



Energy Insights: The Quarterly

Reviews and Highlights of the Nigerian Energy
Sector in Q4

Executive Summary

Oil and Gas Sector

In the last quarter of 2024, Nigeria's oil and gas sector experienced a slight development from the previous quarter. In October 2024 the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) recorded a decline in crude oil production from 1.54 million barrels per day to 1.53 million barrels per day. However, in November 2024, there was an increase in Nigeria's daily oil production which reached 1.8 million barrels per day. The Nigerian National Petroleum Company Limited (NNPC L) projected an increase to 2 million barrels per day by the end of 2024.

The decline and subsequent increase in Nigeria's oil production may have been driven by a combination of factors such as:

Ongoing security challenges such as oil theft and vandalism, which disrupted production.

Operational issues like ageing infrastructure and underinvestment also played a role in fluctuating output.

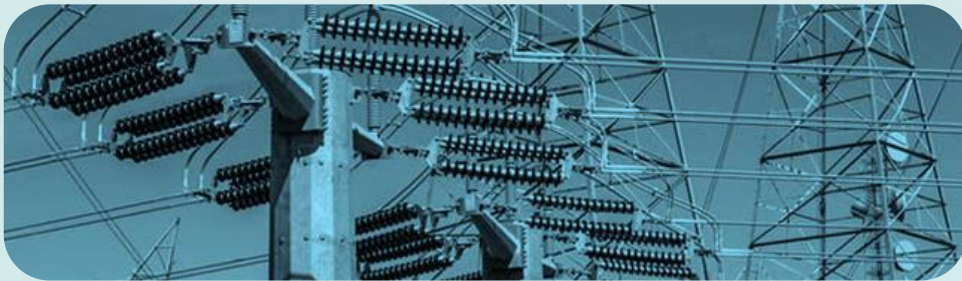
Maintenance activities, as some companies may have conducted planned or unplanned maintenance on their facilities which would have temporarily reduced production. Etc.

Also, in the last quarter, the sector witnessed notable divestments and acquisitions of oil assets. Seplat Petroleum, for example, completed the acquisition of Mobil Nigeria, while the Federal Government of Nigeria (FGN) approved the Renaissance Group's purchase of \$1.3 billion worth of Shell's Nigerian onshore assets.

Efforts to expand Compressed Natural Gas (CNG) infrastructure are also underway, with a focus on boosting the use of gas as an alternative energy source for both transportation and power generation. There have been significant steps taken towards the development of critical gas pipeline infrastructure, such as the Moroccan-Nigeria Gas Pipeline, which is set to improve regional energy access and strengthen Nigeria's position as a key gas supplier in Africa. In addition to this, the Nigeria Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) and Shell have collaborated on the development of key gas pipelines, which are aimed at enhancing Nigeria's gas infrastructure. This partnership is expected to drive greater gas supply, boost domestic consumption, and position Nigeria as a key regional energy supplier.

Executive Summary

Power Sector



The Nigerian power sector made incremental progress as the implementation of the Electricity Act, 2023, gained momentum. Several states, such as Lagos Benue, and Delta States passed their Electricity Bill into law aimed at decentralizing electricity regulation in the light of the provisions of the Electricity Act and for establishing their electricity markets. These states are taking steps to improve supply reliability and better control power generation, distribution, and regulation within their jurisdictions. In the last quarter of 2024, we see those challenges such as grid instability and high transmission losses persisted, with the national grid experiencing about four collapses. These issues highlight the urgent need for further investments in infrastructure and comprehensive reforms.

Renewable Energy



The renewable energy sector saw increased investments, particularly in solar mini-grids and decentralized energy systems targeting rural electrification. Public-private collaborations and international partnerships drove significant progress, with development agencies and local companies spearheading projects in underserved areas. Notably, WATT Renewables Corporation and Winnock Solar secured significant funding to expand renewable energy projects, further reflecting the growing interest in the sector. As Nigeria aligns with its energy transition goals, renewables are expected to play a central role in reducing energy poverty and advancing sustainability.



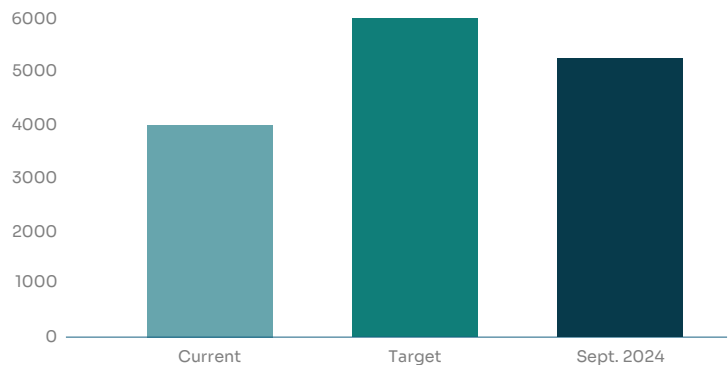
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Market Overview

Power Sector

In the last quarter of 2024, Nigeria's power sector continued its efforts to enhance electricity access and reliability. The Federal Government set a target to increase power generation from 4,000MW to 6,000MW by December 2024, with a focus on hydro and solar plants to enhance electricity supply to households and businesses. However, this plan was hindered by N2.7 trillion in GenCos debts and frequent grid collapses. Despite these challenges, power generation reached 5,313MW in September 2024, marking the first time in three years this level was achieved. In Q4 2024, the Transmission Company of Nigeria (TCN) continued its efforts to enhance the stability of the national electricity grid. The federal government, in partnership with the World Bank, had initially planned to operationalize the Supervisory Control and Data Acquisition (SCADA) system by the end of the quarter. This system is designed to monitor and control field devices, thereby improving grid efficiency and reliability. A demonstration of the SCADA system was successfully carried out by TCN to showcase its capabilities. However, the timeline for the operationalization of the system has been moved to the first half of 2025. Despite these initiatives, the sector still faced challenges, including frequent grid collapses and the need for substantial investment to meet the growing energy demands of the population.

Nigeria's Power Generation Target for Q4



Inconsistent Power Output: Despite an installed capacity of approximately 13,500 MW, Nigeria consistently generates and distributes only about a third of this capacity.

Gas Supply Issues: Most of Nigeria's electricity is produced by gas-fired plants. However, challenges such as pipeline vandalism and inadequate infrastructure have led to insufficient gas supply, hindering consistent power generation.

Underdeveloped Renewable Energy Projects: While there have been initiatives to develop solar farms and other renewable energy sources, progress has been slow due to a lack of essential guarantees and a challenging business environment.

Distribution



Limited Access to Electricity:

A significant portion of the population lacks reliable access to electricity. Inadequate distribution networks and infrastructure have underserved many areas, especially rural regions.



Dependence on Generators:

Due to unreliable grid power, households and businesses rely heavily on gasoline-powered generators, which are costly and contribute to pollution. It's estimated that generators supply about 40,000 MW to consumers, far exceeding the grid's capacity.



Financial Challenges:

Distribution companies (DisCos) face financial constraints due to low tariffs, electricity theft, and poor revenue collection, hindering their ability to invest in infrastructure improvements and expand access.

Transmission



Frequent Grid Collapses:

The national power grid has experienced multiple collapses, leading to widespread blackouts across major cities. For instance, there have been at least eleven collapses reported in 2024, causing significant disruptions.



Aging Infrastructure:

The transmission network suffers from outdated infrastructures making it susceptible to failures and unable to handle the full generation capacity. This has resulted in the grid being able to transmit only about 4,000 MW, despite a generation potential of 13,500 MW.



Vandalism and Security Concerns:

Instances of vandalism, particularly in the northern regions, have further compromised the integrity of the transmission infrastructure, leading to power outages and instability.

These challenges highlight the systemic issues within Nigeria's power sector, affecting the entire value chain from generation to distribution. Addressing these problems requires comprehensive reforms and substantial investments to ensure a stable and reliable electricity supply for the nation's growing population.

Notable Developments in the Power industry

During the last quarter of 2024, there were several notable developments in the power industry which include:

Lagos State Signs Electricity Bill to Law

Following the decentralization of regulatory oversight provided for under the Electricity Act 2023, the Lagos State House of Assembly enacted the Lagos State Electricity Law 2024 (the “Law”) to address peculiar power challenges faced in the State. Against this backdrop, Lagos State created its electricity market joining many other states like Ekiti, Ondo, Edo, Kogi, Imo, and Oyo. One of the objectives of the Law is to create a regulatory framework and licensing regime for regulated activities in the Lagos Electricity Market and the delivery of services to electricity consumers in the State.

A key innovation of the Law is the provision for an Off-Grid Electrification Strategy and Action Plan aimed at providing electricity to residents within the State, particularly focusing on residents in unserved and underserved areas. A Power Enforcement Unit was also created under the Law to address issues of electricity theft, unauthorized electricity supply, illegal use of electricity, and damage to electricity infrastructure.

The enactment of the Law forms a roadmap toward the effective regulation of electricity activities in the State and promises a transformation of the State’s electricity industry.

NERC transfers electricity oversight to Lagos

The Electricity Act 2023 mandates the Nigerian Electricity Regulatory Commission (NERC) to within 45 days of receiving a formal notification of the enactment of a law by a State, draw up and deliver to the State regulator, a draft order setting out a plan and timeline for the transition of regulatory responsibilities from the Commission to the State regulator. In light of the enactment of the Lagos State Electricity Law 2024, the NERC announced the transfer of regulatory oversight of the electricity market in Lagos to the Lagos State Electricity Regulatory Commission (LASERC) in December 2024. What this means is that LASERC now has full regulatory autonomy over the electricity market in Lagos.

The Transfer Order issued by the NERC outlined a series of steps to ensure a smooth transition of responsibilities to LASERC. Some of the key provisions of the Order include the incorporation of subsidiaries by Eko Electricity Distribution Plc and Ikeja Electricity Plc for the intrastate supply and distribution of electricity.

Notable Developments in the Power industry

During the last quarter of 2024, there were several notable developments in the power industry which include:

NERC transfers electricity oversight to OGERC in Ogun state.

In a significant move towards decentralization, the Nigerian Electricity Regulatory Commission (NERC) has shifted the regulatory responsibility for Ogun State's electricity market to the Ogun State Electricity Regulatory Commission (OGERC). The Ogun State Government, having complied with legal requirements, formally requested the transfer. As part of the transition, NERC has set a deadline for all processes to be completed by June 4, 2025.

Furthermore, the transfer order granted by NERC mandates Ibadan Electricity Distribution Company (IBEDC) to establish a subsidiary named "IBEDC SubCo" to manage the intrastate supply and distribution of electricity in Ogun State. This transfer aligns with the 2023 Electricity Act, aiming for more localized regulation and improved efficiency in state-level energy management. This shift could enhance responsiveness to regional energy challenges.

NERC tasks operators with compliance

The Nigerian Electricity Regulatory Commission (NERC) urged operators in the Nigerian Electricity Supply Industry (NESI) to set higher targets for improving regulatory compliance in 2025. This directive emphasizes adherence to relevant market rules established to ensure efficiency, reliability, and fairness. The renewed focus on compliance comes amid ongoing reforms and efforts to align with the Electricity Act of 2023, which has decentralized regulatory oversight for states like Lagos.

This development is particularly significant in light of recent state-level reforms, such as Lagos State's assumption of electricity market oversight. As states begin to manage their electricity markets.

Notable Developments in the Power industry

During the last quarter of 2024, there were several notable developments in the power industry which include:

TCN commissions new transformers to enhance Lagos' power supply

The Transmission Company of Nigeria (TCN) commissioned a series of high-capacity transformers in Lagos State to significantly enhance the State's power supply. These transformers, strategically installed in key transmission substations, aim to improve load distribution, reduce energy losses, and increase the overall reliability of electricity delivery to households and businesses. This development is part of TCN's broader strategy to upgrade Nigeria's power transmission infrastructure, addressing bottlenecks, and ensuring the network meets growing energy demands. The TCN seeks to provide a stable foundation for the evolving electricity market in Lagos by reinforcing the capacity of the transmission network, particularly as the State assumes greater regulatory control under the provisions of the Electricity Act of 2023.

Federal government and EU sign £17.9m agreement for power development

The Federal Government of Nigeria, in partnership with the European Union (EU), signed a £17.9 million agreement (the "Agreement") to support power development initiatives across the country. The funding focuses on enhancing Nigeria's electricity infrastructure, improving grid efficiency, and promoting renewable energy integration. This collaboration is part of broader efforts to address Nigeria's energy challenges and drive sustainable development.

The implementation of this agreement is targeted to significantly enhance electricity access, particularly in underserved and off-grid communities. By prioritizing infrastructure upgrades and renewable energy projects, the initiative addresses Nigeria's pressing need to expand its energy mix while reducing reliance on conventional fossil fuels.

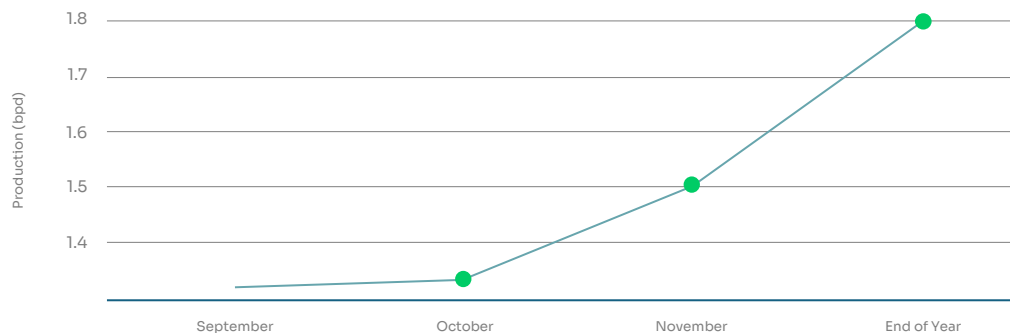
Oil and Gas Sector

In the 4th quarter of 2024, Nigeria's oil and gas sector maintained its role in the nation's economy as a major contributor to the government's revenue. Despite global shifts towards energy transition and decarbonization, oil and gas continued to underpin Nigeria's energy and industrial sectors.

The quarter witnessed a progressive increase in Nigeria's crude oil production. According to the NUPRC, production rose from 1.32 million barrels per day (bpd) in September to 1.33 million bpd in October, and further to 1.5 million bpd in November. By the end of the quarter, Nigeria's oil industry produced approximately 1.8 million barrels per day (bpd) of crude oil, according to a report from the Nigerian National Petroleum Company Limited (NNPCL).

Natural gas, on the other hand, continued to expand, with notable developments in November 2024. The Nigerian National Petroleum Corporation (NNPC) signed a 10-year gas sale agreement with the Dangote Refinery, committing to supply 100 million standard cubic feet of natural gas daily for power generation and as raw material.

Nigeria's Crude Oil Production



These developments highlight Nigeria's commitment to expanding its oil and gas infrastructure, supporting domestic industries, and enhancing export capacities, even as the global energy landscape evolves.

Challenges Faced in the Oil and Gas Sector in the 4th Quarter 2024

Regulatory Hurdles and Investment Delays:

The sector experienced setbacks due to regulatory decisions impacting major transactions. Notably, the Nigerian government's initial blockage of Shell's \$2.4 billion sale of its onshore assets to the Renaissance consortium raised concerns among investors about the predictability and efficiency of the regulatory environment. Although the deal was eventually approved, such delays have the potential to deter future investments and complicate the government's efforts to attract foreign capital.

Environmental Cleanup Inefficiencies:

Efforts to address environmental damage in the Niger Delta were hampered by inefficiencies and mismanagement. The Hydrocarbon Pollution Remediation Project (HYPREP), responsible for cleaning up oil pollution, was criticized for selecting inexperienced contractors and lacking transparency. These shortcomings impeded progress in environmental restoration, affecting community health and the region's ecological balance.

Oil Theft and Sabotage:

The persistent security threats of theft and vandalism have caused significant distrust among investors, deterring potential financial injections into Nigeria's oil and gas sector. For International Oil Companies (IOCs) operating in the country, these threats disrupt production, damage critical infrastructure, and increase operational costs, thereby undermining overall sector efficiency and profitability.

Discrepancies in Crude Oil Production Reporting:

In the 4th quarter of 2024, inconsistencies emerged between reported crude oil production figures from Nigeria's national bodies and international organizations. The Nigerian National Petroleum Company Limited (NNPCL) claimed a production level of 1.8 million barrels per day (bpd) for October 2024. In contrast, NUPRC reported a lower figure of 1.538 million bpd for the same period. The discrepancy between the reported figures poses a major challenge as it undermines the accuracy of Nigeria's oil production data, which in turn impacts revenue forecasts, erodes investor confidence, and complicates national energy policy, while also jeopardizing compliance with OPEC quotas.

Notable Developments in the Oil and Gas Sector

The Nigerian oil and gas industry experienced notable momentum in the fourth quarter of 2024, which was driven by significant structural changes and increased local participation. One of the most impactful developments has been the ongoing divestment of onshore assets by international oil companies (IOCs) to Domestic Oil Companies (DOCs). Major players such as Shell, ExxonMobil, and TotalEnergies have continued to shift focus away from onshore operations, citing operational challenges, including security concerns, while concentrating on offshore and deepwater activities.

These divestments have paved the way for indigenous companies to take on a more prominent role in the industry. Local operators are now managing critical onshore assets, enhancing their technical expertise, and contributing to developing a robust domestic oil and gas sector. This shift aligns with the government's aspirations to increase local content and ensure that more value is retained within the country's economy. The increased involvement of DOCs also fosters job creation, boosts revenue generation, and encourages innovation within the sector. These developments, combined with broader reforms such as the implementation of the Petroleum Industry Act (PIA), positions the Oil and Gas industry for a more inclusive and sustainable future. Notable developments within the Oil and Gas industry in the 4th quarter include:

Nigeria signs deal to supply gas to proposed \$3.5 billion petrochemical plant

Nigeria has not fully tapped into the potential of its gas reserves despite having the largest gas reserves in Africa. However, as a step in the right direction, Nigeria signed an agreement (the "Agreement") with various joint venture partners to supply gas to a proposed \$3.5 billion Brass fertilizer and petrochemical plant. The Agreement highlights Nigeria's commitment to leveraging its vast natural gas reserves to drive industrial growth and economic diversification. The plant, when operational, is expected to produce key petrochemical products, including fertilizers, plastics, and other industrial materials, positioning Nigeria as a major player in the global petrochemical market.

By supplying gas to the petrochemical plant, the deal aligns with the government's push for gas monetization under the "Decade of Gas" initiative, which aims to reduce flaring and maximize economic benefits from gas resources.

Notable Developments in the Oil and Gas Sector

Exxonmobil-Seplat \$1.28bn asset sale deal gets government approval

The Nigerian government officially approved the \$1.28 billion asset sale deal between ExxonMobil and Seplat Energy (the “Deal”), paving the way for the transfer of ExxonMobil's shallow water assets to the Nigerian energy company. Initially announced in February 2022, the deal faced significant hurdles, including regulatory delays, opposition from the state-owned Nigerian National Petroleum Corporation Limited (NNPCL) regarding its right of first refusal under the Joint Venture Agreement, and concerns over compliance with the Petroleum Industry Act (PIA). These issues were eventually resolved following extensive negotiations and assurances from both parties. This transaction marks a significant milestone in Nigeria's oil and gas industry, as it highlights the increasing role of indigenous companies in managing strategic assets. Seplat's acquisition strengthens local participation in the upstream sector and underscores Nigeria's commitment to fostering a robust domestic oil and gas industry.

NNPC signs 10 years deal to supply gas to Dangote refinery to boost local production

The Nigerian National Petroleum Corporation Limited (NNPCL) signed a 10-year agreement to supply natural gas to Dangote Refinery. This strategic partnership aims to ensure a steady gas supply to support the refinery's operations, boost local production of refined petroleum products, and reduce Nigeria's dependence on imported fuels. The deal highlights the refinery's role as a cornerstone in Nigeria's drive for energy self-sufficiency and industrial growth.

This agreement is a major step toward achieving Nigeria's goal of energy security and industrialization. By guaranteeing reliable gas supply to Dangote Refinery, the deal ensures the refinery can operate at optimal capacity, producing essential products like petrol, diesel, and jet fuel to meet domestic demand and reduce import bills. It also reinforces the importance of gas as a key driver in Nigeria's energy transition plan.

Notable Developments in the Oil and Gas Sector

Nigeria secures \$1.2 billion deal to revamp gas plant for aluminium smelting

Nigeria secured a \$1.2 billion deal to revamp a critical gas plant that will supply energy to the aluminium smelting industry. The project is aimed at restoring and enhancing the gas infrastructure required to power the operations of the Nigerian Aluminium Smelting Company (ALSCON), positioning it to meet domestic and export demands. This deal underscores Nigeria's commitment to leveraging its vast gas resources for industrial growth and economic diversification.

The revamp of the gas plant is a strategic move to strengthen Nigeria's gas utilization efforts. By supplying energy to the aluminium smelting sector, the deal boosts industrialization, and adds value to Nigeria's natural gas resources, fostering economic growth and creating jobs.

Morocco schedules public tenders for the \$25bn Nigeria–Morocco Gas Pipeline Project

Morocco announced plans to initiate public tenders for the \$25 billion Nigeria–Morocco Gas Pipeline Project (the “Project”). The project which spans several West African countries, aims to transport natural gas from Nigeria to Morocco and eventually to Europe. The tender process marks a significant step toward advancing this transcontinental energy infrastructure, which is expected to boost energy access and economic collaboration across the region. The Project is a monumental development for the Nigerian oil and gas sector, showcasing the country's commitment to monetizing its abundant natural gas resources. By connecting Nigeria to regional and international markets, the pipeline will provide a new avenue for gas exports, enhancing foreign exchange earnings and diversifying the nation's economy.

Notable Developments in the Oil and Gas Sector

Total Energies to invest \$750 million In Nigerian LNG Project

TotalEnergies announced a \$750 million investment in Nigeria's liquefied natural gas (LNG) sector. The funding will support the expansion of LNG production capacity and the development of critical infrastructure to facilitate gas processing and export. This investment highlights TotalEnergies' commitment to Nigeria as a key player in its global energy portfolio.

This investment is a major boost for Nigeria's LNG sector, reinforcing its position as one of the top LNG exporters globally. Expanding LNG production will enhance Nigeria's ability to monetize its vast natural gas reserves, generating significant revenue and reducing gas flaring. By attracting international investments like TotalEnergies, Nigeria can foster industrial growth, create jobs, and position itself as a competitive supplier in the global energy transition toward cleaner fuels.

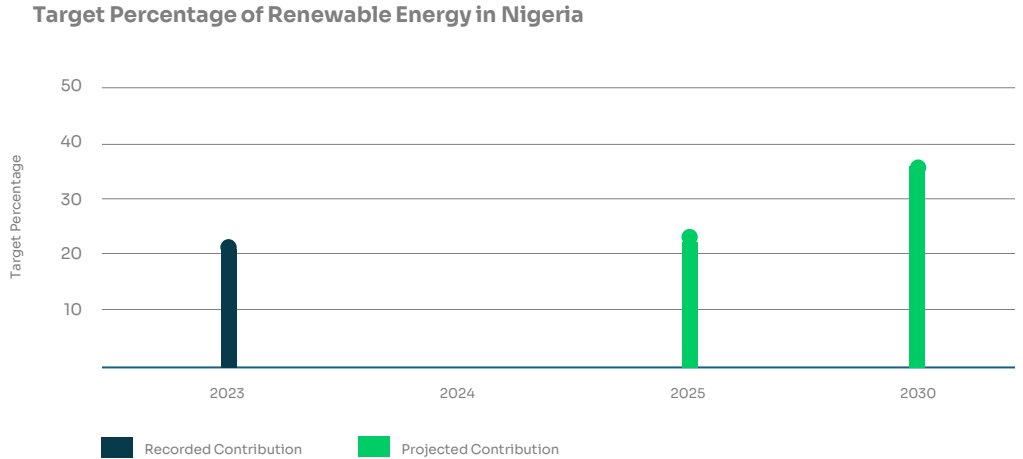
FG approves Shell's \$2.4 billion deal with Renaissance Group

The Federal Government approved Shell's \$2.4 billion asset sale to Renaissance Group, clearing the final regulatory hurdles that delayed the transaction. Initially announced in 2021, the deal faced significant challenges, including a restraining order by the Federal High Court and concerns over Renaissance's capacity to effectively manage Shell's assets. These issues were resolved following extensive negotiations and assurances that the transaction aligned with Nigeria's regulatory framework and energy objectives.

Renewable Energy Sector

In Q4 2024, Nigeria's renewable energy sector continued to grow, albeit slow, aligning with the government's Renewable Energy Master Plan (REMP) to diversify the energy mix and achieve sustainability goals. The government remained committed to increasing renewable energy's share in electricity generation to 23% by 2025 and 36% by 2030.

Key developments included enhanced private sector participation, with significant investments like iSwiss Bank's \$647 million funding for a large-scale solar power project. Government initiatives, such as the Nigeria Electrification Project (NEP), aimed at delivering off-grid renewable solutions to underserved communities, also progressed.



Despite advancements, challenges persist, including the lack of skilled workers and delays in large-scale projects due to inadequate government guarantees. However, programs like the World Bank's \$750 million electricity access initiative signal positive prospects for the sector's future growth.

Notable Developments in the Renewable Energy Sector

Watt Renewable Corporation secures \$15 million debt facility for hybrid solar power projects in Nigeria

WATT Renewable Corporation secured a \$15 million debt facility to advance its hybrid solar power projects across Nigeria. The funding will enable the company to scale up its deployment of solar energy solutions that combine solar power with other energy sources to ensure reliable electricity for commercial and industrial clients. This initiative aligns with efforts to address Nigeria's energy challenges through innovative and sustainable approaches. The execution of this deal demonstrates the growing interest and investment in renewable energy infrastructure in Nigeria. Hybrid solar systems provide a reliable and cost-effective alternative to traditional energy sources, particularly in a country where grid power incessantly collapses.


EU and Enugu State allocate N4.3bn to solar-power 25 health facilities

The European Union (EU), in collaboration with the Enugu State Government, allocated N4.3 billion to install solar power systems in 25 health facilities across the state. This initiative aims to provide reliable and sustainable energy to healthcare centres, ensuring uninterrupted services and improving the overall quality of healthcare delivery in the region. This project is a landmark development in Nigeria's renewable energy and healthcare sectors. Leveraging solar power addresses the challenge of unreliable electricity in health facilities, which is crucial for powering medical equipment and maintaining 24/7 healthcare operations.

Bauchi govt, CCECC sign agreement for 30mw solar power and distribution network

The Bauchi State Government entered into an agreement with the China Civil Engineering Construction Corporation (CCECC) to develop a 30MW solar power plant and an accompanying distribution network. The project is aimed at boosting electricity supply in the state, particularly for underserved communities, and is expected to enhance the state's energy infrastructure and reliability.

This deal is a significant milestone for Nigeria's renewable energy landscape as it highlights the growing adoption of solar energy solutions to address the country's energy deficit.

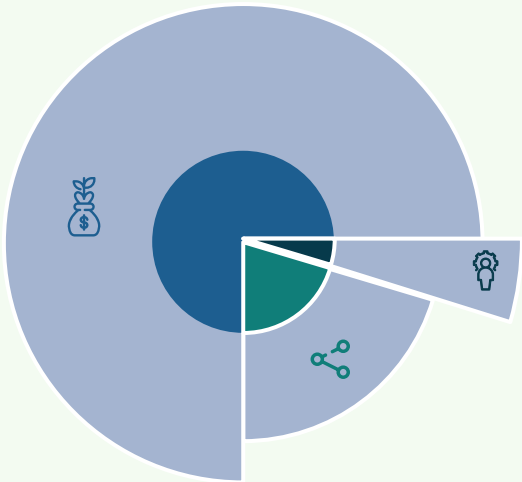


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Legal and Regulatory Updates

Oil and Gas Sector

NMDPRA issues the Midstream Petroleum (Host Communities Development Trust) Regulations, 2024



 Capital fund  Reserve fund  Administrative cost fund

In October 2024, NMDPRA issued the Midstream Petroleum (Host Communities Development Trust) Regulations, 2024, providing a comprehensive framework for the creation and administration of development trusts to benefit host communities in Nigeria’s midstream petroleum sector. The regulations, developed under the Petroleum Industry Act, of 2021, aim to ensure equitable development, foster transparency, and promote sustainable community engagement.

The regulations require licensees in the midstream sector to establish host community development trusts within 12 months of the commencement of their operations. These trusts are mandated to allocate 3% of the licensee’s annual operating expenditure to a Host Communities Development Trust Fund, divided into a capital fund (75%), a reserve fund (20%), and an administrative cost fund (5%). A Board of Trustees will oversee the trust, ensuring equitable fund distribution, adherence to approved development plans, and execution of projects targeting education, healthcare, and infrastructure within host communities. The regulations also mandate that a host community needs assessment be conducted to align initiatives with community priorities.

To enforce compliance, the NMDPRA has outlined penalties for violations, including administrative fines of up to ₦5,000,000, alongside possible license suspensions or revocations. Additionally, the regulations establish mechanisms for grievance resolution and conflict management, ensuring effective handling of disputes between licensees and host communities.

This regulatory framework marks a significant milestone in strengthening host community relations and driving sustainable development within Nigeria’s midstream petroleum industry.

Oil and Gas Sector

NMDPRA issues Midstream and Downstream Petroleum Operations (Fees and Levies) Regulations, 2024



In October 2024, NMDPRA issued the Midstream and Downstream Petroleum Operations (Fees and Levies) Regulations, 2024. The new regulations mandates that all midstream and downstream petroleum operations must obtain the necessary licences, permits, and approvals from the Authority.

A major component of the regulations is the introduction of a 0.5% levy on the wholesale price of petroleum products and natural gas sold in Nigeria. This levy is to be paid to both the Authority Fund and the Midstream and Downstream Gas Infrastructure Fund and applies to both imported and locally produced petroleum products. More so, suppliers must remit the levies within 21 days following the sale. Failure to do so will attract penalties, including a 10% monthly fine and potential suspension of licences or operational facilities.

The regulations also require suppliers to submit detailed monthly reports to the NMDPRA, including customer names, sales volumes, and supporting documents. Additionally, a non-refundable, non-transferable fee structure has been introduced for various licences and permits across the petroleum sector. These regulations are set to enhance compliance, accountability, and efficiency in Nigeria's petroleum industry, ensuring better oversight and regulation of the sector.

NUPRC Announces 2025 Licensing Round to Harness Undeveloped Fields



In December 2024, NUPRC announced its plans for the 2025 licensing round, aimed at unlocking the immense potential of fallow oil and gas fields across the country.

The announcement was made at the 2024 Commercial Bid Conference, held at Eko Hotel & Suites, Lagos. The licensing round is part of NUPRC's strategic push to attract local and international investors, drive economic growth, and enhance Nigeria's upstream petroleum sector.

This initiative aligns with the commission's commitment to optimize underutilized assets, increase production capacity, and bolster energy security while supporting Nigeria's transition toward sustainable energy solutions.

Oil and Gas Sector

NERC implements AFUR Mini-Grid tariff tool in Nigeria



The Nigerian Electricity Regulatory Commission (NERC) announced the formal adoption and implementation of the African Forum for Utility Regulators (AFUR) Mini-Grid Tariff Tool, marking a significant milestone for the country's mini-grid subsector.

Developed in collaboration with AFUR and key stakeholders, the tool enhances the process of determining cost-reflective tariffs for mini-grid projects, ensuring fair and efficient pricing for consumers. It supports the implementation of the amended Mini-Grid Regulations 2023, introducing features like Portfolio Applications, which allow developers to register multiple mini-grid sites under a single application. This innovation simplifies regulatory processes, encourages economies of scale, and ultimately reduces tariffs for end-users.

All mini-grid developers are now required to use the AFUR tariff tool when submitting permit applications to NERC. Beyond Nigeria, the tool is set to roll out across 30 African countries, fostering regulatory consistency and facilitating cross-border operations for project developers.

Lagos state enacts new Electricity Law to transform power supply



In December 2024, Governor Babajide Sanwo-Olu signed the Lagos State Electricity Bill 2024 into law, repealing the Lagos Electric Power Sector Reform Law, 2018. The new Lagos State Electricity Law establishes the Lagos Electricity Market and introduces a comprehensive regulatory framework to ensure reliable and uninterrupted power supply for residents.

The law creates the Lagos State Electricity Regulatory Commission (LASERC) as the sole regulator for the state's electricity market. It mandates the development of the Lagos Integrated Electricity Policy and Strategic Implementation Plan to guide the market's growth and ensure future electricity demands are met efficiently.

The law also requires all companies operating in electricity generation, transmission, distribution, and related activities above 1MW to obtain licences from LASERC. Strict penalties have been introduced for non-compliance while existing agreements with NERC remain valid until their expiration.

This development positions Lagos State as a model for decentralized electricity regulation, attracting investments and bolstering its status as an economic hub in West Africa.

Oil and Gas Sector


NERC directs DisCos to complete STS Meter Migration by January 2025.



In December 2024, the Nigerian Electricity Regulatory Commission (NERC) directed all Distribution Companies (DisCos) to promptly conclude the migration of STS-Meters for their customers to avoid service disruptions. NERC has mandated that daily penalties will be imposed on DisCos for each meter not migrated, starting from 1st January 2025.

The Commission also highlighted that DisCos are responsible for replacing all obsolete or faulty meters within their franchise areas. In line with the Customer Protection Regulation 2023, DisCos are prohibited from charging customers for the replacement of faulty meters or transferring them to estimated billing.

This directive came during the Q4 NESI Stakeholders Meeting, where key issues such as the transition of states to state electricity regulation, the Free Governor Mode of Operation for grid stabilization, and the establishment of the Nigerian Independent System Operation (NISO) were also discussed. The meeting brought together energy sector stakeholders to address critical challenges in the Nigerian Electricity Supply Industry (NESI).



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Deal Announcement



Seplat Energy completes acquisition of Mobil Nigeria from ExxonMobil

Seplat Energy Plc has successfully completed the acquisition of Mobil Producing Nigeria Unlimited (MPNU) from ExxonMobil for \$1.28 billion. This strategic move significantly enhances Seplat's production capacity, more than doubling its output to approximately 120,000 barrels of oil equivalent per day.

Seplat Energy acquired a 40% stake in four oil mining leases, the Qua Iboe export terminal, and a majority interest in the Bonny River natural gas liquids recovery plant, enhancing its production capacity and expanding its portfolio. The transaction received approval from NUPRC and was sanctioned by President Bola Ahmed Tinubu. This acquisition aligns with Seplat's strategy to build a sustainable business that delivers affordable, accessible, and reliable energy for Nigeria while providing attractive returns to shareholders.

Winock Solar secures \$1.6 Million funding to expand affordable energy access for micro-businesses.

Winock Solar, a Nigerian solar branding and distribution company, has secured \$1.6 million in equity funding from Acumen Fund Inc. and All On Partnerships for Energy Access. This investment aims to empower low-income earners and micro-businesses with affordable, clean energy solutions, addressing Nigeria's energy access gap.

The funding will support the rollout of innovative solar products, including a standalone 1-kilowatt solar system tailored to the needs of micro-businesses and underserved communities. Additionally, Winock Solar plans to expand its operations across 10 Nigerian states, including the Niger Delta, enhancing access to off-grid energy solutions.

Federal Government approves sale of Shell's \$2.4 Billion onshore assets to Renaissance.

The Federal Government of Nigeria has approved the sale of Shell Petroleum Development Company (SPDC) to Renaissance Africa Energy Company Limited, a local oil and gas consortium. This approval, granted by the Minister of Petroleum Resources, Heineken Lokpobiri, marks a significant step in the divestment of Shell's onshore assets in Nigeria.

The transaction involved the transfer of Shell's onshore oil assets, including an estimated 6.73 billion barrels of oil and condensate, along with 56.27 trillion cubic feet of associated and non-associated gas.

TotalEnergies plans \$750 Million Gas Project in Nigeria for 2025

TotalEnergies has announced plans to invest \$750 million in a Liquefied Natural Gas (LNG) project in Nigeria, scheduled for approval in 2025. The project, known as Ima, is a shallow-water dry gas initiative aimed at boosting gas supply to TotalEnergies' LNG facility. This investment is part of a broader strategy to revitalize Nigeria's hydrocarbon production and enhance energy access.

The Ima project is expected to significantly increase LNG supplies, contributing to Nigeria's energy infrastructure and supporting the country's economic growth. This initiative underscores TotalEnergies' commitment to investing in Nigeria's energy sector, aligning with the government's efforts to attract international investments and improve energy access for residents.

Saipem secures \$900 Million contract for Bonga North Deepwater Project in Nigeria

Saipem, in partnership with Nigerian companies KOA Oil & Gas and AVEON Offshore, has been awarded a significant offshore contract by Shell Nigeria Exploration and Production Company Limited (SNEPCo) for the Bonga North Project. The contract, valued at approximately \$1 billion, allocates Saipem's share at around \$900 million. This project involves the development of a deepwater oil field located 130 kilometers off Nigeria's coast.

Chappal Energies completes acquisition of Equinor Nigeria

Chappal Energies has successfully acquired Equinor Nigeria Energy Company (ENEC), marking the conclusion of Equinor's 32-year operations in Nigeria. The transaction, valued at up to \$1.2 billion, includes a purchase price of \$710 million, with the remainder contingent upon future performance. This acquisition grants Chappal Energies a 53.85% ownership stake in Oil Mining Lease (OML) 128, encompassing a 20.21% interest in the Agbami oil field, Nigeria's largest deep-water field. Additionally, Chappal Energies assumes operatorship of OML 129, which includes the Nnwa, Bilah, and Sehki discoveries.

Rockefeller Foundation and Bezos Earth Fund Plan 10,000 MW solar mini-grids in Nigeria

The Global Energy Alliance for People and Planet (GEAPP), supported by the Rockefeller Foundation and the Bezos Earth Fund, is piloting a solar mini-grid program in Nigeria to address the nation's unreliable power supply. The initiative aims to establish pilot mini-grids in each region covered by Nigeria's 11 power distribution companies, with a long-term goal of facilitating 10 gigawatts (10,000 MW) of mini-grid capacity.

This program builds upon previous efforts to create mini-grids in areas lacking access to the national power supply. Since its formation in 2021, GEAPP has facilitated the construction of interconnected mini-grids, with the first completed in December and two more under construction, along with funding secured for a fourth.

The GEAPP's Demand Aggregation for Renewable Technology (DART) program consolidates the needs of multiple developers to reduce solar equipment costs. It also manages a \$25 million financing facility, enabling developers to secure funding in dollars for equipment imports, with repayment made in Nigeria's naira once they begin generating revenue.

Conclusion

The last quarter of 2024 highlighted both challenges and progress in Nigeria's energy sector. While issues such as oil theft, inaccurate production reporting, and security concerns persisted, the sector witnessed positive developments, including increased crude oil production, expanded natural gas infrastructure, and growth in renewable energy investments.

The power sector also showed improvements with enhanced foreign partnerships and investments aimed at boosting electricity access. Renewable energy advancements, driven by government initiatives and private sector participation, further underscored the sector's potential.

Strategic reforms, foreign investments, and government initiatives are setting the stage for enhanced energy access, sustainability, and resilience. As the sector continues to evolve, the foundation for long-term growth and energy security looks increasingly promising.



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About Stren & Blan Partners

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We are focused on providing solutions to our client's business problems and adding value to their businesses and commercial endeavours. This underpins our ethos as everything we do flows from these underlying principles.

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