



# Energy Sector Round-Up for 2024 and Forecast for 2025

A Comprehensive Dive Into Market-defining  
Developments and 2025 Outlook.

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# Executive Summary

The Nigerian energy sector in 2024 was defined by transformative regulatory changes, ambitious infrastructure investments, and high-profile transactions. These developments laid the groundwork for substantial progress in 2025. However, critical challenges such as power sector inefficiencies, ageing infrastructure, and financing bottlenecks persisted.

In 2025, we expect to see a rise in upstream activities driven by new licensing rounds and Nigeria's push to increase crude oil output. The new U.S. administration's pro-fossil fuel stance, which is focused on expanding production, easing regulatory restrictions, and strengthening global energy security is also expected to

boost investment in traditional energy sources. This shift could create opportunities for Nigeria to attract foreign capital and technical expertise, further stimulating upstream activities. While these trends present growth prospects, persistent challenges such as infrastructure gaps, security risks, and regulatory bottlenecks remain, and addressing these issues will be critical for Nigeria to maximize the sector's potential and strengthen its position in the global energy market.

This document provides a comprehensive review of 2024 developments and offers an in-depth outlook for 2025, highlighting actionable insights and opportunities for stakeholders.

# Developments In 2024: Key Transactions, Investments, and Policies

## Oil and Gas Sector Milestones

**Dangote Refinery Operations:** The world's largest single-train refinery commenced operations, refining diesel, aviation fuel, and Euro-5 petrol for domestic and export markets. The refinery's export of jet fuel to Europe showed its international competitiveness.

### **Nigeria-Morocco Gas Pipeline**

**Progress:** The \$25 billion Nigeria-Morocco Gas Pipeline project gained significant traction in 2024, with public tenders announced for its development. This ambitious transcontinental pipeline aims to transport natural gas from Nigeria to Morocco, traversing several West African countries before connecting to Europe. Once completed, the pipeline will enhance regional energy integration, bolster Nigeria's position as a major energy supplier to Europe, and significantly increase foreign exchange earnings by opening new export markets for Nigerian natural gas.

### **TotalEnergies LNG Investment:**

TotalEnergies demonstrated strong confidence in Nigeria's natural gas

sector by committing \$750 million to expand the country's liquefied natural gas (LNG) production capacity. This investment will support the construction of additional LNG infrastructure, enabling Nigeria to monetize its vast natural gas reserves more effectively. By increasing production and export capabilities, this initiative aligns with Nigeria's strategy to remain competitive in the global LNG market while meeting growing domestic and international energy demands.

### **\$3.5 Billion Petrochemical Plant**

**Agreement:** The Nigerian government secured a landmark agreement to supply gas to the Brass Fertilizer and Petrochemical Plant, a \$3.5 billion facility under the Decade of Gas initiative. This project exemplifies strategic efforts to maximize the economic value of Nigeria's abundant gas reserves. Once operational, the plant will produce essential industrial materials such as fertilizers and plastics, contributing to domestic industrialization and export revenues. It also aligns with Nigeria's push for gas monetization by reducing gas flaring and creating jobs across the energy and manufacturing sectors.

# Developments In 2024: Key Transactions, Investments, and Policies

## Oil and Gas Sector Milestones

### Shell's \$2.4 Billion Asset Divestment to Renaissance Group:

Shell's sale of its onshore oil and gas assets to Renaissance Group marked a key moment for local participation in Nigeria's energy sector. The transaction, valued at \$2.4 billion, followed prolonged regulatory hurdles and reflects Nigeria's commitment to increasing indigenous content in upstream operations. This divestment has empowered local companies to manage strategic assets, fostering job creation and skill development while ensuring sustained production levels. The deal also signals a shift in focus for international oil companies (IOCs), as they increasingly prioritize offshore and deepwater projects.



### ExxonMobil's \$1.28 Billion Sale to Seplat Energy:

Seplat Energy's acquisition of ExxonMobil's shallow water assets represents a transformative deal for Nigeria's upstream sector. This \$1.28 billion transaction significantly boosts Seplat's production capacity to approximately 120,000 barrels of oil equivalent per day. By transferring these assets to a Nigerian operator, the deal advances the government's local content objectives and ensures greater retention of value within the domestic economy. The assets include vital infrastructure, such as the Qua Iboe Terminal, enhancing Seplat's operational capabilities and positioning it as a leading indigenous player.



# Developments In 2024: Key Transactions, Investments, and Policies

## Power Sector Highlights

### State-Level Electricity Markets:

Lagos, Ogun, and Oyo made significant strides in decentralizing electricity governance under the Electricity Act 2023. Lagos enacted its Electricity Law 2024, which established the Lagos Electricity Market and an Off-Grid Electrification Strategy to address underserved areas. Ogun's regulatory commission also gained oversight of its market, which signalled increased autonomy for states in electricity management.

### \$800 Million Federal Allocation for Power Infrastructure:

Under the Presidential Power Initiative (PPI), the Federal Government allocated \$800 million to upgrade substations and distribution networks in major franchise areas, including Benin, Port Harcourt, and Abuja. This investment aimed to reduce load rejection by Distribution Companies (DisCos) and enhance electricity access for underserved communities. If implemented effectively, this funding could significantly improve Nigeria's power reliability.

### SCADA System Deployment:

The Transmission Company of Nigeria (TCN), supported by a \$6 billion fund, advanced the deployment of the Supervisory Control and Data Acquisition (SCADA) system. This technological upgrade will modernize Nigeria's grid by enabling real-time monitoring and efficient load management. Once operational, SCADA is expected to reduce transmission losses, enhance grid reliability, and create a foundation for future technological innovations.

### 1.43 Million Smart Meters Initiative:

To close the metering gap, the Federal Government partnered with three Chinese firms to supply and install 1.43 million smart meters. Financed through a \$500 million World Bank facility, this project aims to improve billing accuracy, reduce electricity theft, and build consumer trust. Enhanced metering is also critical to the financial sustainability of DisCos, as it enables better revenue collection.

# Developments In 2024: Key Transactions, Investments, and Policies

## Renewable Energy Advances

### Shiroro Solar-Hydro Hybrid Project:

The NSIA and North South Power's collaboration on a 20 MW solar-hydro hybrid project at the Shiroro Hydroelectric Plant demonstrated innovative integration of renewable energy sources. By combining solar capacity with existing hydropower, the project enhances grid reliability, particularly during dry seasons when hydropower generation typically declines.

### Rockefeller Foundation and Bezos Earth Fund Mini-Grid Program:

This ambitious initiative aims to establish 10,000 MW of solar mini-grid capacity across Nigeria, addressing the persistent energy access gap in rural areas. By leveraging international funding and expertise, the program shows the potential of public-private partnerships in driving renewable energy adoption.

### Carbon Market Development:

President Tinubu's creation of the Intergovernmental Committee on Carbon Market Activation marked Nigeria's entry into global carbon trading. With a \$2.5 million activation plan, this initiative aims to attract investments in renewable energy projects while positioning Nigeria as a leader in climate finance.



*NSIA & NSP Sign JV Deal to Invest In Nigeria's Pioneer 20MW On-Grid*

# Key Policies

## Electricity Act Implementation

The Electricity Act 2023 set the foundation for state-level electricity markets, granting states autonomy to regulate power generation, transmission, and distribution within their jurisdictions. Lagos, Ogun, and Oyo spearheaded this shift, with Lagos enacting its Electricity Law 2024, which created a regulatory framework tailored to local needs. These policies are expected to drive investments and improve supply reliability.

## Midstream Petroleum (Host Communities Development Trust) Regulations 2024:

The Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) issued comprehensive guidelines for host community development trusts. These regulations mandate licensees in the midstream sector to allocate 3% of their annual operating expenditure to community development, focusing on education, healthcare, and infrastructure. This policy aims to foster transparency and sustainability in host community relations.

## NERC Mini-Grid Tariff Tool Implementation:

The Nigerian Electricity Regulatory Commission (NERC) adopted the African Forum for Utility Regulators (AFUR) Mini-Grid Tariff Tool. This policy introduced cost-reflective tariffs for mini-grid projects, which simplifies regulatory processes and encourages private-sector participation in rural electrification.

## NUPRC Licensing Round

In 2024, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) launched a licensing round for 36 oil blocks. The process introduced improved fiscal terms to attract investments, with an emphasis on underutilized assets. The licensing round also targeted increased production capacity to strengthen Nigeria's energy security.

## Midstream and Downstream Petroleum Fees and Levies Regulation

A 0.5% levy on wholesale petroleum products was introduced, with proceeds directed to the Authority Fund and Midstream Gas Infrastructure Fund. This policy is aimed at enhancing compliance, accountability, and the development of essential gas infrastructure.



# Expectations for 2025: Opportunities and Trends

## Power Sector Transformation

### Localized Electricity Markets:

Building on the success of Lagos, Ogun, and Oyo States, more states are anticipated to enact electricity laws that decentralize power regulation. These localized markets will provide states the flexibility to address unique challenges, from infrastructure deficits to tariff structures, while attracting investments tailored to their specific needs. For instance, Lagos' off-grid electrification strategies have created a blueprint for addressing underserved areas, which other states might replicate in 2025. This decentralization could also foster healthy competition among states, ultimately improving efficiency and service delivery.

### Enhanced Infrastructure Investments:

Addressing long-standing transmission and distribution bottlenecks will be a priority in 2025. The Federal Government's Presidential Power Initiative (PPI) has allocated substantial funding to upgrade critical infrastructure, including substations and transmission networks. Combined with the ongoing deployment of the Supervisory Control and Data Acquisition (SCADA) system, these investments are set to reduce grid collapses and improve electricity distribution. By enhancing grid monitoring capabilities, SCADA will also

ensure more efficient load management, which would reduce energy wastage and improve reliability for consumers.

### Renewable Energy Growth:

The rural electrification gap remains a significant challenge, but 2025 is expected to see accelerated progress through solar mini-grids and hybrid energy systems. The Distributed Access through Renewable Energy Scale-Up (DARES) project, backed by the World Bank, aims to drive private-sector investment in off-grid renewable solutions. These partnerships will not only provide reliable electricity to remote areas but also reduce dependence on costly and polluting diesel generators.

### Technological Advancements:

The Federal Government's initiative to roll out 1.43 million smart meters by the end of 2025 is a key step toward addressing revenue collection inefficiencies faced by Distribution Companies (DisCos). Smart meters will enable more accurate billing, reduce electricity theft, and foster greater trust between consumers and DisCos. Also, improved metering is important for stabilizing the financial health of DisCos, ensuring they have the resources to invest in further infrastructure.

# Expectations for 2025: Opportunities and Trends

## Oil and Gas Sector Expansion

### Increased Local Oil and Natural Gas Production:

The global oil and gas market in 2025 will be shaped, in part, by the energy policies of the United States, particularly the executive orders already signed by President Donald Trump. A key priority of the administration has been the rollback of regulatory restrictions on fossil fuel production, alongside policy shifts aimed at reinforcing U.S. energy dominance. By expanding domestic drilling, easing environmental regulations on energy projects, and expediting approvals for oil and gas infrastructure, the U.S. is poised to flood the market with additional supply.

For Nigeria, this presents both challenges and opportunities. Increased U.S. production could exert downward pressure on global oil prices, forcing Nigeria to refine its cost structures and optimize production efficiency to remain competitive. However, the renewed focus on traditional energy sources also opens up potential for increased investments in oil and gas exploration and infrastructure. With major U.S. energy firms seeking secure and high-

yield investments amid shifting geopolitical dynamics, Nigeria, which is home to some of the largest untapped reserves in Africa, stands to benefit from renewed foreign interest.

### Gas Monetization Initiatives:

Nigeria's commitment to becoming Africa's gas leader will gain momentum in 2025. Key projects like the Nigeria-Morocco Gas Pipeline will expand the country's access to European and African markets, while domestic LNG facilities will process more gas for both export and local consumption. The strategic shift from crude oil dependency to natural gas utilization aligns with global trends toward cleaner energy and will significantly boost Nigeria's foreign exchange earnings. With gas reserves exceeding 200 trillion cubic feet, unlocking value from this resource will be central to the government's energy strategy. The implementation of fiscal incentives under the Petroleum Industry Act (PIA) and new tax policies favouring gas investments will further attract private-sector participation in gas processing and transportation projects

# Expectations for 2025: Opportunities and Trends

## Oil and Gas Sector Expansion cont.

Furthermore, with heightened LNG demand in Europe following energy security concerns, Nigeria's strategic advantage as a stable gas supplier will remain strong. The Trump administration's focus on bolstering fossil fuel infrastructure in the U.S. could also translate into increased LNG trade partnerships between Nigeria and American energy companies. As global energy markets evolve, Nigeria's ability to secure long-term gas contracts will be essential for sustaining foreign exchange earnings.

### Refining and Petrochemical Developments:

The operational success of the Dangote Refinery, alongside the expected revival of state-owned refineries in Port Harcourt and Warri, will reduce Nigeria's reliance on fuel imports. This will not only save foreign exchange but also create jobs and stabilize the domestic fuel market. Also, the Brass Fertilizer and Petrochemical Plant, slated to begin operations, will contribute to industrial

growth by supplying fertilizers and plastics for local and international markets.

### Increased Upstream Activities:

The 2024 licensing rounds and the government's push for enhanced local content are expected to yield results in 2025. With indigenous companies taking on more prominent roles, exploration and production activities will likely increase. This will boost reserves and diversify Nigeria's revenue streams, supporting broader economic growth and energy security. Also, the NUPRC has announced plans for a fresh oil bid round in 2025, aimed at attracting both local and international investors. This bid round is expected to further expand upstream activities by unlocking new reserves and accelerating exploration efforts.

# Expectations for 2025: Opportunities and Trends

## Renewable Energy and Sustainability

### Carbon Market Growth:

Nigeria's efforts to activate a robust carbon market will attract significant global investments in renewable energy. By establishing a framework for carbon trading, Nigeria positions itself as a regional leader in climate finance, unlocking opportunities for clean energy projects while meeting its emissions reduction targets under the Paris Agreement.

### Public-Private Partnerships:

Collaborative efforts between the government and international agencies, such as the World Bank and the Rockefeller Foundation, will remain a cornerstone of Nigeria's renewable energy strategy. These partnerships will drive the development of large-scale projects, including mini-grids, hybrid systems, and utility-scale solar farms, ensuring sustainable and inclusive energy access.

# Challenges to Address

## Infrastructure Deficits:

Despite planned investments, aging infrastructure remains a critical challenge. Frequent grid collapses and transmission inefficiencies require comprehensive modernization efforts. Public-private partnerships and innovative financing mechanisms will be essential to bridge the funding gap and ensure timely project execution.

## Regulatory Bottlenecks:

Delays in approvals and inconsistent policies continue to deter investments. In 2025, the government must prioritize creating a transparent

and predictable regulatory environment. Streamlined processes and robust enforcement of existing policies will be key to maintaining investor confidence and driving sectoral growth.

## Climate Commitments:

Balancing the development of fossil fuel projects with Nigeria's net-zero emissions goals presents a complex challenge. Meeting the 2060 net-zero target will require innovative policies, such as carbon capture and storage incentives, alongside international cooperation and funding to support the energy transition.

# Conclusion

The Nigerian energy sector is at a turning point, where opportunities for transformation are matched by the need for decisive action. With a strong foundation laid in 2024, the focus for 2025 must shift toward execution and impact. Localized electricity markets, strategic infrastructure upgrades, and expanded gas and renewable energy initiatives are all tools to drive growth, but their success depends on a clear commitment to collaboration, consistency, and innovation.

This is not a time for hesitation. Stakeholders must align their efforts, to ensure that progress is inclusive and sustainable. By addressing systemic challenges head-on and fostering a culture of accountability, Nigeria can redefine its energy landscape and position itself as a leader in the global energy transition.

# About Stren & Blan Partners

Stren & Blan Partners is an innovative and dynamic Law Firm with a compelling blend of experienced lawyers and energetic talents. 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.

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 client's business needs and surpassing their expectations, and we do this with an uncompromising commitment to Client service and legal excellence.

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