Energy Insights: The Quarterly

Reviews and Highlights of the Nigerian Energy Sector in Q3

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 third quarter of 2025 marked a defining period for Nigeria's energy sector, underscored by regulatory assertiveness, upstream transactions, and progress in the energy transition. Most notably, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) approved TotalEnergies' $510 million divestment of its 12.5 per cent stake in the Bonga field to Shell and Agip, while revoking its earlier approval of an $860 million deal with Chappal Energies for noncompliance. Nigeria also signed a production sharing contract with TotalEnergies and Sapetro for two offshore blocks awarded in 2024 under the Petroleum Industry Act, with a strong focus on gas development.

Earlier in the quarter, crude oil production rose nearly 10 per cent year on year in July, reinforcing signs of recovery in upstream operations. In the power sector, the Nigerian Electricity Regulatory Commission (NERC) advanced key reforms to strengthen efficiency and grid stability, while the National Assembly took a significant legislative step with the Senate's passage of the Electricity Act Amendment Bill 2025. The bill introduces far-reaching reforms, including criminalising electricity infrastructure vandalism, clarifying the transfer of regulatory powers from NERC to state governments, enhancing the operationalisation of the Electricity Consumer Assistance Fund, and strengthening institutional oversight and penalties, all of which are expected to shape the future trajectory of the sector.

In the renewables sector, a major milestone was the release of NERC's Draft Net Billing Regulations 2025. The framework, now open for stakeholder input, allows prosumers with renewable installations to export excess power to the grid under credit-based billing. This represents a significant step toward integrating distributed renewable energy into the national supply mix and advancing Nigeria's clean energy agenda.

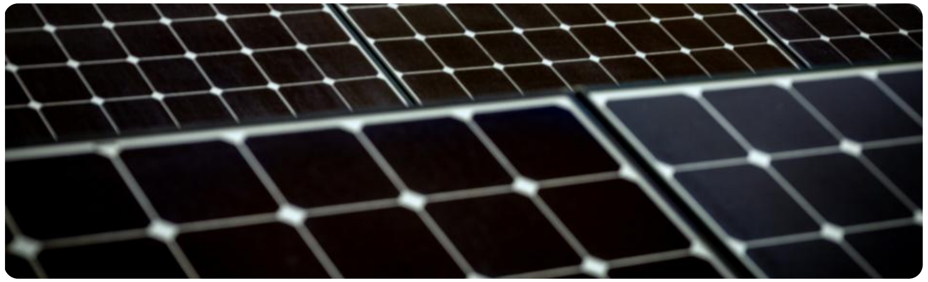
Executive Summary

Oil & Gas

Nigeria's crude oil production in Q3 2025 averaged around 1.51 million barrels per day, with total liquids output reaching 1.71 million barrels per day in July, representing a 9.9 per cent year-on-year increase and exceeding OPEC production targets for the second consecutive month. Moreover, the NUPRC recently completed the first-ever conversion of a 2020 Petroleum Prospecting Licence (PPL) into a Petroleum Mining Lease (PML) under the Petroleum Industry Act (PIA) 2021. This landmark transaction demonstrates the practical implementation of the PIA framework, establishes a clear pathway for future upstream investments, and reinforces Nigeria's attractiveness to both local and international oil and gas investors.

On the commercial front, Dangote Refinery adjusted its ex-depot petrol price downward in August 2025 from ₦850 to ₦820 per litre, reflecting its growing influence on downstream pricing dynamics.

While reports of rising rig activity suggest renewed upstream interest, the quarter was more clearly defined by regulatory milestones and downstream market adjustments that collectively underscored a stabilising upstream sector, strengthening domestic refining capacity, and a regulatory environment increasingly aligned with investor expectations and national energy security objectives.



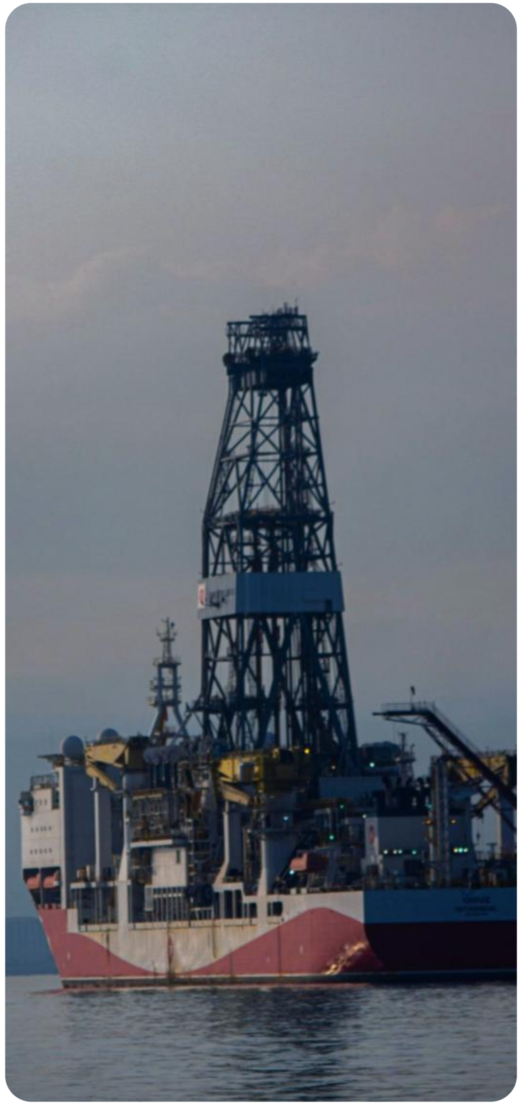
Power Sector

In Q3 2025, amongst other notable developments, Nigeria's power sector continued its transition under the Electricity Act 2023 as Nasarawa and Bayelsa assumed regulatory control of their electricity markets, reinforcing the broader shift toward state-level oversight. This decentralization momentum was further highlighted by Enugu's decision to reduce Band A tariffs, which triggered a jurisdictional clash with NERC.

Alongside these governance shifts, the Federal Government maintained fiscal interventions to ease liquidity pressures across the value chain, while operators continued to grapple with weak collections, gas supply shortages, and fragile transmission infrastructure. The absence of a national grid collapse during the quarter provided temporary stability, but persistent structural vulnerabilities underscored the sector's reliance on subsidies and public funding. Overall, Q3 reflected a sector edging toward decentralization yet still constrained by deep-seated financial and operational fragilities.

Renewable Energy

Nigeria's renewable energy sector made measurable strides in Q3 2025. Lagos State unveiled a $400 million waste-to-energy project in Epe to convert municipal solid waste into electricity for households and business demand. As earlier mentioned, the Nigerian Electricity Regulatory Commission also published its Draft Net Billing Regulations 2025, which introduces a framework for prosumers to export surplus renewable power to the grid on a credit basis, reinforcing momentum for distributed renewable generation.



MARKET OVERVIEW

Power Sector

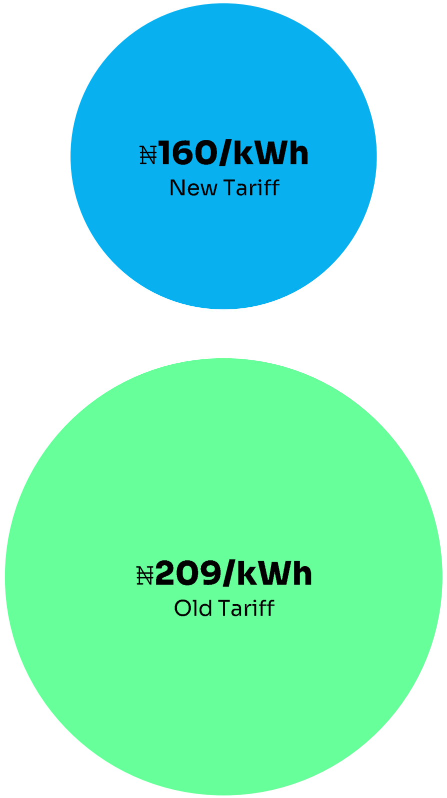
Power Sector

Nigeria's power sector in Q3 2025 was marked by a dynamic interplay between federal oversight and growing state-level autonomy, alongside fiscal interventions and persistent structural fragility. Amongst a range of key developments in Q3 2025, Nasarawa State assumed regulatory oversight through the establishment of the Nasarawa State Electricity Regulatory Commission, while Bayelsa State followed suit by creating the Bayelsa State Electricity Regulatory Agency, reflecting growing momentum toward subnational electricity governance under the Electricity Act 2023.

Meanwhile, Enugu State implemented a reduction in Band A electricity tariffs from ₦209 per kilowatt-hour (kWh) to ₦160/kWh, effective August 1, 2025. This move reignited tensions over regulatory authority with NERC, which cautioned that any tariff deviations outside the approved Multi-Year Tariff Order must be supported by financial measures to address potential revenue shortfalls.

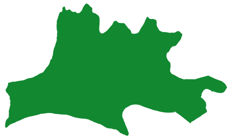
At the federal level, the government approved a ₦4 trillion debt refinancing plan to address long-standing obligations to generation companies and ease liquidity pressures in the market. Judicial intervention also reshaped the landscape as the Federal High Court in Lagos placed Ikeja Electric under receivership, freezing assets and appointing a receiver/manager. Systemic fragility persisted throughout the quarter, underscoring vulnerabilities in gas supply and transmission infrastructure.

Collectively, Q3 highlighted both the accelerating decentralization of electricity regulation and the enduring financial and operational weaknesses that continue to define Nigeria's power sector. While state-level initiatives reflect growing autonomy and regulatory maturity, the sector remains constrained by liquidity shortfalls, poor infrastructure, and operational inefficiencies that limit consistent power delivery and market stability.



Enugu Tariff Deviations

Enugu State reduces Band A electricity tariffs

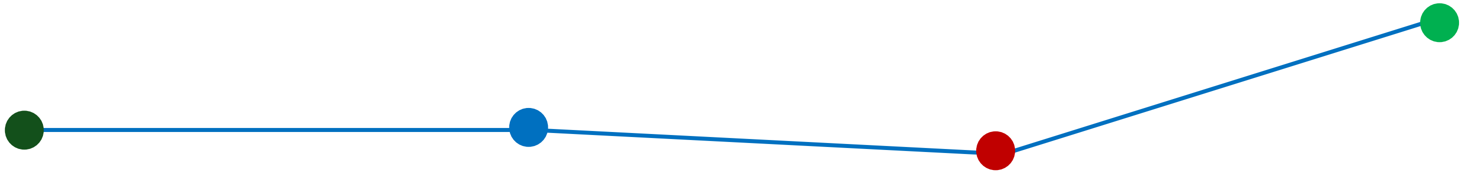


Nasarawa State establishes the Nasarawa State Electricity Regulatory Commission

Bayelsa State establishes the Bayelsa State Electricity Regulatory Agency

Power Sector - Generation

In the third quarter of 2025, Nigeria's electricity generation continued to be heavily reliant on gas-fired thermal plants, which constituted the overwhelming majority of the nation's power supply. The fundamental challenge of underutilization persisted, with the average available generation hovering around 5,400 MW, while peak generation as of September reached approximately 4,328 MW, a decline from the national peak generation record of 5,801.84 MW in June 2025. This highlighted the persistent gap between the country's installed capacity of over 13,000 MW and its operational output.



5,400 MW
Average available generation

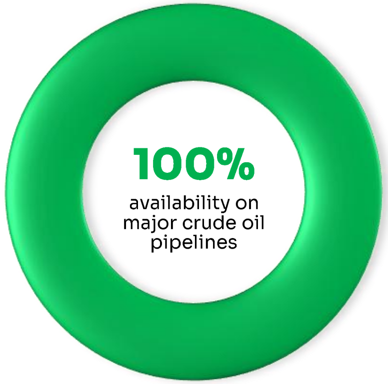
5,801.84 MW
June 2025 peak generation

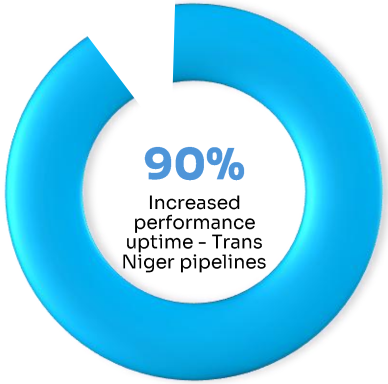
4,328 MW
September 2025 peak generation

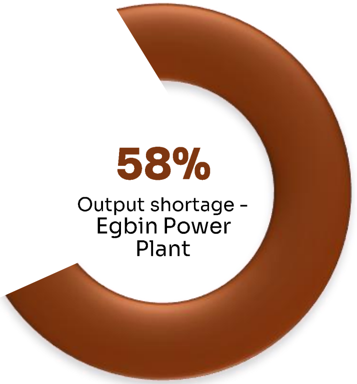
13,000 MW
Installed capacity

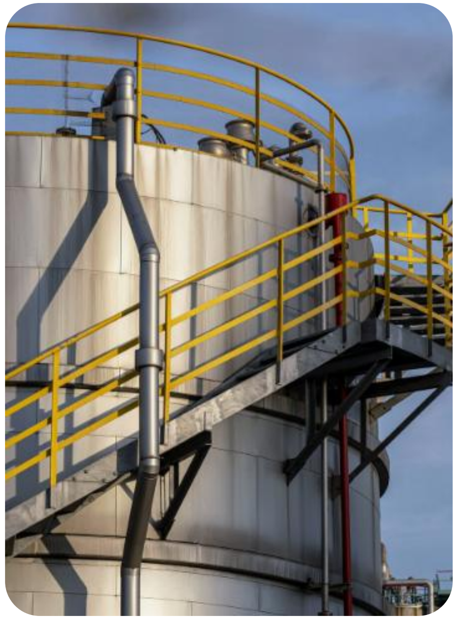
Power Sector - Challenges

GenCos owe **₦5.6 trillion** to gas suppliers









Gas Supply Shortages and Commercial Disputes

Nigeria's power generation sector continues to face significant challenges due to gas supply shortages and commercial disputes. Generation Companies (GenCos) owe approximately ₦5.6 trillion to gas suppliers, leading to reduced gas deliveries and underutilization of power plants. Pipeline vandalism in the Niger Delta region further exacerbates the situation. However, there have been reports of improvements in pipeline security and reduced incidents of vandalism.

The Nigerian National Petroleum Company Limited (NNPCL) reported 100% availability on major crude oil pipelines in July, reflecting enhanced security interventions and operational efficiency through partnerships with entities like Pipeline Infrastructure Nigeria Limited (PINL). Similarly, Seplat Energy's Amukpe-Escravos, Trans-Forcados, and Trans Niger pipelines maintained strong performance, achieving approximately 90% uptime, which contributed to more reliable gas supply for power generation and improved export capabilities.

Ageing Infrastructure and Technical Outages

Nigeria's power generation sector continues to face significant operational challenges due to ageing infrastructure and insufficient maintenance. Many power plants, including key facilities such as Egbin Power Plant, frequently experience unplanned outages when critical components such as turbines, boilers, or transformers fail. In August 2025, a fire at Egbin compromised a 33kV instrument transformer, leading to oil leakage and widespread supply disruptions in Lagos State.

Despite Egbin's installed capacity of over 1,000 MW, recurring technical faults often reduce its effective output, illustrating that even when gas supply and grid capacity are adequate, mechanical unreliability remains a major constraint. These persistent technical issues contribute to a volatile and unpredictable generation schedule, underscoring the need for targeted investment in plant rehabilitation and robust maintenance regimes to improve operational resilience in Nigeria's electricity sector

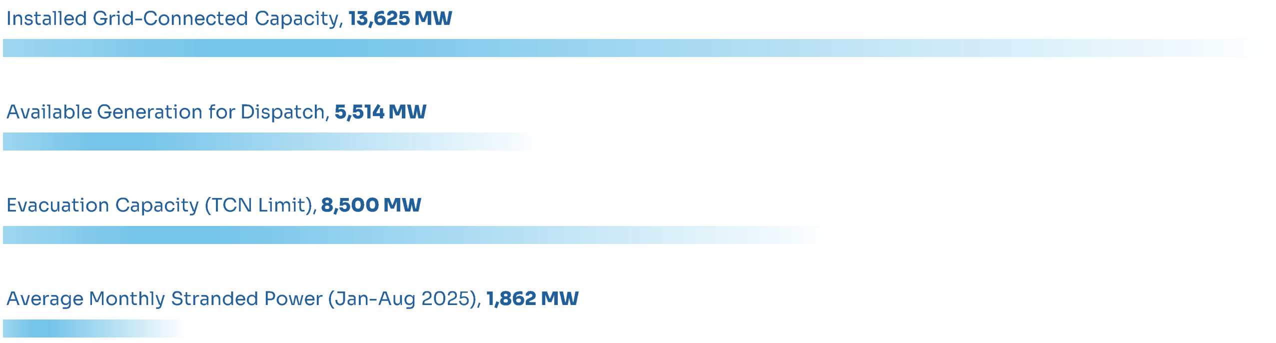
Power Sector - Challenges

Financial Instability and Debt

A key challenge in Q3 2025 remained the sector's financial instability, as distribution companies faced liquidity constraints due to gaps between billed and collected revenues, creating debt pressures across the value chain. Generation companies and gas suppliers also experienced delayed payments, undermining operational efficiency and investment confidence. To address this, the federal government implemented a ₦4 trillion debt refinancing plan, providing temporary relief to generation companies and easing market liquidity pressures. If effectively implemented, the plan could stabilize operations and improve payment flows; however, structural weaknesses in revenue collection and cost recovery continue to pose long-term risks.

Grid Evacuation Constraints and Stranded Generation

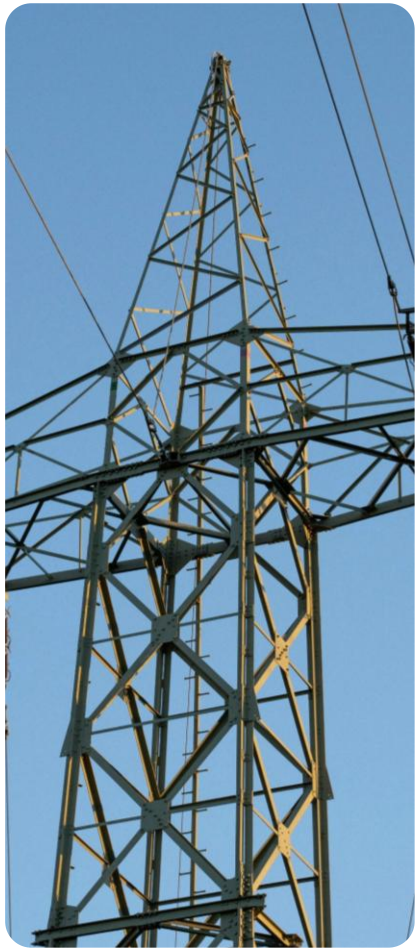
Despite having an installed generation capacity exceeding 13,000 MW, Nigeria's national grid consistently underperforms due to evacuation limitations. In August 2025, grid-connected plants had an installed capacity of 13,625 MW, yet only 5,514 MW was available for dispatch, reflecting a significant underutilization. This disparity is attributed to the Transmission Company of Nigeria's (TCN) limited evacuation capacity, which stands at approximately 8,500 MW, falling short of the grid's potential. Consequently, between January and August 2025, an average of 1,862 MW of electricity was stranded monthly, representing about 32% of the available generation capacity and resulting in an estimated financial loss of ₦102.2 billion.

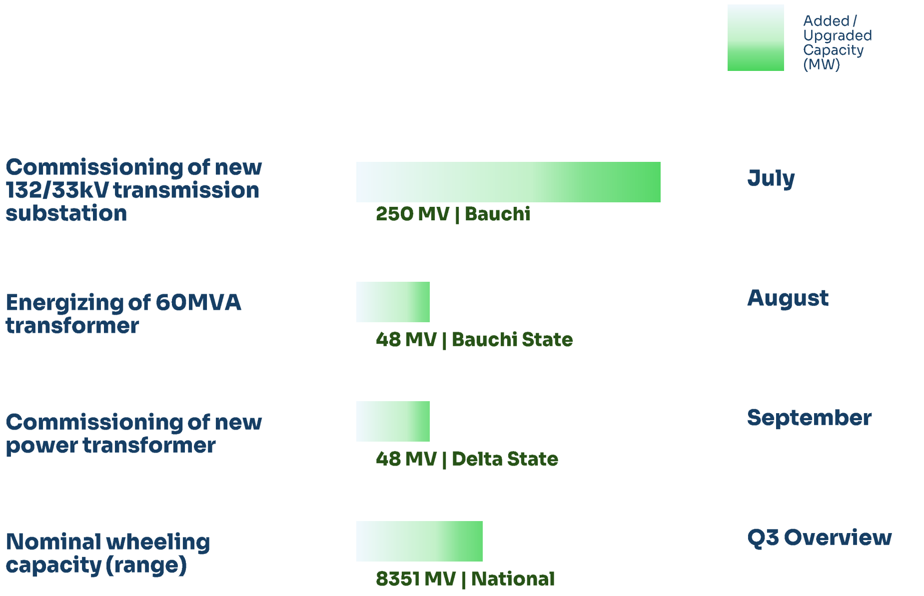


Power Sector - Transmission

The Transmission Company of Nigeria (TCN) maintained a nominal wheeling capacity of between 8,000 and 8,701 MW during the third quarter of 2025; however, actual power transmitted consistently fell below this level due to ongoing operational and security challenges. In July, TCN commissioned a new 132/33kV transmission substation in Bauchi, adding 250 MW to the grid to improve supply in the northeastern region.

In August, a 60MVA transformer was energized at the Bauchi substation, increasing its capacity by 48 MW to a total of 144 MW. September saw further upgrades with the commissioning of a new power transformer in Delta State, also enhancing substation capacity by 48 MW to a total of 144 MW.





These developments are part of TCN’s continuing efforts to expand the national grid’s capacity, improve electricity distribution, and optimize wheeling across the country.

Power Sector – Transmission Challenges

Maintenance and Operational Disruptions:

One of the recurring challenges in Nigeria's transmission segment is the need for extensive maintenance on aging infrastructure, which often requires shutting down key lines and substations. While such works are essential for long-term reliability and system upgrade, they typically cause short-term instability, load shedding, and congestion on alternate corridors. In July and August 2025, TCN carried out critical works on the Omotosho–Ikeja West 330 kV line, shutting it down daily from 28 July until about 21 August to install Optical Ground Wire fibre cables.

Vandalism and Physical Security Risks:

Vandalism of transmission towers, theft of cables, and deliberate sabotage remain persistent risks, weakening the grid's reliability. Such acts increase the cost of maintenance, divert funds from expansion projects to emergency repairs, and in many cases, prolong outages. The issue is compounded by limited community engagement and weak security around vulnerable assets in remote areas. Throughout August 2025, TCN publicly warned against increasing vandalism on its lines, noting that theft and sabotage were undermining transmission stability. In September 2025, this risk materialized dramatically when transmission towers in the Rigasa area of Kaduna collapsed following severe weather, with investigations pointing to vandalism as a contributing factor to the weakened structures.

Grid Instability and System Collapses:

Another core challenge for the transmission segment is the fragility of the national grid, which is often unable to withstand sudden shocks from generation imbalances, frequency fluctuations, or line disturbances. Grid collapses not only disrupt supply nationwide but also expose weaknesses in coordination between generation, transmission, and distribution companies. In September 2025, Nigeria suffered a major grid collapse, plunging much of the country into darkness. The incident underscored how vulnerable the system remains to both technical faults and operational coordination failures, with ripple effects on businesses, households, and overall economic productivity

Power Sector - Distribution

The third quarter of 2025 intensified the pressures on Nigeria's electricity distribution sector. Distribution companies (DisCos) grappled with the escalating financial and operational implications of the tariff standoff between NERC and state regulators such as the Enugu State Electricity Regulatory Commission (EERC). The period was also marked by widespread customer dissatisfaction over electricity metering, billing, and service quality. While progress remained incremental, structural limitations in infrastructure, billing, customer service, and sector liquidity persisted across most networks.

Power Sector – Distribution Challenges

Regulatory Uncertainty and Revenue Collapse from the Tariff Standoff

The sector faced a serious regulatory conflict between the federal NERC and state-level regulators. In July 2025, EERC ordered a reduction in Band A tariffs from ₦209/kWh to ₦160/kWh, effective 1 August. This move undercut the MYTO 2024 framework and created serious revenue concerns for DisCos operating in Enugu. MainPower, the Enugu DisCo, petitioned the state regulator, warning that the tariff cut would hurt cost recovery and service delivery.

Technical and Commercial Losses from Infrastructure Deficit

Distribution networks continued to suffer from high technical and commercial losses. In July 2025, NERC data showed DisCos’ billing efficiency had fallen to 81.18 % and aggregate technical, commercial, and collection (ATC&C) losses were about 39.61 %. Overloaded transformers, weak feeders, energy theft, meter bypass, and billing inefficiencies all contributed to this. These losses drained available revenue and hampered improvements in service quality.

Inadequate Metering and Mounting Customer Dissatisfaction

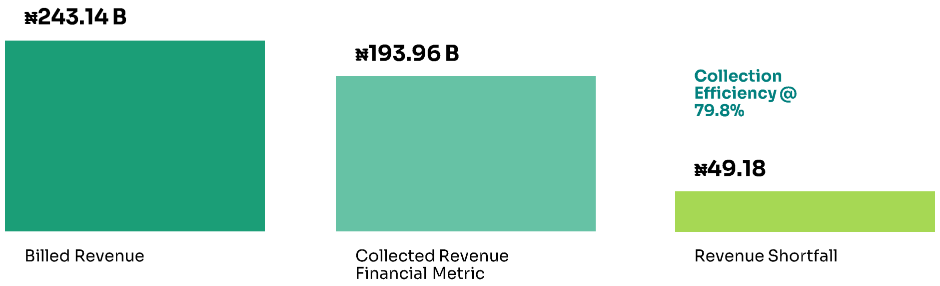
The metering gap remained wide, and many customers continued to be billed on estimates. In July 2025, NERC revealed that over two million customers had been overbilled in 2024, ordering ₦105.05 billion in credit adjustments. This issue aggravated consumer distrust and resistance to payment. With complaint resolution weak and service quality lagging, the metering deficit perpetuated low confidence and reduced collections.

Liquidity Constraints and Cash Flow Pressure

One of the major fiscal strains on DisCos in Q3 2025 was liquidity shortfall, driven by the gap between what was billed and what was actually collected. For example, in July 2025, DisCos recorded a revenue shortfall of ₦49.18 billion: they billed ₦243.14 billion but collected only ₦193.96 billion, translating to a collection efficiency of 79.77 %. This shortfall meant less working capital to fund network maintenance, meter rollouts, debt servicing, and operational needs, further deepening the financial stress on distribution companies.

₦105.05 B in Credit Adjustments

Financial Impact of Overbilling in 2024



DisCos Liquidity Profile: Billed vs. Collected (July 2025)

Power Sector – Milestones

	Milestones	Details
June 2025		
July 2025	Senate Passes Electricity Act Amendment Bill 2025 at Second Reading	The Nigerian Senate passed the Electricity Act Amendment Bill 2025 at second reading, marking a key legislative milestone. The Bill introduces reforms including the criminalization of electricity infrastructure vandalism, clarification of state versus federal regulatory powers, operationalization of the Electricity Consumer Assistance Fund, and strengthened penalties and institutional oversight.
August 2025	NERC Transfers Electricity Regulation to Nasarawa State	The Nigerian Electricity Regulatory Commission (NERC) transferred electricity market regulation in Nasarawa to the Nasarawa State Electricity Regulatory Commission (NASERC). The Abuja Electricity Distribution Company (AEDC) is required to establish a Nasarawa subsidiary to operate under state licensing
August 2025	Bayelsa Assumes Electricity Market Oversight from NERC	NERC issued an order transferring electricity regulatory oversight in Bayelsa to the Bayelsa State Electricity Regulatory Agency (BYERA). The Port Harcourt Electricity Distribution Company (PHED) must establish a Bayelsa subsidiary within 60 days and apply for a state electricity license

Power Sector – Notable Developments

Nasarawa Takes Over Electricity Regulation from NERC

On 3 August 2025, NERC officially transferred regulatory oversight of the electricity market in Nasarawa State to NASERC. This decision was taken in line with the 1999 Constitution and the Electricity Act 2023, which allows states to assume intrastate regulation, while NERC retains oversight of interstate, generation, transmission, trading, and system operations. Under the transfer order, AEDC must form a state-level subsidiary (AEDC SubCo) to handle intrastate supply and distribution within Nasarawa.

AEDC is mandated to incorporate this SubCo within 60 days from 4 August 2025. The SubCo then must apply for and obtain a license for intrastate distribution from NASERC. All transfers outlined in the order are to be completed by 3 February 2026. The move is part of a broader regulatory realignment: NERC has already transferred intrastate electricity regulatory oversight to several states (Edo, Ekiti, Enugu, Imo, Kogi, Lagos, Niger, Ogun, Ondo, Oyo) under Section 230 of the Electricity Act.

NERC Hands Over Bayelsa Electricity Market Regulation to State Agency

NERC officially transferred regulatory oversight of the electricity market in Bayelsa State to BYERA. The move is part of a broader shift toward decentralizing regulatory functions in Nigeria's power sector. Under the transfer arrangement, Port Harcourt Electricity Distribution Company (PHED) is directed to form a subsidiary, PHED SubCo, to manage intrastate supply and distribution in Bayelsa. PHED has 60 days from 21 August 2025 to complete the incorporation of the SubCo. After formation, the SubCo must obtain a license from BYERA. The entire process of transferring regulatory and operational responsibilities is to be fully concluded by 20 February 2026.

President Bola Ahmed Tinubu Appoints New NERC Chairman and Commissioners

In September 2025, President Bola Tinubu reshuffled NERC's leadership, naming Abdullahi Garba Ramat as Chairman and Chief Executive Officer of the Commission. Alongside him, Tinubu also appointed Abubakar Yusuf as Commissioner for Consumer Affairs and Fouad Olayinka Animashun as Commissioner for Finance and Management Services. The appointments are aimed at strengthening the Commission's oversight role, improving regulatory efficiency, and enhancing consumer protection in the electricity market.

Osun State Passes Electricity Bill to Establish Regulatory Commission

In July 2025, the Osun State House of Assembly passed the Osun State Electricity Market Regulatory Bill 2025, paving the way for the creation of a state-level electricity regulatory commission. The new legislation is aimed at curbing consumer exploitation, improving accountability in electricity billing, and opening the sector to private investment within the state. The bill also seeks to give Osun greater control over licensing, mediation between service providers and consumers, standards enforcement, and price regulation.

Power Sector – Notable Developments

BPE to List DisCos and Genco on the Stock Exchange as Part of 2025 Revenue Drive

The Bureau of Public Enterprises (BPE) announced in September 2025 its intention to list portions of federal and state government stakes in electricity distribution companies (DisCos) and a generation company (Genco) on the Nigerian Exchange (NGX). Under the plan, the residual 40% and 30% ownership stakes held by the federal and state governments in these power firms will be floated to the public. The move is positioned as part of a broader revenue-mobilisation strategy for 2025, wherein the BPE aims to raise ₦312.3 billion through 15 strategic transactions, including both reform-driven and revenue-generating assets.

By opening up ownership in power sector entities to private investors, the initiative seeks to strengthen corporate governance, accountability, and market discipline in DisCos and Gencos.

The Electricity Act (Amendment) Bill 2025 Passes Second Reading at the Senate

The Senate passed the Electricity Act Amendment Bill, 2025, advancing efforts to overhaul and stabilize the country's power sector. The motion, approved through second reading, is framed as a corrective measure aimed at tackling systemic challenges in electricity supply and addressing sector collapse concerns. The proposed amendments are intended to refine the balance between federal and state roles, close regulatory gaps, and strengthen oversight mechanisms. The bill introduces a range of significant reforms. It seeks to criminalize electricity infrastructure vandalism, a persistent cause of network failures and grid instability.

It also aims to clarify the process of transferring regulatory powers from NERC to state governments, thereby reducing jurisdictional disputes and ensuring smoother decentralization. Furthermore, the amendments would enhance the operationalisation of the Electricity Consumer Assistance Fund, improving protection for vulnerable consumers, while also strengthening penalties and institutional oversight to enhance accountability across the electricity value chain.

MARKET OVERVIEW

Oil & Gas Sector

Oil & Gas Sector

In Q3 2025, Nigeria's crude oil production averaged around 1.51 million barrels per day, with NUPRC reporting total liquids output of 1.71 million barrels per day in July. This represented a 9.9 percent year-on-year increase, and a modest month-on-month gain from June, supported by improved performance at major terminals including Forcados, Bonny, Escravos, and Bonga.

Despite this recovery, upstream operations continued to face challenges such as pipeline vandalism, illegal refining, and lingering infrastructure bottlenecks in parts of the Niger Delta.

9.9%
year-on-year increase

1.51 million
Nigeria's crude oil production averaged (bpd)

Oil & Gas Sector – Notable Developments

NNPC Completes River Niger Crossing on AKK Pipeline

In July 2025, the Nigerian National Petroleum Company Limited (NNPCL) completed the River Niger crossing on the 614 km Ajaokuta–Kaduna–Kano (AKK) gas pipeline, a milestone described as the most technically challenging phase of the project during the Nigeria Oil and Gas Energy Week in Abuja. The AKK pipeline is designed to deliver up to 2.2 billion standard cubic feet of gas per day to support power generation and industrial hubs in northern Nigeria. The successful crossing removes a major engineering risk, improves the likelihood of the project being delivered on schedule, and strengthens investor confidence in the government's Decade of Gas agenda.

Host Community Trusts Receive ₦97 Billion, $149 Million Development Fund

In July 2025, NUPRC disclosed that 102 Host Community Development Trusts (HCDTs) have received a combined ₦97 billion and US$149 million from settlors (i.e. oil companies) under their obligations. According to NUPRC, these remittances were made as part of the regulatory mandate in the Petroleum Industry Act (PIA), which requires companies to allocate 3% of their previous year's operating expenditure (OPEX) toward community development in areas affected by their operations.

NUPRC's announcement highlighted that of the 167 HCDT applications approved, 146 have been fully registered with the Corporate Affairs Commission (CAC), while 21 are still pending. The Commission emphasized that the payments are intended to accelerate development projects in host communities, reduce community unrest, and create a more enabling environment for petroleum operations.

Oando Plans N500 Billion Capital Raise via 10 Billion Share Issuance

Oando Plc has announced its intention to raise up to N500 billion (or equivalent in foreign currency), subject to shareholder approval. The strategy involves issuing up to 10 billion ordinary shares of 50 kobo each. The company filed a notice with the Nigerian Exchange (NGX) ahead of its 46th Annual General Meeting (AGM) scheduled for August 11, 2025, where the capital raise proposal will be presented.

In addition to the equity issuance, Oando outlined several funding options, including public offerings, private placements, and debt-to-equity conversions. One of the key proposals is converting US$300 million out of its existing $375 million reserve-based lending (RBL) debt into equity, aimed at reducing debt servicing costs and improving its balance sheet. The company also plans to approve a multi-instrument capital-raising programme (up to $1.5 billion or naira equivalent) that will give flexibility in using bonds, certificates, or other securities under terms to be determined by the Board.

Oil & Gas Sector – Notable Developments

President Bola Ahmed Tinubu Secures Petrobras' Return, Signs Nigeria–Brazil Agreements to Boost Trade & Energy

During his state visit to Brazil in August 2025, President Bola Tinubu secured commitments for the return of Petrobras to Nigeria, five years after the Brazilian oil company had exited its joint ventures in the country. He expressed that given Nigeria's vast gas reserves, Petrobras's re-entry would be a strategic partnership rather than competition. As part of the visit, Nigeria and Brazil signed five Memoranda of Understanding (MOUs) spanning trade, energy, diplomacy, aviation, and finance, signalling a renewed bilateral push to deepen economic and energy cooperation.

Tinubu emphasised that the agreements are part of a broader effort to revitalise ties with Brazil and attract investment into Nigeria's hydrocarbon sector. The MOUs are intended to pave the way for joint upstream projects, technology transfers, and stronger trade linkages. The engagement also included pledges to increase direct flights between Nigeria and Brazil, reflecting the multidimensional nature of the partnership

NUPRC Revokes Approval of TotalEnergies' $860 Million Asset Sale to Chappal Energies

In September 2025, NUPRC revoked its earlier approval for the $860 million sale of TotalEnergies' 10 percent stake in the Shell Petroleum Development Company (SPDC) joint venture to Chappal Energies. The regulator cited Chappal's inability to meet financial commitments and TotalEnergies' delays in fulfilling associated regulatory and environmental liability obligations. The deal, originally signed in July 2024, covered interests in key onshore oil mining leases (OMLs 23, 28, and 77), as well as stakes in critical crude export terminals.

The cancellation dealt a blow to both parties. For TotalEnergies, the divestment was meant to reduce exposure to onshore security, sabotage, and environmental liabilities, while for Chappal Energies, the acquisition was intended to cement its position as a rising indigenous player after earlier successes, including acquiring Equinor's Nigerian assets. The failure highlights ongoing challenges in financing large upstream transactions in Nigeria and signals that future divestments may require stronger financial structuring, phased commitments, or consortium-based approaches to succeed.

Dangote Refinery Cuts Petrol Ex-Depot Price Twice in July and August

In July and August 2025, Dangote Petroleum Refinery reduced its ex-depot petrol price twice, cutting rates from ₦880 to ₦820 per litre within two weeks. The adjustments followed an earlier temporary increase and were aimed at stabilizing downstream market prices amid high transportation costs and inflation. The refinery also announced the rollout of 4,000 compressed natural gas (CNG)-powered tankers to improve nationwide distribution efficiency. The price cuts provided short-term relief to marketers and consumers, with pump prices falling slightly in July. Analysts note, however, that the reductions highlight the refinery's growing influence on Nigeria's downstream sector and its role in cushioning consumers from volatility, even as retail prices remain above ₦1,000 per litre in many states.

Oil & Gas Sector – Notable Developments

NNPC, Akwa Ibom & GACN Sign US$3.5 Billion Gas Memorandum of Understanding

In July 2025, NNPC Ltd entered into a Memorandum of Understanding (MoU) worth US$3.5 billion with the Government of Akwa Ibom State and the Gas Aggregation Company of Nigeria (GACN). The agreement was formalized at the South-South Gas Utilisation Forum in Uyo, signalling the region's commitment to leveraging its gas resources for industrial development and socio-economic growth. The MoU is intended to catalyze gas industrialisation in the South-South geopolitical zone, aligning with national goals around the "Decade of Gas," LPG penetration, and gas infrastructure expansion. The collaboration brings together federal, state, and private sector actors, each playing complementary roles: Akwa Ibom brings regulatory support and local infrastructure positioning, GACN coordinates aggregation and market access, and NNPC supplies upstream gas. Though still at the MoU stage (i.e., framework, not a binding contract), the deal represents a strong commitment to fast-track gas development, drive value addition, reduce flaring, and deepen the gas value chain in one of Nigeria's gas-rich states.

Dangote Refinery to Construct 1.6 million-Barrel Storage Facility in Namibia

In August 2025, Dangote Petroleum Refinery announced plans to build a 1.6-million-barrel fuel storage hub in Walvis Bay, Namibia. The facility will supply gasoline and diesel to southern African countries, including Namibia, Botswana, Zambia, and Zimbabwe, with potential extension to the Democratic Republic of Congo. Walvis Bay, a key logistics hub on Namibia's Atlantic coast, will serve as the regional base for this initiative. The development underscores Dangote's ambition to expand beyond Nigeria and establish itself as a leading fuel supplier for Africa. By targeting southern Africa's underserved markets, the refinery is positioning itself as a stabilizing force in regional supply chains while also consolidating Nigeria's role in continental energy trade.

NMDPRA Approves Interim Gas Pipeline Tariff

The Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) has approved an interim natural gas pipeline transportation tariff of $1.13 per thousand standard cubic feet to apply between July 1 and December 31, 2025. The tariff is based on a postage stamp methodology, meaning that a uniform rate is applied across all networks regardless of the distance or location of users. This interim tariff covers six major gas pipeline systems, including the Escravos–Lagos Pipeline System (ELPS I & II), Oben–Ajaokuta, Oben–Geregu, the Obiafu-Obrikom–Oben (OB3) line, the Eastern Network, and the Ajaokuta–Kaduna–Kano (AKK) pipeline.

The temporary tariff will be used while broader stakeholder consultations are conducted to determine a suitable framework for a permanent pricing regime under the Petroleum Industry Act 2021 and the Natural Gas Pipeline Tariff Regulations 2023. All pipeline licensees and stakeholders are expected to implement the interim tariff in their transactions within the period.

Oil & Gas Sector – Notable Developments

Federal Government destroys 14 Illegal Refineries in the Niger Delta

In July 2025, the Nigerian Army announced the destruction of 14 illegal refining sites across Rivers, Bayelsa, Delta, and Akwa Ibom States, seizing over 350,000 litres of stolen petroleum products and arresting 62 suspects. The operation, carried out in collaboration with other security agencies, also uncovered large quantities of stolen crude oil and refining equipment.

The crackdown highlights the government’s efforts to tackle crude theft and pipeline vandalism, which have long undermined Nigeria’s production and revenue. While such operations provide short-term relief, industry observers stress the need for sustained surveillance, community engagement, and alternative livelihoods to curb the re-emergence of illegal refineries.

President Bola Ahmed Tinubu Commissions WAGL’s 40,000 CBM LPG Vessel

In August 2025, President Bola Ahmed Tinubu formally commissioned a new 40,000 cubic-metre LPG carrier built for West Africa Gas Limited (WAGL), marking a symbolic and practical step forward in Nigeria’s drive to deepen its clean gas infrastructure. The vessel named MT Iyaloja (Lagos) was flagged off in a ceremony that involved NNPC, WAGL, and Sahara Group, among other stakeholders. The new carrier enhances WAGL’s fleet, which already owns multiple LPG vessels, reinforcing domestic capacity to transport LPG across Western Africa.

NNPC emphasized that the vessel will support national goals of making LPG more affordable, available, and accessible, particularly by strengthening the supply chain for clean cooking fuel. WAGL’s leadership noted that the commissioning aligns with their broader expansion vision; the company plans to add both small gas carriers and very large gas carriers to its fleet in the near term. The move is also an important signal of Nigeria’s commitment to integrating gas infrastructure with its energy transition objectives.

NNPCL, TotalEnergies and SAPETRO Seal New PSC for Deepwater Licenses

In September 2025, the Nigerian National Petroleum Company Limited (NNPCL), TotalEnergies, and South Atlantic Petroleum (SAPETRO) signed a new Production Sharing Contract (PSC) covering deepwater Petroleum Prospecting Licenses (PPLs) 2000 and 2001, awarded during the 2024 Licensing Round. The contract, executed under the Petroleum Industry Act framework, spans about 2,000 square kilometers in the Niger Delta Basin, with TotalEnergies holding an 80 percent contractor interest and SAPETRO 20 percent. The agreement includes fiscal terms such as a $10 million signature bonus, performance guarantees, and production-linked bonuses.

It is designed to enhance transparency, ensure stronger local content participation, and promote gas monetization alongside crude oil exploration. The deal underscores Nigeria’s efforts to unlock deepwater reserves, attract fresh upstream capital, and strengthen investor confidence, while also advancing the government’s drive to integrate natural gas into production contracts for long-term energy security.

Oil & Gas Sector – Notable Developments

NUPRC Oversees Nigeria's First Transition of 2020 PPL to Mining Lease

In September 2025, NUPRC announced the conversion of Petroleum Prospecting License (PPL) 202 into Petroleum Mining Lease (PML) 66, the first such license from the 2020 Marginal Field Bid Round to achieve this transition. The signing ceremony between Ingentia Energies and its shareholders took place in Abuja, following a successful commercial discovery and satisfying obligations under the Petroleum Industry Act (PIA) 2021. Ngentia, along with its consortium partners Suntrust Oil, Petrogas Energy Trade, Somora GTP, Moore Oil, and Genesis Hydrocarbons, will now proceed to drill over five wells. The milestone signals confidence in Nigeria's upstream policy environment, demonstrates the viability of marginal field awards, and strengthens investor perception of PIA-backed reforms.

NLNG Pivots to Third-Party Gas Suppliers as Plant Utilization Drops to 60%

In September 2025, Nigeria LNG Limited (NLNG) revealed that its plant utilization had fallen to around 60% over the past few years, due largely to constraints in feed gas supply from its traditional International Oil Company (IOC) partners. To stabilize output, NLNG is increasingly relying on third-party gas suppliers under new Gas Supply Agreements. The shift is being driven by IOC divestments from onshore assets and underperformance in upstream supply, with third-party sourcing projected to ramp up further by late 2026 or early 2027. The development highlights the broader challenges of gas supply and infrastructure in Nigeria's LNG value chain. It also emphasizes the urgency for investment in gas exploration, pipeline integrity, and upstream capacity to support NLNG's full designed capacity.

NUPRC Revokes Oritsemeyin Rig License

In September 2025, NUPRC revoked the operating license of the Oritsemeyin drilling rig after investigations revealed persistent non-compliance with safety and operational standards. The decision followed a series of regulatory inspections that highlighted critical lapses in maintenance, certification, and crew competency requirements under the Petroleum Industry Act framework. By withdrawing the license, NUPRC signalled its intention to enforce stricter safety oversight in offshore and onshore operations, in line with global best practices. Industry observers note that while the revocation may temporarily limit rig availability, it sends a strong message to operators on the need for compliance, risk management, and investment in safety protocols.

Dangote Refinery Exports First Petrol Shipment to U.S.

In September 2025, Dangote Petroleum Refinery recorded a major milestone with the export of its first shipment of petrol to the United States. The cargo, estimated at 2 million barrels, departed from the Lekki Free Zone terminal, marking Nigeria's entry into the global refined products export market. This achievement follows months of ramp-up in production and domestic market supply, during which the refinery had already influenced pump price adjustments in Nigeria.

Analysts highlight that the U.S. shipment underscores the refinery's competitiveness in international markets and positions Nigeria not only as a crude exporter but also as a net player in the refined petroleum products trade. The development is also expected to boost Nigeria's foreign exchange earnings and strengthen the case for greater downstream self-sufficiency

Oil & Gas Sector – Milestones

	Milestones	Details
June 2025		
July 2025	NNPCL Completes River Niger Crossing on AKK Pipeline	The Nigerian National Petroleum Company Limited (NNPCL) completed the technically challenging River Niger crossing on the 614 km Ajaokuta–Kaduna–Kano (AKK) gas pipeline.
August 2025	Nigeria Exceeds OPEC Production Target for Second Month	Nigeria surpassed its OPEC crude oil production target for the second consecutive month, achieving total liquids output of 1.71 million barrels per day.
September 2025	NUPRC Approves First PPL-to-PML Transition	NUPRC oversaw the first transition of a 2020 Petroleum Prospecting License (PPL 202) to a Petroleum Mining Lease (PML 66) following a successful commercial discovery.

Oil & Gas Sector – Distribution Challenges

Crude Supply and Refinery Operations

Despite Nigeria's production recovery, the Dangote Refinery continued to struggle with access to domestic crude in Q3 2025. The facility relied on 9–10 million barrels of imported crude monthly from the U.S. and other suppliers, often purchased at high premiums through international traders. This dependence on imports exposed refinery operations to foreign exchange volatility, logistics bottlenecks, and elevated costs. These challenges limited the refinery's ability to stabilize downstream supply and highlighted structural weaknesses in aligning local crude availability with the country's refining capacity.

Pipelines Vandalism

In September 2025, pipeline vandalism continued to pose serious risks to Nigeria's energy infrastructure, with multiple incidents reported in Taraba State 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.

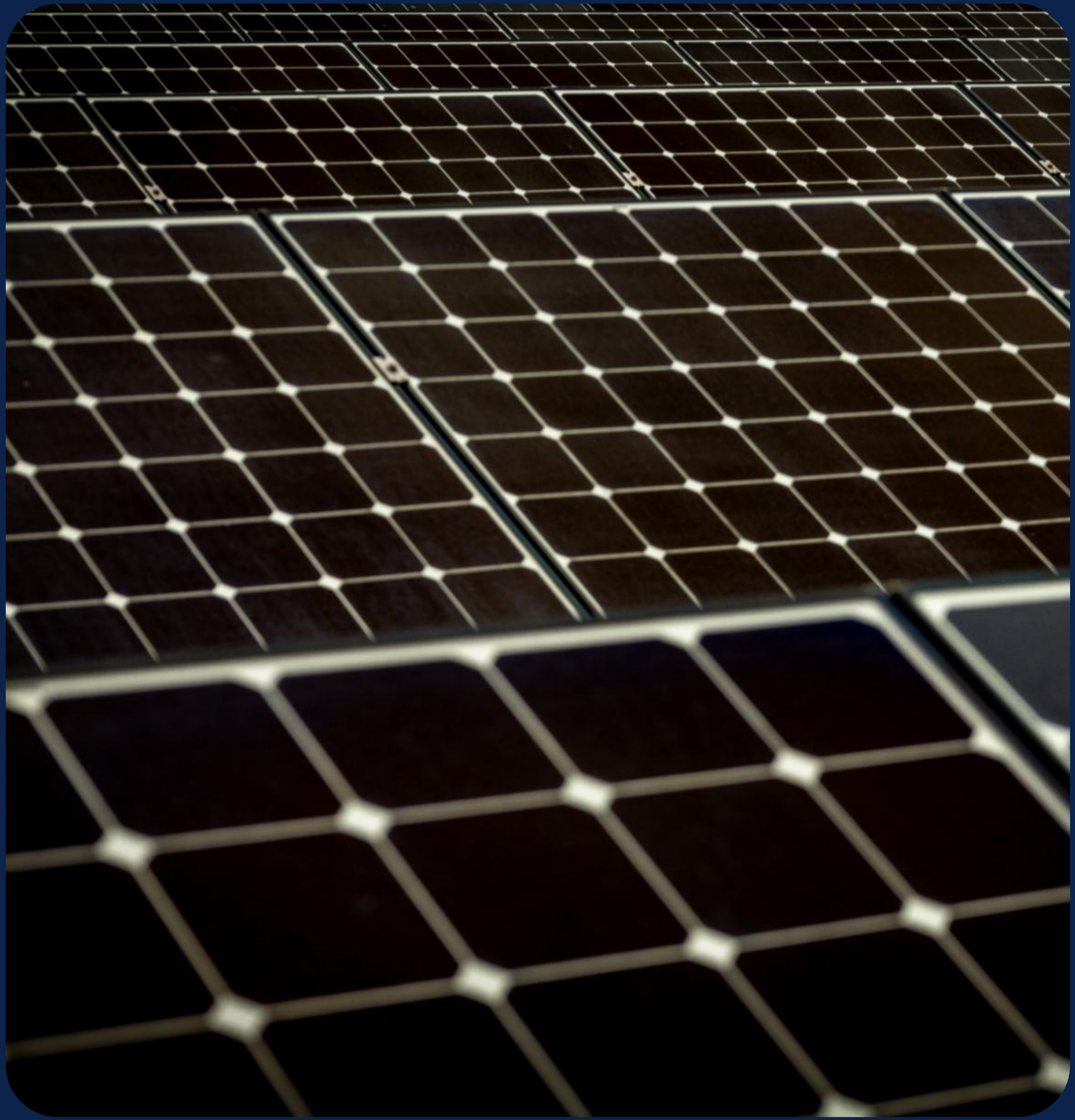
Market Volatility and Oil Price Fluctuations

Global crude oil markets remained volatile in Q3. Nigerian crude grades, including Bonny Light, traded below $70 per barrel in August, following renewed concerns over OPEC+ supply adjustments and uncertainty around U.S.–Russia negotiations on Ukraine. This volatility complicated fiscal planning for Nigeria's oil-dependent economy, reducing predictability in export earnings. Although indigenous operators benefited from short-term gains in onshore output, fluctuating international prices underscored the vulnerability of Nigeria's revenues to external shocks.

Gas Supply Constraints

Gas supply challenges persisted during the quarter, despite progress on the Ajaokuta–Kaduna–Kano (AKK) pipeline. Delays in completing the OB3 pipeline continued to limit transmission capacity, restricting gas flows to power plants, industries, and the Nigeria LNG export terminal. The resulting bottlenecks constrained industrial growth, reduced gas-to-power capacity, and hindered the country's ability to monetize its abundant gas reserves. This shortfall highlighted the urgency of accelerating midstream infrastructure to support both domestic energy demand and export opportunities under the Decade of Gas agenda.

Nigeria's energy aspiration throughout the third quarter of 2025 faced the hard reality as crude oil shortages at the Dangote Refinery, pipeline vandalism cases, volatile oil prices, and continued disruptions of gas supplies



MARKET OVERVIEW

Renewable Energy Sector

Renewable Energy Sector

$400,000,000

Lagos waste-to-energy project

$1,200,000

The ADB's commitment for feasibility study on battery storage

₦68,700,000,000

Federal Executive Council solar electrification universities, hospitals, and rural communities

80,000,000

Lagos Clean Cookstoves Initiative

In Q3 2025, Nigeria's renewable energy sector recorded significant progress across state, federal, and private initiatives. Lagos launched a $400 million waste-to-energy project in Epe and rolled out its clean cookstove program under the national 80 million Clean Cookstoves Initiative, while the Federal Executive Council approved ₦68.7 billion for solar electrification in universities, hospitals, and rural communities. At the same time, the Federal Government introduced new standards for compressed natural gas (CNG) and electric vehicles, and the African Development Bank committed $1.2 million for a feasibility study on battery storage to stabilize the national grid .

These developments highlight Nigeria's growing push towards clean energy adoption, though persistent challenges around financing, grid integration, and local manufacturing capacity continue to weigh on the sector's overall progress.

Renewable Energy Sector – Notable Developments

EU Launches €545 Million Initiative to Boost Clean Energy in Africa.

In late September 2025, the European Union unveiled a €545 million package intended to accelerate the transition to clean energy across Africa. The announcement, made during the United Nations General Assembly via video message, is part of the EU's Global Gateway investment strategy. The funds are earmarked to support projects for rural electrification, modernizing power grids, and expanding access to renewables in several African countries. This aims in particular to help reduce the gap in electricity access, boost energy system resilience, and create green jobs.

The initiative targets nine African nations, with allocations like €359.4 million for high voltage power infrastructure in Côte d'Ivoire, €59.1 million for rural electrification in Cameroon, €45.5 million to increase renewable access in Somalia, and smaller grants to countries such as Ghana, Mozambique, Lesotho, and Madagascar. According to the report, investments will focus on solar, wind, hydro, and mini-grid technologies. The EU also highlighted the potential for job creation, policy alignment, and the need for stable partnerships to ensure sustainable infrastructure growth.

Lagos Launches Clean Cookstove Initiative with ₦10,000 Monthly Stipend

In July 2025, the Lagos State Government commenced the distribution of clean cookstoves under the federal government's 80 million Clean Cookstoves Initiative, starting with 12 households in Makoko. The pilot phase includes a monthly ₦10,000 stipend for beneficiaries over 15 years, along with free healthcare through the Lagos State Health Management Agency. The project, implemented with GreenPlinth Africa as technical partner, is aimed at reducing reliance on firewood, curbing deforestation, and addressing harmful indoor air pollution. With Lagos allocated 8 million units, the program is expected to expand clean energy access for vulnerable households, stimulate demand for briquette-based fuels, and set the pace for broader national adoption.

NUPRC Reaffirms Strategy to End Routine Gas Flaring by 2030

In July 2025, NUPRC reiterated its commitment to eliminate routine gas flaring by 2030 and cut methane emissions by 60 per cent by 2031 through a gas-centric transition strategy. Commission Chief Executive, Engr. Gbenga Komolafe announced at the Nigeria Oil and Gas Energy Week that the initiative would be anchored on programs such as the Nigeria Gas Flare Commercialization Program, the Decade of Gas, and the Presidential CNG Initiative. He also highlighted Nigeria's upstream decarbonization framework, which integrates emissions tracking, carbon capture, and access to climate finance.

The reaffirmation signals growing regulatory pressure on operators, while also positioning Nigeria to attract low-carbon investment, unlock flared gas for industrial use, and strengthen its climate credentials.

Renewable Energy Sector – Notable Developments

Lagos Announces $400 Million Waste-to-Energy Plant in Epe

In August 2025, the Lagos State Government unveiled plans to develop a $400 million waste-to-energy plant in Epe to address mounting landfill pressure and expand electricity supply to up to two million residents. The project, to be delivered under a private-sector-led model, is expected to convert municipal solid waste into electricity, reducing flood risks caused by illegal dumping and supporting Lagos' climate action goals. With landfill sites nearing capacity and over 60 percent of households lacking formal waste collection, the initiative offers both a waste management and energy solution.

The plant is projected to deliver a 12 per cent return over a 20-year period and represents a critical investment in sustainable urban infrastructure that could also attract further private participation.

Federal Government Sets Standards for CNG and Electric Vehicles

In July 2025, the Federal Government introduced new National Occupational Standards (NOS) for Compressed Natural Gas (CNG) and Electric Vehicles (EVs) as part of its broader strategy to reposition the automotive industry. The standards, developed by the National Automotive Design and Development Council in collaboration with the National Board for Technical Education, cover vehicle conversion, calibration, and maintenance. They also provide a framework for certification up to Level Five under the National Skills Qualification Framework. By establishing uniform guidelines, the initiative aims to boost technical capacity, encourage safe adoption of gas-powered and electric vehicles, and enhance Nigeria's competitiveness in the global automotive market.

AfDB Commits $1.2 Million for Battery Energy Storage Feasibility Study

In August 2025, the African Development Bank (AfDB) approved $1.2 million to fund a feasibility study on Battery Energy Storage Systems (BESS) in Nigeria, under its Energy Transition Catalyst Program. The study, undertaken in partnership with the Transmission Company of Nigeria, will assess options for grid integration, regulatory models, and investment frameworks. AfDB officials highlighted that battery storage is now central to modern power systems, enabling excess renewable electricity to be stored and dispatched during peak periods. The project is expected to provide a roadmap for stabilizing Nigeria's grid, supporting renewable penetration, and reducing reliance on fossil-fueled peaking plants.

Federal Executive Council Approves ₦68.7 Billion for Solar Projects

In August 2025, the Federal Executive Council approved ₦68.7 billion for the first phase of a solar electrification program covering universities, teaching hospitals, and rural farm centers. The projects will be implemented through the Energising Education Program, managed by the Rural Electrification Agency. Beneficiaries include institutions such as the University of Lagos, Ahmadu Bello University, and the University College Hospital, Ibadan. According to the Power Ministry, the initiative is part of a wider ₦200 billion funding pipeline targeting critical education, health, and agricultural facilities. The intervention reflects government efforts to address chronic electricity shortages in priority sectors while also promoting inclusive economic growth in rural communities.

Renewable Energy Sector – Notable Developments

Elektron Energy Launches ₦200 Billion Bond for Lagos Embedded Plant

In August 2025, Elektron Finance SPV Plc announced the launch of a ₦200 billion bond program to finance a 30MW gas-fired embedded generation plant in Victoria Island, Lagos. The facility, developed through its subsidiary Victoria Island Power Limited, will feature three high-efficiency gas engines, a 5km dedicated distribution network, and long-term power purchase agreements with commercial offtakers. Backed by InfraCredit and several institutional investors, the project is scheduled for commissioning in 2026. It is designed to reduce reliance on diesel generators in one of Nigeria's key business districts, providing more reliable and sustainable electricity for commercial consumers.

WAGL Energy Expands LPG Fleet Capacity Beyond 160,000 Cubic Metres

In July 2025, WAGL Energy Limited, a joint venture between NNPC Limited and Sahara Group, announced the expansion of its liquefied petroleum gas (LPG) fleet capacity to more than 160,000 cubic metres. The expansion strengthens its position as a leading regional LPG supplier and supports Nigeria's broader gas utilization and clean cooking agenda. With LPG demand rising across households, power generation, and industrial users, the move is expected to ease supply constraints and reduce reliance on firewood and kerosene. The investment also aligns with NNPC's $1 billion commitment to accelerating gas adoption under the Decade of Gas initiative.

FG, International Solar Alliance (ISA) Unveil $500 Million Fund for Solar Growth

In September 2025, the Federal Government of Nigeria, in partnership with the International Solar Alliance (ISA), announced the launch of a $500 million financing facility to accelerate the adoption of solar energy across the country. The initiative is structured to provide concessional funding and blended finance solutions for large-scale solar farms, community mini-grids, and off-grid electrification projects in underserved areas, particularly rural communities with limited access to reliable power.

The program will also channel resources into research, technology deployment, and capacity building to support Nigeria's long-term clean energy transition. By easing access to affordable financing and reducing investor risk, the facility is expected to stimulate private sector participation, expand electricity access, and position solar energy as a central pillar of Nigeria's Energy Transition Plan. Beyond Nigeria, the collaboration underscores ISA's continental mission to drive solar growth in Africa and enhance energy security through sustainable, locally tailored solutions.

Global Energy Alliance Commits $16 Million to Accelerate Energy Access in Africa at UNGA80

In September 2025, during the 80th United Nations General Assembly (UNGA80) in New York, the Global Energy Alliance for People and Planet (GEAPP) announced a $16 million investment to expand clean energy access across Africa under its Mission 300 program, which seeks to connect 300 million people to electricity by 2030. Of this commitment, over $2 million has been allocated to Nigeria to support the deployment of interconnected solar mini-grids in collaboration with RMI, targeting the rollout of 100 MW and development of a 500 MW pipeline. GEAPP emphasised that the initiative will reduce market barriers, unlock private capital, and accelerate the adoption of decentralised renewable systems. For Nigeria, the investment underscores growing international support for distributed energy solutions and highlights the strategic role of mini grids in bridging the country's persistent electricity access gaps.

Renewable Energy Sector – Milestones

	Milestones	Details
July 2025		
August 2025	FEC Approval of ₦**68.7 Billion** Solar Electrification Projects	The Federal Executive Council (FEC) approved ₦68.7 billion for nationwide solar electrification projects. The funding targets universities, teaching hospitals, and rural communities, with the goal of boosting access to reliable renewable electricity, driving inclusive growth, and accelerating Nigeria's energy transition.
September 2025	NERC Issues Draft **Net-Billing** Regulations	NERC issued draft Net-Billing Regulations, enabling solar prosumers to export surplus power to the national grid. The draft framework creates financial incentives for decentralized solar adoption, encourages private sector investment, and integrates distributed renewable energy into the national electricity mix.

Renewable Energy Sector – Challenges

Financing and Investment Gaps

While Q3 2025 saw notable funding activity, including Elektron Energy's N200 billion bond issuance and AfDB's $1.2 million grant for battery storage feasibility, access to long-term, affordable capital remains a key constraint. Many renewable projects still depend heavily on development finance institutions, donor funding, or government-backed subsidies. Private sector investors remain cautious due to perceived risks and uncertain returns, particularly in rural electrification and off-grid markets. Without deeper local financing and de-risking instruments, scaling renewable projects to meet national energy targets will remain slow.

Policy and Regulatory Uncertainty

The introduction of new standards for CNG and EVs, as well as policy commitments under the Energy Transition Plan, demonstrate progress. However, frequent policy shifts, inconsistent enforcement, and regulatory delays create uncertainty for investors. Key issues such as tariff setting for renewable projects, licensing processes for mini-grids, and incentives for emerging technologies like wind and storage remain underdeveloped. This lack of policy clarity limits investor confidence and slows the pace of project execution.

Infrastructure and Grid Limitations

Nigeria's transmission and distribution infrastructure remains weak, making it difficult to fully integrate renewable energy into the national grid. Frequent instability, limited evacuation capacity, and outdated infrastructure mean that even where renewable generation is available, power cannot always reach end users. While initiatives such as AfDB's battery energy storage study and new solar mini-grid projects aim to address these constraints, structural grid challenges continue to undermine efficiency and increase costs for developers and consumers alike.

LEGAL/ REGULATORY UPDATES

Updates - Oil & Gas Sector

Nigeria Leads Signing of Africa's Petroleum Regulatory Charter (AFRIPERF)

In September 2025, Nigeria spearheaded a landmark event in Accra, Ghana, where regulators from 16 African countries convened to sign the African Petroleum Regulators Forum (AFRIPERF) Charter.

Nigeria, Ghana, Somalia, Gambia, Madagascar, Sudan, Guinea, and Togo were among the first to endorse the charter, while other nations pledged to join later. The signing marked the formal operationalization of AFRIPERF as a continental body, a move championed by NUPRC under the leadership of Engr. Gbenga Komolafe.

The AFRIPERF Charter lays out a shared mission and vision for member regulators: to harmonise petroleum regulations and standards, foster collaboration, enable knowledge-sharing and capacity building, ensure consistent environmental and safety protocols, and advance investment in Africa's petroleum sector. By aligning regulatory practices across jurisdictions, AFRIPERF aims to reduce fragmentation, bolster investor confidence, and strengthen the collective voice of African regulators on the global energy stage.

Updates - Power Sector

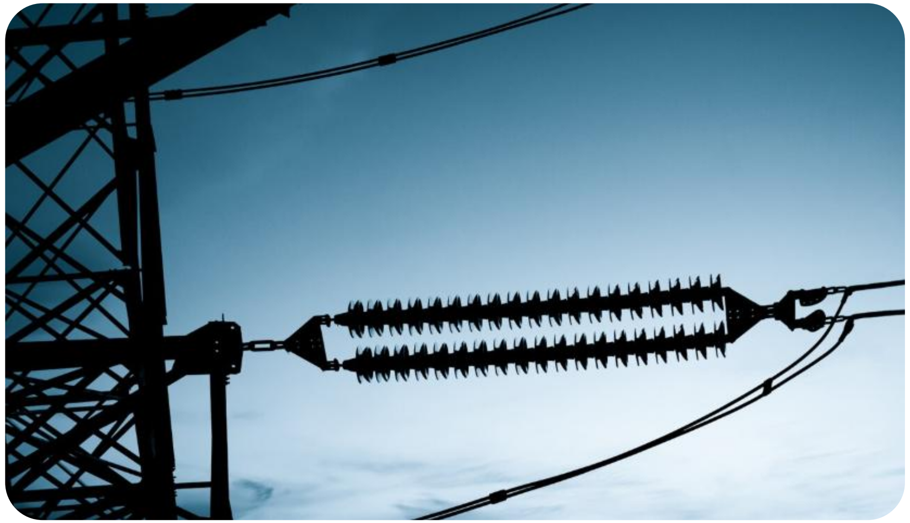
NERC issues Net Billing Regulations 2025

A significant regulatory development in the third quarter of 2025 was the finalization and publication of the NERC Net Billing Regulations 2025. This framework establishes the legal basis for a net billing system, a crucial step towards unlocking investment in distributed generation, particularly solar and other small-scale renewable energy systems. The regulations provide a standardized mechanism for customers who generate their own electricity to sell their excess power back to the distribution grid.

The regulations mandate the installation of bidirectional meters for participating customers to accurately measure both energy consumed from the grid and surplus energy exported. The "billing" mechanism allows Disco to purchase excess energy at a pre-approved "Avoided Cost Tariff." This tariff is designed to reflect the cost the Disco would have incurred to generate or procure that same unit of electricity, ensuring fairness for both the prosumer and the utility.

NERC Issues Guidance on Multiple Tariff Regimes in the NESI

On July 24, 2025, NERC released a notice clarifying the application of multiple tariff regimes under Nigeria's decentralized electricity market. Following the Electricity Act 2023, states that assume regulatory control may design their own end-user tariffs, while NERC retains oversight of wholesale generation and transmission costs. The framework is intended to ensure that state-level tariff setting remains cost-reflective and consistent with market stability.



The notice specifically highlighted concerns with a tariff order issued by the Enugu State Electricity Regulatory Commission (Order No. EERC/2025/003), which lowered tariffs for certain customer bands. NERC questioned the assumptions behind the adjustment, particularly subsidy and wholesale pricing impacts, and stated it would engage with the state regulator to ensure alignment with national market principles and to prevent distortions in the wider electricity supply industry.

Updates – Renewable Energy Sector

Nigeria takes a bold step toward clean mobility by setting national standards to skill, certify, and power the future of CNG, electric, and hybrid vehicles.

Federal Government issues National Occupational Standards for CNG/EV conversion and maintenance

On 24 July 2025, Nigeria's federal government, through the National Automotive Design and Development Council (NADDC) in partnership with the National Board for Technical Education (NBTE), introduced new National Occupational Standards (NOS) for conversion, calibration, and maintenance of Compressed Natural Gas (CNG), electric, and hybrid vehicles. The standards, aligned with the National Skills Qualification Framework up to Level 5, also include a retrofitting guide. These regulatory instruments are aimed at professionalising vehicle conversion workflows, ensuring safety and technical competency, and boosting workforce readiness in the clean-mobility sector .

DEAL HIGHLIGHTS

Deal Highlights – Oil & Gas Sector

NNPCL and Dangote Refinery Sign Two-Year Crude Supply Deal

In September 2025, the Nigerian National Petroleum Company Limited (NNPCL) entered a two-year crude oil supply agreement with the Dangote Petroleum Refinery. The deal provides for five cargoes in September and October 2025, with additional supplies expected as needed. It builds on the "Naira-for-Crude" arrangement, which allows part of the payment to be made in local currency, easing FX pressures while securing feedstock for the refinery.

Since October 2024, the refinery has received about 82 million barrels of crude from NNPCL, with 60% of the deliveries settled in naira. The new agreement provides stability for both parties—ensuring steady crude access for Dangote to ramp up refining output and securing a long-term domestic offtaker for NNPCL. This collaboration is framed as complementary, strengthening Nigeria's refining capacity, reducing import reliance, and advancing energy security.

Dangote Refinery to Construct 1.6 million-Barrel Fuel Storage Facility in Namibia

In July 2025, Dangote Petroleum Refinery announced plans to build a 1.6-million-barrel fuel storage hub in Walvis Bay, Namibia. The facility will serve as a regional supply base for gasoline and diesel, targeting Namibia, Botswana, Zambia, Zimbabwe, and potentially the Democratic Republic of Congo. Walvis Bay's strategic Atlantic port location makes it an ideal logistics hub for southern Africa.

The investment underscores Dangote's ambition to extend its market beyond Nigeria, positioning itself as a leading supplier of refined products across Africa. For Nigeria, this development strengthens its regional energy trade footprint and demonstrates how new refining capacity is reshaping supply dynamics and export opportunities.

FG Blocks TotalEnergies' $860 Million Asset Sale to Chappal Energies

In September 2025, NUPRC revoked its earlier approval for the $860 million sale by TotalEnergies of its 10 percent stake in the Shell Petroleum Development Company of Nigeria (SPDC) joint venture to Chappal Energies. The deal, originally approved in October 2024 under strict financial, environmental, and regulatory obligations, was cancelled after both parties failed to meet conditions such as raising the required funds and fulfilling environmental liability provisions. The collapse of the transaction leaves TotalEnergies retaining its onshore assets that it had sought to divest, imposing ongoing operational, financial, and reputational costs. It also highlights regulatory risk and enforcement strength in Nigeria's upstream sector, which may affect investor perceptions for future portfolio divestments and conditional asset transfers.

Deal Highlights – Power Sector

MainPower Investments Seals Financing for Enugu State Distribution Network Takeover

In a landmark deal concluded in August, MainPower Investments Limited, the designated utility for Enugu State, secured a ₦85 billion financing package from a consortium of local banks and an international development finance institution. This capital is earmarked for the initial severance payments to the Enugu Electricity Distribution Company (EEDC) for asset transfer, the procurement of over 150,000 smart meters, and the first phase of critical network rehabilitation across the state, marking the first major financial close under a state-level electricity market.

Nigerian Sovereign Investment Authority (NSIA) and Japanese Consortium Finalize Egbin Power Plant Expansion

A major generation deal was finalized in July, with the NSIA and a Japanese consortium led by Mitsubishi Heavy Industries signing a $1.1 billion agreement to add a new 500MW combined-cycle gas turbine unit to the Egbin Power Plant. The deal, which includes funding from the Japan International Cooperation Agency (JICA), is a significant step towards increasing available generation capacity and improving the plant's efficiency, with financial close achieved in September.

Shell Nigeria Gas and Niger Delta Power Holding Company (NDPHC) Sign 300MW Gas Supply and Power Purchase Agreement (PPA)

In a significant move for embedded generation, Shell Nigeria Gas (SNG) and the NDPHC signed a comprehensive agreement in September for the supply of gas to NDPHC's 300MW Afam III Fast Power Plant. Crucially, the deal includes a PPA that will wheel the generated power directly to industrial clusters in the Abia and Rivers state axis through the transmission grid, bypassing the usual Disco constraints and providing reliable power to key economic zones.

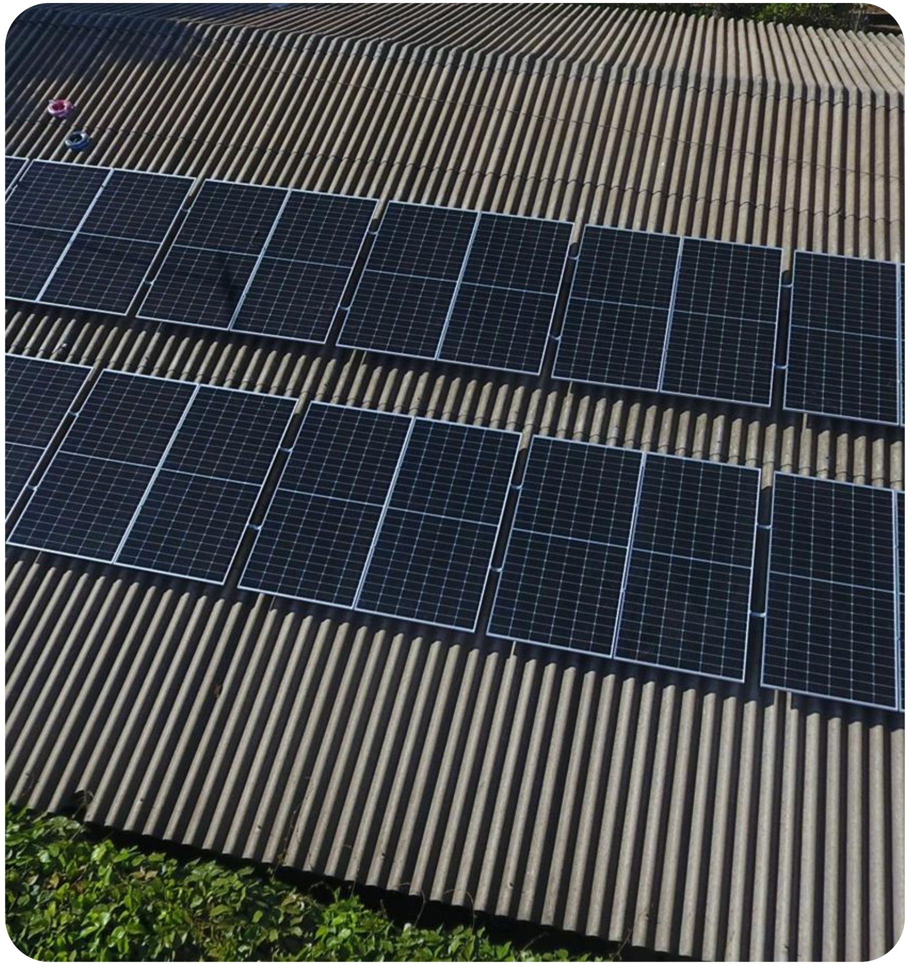
African Development Bank (AfDB) Approves $1.2 Million Loan for Transmission Infrastructure Resilience

In July, the African Development Bank (AfDB) approved a $1.2 million loan to the Transmission Company of Nigeria (TCN). This financing is specifically targeted at better equipping the transmission infrastructure against vandalism and natural disasters. The project includes the funding of aerial surveillance systems, the replacement of vulnerable aluminium conductors with more secure materials, and the construction of secure macro-tunnels for critical transmission lines in high-risk areas, representing a direct response to the security challenges highlighted in the quarter.

Deal Highlights – Renewable Energy Sector

United Capital Infrastructure Fund provides ₦5 Billion Facility for Solar Mini-Grids

On September 9, 2025, the United Capital Infrastructure Fund (UCIF) announced a ₦5 billion ($3.2 million) revolving debt facility for Husk Power to scale up deployment of solar mini-grids in Nigeria. The financing will initially support the rollout of standalone rural mini-grid sites before extending to interconnected systems and commercial-industrial solar projects. The deal underscores growing domestic capital participation in clean energy, providing a replicable financing model for bridging rural electrification gaps. It is expected to accelerate access to affordable power for underserved communities and stimulate productive uses of energy in agriculture and small-scale industry.



BII Partners with Odyssey Energy Solutions for $7.5 Million Mini-Grid Financing Facility

In September 2025, British International Investment (BII), the UK's development finance institution, partnered with Odyssey Energy Solutions to launch a $7.5 million financing facility aimed at accelerating the deployment of solar mini-grids across Nigeria. This initiative supports the Distributed Access through Renewable Energy Scale-Up (DARES) program, backed by the World Bank, which aims to improve energy access for 17.5 million Nigerians. The facility leverages Odyssey's proprietary procurement platform and supply chain credit solution to assist mini-grid developers in acquiring high-quality solar and energy storage equipment with minimal upfront capital. Repayment obligations commence only after new projects start generating revenue, easing financing barriers in Nigeria's off-grid energy sector.

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

In September 2025, Nigeria and the International Solar Alliance (ISA) formalized a Country Partnership Framework, establishing a $500 million Distributed Renewable Energy (DRE) Fund to catalyze solar adoption nationwide. The fund targets expansion of mini-grids, rooftop solar, and agriculture-linked solar projects, alongside technical training and policy support. Designed to unlock concessional finance and private capital mobilization, the facility aims to strengthen Nigeria's energy transition while addressing chronic gaps in rural access. This partnership positions Nigeria as a key hub for solar investment under ISA's Africa engagement strategy.

Conclusion

The third quarter of 2025 underscored a period of significant structural transition across Nigeria's energy sector, driven by decisive regulatory advancements and strategic investment inflows. In the power sector, the implementation of the Electricity Act 2023 accelerated, with multiple states enacting their own electricity laws and establishing independent regulatory commissions, thereby deepening market decentralization. This was complemented by critical regulatory frameworks such as the Net Billing Regulations and enhanced corporate governance codes, which collectively aimed to foster transparency and attract private investment. Similarly, the oil and gas sector demonstrated resilience, recording improved production levels and advancing key infrastructure projects like the AKK gas pipeline, while the renewable energy segment witnessed notable progress through large-scale solar electrification projects and international financing agreements. Importantly, these shifts are being reinforced by recent legislative action, with the Senate's passage of the Electricity Act Amendment Bill introducing stronger deterrents against infrastructure vandalism, clarifying state-level regulatory powers, and enhancing consumer protection and institutional oversight.

As these reforms continue to take root, they signal not only a decisive shift towards a more diversified, transparent, and investment-ready energy landscape, but also a sustained legislative and policy commitment to balancing Nigeria's traditional hydrocarbon strengths with the growing imperatives of energy transition and sustainability.

About Stren & Blan Partners

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.

Ozioma Agu

Partner

OziomaAgu@strenandblan.com

David Olajide

Associate

DavidOlajide@strenandblan.com

Oghenemega Igbru

Associate

OghenemegaIgbru@strenandblan.com

Onyiyechi Isikaku

Associate

OnyiyechiIsikaku@strenandblan.com

Eniola Alayo

Associate

EniolaAlayo@strenandblan.com

Contact Us

Address

3 Theophilus Orji Street, Off Fola Osibo Road, Lekki Phase 1, Lagos, Nigeria.

+234 (0)702 558 0053

Links

www.strenandblan.com
contact@strenandblan.com