receive tax credits of up to 20 per cent of their annual tax liability. The incentives apply across onshore, shallow water, and deep offshore terrain. Operators must submit evidence of cost reductions supported by audited financial data and operational reports for review and approval by the NUPRC. The policy aims to create a direct link between operational efficiency and fiscal relief, thereby promoting better capital discipline and more bankable projects.

Although the core incentive framework was issued in April, the NUPRC is expected to publish detailed implementation guidelines, including benchmarks, audit standards, and reporting timelines.

Deal Highlights

Oil and Gas Sector

Updates

Total Energies Exits Bonga Oilfield, Sells Stake to Shell for $510 Million

In May 2025, French energy giant TotalEnergies agreed to sell its 12.5% non-operated interest in Nigeria's Bonga offshore oil field to Shell Nigeria Exploration and Production Company (SNEPCo), the field's operator, for $510 million. This transaction will increase Shell's stake in the Bonga field from 55% to 67.5%, strengthening its position in one of Nigeria's key deepwater oil assets. The remaining interests in the field are held by ExxonMobil's Esso (20%) and Nigerian Agip Exploration/Oando (12.5%). The deal is part of TotalEnergies' strategy to streamline its upstream portfolio by divesting from high-cost or non-core assets, while focusing on low-emission, high-margin projects. Despite the sale, the company maintains its commitment to Nigeria through its ongoing involvement in gas developments such as the Ubeta project. The Bonga field, which started production in 2005, is undergoing expansion with an expected production boost of 110,000 barrels per day. The deal is expected to close by the end of 2025, subject to regulatory approval

Renaissance Africa's $15 Billion Energy Investment Plan in Nigeria

Renaissance Africa Energy has unveiled a significant $15 billion investment commitment to Nigeria's oil and gas sector over a five-year period, following its acquisition of Shell Petroleum Development Company's onshore and shallow water assets earlier in 2025. The announcement, made during the Nigeria Oil and Gas Opportunity Fair in May 2025, outlines a pipeline of 32 projects aimed at scaling production and infrastructure across the hydrocarbon value chain. Of these, 22 projects are dedicated to expanding gas production and export capacity, with a clear objective to double current output from 150 million standard cubic feet per day to 300 million standard cubic feet per day. Oil production from the newly acquired assets is reported to have already reached approximately 200,000 barrels per day. The investment is aligned with Nigeria's domestic gas utilization goals and the broader policy thrust under the Petroleum Industry Act to deepen indigenous participation in the sector. While the deal signals renewed investor confidence and local ownership in the upstream space, legacy environmental issues in the Niger Delta and persistent operational risks such as security and infrastructure gaps will be critical hurdles that could affect the successful rollout of this ambitious program.

Oil and Gas Sector

Updates

Oando Secures $375 Million Afreximbank Backed RBL Facility

Oando Plc has successfully upsized its Reserve-Based Lending facility to $375 million, with Afreximbank as lead arranger and support from Mercuria, extending the loan maturity to January 30, 2029. The facility is secured against Oando's proven reserves of approximately one billion barrels of oil equivalent and marks a key milestone in the company's ongoing financial restructuring. It follows a significant deleveraging effort that saw the company reduce its outstanding balance from $525 million to $100 million by the end of 2024. This new funding is expected to support enhanced upstream activity following Oando's $783 million acquisition of Nigerian Agip Oil Company in August 2024. The capital injection will drive field development, improve operational efficiency, and support production growth targets of up to 100,000 barrels of oil per day and 1.5 billion cubic feet of gas per day by 2029. With a strengthened portfolio of 24 producing fields and expanded midstream infrastructure, this facility positions Oando to unlock value across its asset base and sustain long term cash flow generation.

P-CNGi, LNG Arete Ltd. sign $27.3 Million Deal to Strengthen CNG Infrastructure in Northern Nigeria

In April 2025, the Presidential Compressed Natural Gas Initiative (P-CNGi) entered into a $27.3 million partnership with LNG Arete Ltd. to deliver a new gas processing facility focused on expanding CNG infrastructure across Northern Nigeria. This agreement represents a strategic step toward enhancing energy accessibility in a region that has historically faced significant gaps in affordable and reliable energy supply, especially within the industrial and transportation sectors.

The planned plant will feature a processing capacity of seven million standard cubic feet per day (MMSCFD), designed to improve the availability of CNG for both commercial and residential use. The facility is expected to enable industries, public transportation systems, and households in the North to shift from more expensive and polluting energy sources to cleaner, more cost-effective gas solutions. This initiative supports the federal government's broader energy transition goals and directly contributes to the expansion of domestic gas infrastructure, which is central to Nigeria's "Decade of Gas" vision. By focusing on underserved regions, the project promotes inclusive energy development and is poised to catalyze industrial growth, job creation, and environmental sustainability in Northern Nigeria.

Oil and Gas Sector

Updates

Afreximbank Launches $3 Billion Oil Trade Financing Programme To Boost Intra-African and Caribbean Petroleum Trade

In April 2025, the African Export-Import Bank (Afreximbank) introduced a $3 billion Revolving Oil Trade Financing Programme aimed at enhancing the purchase and trade of refined petroleum products among African and Caribbean countries. The initiative is designed to support regional energy security by providing financing solutions to oil buyers and strengthening the continent's refining and supply capacity. The programme aligns with the objectives of the African Continental Free Trade Area (AfCFTA), and is structured to promote intra-African trade, reduce reliance on external petroleum imports, and support the continent's growing network of locally developed refineries, many of which have been financed by Afreximbank. By enabling greater access to trade finance, the facility also seeks to advance industrialization, improve logistics efficiency, and foster job creation across the region.

In addition to providing flexible financing terms and tailored supply chain solutions, the facility aims to position key African regions, such as the Gulf of Guinea as strategic refining hubs. Through this initiative, Afreximbank is reinforcing its commitment to creating resilient regional value chains and supporting the long-term sustainability of the petroleum trade ecosystem within Africa and its Caribbean counterparts.

ExxonMobil's $1.5 Billion Investment in Nigeria's Deepwater Oil Sector

ExxonMobil has announced plans to invest $1.5 billion between the second quarter of 2025 and 2027 to revamp and expand its deepwater operations in Nigeria, with a primary focus on the Usan field located in Oil Mining Lease 138 in the eastern Niger Delta. The investment will support enhanced output at Usan, which began production in 2012 with 34 subsea wells and eight manifolds, and will extend to nearby assets such as the Owowo and Erha fields. A final investment decision is expected by the third quarter of 2025, pending regulatory approval of the revised field development plan and agreement from project partners. The investment forms part of Nigeria's broader Project 1 Million Barrels initiative aimed at raising national production to 2.4 million barrels per day by 2026. The Nigerian Upstream Petroleum Regulatory Commission has welcomed the commitment and pledged to facilitate regulatory support, while emphasizing the importance of meeting the Domestic Crude Supply Obligation under Section 109 of the Petroleum Industry Act.

Power Sector

Updates

FG Signs $328.8 Million Deal with CMEC to Strengthen Nigeria's Power Transmission Network

In April 2025, the Federal Government signed a $328.8 million agreement with China Machinery Engineering Corporation (CMEC) to upgrade and expand Nigeria's electricity transmission grid under Phase 1 of the Presidential Power Initiative (PPI). The deal involves the engineering, procurement, construction, and financing of over 500 kilometres of 330kV and 132kV transmission lines across multiple regions in Nigeria, including both existing infrastructure and new developments.

This project is designed to enhance grid reliability and reduce the amount of stranded electricity, power that is generated but cannot be delivered due to insufficient transmission capacity. By increasing the grid's load-carrying capacity to over 7,000 megawatts, the initiative is expected to significantly improve the delivery of electricity from generation points to end users across residential, commercial, and industrial sectors. It also signals Nigeria's continued efforts to modernize its power infrastructure and attract international partnerships in the energy sector. Once implemented, the project will play a crucial role in reducing system losses, minimizing transmission bottlenecks, and supporting broader economic productivity by improving energy access and supply consistency across the country.

Elektron Finance SPV Plc to Launch N17 Billion Infrastructure Bond to Boost Nigeria's Energy Sector

In April 2025, Elektron Finance SPV Plc acting as a funding vehicle for Elektron Energy Development Strategies Limited, announced the launch of a ₦17 billion Series 1 Senior Guaranteed Fixed Rate Infrastructure Bond, with a maturity date in 2040. This bond issuance marks a strategic move under the company's ₦200 billion Bond Issuance Programme aimed at increasing energy infrastructure investments across Nigeria. The proceeds from the bond will finance the development of a 30MW gas-fired embedded generation plant in Victoria Island, Lagos. The project, under the Victoria Island Power Limited (VIPL) initiative, will feature a dedicated 5-kilometre distribution network designed to deliver stable power to major commercial districts. With long-term Power Purchase Agreements (PPAs) already secured with key commercial off-takers and Eko Electricity Distribution Company (EKEDC), the project is expected to offer immediate and localized energy reliability. By providing clean and dependable energy to one of Nigeria's most critical economic hubs, the VIPL project aims to reduce reliance on diesel generators, lower carbon emissions, and promote healthier air quality.

Beyond its environmental benefits, this initiative supports Nigeria's broader goals of energy diversification and infrastructure expansion. It also demonstrates how innovative financing mechanisms such as infrastructure bonds backed by credit guarantees can play a transformative role in closing Nigeria's power supply gaps and stimulating long-term economic development.

Renewable Energy Sector

Updates

Sun King Secures $80 Million Local-Currency Loan to Expand Off-Grid Solar Access to 4 million Nigerian Households

In May 2025, solar energy provider Sun King secured an $80 million naira-denominated loan facility from the International Finance Corporation (IFC) and Stanbic IBTC Bank to scale its off-grid solar electrification efforts in Nigeria. The facility will be deployed to extend electricity access to as many as four million Nigerian households over the next four to five years, particularly in rural and off-grid communities. This funding builds on Sun King's existing impact, having already supplied solar power solutions to over two million homes across the country. The use of a naira-backed facility also mitigates foreign exchange risk and allows the company to offer more affordable pay-as-you-go solar financing to low-income consumers.

This financing aligns with the World Bank and African Development Bank's "Mission 300" initiative, which targets connecting 300 million Africans to electricity by 2030. As a local-currency transaction, the deal demonstrates how innovative financial structures can drive private sector-led energy expansion while supporting Nigeria's broader goals of energy equity, rural development, and climate sustainability.

IFC and Canadian Government Invest $5 Million in Husk Nigeria to Expand Clean Energy Access via Mini-Grids

In May 2025, the International Finance Corporation (IFC), in partnership with the Canadian government announced a $5 million investment in Husk Nigeria to accelerate the deployment of solar hybrid mini-grids across underserved communities in Northern Nigeria. The funding is intended to support the construction and operation of up to 108 new mini-grid sites, potentially connecting over 115,000 people and businesses through approximately 28,750 electricity connections.

This investment marks the first disbursement under IFC's Distributed Access through Renewable Energy Scale-up (DARES) Platform, a $200 million debt facility launched to catalyze private sector-driven electrification across West and Central Africa. The Husk Nigeria project aims to deliver reliable and renewable electricity to off-grid communities and underserved regions. This strategic investment reflects growing momentum in Nigeria's off-grid energy sector and underscores the importance of financing and international collaboration in meeting the country's energy access goals.

Renewable Energy Sector

Updates

FG, Germany sign €20m Deal to Support Renewable Energy Development in Nigeria

In June 2025, the Federal Government of Nigeria signed a €20 million partnership with Germany to advance Nigeria's energy transition agenda. The agreement is focused on promoting climate-friendly, renewable energy solutions and marks a significant milestone in Nigeria's efforts to scale sustainable energy infrastructure nationwide. The deal will be implemented through collaboration with the KfW Development Bank and the Africa Enterprise Challenge Fund. It aims to support the deployment of clean energy technologies and provides funding for local projects aligned with Nigeria's energy transition goals.

This partnership is expected to enhance access to affordable and sustainable electricity, particularly in underserved and off-grid communities, while also stimulating private sector participation in renewable energy markets. By strengthening bilateral cooperation and leveraging development finance, the initiative reinforces Nigeria's commitment to decarbonization and green growth, in line with its national and global climate obligations.

REA and FCMB Launch ₦100 Billion Financing Facility to Expand Renewable Energy Access Across Nigeria

In June 2025, the Rural Electrification Agency (REA) partnered with First City Monument Bank (FCMB) to launch a ₦100 billion loan facility aimed at accelerating the deployment of renewable energy solutions nationwide. The facility is a core part of the Distributed Access through Renewable Energy Scale

Up (DARES) programme, a World Bank-backed initiative that seeks to deliver clean, reliable power to unserved and underserved communities across Nigeria. This strategic financing partnership will unlock private sector investment in off-grid energy infrastructure, enabling the rollout of decentralized renewable energy projects, including interconnected and isolated mini-grids, to reach an estimated number of two million households. With support from the federal government and the Ministry of Power, the programme aims to supply electricity to over 17.5 million Nigerians, stimulating local economies and enhancing quality of life in rural and peri-urban areas.

Renewable Energy Sector

Updates

REA and FCMB Launch ₦100 Billion Financing Facility to Expand Renewable Energy Access Across Nigeria

Under the terms of the agreement, FCMB will provide a revolving credit facility of ₦1 billion to eligible mini-grid developers, with each facility spanning an initial two-year term and room for expansion. This loan structure is expected to bridge the financing gap faced by clean energy developers and increase wider adoption of productive-use applications, such as solar-powered agro-processing and rural electrification clusters. By mobilizing commercial financing alongside international development support, this partnership sets a new benchmark for blended finance models in Nigeria's renewable energy space. It reinforces the country's commitment to sustainable electrification and private-sector-led energy access initiatives.

Conclusion

Conclusion

The second quarter of 2025 underscored Nigeria's deepening commitment to structural reform and investment-led growth across the energy value chain. From upstream oil and gas revitalisation through strategic investments and digital monitoring reforms to intensified power sector regulation and decentralisation, the government and regulators made visible progress in addressing systemic inefficiencies. Transmission sector setbacks, especially vandalism and mounting debt, highlighted persistent operational bottlenecks, while the distribution segment continued to grapple with liquidity constraints and delayed subsidy remittances, despite increased cost-reflective tariffs. With heightened capital mobilisation, policy innovation, and institutional realignment now underway, Q2 2025 marks a pivotal period in Nigeria's ongoing energy transition and market reform agenda. Sustained implementation, credible enforcement, and improved infrastructure delivery will be critical to translating these advances into long-term sectoral resilience for the Nigerian energy supply chain.

About SBP

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Authors

Ozioma Agu

Partner

OziomaAgu
@strenandblan.com

David Olajide

Associate

DavidOlajide
@strenandblan.com

Oghenemega Igbru

Associate

OghenemegaIgbru
@strenandblan.com

LAGOS
3 Theophilus Orji Street, Off Fola Osibo Road, Lekki Phase 1, Lagos, Nigeria.
+234 (0)702 558 0053

ABUJA
House 22, 21 Road, Kado Estate Phase 1, Abuja, Nigeria.
+234 (0)706 701 4557

ENUGU
Plot 30, Republic Estate, Independence Layout, Enugu.
+234 (0)813 916 7426

www.strenandblan.com

contact@strenandblan.com

@strenandblan