Energy Insights: The Quarterly

Reviews and Highlights of the Nigerian Energy Sector in Q4 and Outlook for 2026

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executive summary.

Energy Insights – The Quarterly

The fourth quarter of 2025 marked a defining period for Nigeria's energy sector, shaped by upstream portfolio realignments, deeper implementation of the Petroleum Industry Act (PIA), and tangible progress in the country's energy transition. Developments during the quarter underscored a sector navigating structural change while consolidating operational stability.

A key highlight of the quarter was the completion of TotalEnergies' divestment of its 12.5 per cent non-operated interest in Oil Mining Lease 118, which is home to the Bonga deepwater field, for approximately USD 510 million. The acquisition by Shell Nigeria Exploration and Production Company (SNEPCo) and Nigerian Agip Exploration Limited reinforced the accelerating exit of international oil companies from mature and non-operated assets.

Nigeria sustained crude oil production at approximately 1.7 million barrels per day during the quarter, supported by improved security conditions, reduced pipeline disruptions, and ongoing upstream investments across the Niger Delta.

This production stability provided a stronger foundation for regulatory reforms and investment focused initiatives under the PIA.

Regulatory momentum in Q4 2025 for Nigeria's oil and gas sector was reinforced with the issuance of the 2025 Licensing Round Guidelines and the official launch of the 2025 Licensing Round, effective December 1, 2025. Announced by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), former Chief Executive Officer Gbenga Komolafe at the Project 1MMBOPD Forum in London, the round under the Petroleum Industry Act features competitive fiscal terms, enhanced data transparency, and clear development timelines, aimed at attracting technically capable and well-capitalised investors while encouraging early field development commitments. The initiative also seeks to strengthen collaboration among investors, financial institutions, and stakeholders to accelerate production growth and expand investment in Nigeria's upstream sector.

Beyond hydrocarbons, Q4 marked a notable milestone in Nigeria's energy transition. For the first time, imports of solar cells for local assembly exceeded imports of fully manufactured solar panels, signaling a structural shift toward domestic value addition in the renewable energy value chain. This progress was driven by policy reforms such as the Federal Government's push to localise renewable energy manufacturing under the Energy Transition Plan and the advancement of the Electric Vehicle Transition and Green Mobility Bill with local assembly requirements, increased private sector participation, and significant deal activity within the renewable energy ecosystem.

In the renewable energy domain, October 2025 marked a historic shift in solar import dynamics, with imports of solar cells (110 MW) surpassing imports of fully assembled panels (82 MW) for the first time. This milestone reflects Nigeria's movement toward domestic value addition in solar manufacturing, supported by policy reforms and investment

In the renewable energy domain, October 2025 marked a historic shift in solar import dynamics, with imports of solar cells (110 MW) surpassing imports of fully assembled panels (82 MW) for the first time. This milestone reflects Nigeria's movement toward domestic value addition in solar manufacturing, supported by policy reforms and investment commitments catalysed through initiatives like the Nigeria Renewable Energy Innovation Forum. Nearly USD 500 million in manufacturing and supply agreements have helped expand local assembly capacity.

The quarter was further characterised by rapid growth in decentralised solar adoption and steady progress in establishing the regulatory and infrastructure frameworks required to integrate distributed renewable energy into the national power mix. These developments reflect a gradual but meaningful alignment of Nigeria's energy policy objectives with industrial development, energy access, and long-term sustainability goals. Overall, Q4 2025 highlighted a Nigerian energy sector in transition, consolidating upstream value under a reformed regulatory regime while laying the groundwork for a more diversified, resilient, and sustainable energy future.

oil and gas sector

Nigeria's crude oil production in 2024 averaged about 1.5 million barrels per day. In 2025, oil production capacity amounts to slightly over 1.7 million barrels per day representing a 10 per cent year-on-year increase. Notably, Nigeria's crude oil output in Q4 met 96 per cent of its Organization of Petroleum Exporting Countries (OPEC) quota, which is currently set at 1.5 million bpd, demonstrating the country's capacity to meet its production targets under the OPEC agreement.

A defining corporate development during the quarter was the consolidation of indigenous ownership in Nigeria's upstream sector, with Heirs Energies Ltd (a subsidiary of Heirs Holdings) acquiring a 20.07 % stake in Seplat Energy Plc from Maurel & Prom in a $500 million transaction, making Heirs the largest shareholder in one of Nigeria's foremost independent oil and gas producers and further reinforcing local capital participation in strategic energy assets.

Highlighting progress on the Ajaokuta–Kaduna–Kano Gas Pipeline (AKK), Gas production increased from about 6.5 billion standard cubic feet per day to over 7 billion standard cubic feet per day. These improvements are underpinned by very structural changes within the sector.

Moreover, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) recently announced commencement of the licensing round under the Petroleum Industry Act, which would primarily focus on discovered but underdeveloped fields, fallow assets in the Niger Delta and natural gas projects. The licensing round is majorly aimed at reviving idle assets and boost the Country's oil production capacity.

On the commercial front, price war in petrol prices which is driven by competition between Dangote Refinery, NNPC, and independent marketers has led to a significant drop in petrol prices, from over N1,200 per litre in November 2024 to as low as N739 per litre in December 2025.

The quarter was more clearly defined by infrastructural development milestones and upstream market adjustments that collectively underscored a stabilizing downstream sector,

strengthening domestic refining and production capacity, and a regulatory environment increasingly aligned with investor expectations and national energy security objectives.

power sector

In Q4 2025, Nigeria's power sector was shaped by renewed efforts to stabilise market finances and advance critical infrastructure reforms, even as long-standing liquidity challenges and grid constraints persisted. A major development during the quarter was the finalisation of the implementation framework for the ₦4 trillion Presidential Power Sector Debt Reduction Plan. This marked a decisive step by the Federal Government to address legacy debts owed to generation companies and gas suppliers, which have historically weakened balance sheets across the electricity value chain. While the intervention is expected to improve liquidity and restore investor confidence, rising indebtedness among distribution companies remained a key concern, with unpaid obligations increasingly constraining grid expansion and new investment.

Infrastructure development recorded incremental progress. Approvals were granted to conclude the Afam power plant privatisation, while concession arrangements for hydropower projects covering Oyo and Kogi States advanced during the quarter. At the federal level, a presidential directive was issued to expand substation upgrades under the Siemens Presidential Power Initiative, reinforcing ongoing efforts to strengthen transmission capacity. At the subnational level, Delta State approved an ₦18.1 billion bank guarantee for the Asaba power project, reflecting growing state level participation in electricity infrastructure delivery.

Policy focus in the distribution segment centred on metering and loss reduction. Federal approval of ₦28 billion for prepaid meters, alongside ongoing metering programmes supported by development partners, was aimed at improving revenue assurance and reducing commercial losses.

Despite these efforts, weak collections, poor metering coverage, and structural revenue gaps continued to strain distribution company operations and limit sector wide performance.

A notable regional milestone was achieved during the quarter with Nigeria's successful grid synchronisation test with the West African Power Pool. This development represents an important step toward regional power trading, improved system reliability, and deeper integration within the West African electricity market.

Overall, Q4 2025 reflected a power sector gradually shifting from short-term crisis management toward medium-term reform execution.

While fiscal interventions, infrastructure approvals, and regional integration efforts signal stronger reform momentum, persistent liquidity challenges and investment gaps underscore the need for sustained implementation and deeper private sector participation to achieve long term stability in Nigeria's electricity sector.

renewable energy sector

In Q4 2025, Nigeria's renewable energy sector gained stronger policy visibility and international attention, even as structural financing and market barriers continued to limit scale. During the quarter, the Federal Government reaffirmed its long-term clean energy ambitions under the Energy Transition Plan, targeting over ₦410 billion in clean energy investment by 2060. At the same time, renewable energy stakeholders highlighted Nigeria's growing opportunity within global carbon markets, with estimates pointing to a potential USD 2.5 billion carbon credit opportunity linked largely to solar deployment, clean cooking solutions, and emissions reduction projects.

The quarter was marked by a notable shift toward domestic solar manufacturing, with imports of solar cells for local assembly surpassing imports of fully manufactured panels for the first time. This structural change reflects deliberate efforts to retain more of the value chain within Nigeria and to support industrial-scale renewable energy production. Partnerships with global manufacturers and agreements to establish solar module plants further strengthened local capacity and underscored Nigeria's ambition to become a regional hub for solar production.

Policy and industry collaboration also advanced, highlighted by major conferences and stakeholder engagements where the government reaffirmed support for enabling policies and investment facilitation. In parallel, domestic financing initiatives gained momentum, including InfraCredit's mobilization of local currency funding for off-grid solar mini-grid projects, demonstrating tangible progress toward scaling deployment beyond donor-funded models.

Despite Africa's solar potential, which represents over 60 percent of the world's strongest solar resources, the continent continues to attract only a small fraction of global energy investment. High clean technology tariffs and trade barriers remain a challenge, risking slower adoption across Nigeria despite declining global equipment costs. Nevertheless, global climate finance trends remained supportive, with capital flows to Nigeria and other developing economies rising to over USD 21.5 billion, reflecting sustained international interest in emerging market energy transition projects.

Overall, Q4 2025 reflected a renewable energy sector at a strategic inflection point. While policy commitments, domestic manufacturing, carbon market opportunities, and rising climate finance signal growing momentum, unlocking Nigeria's renewable potential will depend on improving access to affordable capital, reducing cost and trade barriers, and strengthening domestic market frameworks to translate ambition into bankable, large-scale deployment.

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market overview

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power sector

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introduction

In Q4 2025, Nigeria's power sector was characterized by intensified efforts to stabilize market finances, advance stalled infrastructure projects, and address long-standing inefficiencies across generation, transmission, and distribution.

Policy focuses during the quarter shifted decisively toward resolving legacy debt, restoring investor confidence, and unlocking constrained capacity within the electricity value chain. Central to this push was the Federal Government's finalization of the implementation framework for the ₦4 trillion Presidential Power Sector Debt Reduction Plan, aimed at settling outstanding obligations to generation companies and gas suppliers and improving liquidity across the market.

Alongside fiscal intervention, the quarter saw renewed momentum in infrastructure development, privatization efforts, and metering programmes, reflecting a broader attempt to transition the sector from crisis management toward medium-term reform execution. However, persistent challenges including mounting distribution company (DisCo) debt, weak revenue collection, and constrained grid investment, continued to shape market outcomes, underscoring the structural fragilities that remain embedded in Nigeria's electricity supply industry.

notable developments

FG and GenCos Finalise Framework for ₦4 Trillion Power Sector Debt Reduction Plan

In November 2025, the Federal Government finalised the implementation framework for the ₦4 trillion Presidential Power Sector Debt Reduction Plan, following engagements with generation companies (GenCos) and other market stakeholders. The framework is designed to address historical payment shortfalls owed to GenCos and gas suppliers, which have constrained operations and discouraged new investment. The initiative represents one of the most significant fiscal interventions in the sector since privatization and is expected to improve liquidity, stabilize cash flows, and support medium-term capacity expansion.

Nigeria Joins Unified West African Power Grid to Boost Regional Electricity Integration

Nigeria has successfully synchronised its national electricity grid with the broader West African Power Pool (WAPP), effectively integrating its power network with those of neighbouring countries to create a unified regional power grid. The synchronisation connects Area 1 (Nigeria, Niger, and parts of Benin and Togo) with Areas 2 and 3 (the rest of West Africa), achieving a single operational grid designed to enhance reliability, stability and cross-border electricity trade across the ECOWAS subregion. This long-awaited milestone, achieved after decades of efforts, was carried out in collaboration with the Nigerian Independent System Operator (NISO) and the WAPP Information and Coordination Centre, and marks the first sustained unified grid operation of its kind, enabling potential electricity imports during shortfalls and power exports during surplus periods.

The integration is expected to unlock significant regional economic and energy market opportunities, including expanded electricity trade with up to 15 West African countries, potential foreign exchange earnings from power exports, and improved utilisation of Nigeria's generation capacity, particularly from gas-fired plants. Experts say the achievement reflects improved system discipline, real-time coordination among national grid control centres, and harmonised operational standards, strengthening Nigeria's leadership in regional energy cooperation and contributing to a more stable and market-oriented electricity ecosystem across West Africa.

notable developments

Femi Otedola Exits Geregu Power in $750 Million Transaction

Billionaire investor Femi Otedola has divested his controlling stake in Geregu Power Plc in a landmark $750 million transaction, marking one of the largest private exits in Nigeria's power generation sector. According to filings on the Nigerian Exchange (NGX), the deal was executed through the sale of Otedola's 95 per cent stake in Amperion Power Distribution Company Limited, the majority shareholder of Geregu Power, to MA'AM Energy Limited, an Abuja-based integrated energy company, effectively transferring the indirect beneficial ownership of about 77 per cent of Geregu Power's issued share capital to the new buyer. The transaction closed on December 29, 2025 and was financed by a consortium of Nigerian banks led by Zenith Bank with advisory support from Blackbirch Capital.

While the sale did not involve a direct transfer of Geregu Power's listed shares and thus leaves the company's NGX shareholding structure unchanged, it represents a fundamental shift in ultimate beneficial ownership and a significant change in the company's generation and strategic direction. MA'AM Energy's emergence as the controlling shareholder is accompanied by board changes at the company, which remains one of Nigeria's most capitalised and profitable publicly traded power producers with a key role in national grid supply.

Transgrid Enerco Completes ₦360 Billion Acquisition of Eko DisCo Stake

In a landmark development for Nigeria's power sector, Transgrid Enerco Limited has completed the acquisition of a 60 percent controlling stake in Eko Electricity Distribution Company (Eko DisCo) from West Power & Gas (WPG) in a deal valued at about ₦360 billion. The transaction, which was finalised on December 30, 2025, marks one of the largest privately negotiated takeovers in the distribution segment since the 2013 privatisation. Transgrid Enerco paid ₦180 billion upfront in cash, split between earlier in the week and on closing day, while the remaining ₦180 billion was secured through bank guarantees for deferred payment, with both parties keen to conclude the deal before the new capital gains tax regime took effect on January 1, 2026.

The consortium behind Transgrid Enerco includes Stanbic IBTC Infrastructure Growth Fund, North South Power Company Limited, and Axxela Limited, bringing together financial, generation and gas infrastructure expertise to drive operational improvements at Eko DisCo. Serving southern Lagos and parts of Ogun State, areas with high commercial and industrial electricity demand, Eko DisCo is seen as one of Nigeria's most commercially viable distribution companies. The new ownership is expected to inject fresh capital, enhance service reliability, accelerate metering expansion and boost customer satisfaction, signaling renewed investor confidence in market-driven power sector transactions that could set a precedent for future deals.

Ownership stakes transfer in Geregu Power Transaction

95% Otedola's stake sold in Amperion Power Distribution Company Limited

77% Indirect beneficial ownership of Geregu Power Plc transferred to the buyer

Financial and ownership structure of the Transgrid Enerco–Eko DisCo acquisition

180B ₦180$ billion upfront cash payment

180B ₦180$ billion deferred payment (secured via bank guarantees).

60% 60% controlling stake acquired by Transgrid Enerco Limited.

notable developments

FG and Quaint Energy Sign 8 MW Hydropower Concession for Oyo and Kogi States

The Federal Government of Nigeria and Quaint Energy Limited have signed a concession agreement for the development of two 8 megawatt hydropower plants in Oyo and Kogi States, marking an advancement in the country's renewable energy agenda. The plants, which harness run-of-river hydro technology, are expected to contribute clean and reliable electricity to local grids, support rural electrification and reduce dependence on fossil-fuel-based generation in their host regions.

Under the concession framework, Quaint Energy will finance, construct and operate the facilities under terms designed to attract private capital into Nigeria's power sector, while the government provides policy and regulatory support. The initiative aligns with broader national and continental objectives to accelerate renewable energy deployment, enhance energy access and promote sustainable development, particularly in underserved communities. Completion of the projects is expected to boost local economic activity and contribute to long-term energy security.

FG Issues ₦590 Billion Power Sector Bond to Clear GenCo and Gas Arrears

The Federal Government of Nigeria has issued a ₦590 billion Series 1 Power Sector Bond under the Presidential Power Sector Debt Reduction Programme, marking the first tranche of a broader effort to tackle long-standing payment arrears in the electricity value chain. The bond, issued by NBET Finance Company Plc, a special purpose vehicle of Nigerian Bulk Electricity Trading Plc, and guaranteed by the Federal Government, is designed to settle verified debts owed to power generation companies (GenCos) and gas suppliers that have weighed heavily on the sector's liquidity and investment outlook. This issuance represents the initial phase of a wider programme targeting ₦1.23 trillion by early 2026 as part of efforts to restore financial stability and investor confidence in Nigeria's power market.

The Presidential Power Sector Debt Reduction Programme, aims to address a legacy debt overhang that has constrained new investment, weakened utility balance sheets, and undermined reliable electricity delivery. The Series 1 bond issuance has commenced under the programme, with further issuances under this government-backed initiative are expected to continue through 2026, with proceeds prioritised for settling outstanding GenCo and gas supplier liabilities, thereby supporting efforts to strengthen operational viability and attract fresh capital into the power sector.

Federal Government of Nigeria's Power Sector Debt Reduction Programme.

Early 2024

Series 1 bond issuance of ₦590 billion.

Additional bond issuances planned through 2026.

Total programme target of **₦1.23 trillion.**

Early 2026

Target completion period

notable developments

NCP Approves New Performance Agreements to Conclude Afam Power Privatization

In November 2025, the National Council on Privatization approved new performance agreements with Transcorp to finalize the long-delayed privatization of the Afam Power Plant. The approval is intended to resolve outstanding issues around asset transfer, performance benchmarks, and operational commitments, enabling Transcorp to assume control and drive efficiency improvements at the facility fully. The move signals renewed government commitment to completing legacy privatisation transactions and improving generation performance through private-sector participation.

Federal Government Directs Siemens Energy to Expand Power Substation Projects to Three Phases

In November 2025, President Bola Ahmed Tinubu directed Siemens Energy to expand the scope of critical power substation upgrades under the Presidential Power Initiative into three phases. The directive is aimed at accelerating transmission and distribution infrastructure upgrades, improving grid reliability, and increasing evacuation capacity. The expansion underscores the administration's continued reliance on strategic international partnerships to modernize Nigeria's electricity infrastructure.

Delta State Approves ₦18.1 Billion Bank Guarantee for Asaba Power Project

In early November 2025, the Delta State House of Assembly approved the re-issuance of an ₦18.1 billion bank guarantee from Sterling Bank Plc to Access Bank Plc in favour of Bastanchury Power Solutions Nigeria Limited, the developer of the Asaba Independent Power Plant. Under the State's Power Purchase Agreement (PPA), this guarantee is required annually to cover compensation and buy-out obligations, while a monthly Irrevocable Standing Payment Order supports operational, capacity, and maintenance costs. The transition from Sterling Bank's facility to Access Bank's guarantee reflects a strategic alignment with the state's revenue-linked financing structure and deepens subnational engagement in power infrastructure delivery. The project is expected to improve power availability in Asaba and surrounding areas, while reducing reliance on the national grid.

notable developments

Metering Initiatives Accelerate Under Federal and World Bank Programmes

Metering remained a key policy focus in Q4 2025. In October, the Federal Government approved ₦28 billion for prepaid meter deployment to address Nigeria's persistent metering gap. This was followed by Kano Electricity Distribution Company's announcement of plans to install 128,000 prepaid meters under a $500 million World Bank-supported programme. These initiatives aim to reduce estimated billing, improve revenue collection, and strengthen consumer trust, although implementation challenges remain.

NERC Urges FG to Redirect $2 Billion REA Fund to Industrial Power

In October 2025, the Nigerian Electricity Regulatory Commission (NERC) urged the Federal Government to redirect approximately $2 billion in Rural Electrification Agency (REA) funds toward industrial power projects. The proposal was positioned as a strategy to prioritize productive-use electricity, support industrial growth, and improve economic returns from public power investments. The recommendation reflects growing debate over the optimal allocation of limited public resources within the power sector.

milestones

September 2025

		Milestones	Details
October 2025		Nigeria Synchronises National Grid with WAPP in Historic First	Nigeria successfully synchronised its national grid with the West African Power Pool (WAPP) in a historic four-hour test run, marking the first time the Nigerian electricity system operated in unified frequency with neighbouring countries. This is a major step toward regional power trading, enhanced grid stability, and potential cross-border energy exchange across West Africa.
November 2025		TCN Boosts National Grid Wheeling Capacity to 8,700 MW	The Transmission Company of Nigeria (TCN) increased national grid wheeling capacity to 8,700 MW, reflecting extensive infrastructure upgrades, transformer commissioning, and strengthened transmission corridors that enhance the grid's ability to transmit available generation to major load centres nationwide.
December 2025		NDPHC Boosts Grid Capacity with 345 MW Power Restoration	The Niger Delta Power Holding Company (NDPHC) restored 345 MW of generation capacity to the national grid through refurbishment of key gas-fired plants (including Omotosho, Benin, and Ihovbor), signalling improved generation resilience and supporting broader efforts to stabilise power supply during peak demand.

challenges in the power sector

Persistent Liquidity Crisis and Debt Overhang

Despite the Federal Government's finalisation of the ₦4 trillion Presidential Power Sector Debt Reduction Plan, liquidity challenges remain deeply entrenched across Nigeria's electricity value chain. Years of accumulated unpaid invoices to generation companies (GenCos) and gas suppliers have weakened balance sheets, limited maintenance spending, and constrained new investment. While the debt reduction framework represents a critical corrective step, its success will depend on effective implementation, transparent disbursement, and complementary reforms to prevent a recurrence of arrears. Without sustained improvements in cost recovery and payment discipline, the sector risks reverting to cyclical debt accumulation even after the intervention.

Structural Weaknesses in the Distribution Segment

The distribution segment continues to represent the most significant bottleneck in Nigeria's power market. Distribution companies (DisCos) face chronic revenue shortfalls driven by poor metering coverage, estimated billing practices, energy theft, and technical losses across ageing networks. These weaknesses directly undermine cash collections and limit DisCos' ability to meet their financial obligations to upstream players. As highlighted during Q4 2025, mounting DisCo debts are increasingly viewed as a major barrier to grid expansion projects, as lenders and contractors remain reluctant to finance infrastructure upgrades in the absence of credible repayment capacity.

challenges in the power sector

Grid Infrastructure Deficit and Evacuation Constraints

Nigeria's transmission and distribution infrastructure remains inadequate relative to available and planned generation capacity. Limited evacuation capacity, ageing substations, and constrained transmission corridors continue to result in stranded power and forced load shedding, even where generation is available. While initiatives such as the Siemens-led Presidential Power Initiative and state-backed projects signal progress, infrastructure expansion has not kept pace with demand growth. Grid fragility also exposes the system to frequent disruptions, increasing operational risks and reducing reliability for end-users.

Limited Bankability of Power Projects

The combined effect of liquidity challenges, weak collections, tariff uncertainty, and grid constraints has significantly reduced the bankability of power projects in Nigeria. Investors and lenders remain cautious, demanding higher returns or sovereign-backed guarantees to compensate for perceived risks. These dynamic limits the inflow of long-term private capital, particularly for transmission and distribution projects that require large upfront investment with extended payback periods.

oil and gas sector

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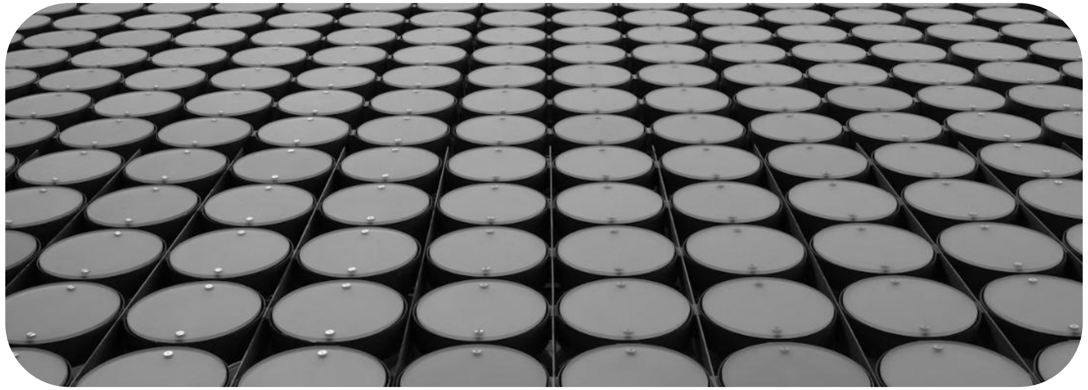
introduction

In Q4 2025, Nigeria's crude oil production averaged around 1.7 million barrels per day (bpd), with NUPRC reporting total liquids output of 1.71 million barrels per day in July.

Oil production capacity in Q4 represents a 10 percent year-on-year increase, and a modest month-on-month gain from Q3.



This improved performance reflects the conclusion of the 2024 oil licensing round under the Petroleum Industry Act, which was conducted transparently and competitively with multiple winners emerging and stakeholder commendations, and the launch of a new deepwater round, creating tangible momentum and reinforcing investor confidence in the PIA framework.

Moreso, the continued implementation of the Petroleum Industry Act (PIA) provided more predictable fiscal terms, encouraging operators to ramp up production and invest in short-cycle projects to capitalize on the improved environment. Despite these improvements, upstream operations faced challenges such as infrastructure gap and investment constraints, price volatility, underinvestment & funding gap, oil theft and insecurity and production constraints.

notable developments

NNPC Ltd Completes AKK Gas Pipeline Mainline, Targets Early 2026 Commissioning

NNPC Ltd has completed the mainline welding of the Ajaokuta–Kaduna–Kano (AKK) gas pipeline, marking a critical construction milestone for one of Nigeria's most strategic gas infrastructure projects. The achievement includes the successful River Niger crossing, long considered the most technically challenging segment of the pipeline. The completion of the mainline now allows the project to advance to final integration works, including ancillary facilities and offtake connections, with commissioning expected in early 2026.

The 614 km, 40-inch AKK pipeline, with an estimated cost of about $2.8 billion, is designed to transport up to 2 billion standard cubic feet of gas per day from southern supply hubs to Abuja, Kaduna and Kano. Once operational, the pipeline is expected to significantly boost gas availability in Northern Nigeria, supporting power generation, fertiliser production and gas-based industries, while advancing Nigeria's gas-led industrialisation agenda and strengthening domestic energy security.

Emadeb Drills First Oil from Ibom Field

Emadeb Petroleum Exploration and Production Company Limited has successfully achieved first oil from the Ibom Field (PPL 236) and commenced commercial production, marking a significant milestone for indigenous participation in Nigeria's upstream sector. The development reflects sustained investment and regulatory support, aligns with the Federal Government's drive to boost crude oil output, and serves as a model for marginal field commercialisation. Emadeb has invested over $100 million in the asset since its award in the 2020 Marginal Field Bid Round and is advancing a second development phase, including two additional wells expected to triple production by late 2026.

NUPRC Launches Digital 2025 Oil Licensing Round

In December 2025, NUPRC officially launched the 2025 Oil and Gas Licensing Round, introducing a fully digital bidding portal to enhance transparency and attract investment. With presidential approval, the round offers 50 oil and gas blocks including 15 onshore, 19 shallow water, 15 frontier basin, and 1 deepwater asset aimed at boosting national reserves, increasing production, and expanding gas utilization. The commission has reduced signature bonuses and implemented a two-stage digital bidding process focused on technical and financial competence, projecting that the round could attract up to $10 billion in investments, add 2 billion barrels to reserves, and potentially deliver 400,000 barrels per day in future production, reinforcing Nigeria's commitment to a competitive and transparent upstream sector.

key performance indicators (KPI) dashboard for the AKK gas pipeline project.

$2.8 Billion

Project cost

614 Kilometer

Pipeline length

40 inches

Pipeline diameter

$2 Billion scf/day

Gas capacity

Early 2026

Target commissioning

Mainline Complete

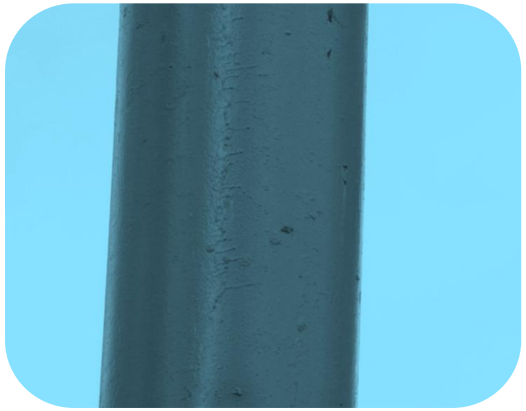
Status

notable developments

NNPC Ltd Launches Competitive Bid to Sell Stakes in Oil and Gas Assets

Nigeria's national oil company, NNPC Ltd, has officially opened a bidding process to sell stakes in some of its oil and gas assets as part of a broader portfolio optimization strategy to attract fresh investment and unlock capital for reinvestment. The invitation for bids, outlined in an official document, requires prospective investors to register online by January 10, 2026, after which a pre-screening based on technical and financial capacity will be conducted. Qualified bidders will gain access to a secure virtual data room to review detailed asset information, with subsequent stages including document evaluation, negotiations and regulatory approvals. The company has not disclosed the exact sizes of the stakes on offer or the expected proceeds, but the initiative is understood to target at least 25 per cent equity sales in select oil and gas fields, whether through outright divestments or reductions in joint venture interests.

The assets up for sale include those wholly owned by NNPC and others held in partnerships with major international oil companies such as Shell, Chevron, Eni and TotalEnergies, reflecting an effort to streamline the company's portfolio while inviting private and international capital into Nigeria's upstream sector. This move aims to boost crude production, which has struggled in recent years, and support the development of marginal onshore fields previously vacated by foreign operators. However, it has revived tensions with oil sector unions, which had earlier voiced opposition to plans to reduce government equity in key fields on concerns about revenue implications and job security.



FG Reduces Oil Block Signature Bonus to Boost 2025 Licensing Round

The Federal Government of Nigeria, through the NUPRC, has slashed the signature bonus for the 2025 petroleum licensing round to a range of $3 million to $7 million per block, a significant reduction aimed at lowering entry barriers and attracting broader investor participation in the upstream sector.

Under the revised terms, any bidder must submit a bonus offer within this prescribed range or risk disqualification, with the bonus serving as a one-time upfront payment to secure exploration and production rights. This move represents a further step in Nigeria's reform agenda, following earlier cuts from historically high bonus levels (previously as high as around $200 million before being reduced to $10 million). By aligning signature bonus requirements more closely with global practices and reducing financial entry costs, the government is seeking to stimulate interest from both local and international oil and gas companies, support exploration activity across onshore, shallow water, frontier and deepwater blocks, and ultimately unlock fresh investment and reserve growth.

notable developments

FG Launches Nigeria's First Online Gas Trading, Clearing and Settlement Platform

In a significant development for Nigeria's gas sector, the Federal Government has officially launched the country's first online gas trading, clearing and settlement platform, aiming to introduce transparency, efficiency and competitiveness into the domestic gas market. Unveiled in Abuja by the Minister of State for Petroleum Resources (Gas), Hon. Ekperikpe Ekpo, the platform — backed by the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) in partnership with the Securities and Exchange Commission is expected to streamline gas trading with market-driven pricing and secure settlement processes that will bolster investor confidence and support sustainable growth in the industry. Under the framework, market participants submit bids and offers electronically for transparent price discovery, while executed trades are centrally cleared and settled through regulated financial channels to manage counterparty risk and ensure secure delivery and payment.

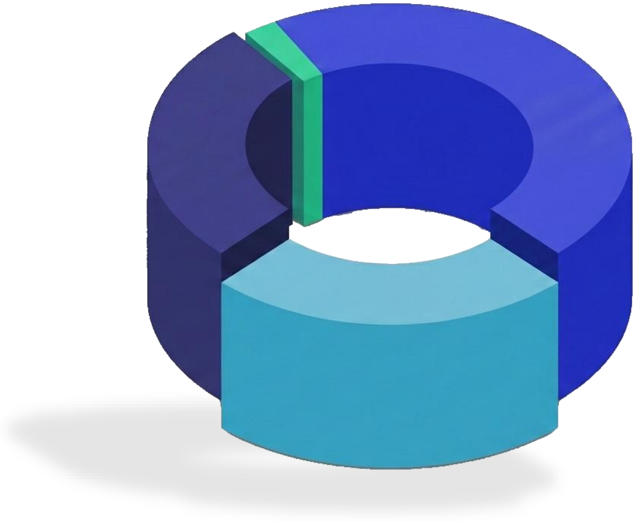
The initiative includes the issuance of the Gas Trading Licence, Clearing House and Settlement Authorisation to JEX Markets Limited, mandating it to operate this digital marketplace under a regulated framework. Officials say the platform aligns with the Petroleum Industry Act's objectives to foster a dynamic, competitive gas market by improving price discovery, broadening participation across market players, and attracting long-term capital thereby positioning Nigeria to better harness its vast gas resources for power, industrial and commercial use.

Seplat Energy Migrates Major Onshore Assets to PIA Fiscal Regime

Seplat Energy Plc has completed the migration of its onshore oil and gas assets previously held under OMLs 4, 38, 41, and 53 to the Petroleum Industry Act (PIA) fiscal regime, replacing the old Petroleum Profit Tax framework. The conversion follows the execution of PIA Conversion Contracts and the fulfilment of all technical and regulatory requirements with NUPRC. New Petroleum Mining Lease (PML) and Petroleum Prospecting License (PPL) numbers have been issued, with operations under the PIA expected to begin from January 1, 2026, subject to regulatory guidance.

Collectively, these onshore assets accounted for an average working interest production of 42,591 barrels of oil equivalent per day in the first nine months of 2025, representing about 31 percent of Seplat's total output.

NUPRC 2025 oil and gas licensing round: block distribution



- Shallow water (38%)
- Onshore (30%)
- Frontier Basin (30%)
- Deepwater (2%)

$10 Billion	2 Billion Barrels	400,000 Barrels/Day
Investment Target	Reserve Addition	Production Target

Economic Impact Dashboard: A set of KPI cards highlighting the projected outcomes:

notable developments

NUPRC Opposes Establishment of Oil and Gas Decommissioning Commission

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) has formally opposed the proposed National Commission for Decommissioning of Oil and Gas Installations (NC DOGI) Bill, 2024, describing the creation of a standalone decommissioning agency as unnecessary and potentially counterproductive for the oil and gas sector. In a memorandum submitted at a public hearing before the House Committee on Petroleum Resources (Upstream) in Abuja, the NUPRC argued that the Petroleum Industry Act (PIA) 2021 already provides a comprehensive regulatory framework for decommissioning and abandonment activities, assigning these responsibilities to the existing regulators, the NUPRC for upstream operations and NMDPRA for midstream and downstream sectors, including provisions or a dedicated decommissioning and abandonment fund under Sections 232 and 233 of the PIA. NUPRC warned that establishing a new body could duplicate functions, fragment oversight, and impose unnecessary financial and institutional burdens on the Federal Government, while also creating regulatory uncertainty that might discourage investment in the sector in contrast to international best practices where decommissioning oversight remains within existing regulatory bodies.

The Presidency Nominates Oritsemeyiwa Eyesan as New NUPRC Chief Executive

President Bola Tinubu nominated Oritsemeyiwa Amanorisewo Eyesan as Chief Executive Officer of the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), subject to Senate confirmation, following the resignation of Gbenga Komolafe. A veteran energy executive with over 30 years' experience at NNPC Ltd., her appointment is intended to ensure regulatory continuity and stability as Nigeria advances key upstream reforms, including the 2025 digital oil licensing round.

Dangote Refinery Partners with Honeywell to Double Capacity by 2028

In November 2025, Dangote Industries signed a major partnership with Honeywell to provide advanced refinery technology and catalysts, a strategic move aimed at doubling the Dangote Refinery's capacity from 650,000 barrels per day (bpd) to 1.4 million bpd by 2028. The collaboration, which will enable the processing of a broader range of crude grades, is a pivotal step toward positioning the facility as the world's largest single-train refining hub and aligns with Dangote's plan to add a second 750,000-bpd unit. This expansion has the potential to reshape Nigeria's energy landscape by allowing the refinery to process nearly all of the country's current crude production, significantly reducing dependence on fuel imports and bolstering foreign exchange stability through the Naira-to-Crude supply agreements with NNPC Ltd.

notable developments

Tinubu Approves 15% Import Duty on Diesel and Petrol

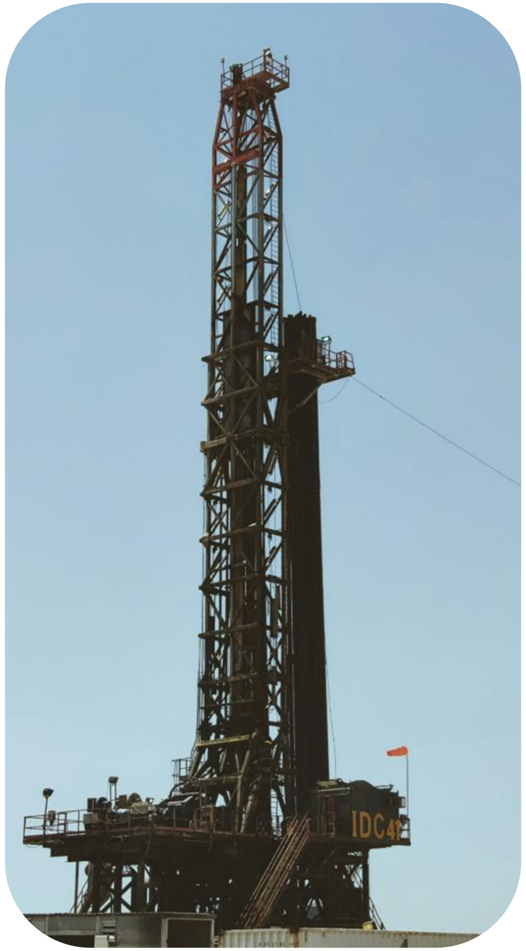
President Bola Tinubu approved the implementation of a 15 percent ad-valorem import duty on both diesel and petrol, a directive formalized in a letter from the Presidency to the Federal Inland Revenue Service (FIRS) and NMDPRA. This policy, projected to increase the pump price of petrol by approximately N100 per litre, aims to align import costs with domestic economic realities and reduce the staggering national fuel import bill, which reached N4 trillion in the first half of 2025. The approval signals a significant fiscal shift intended to curb foreign exchange expenditure on fuel imports and stimulate the competitive viability of Nigeria's domestic refining sector, including the Dangote Refinery and the state-owned facilities under review by NNPC Ltd.

NNPC Ltd. Commences Strategic Review of Major Refineries for Viability

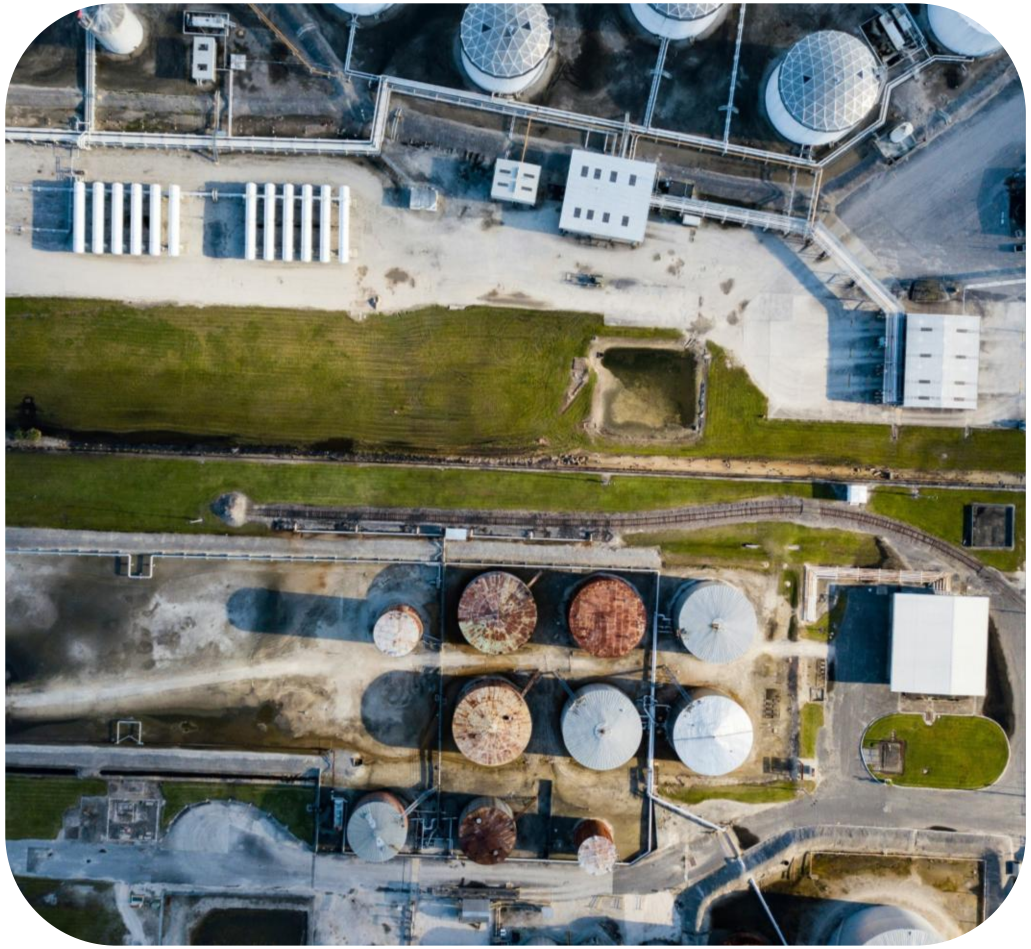
In October 2025, the Nigerian National Petroleum Company Limited (NNPC Ltd.) initiated a comprehensive technical and commercial review of its three major refineries in Port Harcourt, Warri, and Kaduna to determine their operational and financial viability. This strategic assessment, announced by Group Chief Executive Officer Mr. Bayo Ojulari, is designed to evaluate whether to modernize ("high-grade") or repurpose the ageing facilities, which have a combined capacity of 445,000 barrels per day but have been non-operational for over a decade. The review, involving local and international experts, aims to guide decisions on technology upgrades and partnerships with global technical equity partners, marking a critical step in NNPC Ltd.'s effort to transform the refineries into commercially driven, modern assets that can secure Nigeria's domestic fuel supply and align with the national energy strategy under the Petroleum Industry Act.

NNPC and Partners Launch Major Floating Storage Vessel at OML 18

The Nigerian National Petroleum Company Limited (NNPC Ltd.) and its joint venture partners, including Sahara Group, Eroton, and Bilton Energy, commissioned the nation's first wholly owned 2.2-million-barrel Floating Storage and Offloading (FSO) vessel named Cawthorne at the OML 18 field offshore Bonny. This ultramodern double-hull vessel, Nigeria's first new crude oil terminal in 50 years, is designed to boost sustained oil production, enhance export reliability, and strengthen national energy security by addressing persistent crude evacuation bottlenecks. Equipped with digital capabilities, including a Marine Control System and artificial intelligence for automated operations, the Cawthorne FSO represents a critical infrastructure milestone that supports Nigeria's upstream production targets, reduces carbon exposure from barge movements, and provides a scalable platform for future tie-ins from surrounding fields.



notable developments



Nigeria and Brazil Deepen Climate Partnership at COP30

At COP30 in November 2025, Nigeria and Brazil deepened climate cooperation under the Brazil–Nigeria Strategic Dialogue Mechanism, focusing on reducing black carbon emissions, advancing renewable energy transition initiatives, and mobilising climate finance. The partnership reinforces Nigeria's broader climate strategy, including plans to mobilise up to $3 billion annually through its National Carbon Market Framework, while strengthening South–South collaboration on sustainable development.

Nigeria declines in OPEC Quota for Third Consecutive Month in October 2025

In November 2025, OPEC data revealed that Nigeria's crude oil production averaged 1.401 million barrels per day (bpd) in October, a marginal increase from 1.39 million bpd in September but marking the third consecutive month the country failed to meet its OPEC-assigned quota of 1.5 million bpd. This sustained shortfall, attributed to persistent challenges such as pipeline vandalism, oil theft, ageing infrastructure, and project funding gaps, underscores Nigeria's ongoing struggle to revive its upstream sector despite government interventions and new investments. The production gap continues to strain foreign exchange earnings and fiscal revenue, even as the government signals its intent to formally request a higher OPEC quota of 2 million bpd, banking on recent drilling activities and field revivals to bolster future output.

milestones

	Milestones	Details
September 2025		
October 2025	Nigeria Exceeds OPEC Crude Oil Production Target in Q4	Nigeria surpassed its OPEC crude oil production target for Q4, achieving total liquids output of 1.70 million barrels per day.
November 2025	FG Halts 15% Petrol and Diesel Import Duty	The Federal Government, through the NMDPRA, suspended the previously approved 15% import duty on petrol and diesel, reversing a policy that was expected to raise fuel prices and assuring citizens of a stable and adequate nationwide supply from both domestic refineries and imports during the peak season.
December 2025	NISO Completes Repair of Lagos–Escravos Gas Pipeline	The Nigerian Independent System Operator (NISO) announced the successful repair and restoration of the vandalised Lagos-Escravos gas pipeline, a critical infrastructure that supplies gas to key thermal power plants, marking a significant step toward stabilizing the national electricity grid and improving power generation for industries, businesses, and households across the country.

challenges in the oil and gas sector

Underinvestment & Funding Gap

In recent time, International Oil Companies (IOCs) are divesting from onshore/shallow-water assets and not reinvesting enough in new Nigerian projects, while indigenous companies often lack the capital to fund major developments. This has created a critical funding shortfall.

In November 2025, the suspension of the 15% import duty on fuel is a direct policy reversal partly due to pressure from import-dependent marketers. This highlights the broader investment dilemma: while the government wants to encourage local refining (e.g., Dangote), policy uncertainty and the high cost of borrowing deter the sustained investment needed across the entire value chain, from upstream production to midstream pipelines and downstream distribution.

Production Constraints

In a constant effort to meet its OPEC production quota, Nigeria's oil sector experienced a decline in the first eight months in 2025, revealing a 93.74-million-barrel production shortfall, leading to an estimated $6.8 billion revenue loss against the Country's budget. Despite government targets of 2.06 million barrels per day (bpd), actual output averaged only 1.673 million bpd due to persistent issues such as; oil theft, pipeline vandalism, and lack of investment. The implication of this challenge is a significant budget funding gap, forcing increased borrowing. Furthermore, major Final Investment Decisions (FIDs) for large deepwater projects such as Bonga Southwest continue to be delayed into late 2025, signaling that no new major production streams are being added to offset declines from mature fields.

challenges in the oil and gas sector

Pipelines Vandalism

In December 2025, pipeline vandalism continued to pose serious risks to Nigeria's energy infrastructure, with multiple incidents reported in Niger delta that disrupted operations and threatened key assets. However, in response to widespread vandalism in the Niger Delta region, Pipeline Infrastructure Nigeria Limited has strengthened its security measures by engaging over 35,000 youths in pipeline surveillance programs. These efforts aim to curb sabotage, enhance community involvement, and protect critical national energy resources.

Market Volatility and Oil Price Fluctuations

Global crude oil markets remained volatile in even in Q4. Nigeria's vulnerability to unpredictable swings in the global price of crude oil, destabilizes national planning, budgets, and investment decisions. As a nation whose foreign exchange earnings and government revenue remain heavily dependent on crude exports, these fluctuations create a cycle of growth and recession that hinders sustainable economic growth.

Gas Commercialization & Domestic Utilization

Despite the "Decade of Gas" initiative, challenges persist in harnessing gas resources for domestic power and industry. The pipeline vandalism that crippled power plants in some states underscores the fragility of the gas-to-power value chain. Slow progress on gas pipeline networks, pricing frameworks, and processing infrastructure continues to limit the sector's potential to drive industrial growth and electricity stability.

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Renewable energy sector

Energy Insights – The Quarterly

introduction

In Q4 2025, Nigeria's renewable energy market was characterized by rising policy ambition, growing international climate finance flows, and renewed focus on the role of clean energy in long-term economic transformation, even as investment gaps and cost barriers persisted.

During the quarter, the Federal Government reiterated its commitment to mobilizing substantial clean energy investment under the Energy Transition Plan, targeting over ₦410 billion in clean energy financing by 2060.

This ambition was reinforced by increasing global capital flows to developing countries, with clean energy funding to Nigeria and peer economies rising significantly, reflecting sustained international interest in energy transition projects across emerging markets.

At the same time, sector stakeholders drew attention to Nigeria's untapped potential in renewable-linked carbon markets, estimating a $2.5 billion opportunity tied to solar deployment, clean cooking solutions, and emissions-reduction initiatives. However, broader continental dynamics continued to shape market sentiment. Despite Africa accounting for roughly 60 per cent of the world's best solar resources, the region attracted only about 2 per cent of global energy investment, underscoring persistent structural constraints around project bankability, policy certainty, and access to affordable capital.

Together, these developments positioned Nigeria's renewable energy sector at a critical juncture—marked by strong long-term potential, but constrained by execution and investment challenges.

notable developments

Solar Experts Push $2.5 Billion Carbon Market Opportunity for Nigeria

In early November 2025, renewable energy and climate experts highlighted Nigeria's potential to unlock up to $2.5 billion annually from global carbon markets, driven largely by solar energy deployment, clean cooking solutions, and emissions-reduction projects. Stakeholders noted that Nigeria's large population, growing energy demand, and low current penetration of clean technologies position it as a strong candidate for high-impact carbon credit generation. The discussion underscored carbon markets as a complementary financing mechanism capable of improving the bankability of renewable and off-grid projects, particularly in rural and underserved communities.

Nigeria Signs China MoU to Localise CNG and EV Infrastructure Manufacturing

Nigeria's Presidential Initiative on Compressed Natural Gas (Pi-CNG) and Electric Vehicles has signed a Memorandum of Understanding (MoU) with Chinese infrastructure and technology firm You Jie Te Environment Technology Ltd (YJT) to localise the production and assembly of critical transport energy infrastructure in Nigeria. The agreement, sealed during a five-day working visit by the Pi-CNG delegation to YJT's facilities in Chengdu and Hangzhou, China, covers the local manufacturing of CNG dispensers, refuelling stations and electric vehicle charging facilities, and includes the integration of advanced Internet of Things (IoT) monitoring solutions into Nigeria's emerging clean transport ecosystem.

Under the partnership, YJT's smart technology platforms will be linked with Pi-CNG's National Gas Vehicle Monitoring System (NGVMS) to enable real-time oversight of operations, compliance and performance across CNG and EV stations nationwide. Pi-CNG Chairman Ismaeel Ahmed described the MoU as a major step in advancing Nigeria's transition to cleaner, more affordable transport energy, boosting local manufacturing, job creation and skills transfer, while reducing reliance on imported equipment and enhancing service reliability for commuters and operators.

notable developments

African Development Bank Approves $100 Million Loan to Accelerate Renewable Energy and Transport Projects Across Africa

The African Development Bank (AfDB) Group has approved a $100 million loan to the Emerging Africa and Asia Infrastructure Fund (EAAIF) to support the development of sustainable infrastructure across the continent, with a focus on renewable energy, transport, digital connectivity and related sectors. The financing, endorsed by the Bank's Board of Directors, is intended to help EAAIF attract additional private capital and deploy long-term funding into projects that expand access to clean energy and enhance climate resilience, thereby driving inclusive economic growth and improving essential services for communities across Africa.

EAAIF, a key investment vehicle managed by Ninety One, a global investment management firm. under the Private Infrastructure Development Group (PIDG), plans to use the loan to scale its portfolio of high-impact infrastructure projects, leveraging this catalytic financing to mobilise further investment from public and private sources. The AfDB's support is part of a broader strategy to address the continent's infrastructure gap, unlock private sector participation and advance Africa's transition to a cleaner, more connected and resilient economy.

Federal Government Targets ₦410 Billion Clean Energy Investment by 2060

In October 2025, the Federal Government reaffirmed its long-term clean energy ambitions, announcing a target to mobilize over ₦410 billion in clean energy investments by 2060 under Nigeria's Energy Transition Plan. Speaking at an international forum, Vice President Kashim Shettima emphasized that the strategy is designed to balance economic growth, energy access, and climate commitments, with renewables expected to play a central role alongside gas. The announcement reinforced Nigeria's intention to align energy planning with global decarbonization goals while attracting private and climate finance into solar, hydro, and other clean energy technologies.

notable developments

Africa Holds 60% of World's Best Solar Resources but Attracts Only 2% of Global Energy Investment

In late November 2025, the European Union disclosed that despite Africa accounting for approximately 60 per cent of the world's most viable solar resources, the continent continues to attract only about 2 per cent of global energy investment. The report highlighted structural barriers, including high financing costs, currency risks, weak infrastructure, and policy uncertainty as key constraints limiting capital inflows. For Nigeria, the findings underscored the gap between renewable resource potential and actual investment, reinforcing the need for improved project bankability, regulatory clarity, and risk-mitigation mechanisms.

High Clean-Technology Tariffs Threaten Renewable Energy Gains in Africa – UNCTAD

In mid-November 2025, the United Nations Conference on Trade and Development (UNCTAD) warned that high tariffs and trade barriers on clean-energy technologies could undermine renewable energy deployment across Africa, including Nigeria. This warning came despite a global decline in the cost of solar panels, batteries, and other clean-tech equipment. According to UNCTAD, import duties and non-tariff barriers continue to inflate project costs, slowing adoption and limiting the competitiveness of renewable energy projects in developing markets.

Clean Energy Capital to Nigeria and Other Developing Countries Rises to $21.57 Billion

In November 2025, data released under the United Nations climate finance framework showed that clean energy capital flows to Nigeria and other developing countries increased to approximately $21.57 billion. The rise reflects sustained international interest in renewable energy, grid modernization, and low-carbon infrastructure, despite tightening global financial conditions. For Nigeria, the trend signals growing relevance within global climate finance priorities, even as challenges remain in translating funding commitments into large-scale project execution.

challenges in the renewable energy sector

Persistent Investment and Financing Gaps

Despite Nigeria's strong renewable resource base and rising global climate finance flows, access to affordable, long-term capital remains a major constraint. Although clean energy funding to developing countries increased in 2025, Africa continues to attract only a small share of global energy investment. For Nigeria, high financing costs, currency risk, and limited availability of bankable project structures continue to deter large-scale private sector participation, particularly in utility-scale solar and distributed energy projects.

High Cost of Clean Energy Technologies

High tariffs and trade barriers on imported clean energy equipment remain a significant obstacle to renewable energy deployment. Despite declining global prices for solar panels, batteries, and other clean technologies, import duties and non-tariff barriers continue to inflate project costs in Nigeria. These cost pressures weaken project economics, slow adoption, and limit the competitiveness of renewables relative to conventional energy sources.

Carbon Market Readiness and Implementation Risks

While Nigeria's estimated $2.5 billion carbon market opportunity presents a strong upside for renewable energy financing, challenges persist around regulatory clarity, project verification capacity, and market readiness. Weak domestic frameworks for carbon credit certification, monitoring, and trading risk limiting Nigeria's ability to fully monetize emissions reductions from solar, clean cooking, and other low-carbon initiatives.

Policy Ambition–Execution Gap

Although the Federal Government has articulated long-term clean energy investment targets under the Energy Transition Plan, translating these ambitions into near-term, executable projects remains a challenge. Delays in implementation, limited coordination across institutions, and uncertainty around incentives and support mechanisms continue to slow project development and undermine investor confidence.

challenges in the renewable energy sector

Infrastructure and Grid Integration Constraints

Nigeria's weak transmission and distribution infrastructure continues to limit the effective integration of renewable energy into the national grid. Grid instability, limited evacuation capacity, and technical losses constrain the ability to scale grid-connected renewable projects, increasing reliance on off-grid and mini-grid solutions that often face their own financing and regulatory challenges.

Limited Local Manufacturing and Supply Chain Depth

Nigeria's renewable energy sector remains heavily dependent on imported equipment, exposing projects to foreign exchange volatility and supply chain disruptions. The absence of a strong domestic manufacturing base for solar panels, batteries, and balance-of-system components limits cost reductions, local value creation, and long-term sector resilience.

Financing and Foreign Exchange (FX) Crisis

A significant operational hurdle was the severe scarcity and high cost of capital. Despite the launch of initiatives like the Energy Transition Fund, disbursement to actual projects was minimal in Q4. International development finance remained slow due to perceived regulatory risks. Crucially, the depreciation of the Naira and the illiquidity in the FX market increased the cost of importing solar panels, batteries, inverters, and wind turbines. Most renewable energy projects have dollar-denominated debt but Naira revenue, creating a massive currency mismatch that erodes profitability and scared off lenders. Local banks remained risk-averse, offering short-tenor loans at high interest rates unsuitable for renewable projects with longer payback periods.

milestones

	Milestones	Details
September 2025		
October 2025	$100 Million Carbon Project Unveiled in Partnership Between Orteva, FG, and Delta State	The Federal Government, in partnership with Delta State and private firm Orteva, launched a $100 million carbon project designed to generate between $350 million and $2.8 billion in carbon credit revenue, diversify Nigeria's economy beyond oil, and position the country as a leading hub for transparent carbon trading in Africa.
November 2025	Advancement of Green Mobility Bill	The Nigerian Senate advanced the Electric Vehicle Transition and Green Mobility Bill, mandating local assembly and partnerships, but the initiative generated debates on the nation's readiness, citing challenges such as unreliable grid electricity, high vehicle costs, and a lack of charging infrastructure and technical workforce. This bill would catalyze Nigeria's industrial transformation by establishing a domestic EV manufacturing sector, creating jobs, attracting investment, and positioning the nation as a regional leader in the green economy.
December 2025	REA deployment of over 200 mini-grids in 2025, with the target of 1,350 power projects.	The Rural Electrification Agency announced the deployment of over 200 mini-grids in the past year and launched the ambitious DARES project, which aims to build 1,350 mini-grids to provide electricity to 17.5 million Nigerians, as part of a broader three-year strategy to electrify 25 million people to underserved communities across states in Nigeria.

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legal/ regulatory updates

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REA deploys over 200 mini-grids in 2025, targets 1,350 power projects

Nigeria's Rural Electrification Agency (REA) has achieved a landmark milestone in its national energy access drive, deploying over 200 mini-grids across underserved communities in 2025 and setting an ambitious target to construct 1,350 such projects under the newly approved $750 million Distributed Access through Renewable Energy Scale-Up (DARES) initiative. The program, championed by REA Managing Director Abba Abubakar Aliyu and backed by President Bola Tinubu, aims to provide electricity to approximately 17.5 million Nigerians, marking a significant step toward closing the country's electricity gap. To ensure effective and sustainable implementation, the REA has deepened collaboration with 21 state governments, completed a nationwide electrification mapping exercise covering over 150,000 communities, and established a renewable asset management company, creating a structured framework to align federal and subnational efforts and accelerate renewable energy deployment nationwide.

Nigeria Advances National Carbon Market Framework to Unlock Climate Finance

In early November 2025, Nigeria advanced regulatory efforts to operationalize its national carbon market framework, positioning carbon trading as a key financing channel for renewable energy and emissions-reduction projects. The initiative, anchored in Nigeria's climate governance architecture, is aimed at strengthening rules for carbon credit generation, verification, and trading, particularly for solar energy, clean cooking, and other low-carbon interventions. For the renewable energy sector, the framework signals growing regulatory support for monetizing emissions reductions and integrating carbon revenues into project financing structures.

deal highlights

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oil and gas sector

Aradel Consolidates control of ND Western in Strategi Upstream Acqusition

In October 2025, Aradel Holdings PLC, through its wholly owned subsidiary Aradel Energy Limited, completed the acquisition of an additional 40 per cent equity interest in ND Western Limited from Petrolin Trading Ltd, increasing its shareholding to 81.67 per cent and establishing ND Western as a subsidiary. The transaction also raised Aradel's indirect interest in Renaissance Africa Energy Company Limited to 53.3 per cent. This strategic consolidation strengthens indigenous control over OML 34, a major Western Niger Delta asset with significant oil and gas reserves, and represents a notable milestone in post-PIA upstream realignment, deepening local ownership, enhancing operational scale, and reinforcing Nigeria's drive toward sustainable production growth and long-term energy security.

Heirs Energies Acquires 20.07% Stake in Seplat Energy in US$500M Deal

In December 2025, Heirs Energies Limited completed the acquisition of a 20.07 per cent equity stake in Seplat Energy Plc from Maurel & Prom in a transaction valued at approximately US$500 million, positioning Heirs Energies as Seplat's largest shareholder. The acquisition represents a major consolidation of indigenous ownership in one of Nigeria's leading independent energy companies and underscores the growing capacity of African capital to finance large-scale upstream transactions. The deal aligns with broader post-PIA sector realignments, deepens local control over strategic oil and gas assets, and reinforces investor confidence in Nigeria's evolving upstream investment landscape.

MDGIF invests N287 billion in gas infrastructure, unlocks $500m funding

In November 2025, the Nigerian Midstream and Downstream Petroleum Regulatory Authority announced that the Midstream and Downstream Gas Infrastructure Fund (MDGIF) has deployed over ₦287 billion across 62 strategic gas projects involving 16 companies, catalyzing an additional $500 million in funding from the African Export-Import Bank (Afreximbank). This landmark investment represents a core achievement of the Petroleum Industry Act's four-year implementation, accelerating national infrastructure development, attracting substantial private capital, and driving Nigeria's strategic goal of expanding energy access, boosting industrialization, and solidifying its position as a regional gas hub.

Shell, Sunlink approve HI Gas Project to deliver 350m scf/day

In October 2025, Shell Nigeria Exploration and Production Company (SNEPCo), in a joint venture with Sunlink Energies, took the Final Investment Decision on the HI Gas Project, which is designed to deliver 350 million standard cubic feet of gas per day to the Nigeria LNG (NLNG) facility to support its Train 7 expansion. This project, the third major investment commitment in 18 months, brings total upstream commitments since 2023 to over $8 billion and is heralded by the Presidency as a direct result of targeted policy reforms that are restoring investor confidence and advancing Nigeria's ambition to become a more significant player in the global LNG market

power sector

National Council on Privatisation Approves New Performance Agreements to Finalise Afam Power Privatisation

In mid-November 2025, the National Council on Privatisation (NCP) approved new performance agreements with Transcorp Power Plc to conclude the long-running privatisation of the Afam Power Plant. The approval is intended to resolve outstanding post-privatisation obligations, clarify performance benchmarks, and enable Transcorp to fully operationalise and optimise the Afam power assets. The decision represents a critical step toward completing legacy power sector privatisation transactions and strengthening private-sector participation in generation under clearer contractual and regulatory terms.

Delta State Approves ₦18.1 Billion Bank Guarantee for Asaba Power Project

In early November 2025, the Delta State House of Assembly approved a ₦18.1 billion bank guarantee to support financing for the Asaba power project. The guarantee is designed to de-risk the project and enable financial close by strengthening lender confidence. The transaction highlights increasing subnational government involvement in structuring and backing power infrastructure projects, particularly where national grid supply remains constrained.

KEDCO Secures World Bank-Backed Financing to Deploy 128,000 Prepaid Meters.

In late October 2025, Kano Electricity Distribution Company (KEDCO) advanced a metering deal under a $500 million World Bank-supported programme, committing to install 128,000 prepaid meters across its franchise area. The financing forms part of broader efforts to improve billing accuracy, reduce aggregate technical and commercial losses, and strengthen revenue collection. The transaction underscores the continued role of multilateral financing in supporting distribution-level investments amid weak sector liquidity.

power sector

Transgrid Enerco Acquires Controlling Stake in Eko DisCo in ₦360 Billion Market-Led Transaction

In December 2025, Transgrid Enerco Limited completed the acquisition of a 60 per cent controlling stake in Eko Electricity Distribution Company from West Power & Gas Limited in a transaction valued at approximately ₦360 billion. Backed by North South Power Company Limited, Axxela Limited, and the Stanbic IBTC Infrastructure Growth Fund, the deal represents one of the largest privately negotiated takeovers in Nigeria's power sector since the 2013 privatisation.

The acquisition, structured with ₦180 billion paid upfront and the balance secured through bank guarantees, marks Nigeria's first major market-driven ownership transition in the electricity distribution segment outside regulatory intervention. It signals renewed private-sector confidence in the power sector and aligns with ongoing reform efforts to attract long-term capital into distribution infrastructure. Transgrid Enerco has announced plans to scale Eko DisCo's operational capacity, targeting an expansion from approximately 513 MW to 1,500 MW over the medium term, reinforcing the role of private capital in improving service delivery and grid reliability.

Federal Government Approves ₦28 Billion Metering Investment to Improve Distribution Efficiency

In October 2025, the Federal Government approved ₦28 billion for prepaid meter procurement and deployment nationwide, aimed at accelerating metering coverage and reducing estimated billing across the electricity distribution network. While publicly funded, the approval constitutes a major financial commitment to distribution infrastructure and directly impacts DisCos, meter asset providers, and implementation partners involved in deployment and installation

renewable energy sector

AfDB approves $100 million to spur renewable energy, transport projects across Africa

In November 2025, the African Development Bank approved a $100 million loan to the Emerging Africa and Asia Infrastructure Fund (EAAIF) to mobilize private capital for transformative sustainable infrastructure projects across the continent, focusing on renewable energy, transport, and digital connectivity. This facility is a key component of EAAIF's strategy to raise $300 million in 2025 and deploy over $850 million across Africa and Asia by 2027, forming a critical part of the AfDB's broader mission to close the continent's massive infrastructure financing gap and drive inclusive economic growth.

Nigeria signs $435 million renewable energy investment deals to expand power access

The Federal Government, in October 2025, signed a $435 million renewable energy investment, constituting a major strategic milestone for Nigeria's clean energy transition. This capital injection directly targets core national challenges by funding decentralized solar projects and local manufacturing for components like panels and batteries, aiming to simultaneously expand electricity access for millions, reduce costly diesel dependence, and create skilled jobs. This integrated approach seeks to build a resilient domestic energy ecosystem that transforms an environmental goal into a driver of industrial development and economic sovereignty.

The long-term success and scalability of this initiative are contingent upon consistent policy execution and effective risk mitigation for investors. The critical next phase requires the government to translate these agreements into tangible outcomes by streamlining regulations, guaranteeing power purchase agreements, and maintaining fiscal incentives to ensure projects are built and factories become operational. If successfully implemented, this public-private model can serve as a replicable blueprint, moving Nigeria from ambitious policy frameworks toward achieving measurable gains in energy security, economic diversification, and inclusive growth.

renewable energy sector

United Capital Infrastructure Fund Provides ₦5 Billion Facility to Scale Solar Mini-Grids

In October 2025, United Capital Infrastructure Fund announced a ₦5 billion revolving debt facility for Husk Power to expand solar mini-grid deployment across Nigeria. The facility is structured to support both standalone rural mini-grids and interconnected systems, improving access to electricity in underserved communities. The deal highlights increasing domestic capital participation in renewable energy financing and provides a replicable model for scaling decentralised solar infrastructure.

Nigeria and International Solar Alliance Formalize $500 Million Distributed Renewable Energy Fund

In late September 2025, Nigeria formalized a $500 million Distributed Renewable Energy (DRE) Fund in partnership with the International Solar Alliance. The fund is targeted at financing solar mini-grids, rooftop solar systems, and agriculture-linked renewable projects, using concessional and blended finance structures to crowd in private capital. The transaction positions Nigeria as a key hub for solar investment under ISA's Africa strategy and is expected to accelerate renewable energy deployment nationwide.

outlook for 2026: Nigeria's *Energy Sector*

Nigeria’s energy sector enters 2026 at a pivotal moment, following a year of regulatory recalibration, asset restructuring, and renewed investment engagement across *oil and gas, power, and renewable energy.*

Developments in 2025, including upstream licensing activity, portfolio optimisation by key market players, power sector reforms, and accelerating renewable deployment, have begun to reshape market dynamics and investor sentiment.

Against a backdrop of rising domestic energy demand, fiscal pressures, and global energy transition imperatives, the sector is increasingly defined by a pragmatic balance between hydrocarbons, gas-to-power, and cleaner energy solutions.

This outlook examines how the progress recorded in 2025 is expected to translate into measurable market outcomes in 2026, highlighting key drivers, risks, and projected trends shaping Nigeria’s evolving energy landscape.

2026 Oil and Gas Outlook: Licensing Activity and Strategic Asset Repositioning

Nigeria's oil and gas sector in 2026 is expected to benefit from the momentum generated in 2025 through regulatory consolidation, asset rebalancing, and renewed upstream engagement. The 2025 Licensing Bid Round, which offered approximately 50 oil and gas blocks across onshore, shallow water, deepwater, and frontier basins, is projected to translate into increased exploration activity, early-stage field development, and fresh capital inflows during 2026. Improvements to the bidding framework, including a digitalised process, lower signature bonuses, and clearer qualification standards under the Petroleum Industry Act, are anticipated to sustain investor interest and enhance Nigeria's competitiveness among comparable hydrocarbon jurisdictions.

At the same time, NNPC Ltd's ongoing divestment of selected upstream assets is expected to accelerate portfolio optimisation and capital recycling, while reinforcing balance-sheet discipline. Combined with continued IOC exits and indigenous acquisitions, these developments are likely to deepen local participation and unlock value in mature and brownfield assets. Overall, 2026 is projected to record modest production recovery, stronger gas-led developments, and higher upstream activity driven by newly awarded licences and the restructuring of legacy assets.

The anticipated commissioning of the Ajaokuta–Kaduna–Kano (AKK) gas pipeline in early 2026 represents a potentially defining milestone for the sector. If delivered as planned, the project could materially improve gas availability in Northern Nigeria, support power generation, fertiliser production, and industrial offtake, and reinforce the Federal Government's gas-led industrialisation strategy. In parallel, the digital oil licensing round and reduced signature bonuses introduced under the PIA are expected to attract selective upstream investment, particularly into gas-focused and brownfield assets with shorter development cycles.

Notwithstanding these opportunities, structural constraints are expected to persist. Oil theft, pipeline vandalism, delayed final investment decisions on deepwater projects, and continued underperformance relative to Organization of Petroleum Exporting Countries (OPEC) production quotas will remain key downside risks.

*As such, **2026** is likely to be characterised less by aggressive production expansion and more by efforts to stabilise output, improve asset efficiency, and strengthen midstream infrastructure to support domestic utilisation.*

Power Sector: Financial Reset Meets Execution Risk

The outlook for Nigeria's power sector in 2026 will be shaped largely by the effectiveness of the Presidential Power Sector Debt Reduction Programme. The issuance of government-backed bonds in late 2025 marked a significant financial reset, and further tranches expected in 2026 could improve liquidity for generation companies and gas suppliers, partially restoring confidence across the electricity value chain.

However, the distribution segment is expected to remain the sector's most significant structural weakness. Without material improvements in metering coverage, revenue collection, and corporate governance at distribution companies, the risk of renewed debt accumulation remains high. Market-driven ownership changes in commercially viable distribution companies may accelerate in 2026, particularly in high-demand urban corridors, as investors pursue operational turnarounds and efficiency gains.

On the infrastructure front, continued implementation of the Siemens Presidential Power Initiative, grid reinforcement projects, and Nigeria's integration into the West African Power Pool are expected to enhance system stability and unlock opportunities for regional power trade. Nevertheless, transmission constraints and weak project bankability are likely to continue limiting large-scale private investment unless accompanied by deeper structural reforms.

Renewable Energy: Strategic Relevance Amid Structural Constraints

Nigeria's renewable energy sector is expected to assume greater strategic relevance in 2026, driven by policy commitments under the Energy Transition Plan, expanding mini-grid deployment, and growing interest in carbon markets. The shift toward domestic solar assembly observed in 2025 is likely to continue, supported by localisation policies and private-sector partnerships, with the potential to reduce foreign exchange exposure over the medium term.

Carbon markets may emerge as a complementary financing channel in 2026 if Nigeria's national carbon market framework progresses from policy design to operational execution. However, regulatory clarity and institutional readiness will be critical to unlocking this opportunity at scale.

Despite these positive signals, structural barriers are expected to persist. High clean-technology tariffs, currency risk, and limited access to long-tenor financing will continue to challenge project economics. Grid constraints are also likely to limit the scalability of utility-scale renewable projects, reinforcing the dominance of off-grid and embedded generation solutions in the near term.

Overall Assessment

In 2026, Nigeria's energy sector is expected to consolidate rather than transform.

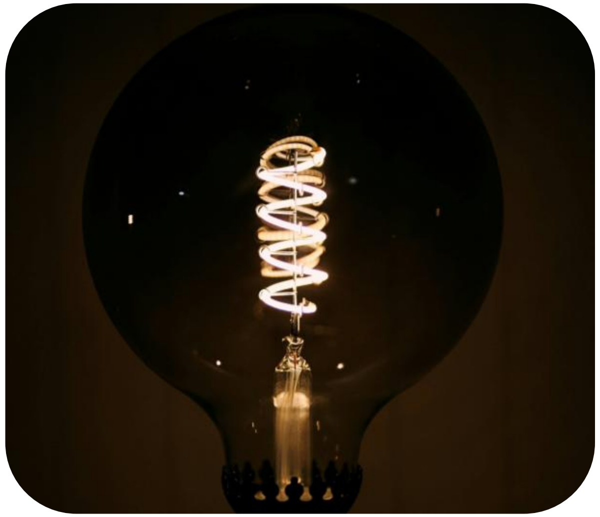
The year will likely be defined by implementation rather than ambition, testing whether the reforms, transactions, and policy frameworks established in recent years can deliver measurable improvements in production stability, electricity reliability, and energy access.

Opportunities will favour investors and operators with strong balance sheets, regulatory sophistication, and the capacity to manage execution risk. Conversely, policy inconsistency, financing constraints, and infrastructure bottlenecks remain the principal downside risks. Ultimately, 2026 will test whether Nigeria's energy reforms can move decisively from policy architecture to sustained execution across the energy value chain.

Conclusion

Energy Insights – The Quarterly

The *fourth quarter* of 2025 has demonstrated strong regulatory momentum, strategic investments, and sectoral collaboration across Nigeria's energy landscape.



Most importantly, the issuance of the 2025 Licensing Round Guidelines under the Petroleum Industry Act, covering 50 oil and gas blocks across onshore, shallow water, frontier and deepwater basins, coupled with active upstream bid rounds, signals a deliberate effort to attract technically capable and well-capitalised investors while accelerating field development and production growth. In parallel, the power sector recorded transformative milestones, including Nigeria's integration into the West African Power Pool, strategic divestments in key generation and distribution assets, and the Federal Government's issuance of a ₦590 billion power sector bond to address GenCo and gas supplier arrears, all contributing to improved liquidity, operational stability, and investor confidence.

On the renewables and gas front, the launch of Nigeria's first online gas trading, clearing and settlement platform and high-profile public-private partnerships highlight the government's commitment to enhancing market transparency, expanding energy access, and mobilising private capital for sustainable energy development. Collectively, these developments underscore a quarter marked by regulatory clarity, investment confidence, and sectoral modernization, positioning Nigeria's energy industry for accelerated growth, improved reliability, and stronger regional integration in the coming year.

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Stren and Blan Partners is a world-class ingenious law firm with a beautiful blend of the brightest minds and well-rounded individuals championed with sole responsibilities of providing solutions to business problems and equally finding answers to the questions of our clients. We are a team always guided by our professional ethics. Also, honesty and transparency have been our watchwords in practice.

Stren & Blan Partners is a full-service commercial Law Firm that provides legal services to diverse local and multinational corporations. We have developed a clear vision for anticipating our clients' business needs and surpassing their expectations, and we do this with an uncompromising commitment to Client service and legal excellence.

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