



Energy Insights The Quarterly

REVIEWS AND HIGHLIGHTS OF THE NIGERIAN
ENERGY SECTOR IN Q1 2026

www.strenandblan.com
contact@strenandblan.com
[in](#) [X](#) [@](#) [@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 first quarter of 2026 marked a period of dynamic transition for Nigeria's energy sector, characterised by upstream regulatory activity, persistent downstream price volatility driven by global geopolitical upheaval, continued power sector financial restructuring, and accelerating renewable energy deployment. Events during the quarter underscored a sector navigating the compounding pressures of Middle East geopolitical tensions, domestic production constraints, and the ongoing structural reform agenda under the Petroleum Industry Act (PIA).

A defining feature of Q1 2026 was the sharp rise in global crude oil prices driven by the outbreak of conflict between the United States, Israel, and Iran in early March 2026, which pushed Brent crude from approximately \$74 per barrel at the close of Q4 2025 to over \$110 per barrel by mid-March 2026. This geopolitical shock transmitted directly into Nigeria's downstream

market, with the Dangote Petroleum Refinery revising its ex-gantry petrol price upward multiple times within days, reaching N1,175 per litre by mid-March from an earlier low of N774 per litre. The episode demonstrated both the critical stabilising role of domestic refining capacity and the continuing vulnerability of Nigeria's fuel market to international crude price movements.

On the upstream front, Nigeria's total crude oil and condensate production averaged approximately 1.627 million barrels per day (bpd) in January 2026, according to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), representing a 6.3 per cent year-on-year decline from January 2025. The country continued to fall short of its OPEC production quota of 1.5 million bpd, marking six consecutive months of underperformance. NNPC Ltd unveiled its Gas Master Plan 2026 on January 30, targeting 12 BSCFD

of gas production by 2030 and over \$60 billion in catalysed investments, while the 2025 Licensing Round advanced into its pre-bid conference phase with sustained investor interest.

The power sector in Q1 2026 was shaped by continued financial restructuring, with the Federal Government's N501 billion power sector bond recording full subscription in January 2026, providing early momentum for the Residential Power Sector Debt Reduction Programme. However, repeated national grid collapses and gas supply disruptions to thermal power plants exposed the persistent fragility of the electricity value chain. The Nigerian Electricity Regulatory Commission (NERC) issued a directive ordering distribution companies to refund N20.33 billion to customers under the Meter Asset Provider scheme, adding further liquidity pressure on an already strained distribution segment.

Nigeria's renewable energy sector gained significant momentum in Q1 2026, anchored by the formal launch of the US\$750 million Distributed Access through Renewable Energy Scale-Up (DARES) programme, which aims to deploy 1,350 solar mini-grids and connect 17.5 million Nigerians to electricity. Nigeria's solar assembly capacity surpassed 600 MW in 2025, and the country was identified alongside South Africa as a leading contributor to Africa's record-breaking solar growth year. Overall, Q1 2026 reflected a Nigerian energy sector navigating the intersection of global volatility and domestic reform imperatives, with regulatory momentum and renewable deployment signalling purposeful transition even as upstream production shortfalls, power grid fragility, and downstream price instability underscored significant execution risks across the energy value chain.

Oil and Gas

Nigeria's oil and gas sector recorded a mixed performance in the first quarter of 2026, reflecting a combination of persistent upstream production constraints, evolving regulatory reforms, and heightened exposure to global market dynamics.

The downstream segment experienced significant turbulence during the quarter, largely driven by escalating geopolitical tensions in the Middle East, particularly the Iran conflict in early March 2026. The conflict triggered a sharp surge in global crude oil prices, with Brent crude rising from approximately USD\$91 per barrel to over USD\$110 per barrel within days. This external shock had immediate implications for Nigeria's domestic fuel market. The Dangote Refinery, which had played a stabilising role in late 2025, was compelled to revise its ex-gantry petrol prices multiple times in response to rising feedstock costs. Prices increased from NGN774 per litre in early March to NGN995 per litre on 6 March 2026, and subsequently to NGN1,175 per litre by mid-March, with pump prices across Nigeria reaching between NGN1,200 and NGN1,300 per litre in some locations.

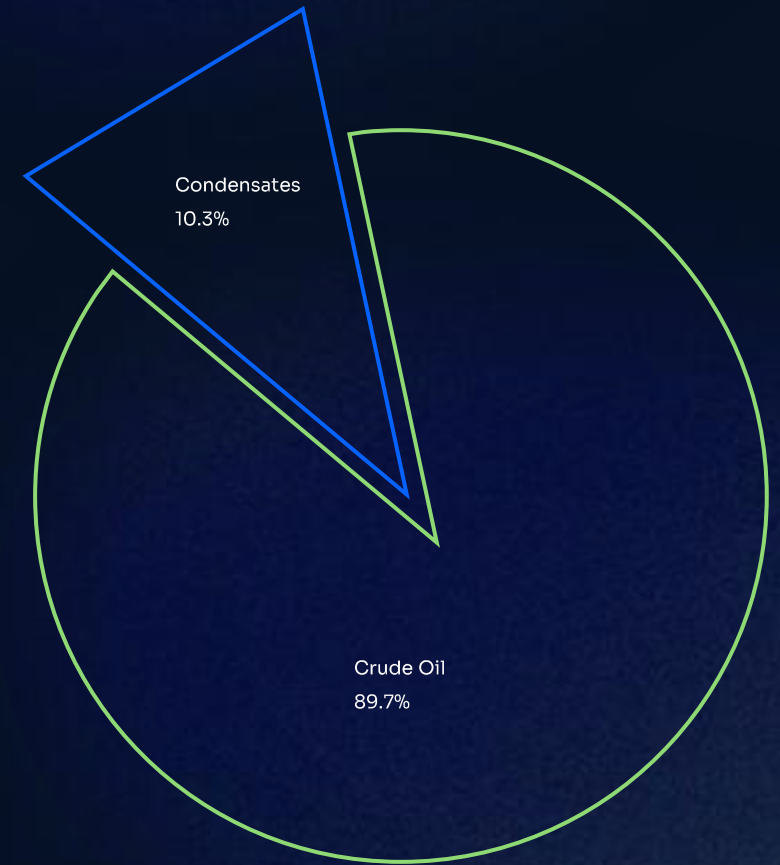
Nigeria's total crude oil and condensate production averaged approximately 1.627 million barrels per day (bpd) in January 2026, according to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC)'s National Liquid Hydrocarbon Production Report. This represents a 6.3 per cent decline from the 1.737 million bpd recorded in January 2025 and reflects the country's continued struggle to consistently meet its OPEC production quota of 1.5 million bpd. Based on OPEC data excluding condensate, crude-only output for January 2026 stood at approximately 1.459 million bpd, marking the sixth consecutive month Nigeria has fallen short of its assigned quota.

Despite this production shortfall, the quarter opened with notable regulatory and corporate momentum. NNPC Ltd unveiled its Gas Master Plan (GMP) 2026 on January 30, 2026, at the NNPC Towers in Abuja, targeting 12 billion standard cubic feet per day (BSCFD) of commercialised gas production and over USD\$60 billion in catalysed investments by 2030. The plan identifies more than 60 high-priority gas demand projects for execution over the next decade and reflects a deliberate shift from policy formulation to disciplined, commercially driven execution under the Decade of Gas Initiative. In parallel, the 2025 Licensing Round advanced into its pre-bid conference phase in Lagos and Abuja in January and February 2026.

Impact of Global Crude Spikes on Domestic Petrol Prices (Q1 2026)



National Liquid Hydrocarbon Production Mix (Jan 2026)

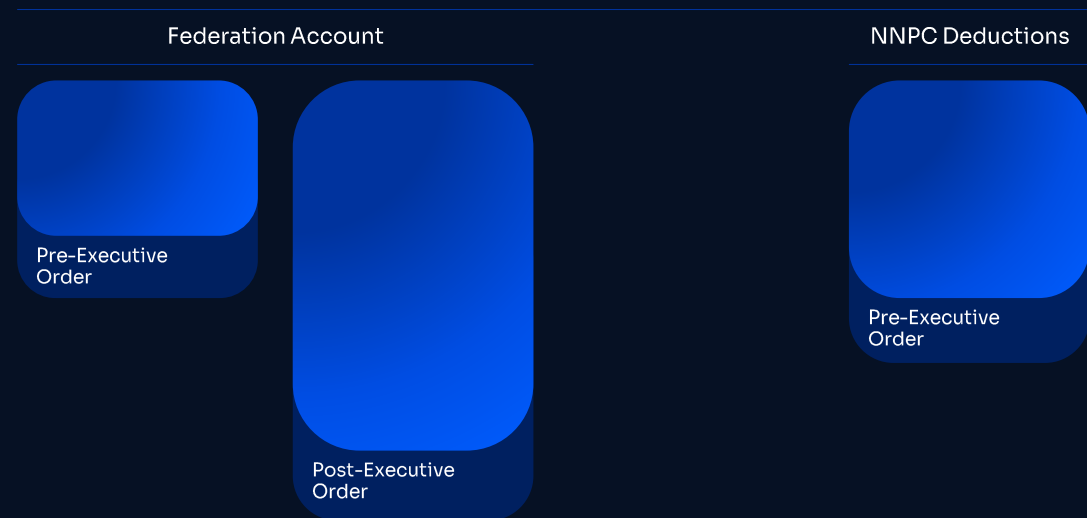


At the macro level, President Bola Tinubu’s signing of Executive Order 9 of 2026 on 13 February 2026 marked a significant fiscal reform. The Order suspended NNPC Ltd’s entitlement to the 30 per cent Frontier Exploration Fund and the 30 per cent management fee on profit oil and gas, and directed that all oil and gas revenues be paid directly into the Federation Account without deductions. It also halted off-budget allocations and established an implementation committee, signalling a decisive move to enhance fiscal transparency and strengthen federal revenue mobilisation from upstream operations.

This episode highlights the dual reality of Nigeria’s downstream sector: while increased domestic refining capacity enhances supply resilience, pricing dynamics remain closely tied to international crude benchmarks. Consequently, global geopolitical shocks continue to transmit rapidly into the domestic market, reinforcing the need for deeper structural reforms to mitigate price volatility and strengthen energy security.

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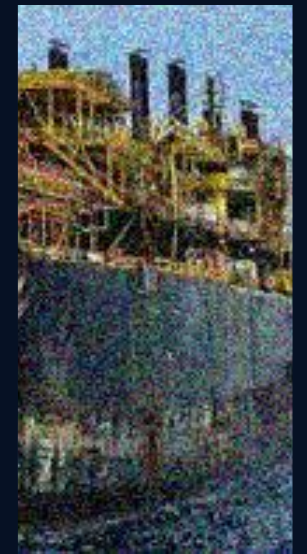
Fiscal Reform: Oil & Gas Revenue Flow to Federation Account





Nigeria's oil and gas story in Q1 2026 is one of opportunity under pressure—where reform, resilience and rising investment potential are contending with volatility and execution risk.

Notable developments in the oil & gas sector



Nigeria Eyes 100,000 Bpd Boost in Crude Oil Production in Coming Months

The Nigerian National Petroleum Company (NNPC Ltd) has announced that Nigeria has the capacity to boost crude oil production by about 100,000 barrels per day (bpd) in the coming months. The statement was made by Bayo Ojulari, Group CEO of NNPC Ltd, during the CERAWEEK by S&P Global energy conference in Houston. He noted that ongoing operational reforms, portfolio optimisation, and improved project execution are key factors enabling this incremental production potential. Currently, Nigeria's output hovers around 1.6–1.7 million bpd, and the planned increase would help move closer to the country's 2026 target of roughly 1.8 million bpd, while also addressing global supply shortfalls caused by geopolitical tensions.

NUPRC Shortlists Bidders for Nigeria's 2025 Oil Licensing Round

The NUPRC has completed the prequalification stage of the 2025 oil and gas licensing round, signalling a key advance in the nation's upstream sector licensing process. Successful applicants were formally notified on March 16, 2026, allowing them to move from initial screening to the next phase of accessing subsurface geological and geophysical data to prepare technical and commercial bids. The regulator stressed that only prequalified firms will be allowed to lease the necessary data, and proof of payment is required before bid submissions.

The licensing round includes 50 oil and gas blocks spanning onshore, shallow water, frontier, and deepwater basins, aimed at attracting fresh investment, expanding exploration, and boosting Nigeria's hydrocarbon reserves. The exercise, conducted under the framework of the Petroleum Industry Act (PIA), is expected to deepen upstream activity, enhance transparency, and strengthen investor confidence following earlier rounds.

FG Suspends Petrol Import Licences as Local Refineries Boost Local Supply

The Federal Government of Nigeria has suspended the issuance of petrol import licences for a second consecutive month, reflecting a stronger focus on promoting domestic refining capacity as local output increasingly meets national petrol demand. Officials from the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) confirmed that no new import licences were issued in February or so far in March, highlighting that existing local refineries, particularly the Dangote Refinery, are supplying a significant share of the country's petrol requirements under the framework of the PIA which restricts imports when domestic production suffices. The move is seen as a policy effort to reduce Nigeria's long standing dependence on imported refined fuel and to strengthen the nascent local refining sector.

The decision has drawn mixed reactions from industry stakeholders. Supporters, including civil society groups, praised the government for prioritising local capacity and boosting energy self sufficiency, while some marketers and economists have raised concerns about market competition and price dynamics, especially following recent petrol price adjustments and debates over monopoly risks in the downstream sector.

FG Approves \$20 Billion Deepwater Investment for Bonga Southwest Aparo Project

President Bola Ahmed Tinubu GCFR has approved a targeted fiscal incentive package to unlock the long awaited Final Investment Decision (FID) for the Bonga Southwest Aparo (BSWA) deepwater oil project, a development poised to attract about \$20 billion in foreign direct investment into Nigeria's oil and gas sector. The approval, confirmed by NNPC Limited, follows extensive technical and commercial negotiations involving key stakeholders including the Nigeria Revenue Service, the Special Adviser to the President on Energy, and global partner Shell plc. The incentives are designed to resolve long standing fiscal and commercial bottlenecks that have stalled progress for nearly two decades and to create a competitive environment for deepwater investment that aligns with national energy objectives.

Dangote Group Signs \$400 Million XCMG Deal for Refinery Expansion

The Dangote Group has signed a \$400 million contract with Chinese equipment manufacturer XCMG to supply heavy machinery for the ongoing expansion of the Dangote Refinery in Lagos. The expansion project aims to increase the refinery's processing capacity, improve operational efficiency and strengthen Nigeria's position as a net exporter of refined petroleum products. The refinery, already one of the largest single train facilities in the world, is strategically critical for reducing gasoline and diesel imports while bolstering domestic supply and foreign exchange savings. The deal includes the provision of state of the art construction equipment and ongoing technical support from XCMG to meet project deadlines and quality benchmarks.

The expansion is expected to create thousands of direct and indirect jobs while enabling Dangote to diversify into new product lines and export markets. Industry analysts say the agreement reflects growing confidence in Nigeria's energy infrastructure investments and underscores the importance of public private collaboration in driving large scale industrial growth. Domestic fuel prices, foreign exchange flows and energy security could be favourably impacted if the expanded refinery achieves full operational output.

Senegal Revokes Arthur Eze's Atlas Oranto Offshore Licence Over Contract Breach

The Government of Senegal revoked the offshore oil licence held by Atlas Oranto and its principal investor Arthur Eze, citing failure to meet key exploration and work obligations.

The licence was cancelled after authorities said the company did not comply with contractual commitments including work programmes and financial guarantees, prompting concerns over project stagnation and underperformance. Senegal's energy ministry emphasised that enforcement of contractual terms is essential to maintain industry integrity and ensure timely exploration activity in its offshore basins.

The revocation underscores increasing regulatory scrutiny in West Africa and signals that governments are willing to reclaim acreage where investors fail to meet obligations. This decision may open opportunities for other exploration companies to bid for the newly freed blocks or pursue farm in arrangements. Energy analysts say the development could influence investor strategy across regional oil markets, stressing the importance of adherence to local regulatory frameworks and investment pledges to sustain licence rights.

Seplat Energy Revives Former ExxonMobil Wells and Eyes Further Growth in 2026

Seplat Energy has successfully brought 49 previously inactive oil wells back into production and plans to commission a further 50 wells by the end of 2026. The reactivation project utilises modern technology to optimise production from marginal fields formerly operated by ExxonMobil, increasing hydrocarbon output and strengthening the company's production profile. Seplat officials say the wells' revival is part of a broader strategic focus on maximising value from existing assets and unlocking dormant potential across Nigeria's upstream sector.

The expanded well programme is expected to enhance oil production volumes, generate higher revenues and contribute to national energy output targets. Seplat is targeting higher operational efficiency, reduced downtime and improved recovery rates from these wells. Analysts say this initiative could have a meaningful impact on Nigeria's overall oil production figures if sustained through further exploration and development efforts.

NUPRC Enforces Drill or Drop Rule for Nigeria's Oil Blocks

The NUPRC has implemented a strict drill or drop policy requiring holders of oil and gas leases to commence drilling within specified timelines or surrender their acreage. The policy is intended to prevent hoarding of oil blocks and ensure active exploration or relinquishment to more committed investors. Non-compliance could result in licence forfeiture, subjecting idle blocks to reallocation in future licensing rounds.

NUPRC officials noted that enforcing drill commitments will stimulate exploration activity, strengthen hydrocarbon reserve replacement and improve efficiency in upstream asset utilisation. The rule is part of broader sector reforms under the PIA designed to attract investment, deepen transparency and ensure productive use of national hydrocarbon resources. Early results suggest increased investor responsiveness to drilling deadlines and a healthier exploration environment.

AKK Pipeline to Begin Operations in July According to NNPC

The Ajaokuta Kaduna Kano (AKK) gas pipeline is scheduled to begin commercial operations in July 2026, the NNPC Limited has confirmed, marking a major milestone in Nigeria's gas infrastructure development. The 614 kilometre pipeline will transport natural gas from the Niger Delta through central states to northern industrial hubs, significantly improving domestic gas availability for power generation, manufacturing and large scale industrial users. The project is expected to reduce energy costs, cut emissions from diesel generators and support fertilizer production via feedstock supply.

Officials noted that the AKK pipeline will facilitate regional economic growth, create jobs and strengthen energy security. The infrastructure is part of Nigeria's broader strategy to harness its abundant natural gas resources, reduce energy poverty and integrate gas into industrial clusters nationwide. The commencement of operations will also contribute to reducing regional disparities in gas access and support increased investments in power generation capacity using cleaner fuels.

Executive Order 9 Of 2026 Redirects All Oil Revenue to Federation Account

On 13 February 2026, President Bola Ahmed Tinubu signed Executive Order 9 of 2026, suspending the 30 per cent Frontier Exploration Fund entitlement of the Nigerian National Petroleum Company Limited (NNPC Ltd.) as well as its 30 per cent management fee on profit oil and profit gas. The Order further mandated that all oil and gas revenues, including royalties, taxes, profit oil, profit gas, and gas flare penalties, be remitted directly into the Federation Account without any deductions. It also suspended off-budget allocations and established an implementation committee to oversee compliance, marking one of the most significant fiscal policy interventions in the sector since the enactment of the Petroleum Industry Act (PIA).

Subsequently, the Federal Government revised the implementation framework of the Order. Under the revised structure, royalties and taxes will continue to be collected by NNPC Ltd. but will be paid into a newly created account domiciled at the Central Bank of Nigeria, reflecting a modified approach to revenue administration while maintaining enhanced oversight and control.

Shell Plans Up to \$20 Billion Investment in Bonga South-West Deepwater

In a landmark signal for Nigeria's deepwater sector, Shell Plc's Chief Executive Officer, Wael Sawan, met with President Bola Tinubu and committed plans to invest up to \$20 billion in the Bonga Southwest deepwater project, estimated to hold 820 million barrels of proven reserves with peak production of approximately 220,000 bpd and a capital expenditure of approximately \$10 billion. President Tinubu approved targeted investment-linked incentives and signalled expectations for a Final Investment Decision, representing a major reengagement by an international oil company in Nigeria's deepwater frontier.

NNPC Limited Launches Gas Master Plan 2026

The Nigerian National Petroleum Company Limited (NNPC Ltd) unveiled its Gas Master Plan (GMP) 2026 in Abuja, aiming for 12 billion standard cubic feet per day (BSCFD) of gas production by 2030 and projecting over \$60 billion in catalyzed investment. The plan emphasizes increasing supply for power generation, compressed natural gas (CNG), liquefied petroleum gas (LPG), and the industrial sector. Key initiatives include a 20-million LPG cylinder supply program to be completed by 2030. The Minister of State for Petroleum Resources (Gas) described the plan as a deliberate shift from policy development to disciplined execution under the Decade of Gas Initiative.

NUPRC 2025 hosts Licensing Round Pre-Bid Conferences

The NUPRC hosted pre-bid conferences in Lagos in January and February 2026 for the 2025 Oil and Gas Licensing Round, covering 50 blocks across onshore, shallow-water, frontier basin, and deepwater categories. The Commission clarified that international energy companies are not required to establish local subsidiaries upfront, but successful foreign bidders must incorporate Nigerian entities within 90 days of receiving offer letters. Reduced signature bonuses of \$3 million to \$7 million per block were confirmed, with a two-stage digital bidding process projected to attract up to \$10 billion in investments and add 2 billion barrels to Nigeria's reserves.

Milestones – Oil & Gas



January,
2026

NNPC Ltd officially unveiled the Gas Master Plan (GMP) 2026 on January 30, 2026, at NNPC Towers in Abuja. The plan targets 12 billion standard cubic feet per day (BSCFD) of commercialised gas production by 2030, projects over \$60 billion in catalysed investments, and identifies more than 60 high-priority gas demand projects for execution over the next decade. The GMP 2026 marks a decisive shift from policy formulation to disciplined execution under Nigeria's Decade of Gas Initiative, with near-term demand anchored by LNG, power, industrial, and CNG projects expected to deliver 8,110 mmscf/d within three years.



February,
2026

President Tinubu signed Executive Order 9 of 2026, mandating the direct remittance of all oil and gas revenues, including royalties, profit oil, profit gas, and gas flare penalties, into the Federation Account, suspending NNPC Ltd's deductions for the Frontier Exploration Fund and management fees. An implementation committee was established to oversee compliance.



March,
2026

The NUPRC has completed the prequalification stage of the 2025 oil and gas licensing round, signalling a key advance in the nation's upstream sector licensing process. Successful applicants were formally notified on March 16, 2026, allowing them to move from initial screening to the next phase of accessing subsurface geological and geophysical data to prepare technical and commercial bids.

Challenges in the Oil & Gas Sector

Persistent OPEC Production Shortfall:

Nigeria missed its OPEC production quota of 1.5 million bpd for the sixth consecutive month in January 2026, with crude-only output averaging 1.459 million bpd. Ongoing pipeline vandalism, oil theft, infrastructure underinvestment, and security issues in the Niger Delta continued to limit production, undermining fiscal revenue projections based on a benchmark of 1.84 million bpd in the 2026 budget.

Global Price Volatility and Downstream Effects:

The geopolitical crisis involving Iran, Israel, and the United States in March 2026 caused Brent crude prices to rise above \$110 per barrel, leading to multiple upward adjustments in downstream petrol prices. With the 2026 budget based on a crude benchmark of \$64.85 per barrel, these sharp market fluctuations created significant fiscal uncertainty, even as they unexpectedly increased export revenue.

Crude Supply Constraints at Dangote Refinery:

Despite a 650,000 bpd installed capacity, the Dangote Refinery receives only about five crude cargoes per month from NNPC under the Naira-for-Crude arrangement, compared to a requirement of 13 cargoes to maintain domestic supply. This structural mismatch has forced the refinery to buy additional crude at international market prices, reducing the cost advantage of domestic refining and putting ongoing pressure on pump prices.

NNPC Financial Accountability and Governance Concerns:

The Nigerian Senate's Committee on Public Accounts revealed it was investigating an alleged ₦210 trillion gap in NNPC Ltd.'s financial records, raising serious concerns about the country's oil sector governance. The magnitude of the suspected discrepancy and the difficulty in tracking it highlight deep-rooted issues in NNPC's financial management.

Delayed Final Investment Decisions on Major Deepwater Projects:

Despite Shell's commitment of up to \$20 billion for Bonga Southwest, no formal Final Investment Decision was made on the project during Q1 2026. The ongoing delays in FIDs for large deepwater assets continue to restrict the potential for new production streams to offset declines from maturing onshore and shallow-water fields.

Power Sector

Nigeria's power sector entered Q1 2026 with renewed financial momentum but persistent operational weakness.

The strong subscription of the Federal Government's N501 billion power sector bonds in January 2026 was an early positive signal, reflecting market confidence in the Presidential Power Sector Debt Reduction Programme and injecting much-needed liquidity into an electricity value chain burdened by decades of accumulated arrears. Five generation companies reached settlement agreements with Nigerian Bulk Electricity Trading Plc (NBET), with a total negotiated settlement of N827.16 billion to be paid in four phased instalments.

\$N501B

The Federal Government's power sector bonds

Despite this fiscal progress, the grid remained highly vulnerable throughout the quarter. Multiple national grid collapses in Q1 2026 renewed concerns about the structural adequacy of Nigeria's electricity infrastructure, despite cumulative government investment. Gas supply disruptions continued to be a major driver of grid instability. NNPC Ltd announced in February that gas supply to certain power generation companies would temporarily decline from February 12 to 15, 2026, due to scheduled maintenance by Seplat Energy Plc on joint venture assets. With thermal plants accounting for the majority of installed generation capacity, such disruptions frequently caused generation levels to fall below 1,500 MW, leaving millions of households and businesses exposed to extended blackouts.

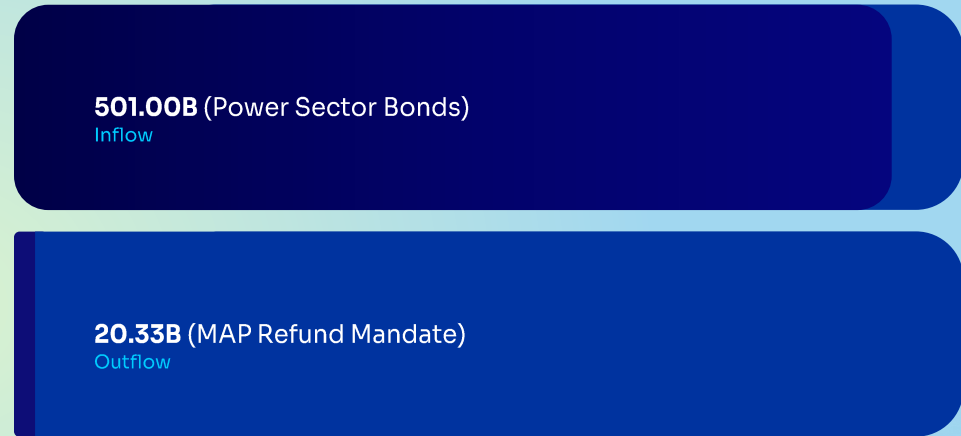
The Nigerian Electricity Regulatory Commission (NERC) remained active during the quarter, issuing an amended order on March 1, 2026, directing distribution companies (DisCos) to refund N20.33 billion to customers who purchased prepaid meters under the Meter Asset Provider (MAP) scheme. While intended to strengthen consumer protection, the directive increased financial pressure on DisCos already facing severe liquidity constraints.

Additionally, the 9th Nigeria International Energy Summit 2026, held in Abuja on February 3, 2026, served as a key policy platform during the quarter. Vice President Kashim Shettima, representing President Tinubu, reaffirmed that the ongoing implementation of the Petroleum Industry Act (PIA) had strengthened regulatory institutions, enhanced transparency, and boosted investor confidence across the energy sector. The Minister of State for Petroleum Resources (Gas) noted that average daily gas production in 2025 reached 7.5–7.6 BSCFD, with domestic supply surpassing 2 BSCFD for the first time.

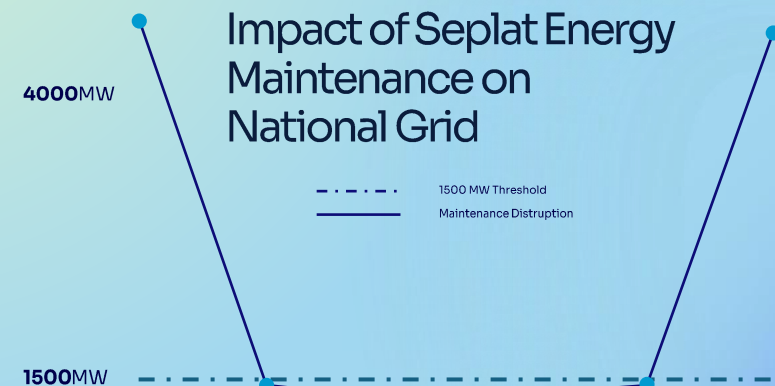
Gas Production Utilisation (2025 Baseline) Total: 7.55BSCFD



Q1 2026 Power Sector Financial Highlights



GenCo Settlement Phased Installments





Momentum is building in power, where financial reform is creating upside even as operational vulnerabilities temper the outlook.



Notable developments in the power sector



Governor Sanwo Olu Inaugurates Lagos State Electricity Regulatory Commission Board

Governor Babajide Sanwo Olu has inaugurated the board of the new Lagos State Electricity Regulatory Commission (LSERC), a body mandated to oversee electricity regulation, tariff approvals and service standards within Nigeria's most populous state. The board is composed of industry experts tasked with strengthening consumer protections, improving regulatory oversight and fostering stable electricity services for residents and businesses.

Officials highlighted that the establishment of LSERC reflects Lagos State's proactive approach to power sector reforms and aligns with national efforts to improve governance and performance in electricity distribution. The commission will also engage stakeholders in tariff setting and dispute resolution. Its work is expected to improve transparency, accountability and service delivery in the state's rapidly expanding energy market.

AEDC Transitions to HoldCo Structure Following Electricity Act Reforms

The Abuja Electricity Distribution Company (AEDC) has completed a structural transition to a Hold Company model in compliance with the Electricity Act 2023, which mandates separation of asset ownership and operational responsibilities. The restructuring aims to enhance corporate governance, improve financial transparency and attract new investment into Nigeria's power distribution segment. Under the HoldCo model, AEDC's operating entities will focus on service delivery while strategic assets are managed at the parent company level, facilitating clearer accountability and operational efficiency.

Officials believe the reform will unlock value for stakeholders and create a pathway for asset optimisation and capital deployment in the electricity sector. The change also aligns with broader regulatory reforms aimed at deepening private sector engagement and driving improvements in service reliability. Investors and industry watchers view the HoldCo framework as a positive step toward modernising Nigeria's electricity market and reducing systemic inefficiencies that have historically constrained growth.

Geregu Power and Maam Energy Set for N500 Billion Federal Government Debt Repayment

The Federal Government has moved to repay N500 billion owed to Geregu Power and Maam Energy, addressing long outstanding debts under their respective Power Purchase Agreements (PPAs). The repayment aims to clear legacy obligations that have strained company finances and threatened generation capacity. Officials noted that settling the debts will improve cash flow for the two power plants, enabling continued operations, maintenance investment and potential capacity improvements.

Industry analysts suggest that this settlement will boost investor confidence in Nigeria's electricity market by demonstrating the government's willingness to honour contractual obligations. Geregu and Maam operate significant generation capacity serving industrial and residential customers, and the repayment is expected to support more stable electricity supply. Stakeholders believe the move could set a precedent for improved fiscal discipline and enhanced sector performance going forward.

NERC Orders N20.33 Billion Meter Refunds to Disco Customers

In an amended order issued on March 1, 2026, NERC ordered Nigeria's electricity distribution companies to refund a total of N20.33 billion to customers who purchased prepaid meters under the Meter Asset Provider (MAP) scheme. The refunds will be credited to customer electricity bills in equal monthly installments over a 12-month period. Energy sector analysts warned that, while the directive is necessary for consumer protection, it adds significant financial obligations to DisCos that are already facing severe liquidity issues, with tariffs still below full cost recovery and weak revenue collection across many franchise areas.

NERC Approves Adegbenro as Acting CEO of Eko Disco

The Nigerian Electricity Regulatory Commission (NERC) has officially approved the appointment of Ms. Sherifat Adegbenro as the acting Chief Executive Officer of Eko Electricity Distribution Company (Eko DisCo). This regulatory approval, announced in a public notice on Monday, aligns with the Code of Corporate Governance for the Nigerian Electricity Supply Industry and is intended to ensure leadership continuity at the company while it proceeds with the process of appointing a substantive CEO. Adegbenro previously served as Deputy CEO and now succeeds Wola Joseph Condotti, who acted in the role since January following earlier executive changes at the company.

NERC Orders Private Transmission Substations to Obtain Grid Permit Within 45 Days

The Nigerian Electricity Regulatory Commission (NERC) has issued a directive requiring all privately owned transmission substations connected to the national grid to secure an Independent Electricity Transmission Network Operator (IETNO) permit within 45 days of the order's effective date of March 9, 2026. The regulation, titled the Order on the Registration and Authorisation of Grid Connected Private Transmission Substations (NERC/2026/013), aims to bring private transmission infrastructure under closer regulatory oversight and strengthen operational safety and reliability across the electricity network. NERC's announcement also mandates that new private substations obtain the required permit before connecting to the grid to avoid sanctions, and calls on the Nigerian Independent System Operator (NISO) to compile a list of existing private transmission substation owners and notify them of the regulatory obligations.

To enhance real time monitoring and compliance, the order includes provisions for the deployment of Internet of Things based metering systems at substation interconnection points within 120 days and requires operators to submit monthly operational reports, with NISO carrying out inspections to ensure adherence to Grid Code standards.

Tinubu Inaugurates Committee to Launch Grid Asset Management Company

President Bola Ahmed Tinubu has inaugurated an 11 member committee to oversee the establishment and incorporation of the new Grid Asset Management Company Limited (GAMCO), a federal initiative aimed at improving Nigeria's electricity transmission infrastructure and addressing long standing grid challenges. The inauguration, conducted on behalf of the President by his Chief of Staff, Femi Gbajabiamila, follows approval by the Federal Executive Council for GAMCO's creation and signals a strategic push to strengthen power delivery and reduce transmission bottlenecks across the national grid.

The panel has been tasked with reviewing existing laws, policies, and regulatory frameworks governing the electricity sector, including implications of the Electricity Reform Laws 2025, to shape the legal and operational structure for the new company.

GAMCO is expected to play a central role in mobilising private capital, optimising stranded generation assets, and enhancing grid performance, particularly along critical corridors such as Benin Lagos, where transmission constraints have limited power supply to Nigeria's most industrialised regions

Federal High Court Issues Practice Directions For Electricity Disputes

The Federal High Court (Nigerian Electricity Supply Industry) Practice Directions 2026 establish a dedicated procedural framework for resolving electricity-related disputes. The Practice Directions introduce active case management, early judicial intervention, and alignment of court processes with the commercial and technical realities of the Nigerian Electricity Supply Industry (NESI).

The framework applies to all suits involving the electricity sector and aims to improve the speed and quality of dispute resolution, reduce regulatory uncertainty, and enhance investor confidence in contractual enforcement.

Milestones – Power Sector



January,
2026

The Federal Government's N501 billion Series 1 Power Sector Bond achieved 100 per cent subscription, marking a significant vote of market confidence in Nigeria's power sector financial restructuring and enabling the first tranche of debt settlement for five generation companies, with a total negotiated settlement of N827.16 billion to be discharged across four instalments.



February,
2026

The 9th Nigeria International Energy Summit 2026 convened in Abuja, with the Vice President and senior ministers reaffirming reform commitments under the PIA and announcing that domestic gas supply surpassed 2 BSCFD for the first time in 2025. The Gas Minister reiterated the target of scaling production to 10 BSCFD by 2030.



March,
2026

NERC issued the Federal High Court (NESI) Practice Directions 2026, establishing a dedicated procedural framework for electricity disputes, and directed distribution companies to refund N20.33 billion to prepaid meter customers under the MAP scheme in equal monthly instalments over 12 months.

Challenges in the Power Sector

Gas Supply Disruptions and Grid Instability:

Disruptions in gas supply from joint venture partners, including a temporary reduction in gas deliveries to thermal plants during Seplat Energy's February 2026 maintenance shutdown, revealed Nigeria's grid dependency on continuous gas flows. Grid generation fell to levels that threatened widespread blackouts, emphasizing the need for diversified fuel supply sources, storage infrastructure, and emergency protocols within the electricity supply chain.

DisCo Liquidity and Revenue Collection Challenges:

Nigeria's electricity distribution companies continued to face severe financial pressure in Q1 2026, worsened by the NERC's N20.33 billion meter refund directive. With tariffs remaining below full cost-reflective levels in many segments and electricity theft still eroding revenues, DisCos struggled to meet upstream financial obligations, prolonging the liquidity cycle that the Presidential Power Sector Debt Reduction Programme aims to break.

Infrastructure Deficit and Evacuation Constraints:

The International Energy Agency's 2026 Electricity Report identified Nigeria's transmission infrastructure deficit as a critical barrier to expanding electricity access and meeting rising demand. Aging substations, limited evacuation capacity, and persistent transmission corridor constraints continue to result in stranded power, even where generation is available, widening the gap between installed capacity and electricity delivered to end users.

Slow Progress in Power Sector Reforms:

Despite strong policy goals, the Electricity Act (Amendment) Bill 2025 remained under legislative review in Q1 2026 without approval, hindering clarity on federal-state regulatory roles and delaying the broader reform needed to boost distributed energy investment. Inconsistencies in regulatory enforcement across state electricity markets also created uncertainty for private developers.

Renewable Energy Sector

Nigeria's renewable energy sector entered Q1 2026 with its strongest momentum in years, supported by the formal launch of the US\$750 million DARES programme, a record year for African solar growth in 2025, and rising private sector investment in off-grid and mini-grid solutions. The quarter reflects a sector rapidly translating policy ambition into tangible infrastructure deployment, even as structural financing and cost barriers persist.

54%

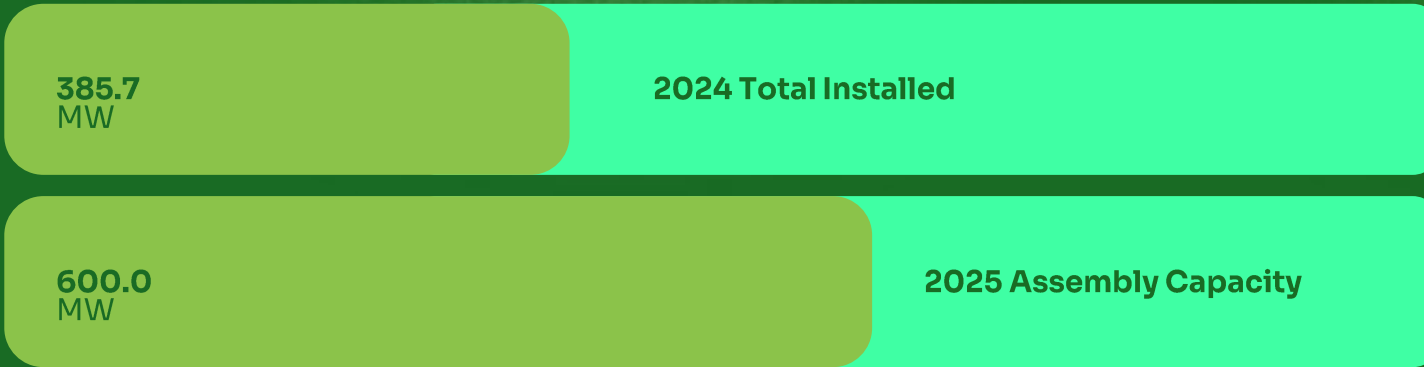
Record-breaking year-on-year growth in installed solar capacity across Africa in 2025

Africa recorded its strongest year for solar energy growth in 2025, with installed capacity expanding by 54 per cent year-on-year, according to the Global Solar Council's Africa Market Outlook for Solar PV: 2026–2029. Nigeria and South Africa were the primary contributors to this growth. Nigeria added 63.5 MW of new solar capacity in 2024, bringing total installed capacity to 385.7 MW. By 2025, the country's solar assembly capacity had exceeded 600 MW, signalling a structural shift toward domestic value addition in the solar manufacturing supply chain that began gaining traction in Q4 2025.

The most significant development of the quarter was the formal launch of the DARES programme in March 2026, which aims to deploy 1,350 solar mini grids across Nigeria and connect approximately 17.5 million people to electricity. Supported by a US\$750 million World Bank facility and expected to catalyse an additional US\$1.1 billion in private investment, the programme targets underserved and rural communities where grid access remains limited or unreliable. Approximately 250 of the planned mini grids are designed for interconnection with the national grid, strengthening the integration of distributed generation into the broader power system.

International capital continued to flow into Nigeria's off-grid renewable energy sector. In February 2026, Renewvia Energy secured US\$10 million from private equity firm Claritas Capital to expand its distributed solar projects in Nigeria and Kenya, with a focus on underserved communities and commercial customers. In parallel, the World Bank's Mission 300 initiative—through which the Bank engaged Nigeria's leadership in February 2026—aims to connect 17.5 million Nigerians to household electricity as part of a broader continental access programme, complementing ongoing grid-based reforms.

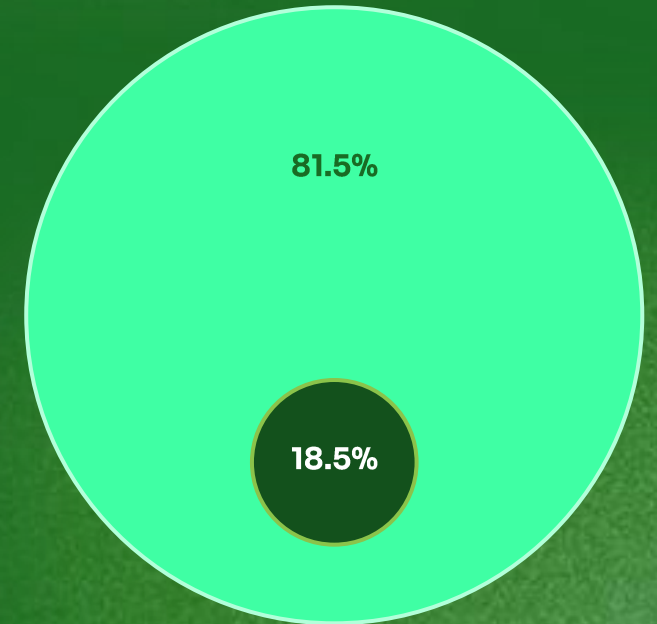
Nigeria Solar Capacity & Assembly Growth



DARES Programme: Funding & Investment Target



DARES Mini-Grid Deployment Mix (Total: 1,350)

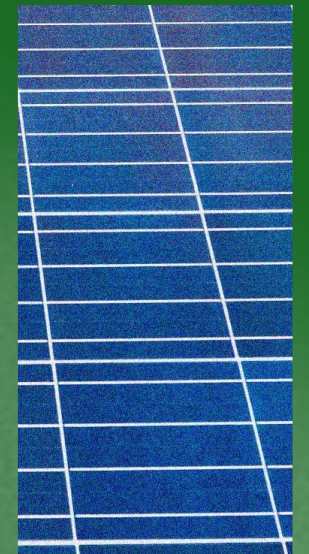
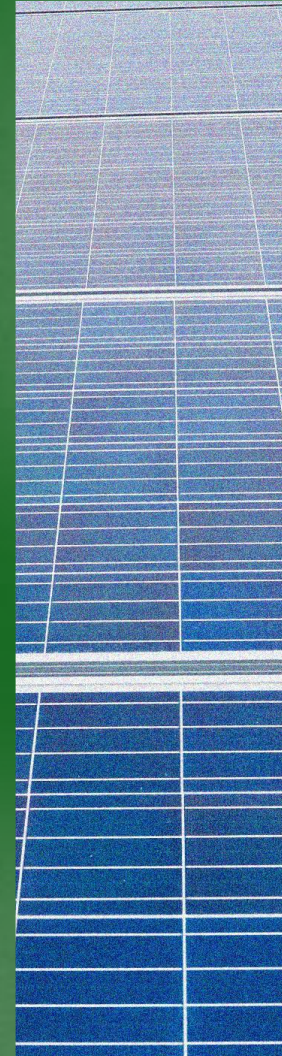


- Interconnected Mini-grids
- Standalone Mini-grids



A sector once defined by potential is now being shaped by deployment—where scale is beginning to catch up with ambition.

Notable developments in renewable energy sector



Nigeria Formally Launches Us\$750 Million Dares Solar Mini-Grid Programme

Nigeria officially launched the Distributed Access through Renewable Energy Scale-Up (DARES) program in March 2026, marking the largest single deployment commitment in the country's off-grid renewable energy history. The program, managed by the Rural Electrification Agency and supported by a \$750 million World Bank loan, aims to deploy 1,350 solar mini-grids, provide electricity access to 17.5 million Nigerians, and support up to 237,000 micro, small, and medium-sized enterprises.

The initiative is based on performance-based financing, with developers receiving grants only after connecting homes and businesses to operational systems. The program is expected to attract approximately \$1.1 billion in additional private investment.

REA targets 28 Mini-Grids Targeted for Completion Under Rural Electrification Fund

The Rural Electrification Agency confirmed that 28 mini-grids are scheduled for completion in Q1 2026 under the third call of the Rural Electrification Fund. Meanwhile, four mini-grid systems in the Federal Capital Territory are to be commissioned under the Korea Energy Project, and 391 mini-grids under the DARES programme had already signed grant agreements at the start of the quarter.

Phase III of the Energising Education Programme is also progressing with eight solar hybrid plants being developed across federal universities, reflecting a bold and coordinated effort to speed up clean electricity access in historically underserved communities.

Milestones – Renewable Energy Sector

▼
January,
2026

28 Mini-Grids Targeted Under REF Third Call

The Rural Electrification Agency confirmed plans to complete 28 mini-grids in Q1 2026 under the third call of the Rural Electrification Fund, alongside four systems in the FCT under the Korea Energy Project and 391 DARES mini-grids with signed grant agreements, representing the most concentrated quarterly mini-grid deployment effort in Nigeria's history.

▼
February,
2026

Nigeria Leads Africa Solar PV Market Outlook 2026–2029

The Global Solar Council's Africa Market Outlook for Solar PV 2026–2029 identified Nigeria as the leading contributors to Africa's record solar growth in 2025, with Africa adding 54 per cent more solar capacity than in 2024. Nigeria's solar assembly capacity exceeded 600 MW, reflecting structural progress toward domestic solar manufacturing.

▼
March,
2026

Formal Launch of US\$750 Million DARES Programme

The Federal Government formally launched the DARES programme in March 2026, committing to deploy 1,350 solar mini-grids, connect 17.5 million Nigerians to electricity, and catalyse an additional US\$1.1 billion in private investment. Backed by a World Bank credit, the programme targets underserved rural communities and is expected to support 237,000 MSMEs with improved energy access.

Challenges in the Renewable Energy Sector

Grid Integration and Evacuation Constraints

Despite the growth in mini-grid and distributed solar deployment, challenges in integrating renewable energy into the national grid continued through Q1 2026. Limited evacuation capacity, transmission bottlenecks, and grid instability still limit the scalability of utility-scale renewable projects, leading to more deployment of off-grid and isolated mini-grid solutions where revenue sustainability depends on affordability within rural communities.

Fuel Price Spikes Undermine Renewable Project Economics

The sharp rise in petrol pump prices during March 2026, driven by the Middle East geopolitical crisis, created a paradox where increasing fossil fuel costs both heightened the urgency and appeal of renewable options and also raised the capital costs for deploying them, as imported equipment, logistics, and diesel-based backup generation for mini-grids all faced higher expenses.

Financing and Foreign Exchange Pressures

Despite increasing global and domestic capital inflows into Nigeria's renewable energy sector, access to affordable long-term financing remained a structural challenge. The ongoing depreciation risk of Naira-denominated revenues relative to dollar-denominated debt obligations created currency mismatch issues that discouraged large-scale private sector involvement, especially for utility-scale solar projects needing significant upfront capital.

Policy and Regulatory Execution Gaps

The Electricity Act (Amendment) Bill 2025 stayed before the National Assembly without passing through during Q1 2026, limiting clarity on federal-state regulatory boundaries and delaying the broader reform environment needed to boost distributed energy investment. Inconsistencies in regulatory enforcement across state-level electricity markets created uncertainty for private developers assessing subnational renewable energy opportunities.

Global Market Spotlight

Global Energy Shifts and Geopolitical Tensions: Implications for Nigeria's Oil and Gas Sector

The global energy landscape is undergoing a profound transformation, driven by the dual forces of energy transition and geopolitical realignment. While the long-term trajectory points toward decarbonisation and increased adoption of renewable energy, hydrocarbons remain central to global energy security and economic stability. Oil and gas continue to account for a significant share of the global energy mix, particularly in developing economies where industrialisation, urbanisation, and population growth sustain demand. At the same time, underinvestment in upstream oil and gas projects in recent years, partly due to ESG pressures and policy uncertainty, has constrained supply growth, creating tighter market conditions and increased price sensitivity to external shocks.

Overlaying these structural dynamics is an increasingly volatile geopolitical environment. Conflicts in major energy producing regions, most notably in Eastern Europe and the Middle East, have disrupted traditional supply chains and reshaped global trade flows. Sanctions regimes, shifting alliances, and strategic energy diplomacy have forced major consuming regions, particularly Europe, to diversify supply sources and reduce dependence on historically dominant exporters. This has led to a reconfiguration of global energy corridors, with heightened competition for secure, long term supply contracts and increased investment in alternative supply routes, including LNG and cross border pipeline infrastructure.

In this context, energy security has re-emerged as a primary concern for governments and market participants alike, often taking precedence over energy transition objectives in the short to medium term. The result is a complex market environment characterised by price volatility, supply uncertainty, and intensified competition among producing nations. For resource rich countries, this presents a narrow but significant window of opportunity to attract investment, increase production, and strengthen their positioning in the global energy value chain.

Nigeria stands at a critical juncture within this evolving landscape. As one of Africa's largest oil and gas producers, the country is well positioned to benefit from the global search for diversified energy supply. Increased demand for non traditional suppliers presents an opportunity for Nigeria to expand its export footprint, particularly in crude oil and natural gas, and to play a more prominent role in meeting Europe's and other regions' energy needs. However, this opportunity is tempered by persistent structural and operational challenges within the domestic energy sector.

Key issues continue to constrain Nigeria's ability to fully capitalise on favourable global conditions. These include production inefficiencies, pipeline vandalism and crude oil theft, delays in project execution, and historically inconsistent regulatory frameworks. While the enactment of the Petroleum Industry Act marked a significant step toward reform, investor confidence remains sensitive to implementation risks and policy clarity. In addition, infrastructure limitations across the upstream, midstream, and downstream segments continue to restrict production growth and evacuation capacity, particularly for gas.

Furthermore, Nigeria faces increasing competitive pressure from other emerging and established producers who are also seeking to fill supply gaps in the global market. Countries with more stable operating environments and faster project execution timelines are better positioned to capture immediate opportunities arising from geopolitical disruptions. As such, Nigeria's ability to respond quickly and efficiently to global demand signals will be a key determinant of its success in this period.

Ultimately, while geopolitical crises have created a more favourable external environment for oil and gas producers, the extent to which Nigeria can benefit will depend on its ability to address longstanding domestic challenges and translate policy reforms into tangible outcomes. Strengthening security in producing regions, improving regulatory certainty, accelerating infrastructure development, and enhancing operational efficiency will be critical to unlocking the full potential of the sector. In the near term, Nigeria's energy outlook will continue to be shaped not only by global market dynamics but also by the pace and effectiveness of its internal reforms.

Key Impacts for Nigeria's Energy Sector

Heightened Price Volatility and Fiscal Uncertainty

Escalating geopolitical tensions across major energy producing regions have resulted in frequent fluctuations in global crude oil prices. While price spikes can temporarily boost government revenues, the lack of price stability complicates fiscal planning, budget forecasting, and revenue management. For Nigeria, which remains heavily reliant on oil receipts for public finance and foreign exchange earnings, this volatility introduces significant macroeconomic risks.

Shifts in Global Investment Flows and Capital Discipline

Energy investors are increasingly prioritising jurisdictions that offer regulatory clarity, fiscal stability, and low operational risk. At the same time, capital allocation is being influenced by the global energy transition, with greater scrutiny on hydrocarbon investments. Nigeria must therefore compete more aggressively to attract limited investment capital, particularly in upstream exploration and production.

Global Supply Chain Disruptions and Market Reconfiguration

Disruptions to traditional energy supply routes have triggered a reconfiguration of global trade flows, with buyers increasingly seeking alternative suppliers. This has led to logistical bottlenecks, higher transportation costs, and increased pressure on export infrastructure. For Nigeria, limitations in evacuation capacity, port efficiency, and pipeline networks may hinder its ability to respond swiftly to changing global demand patterns.

Persistent Domestic Production Constraints

Structural challenges within Nigeria's oil and gas sector continue to undermine output growth. Issues such as crude oil theft, pipeline vandalism, underinvestment in infrastructure, and technical inefficiencies have contributed to production losses and reduced operational reliability. These constraints limit Nigeria's ability to scale production even when global conditions are favourable.

Intensified Competition Among Oil and Gas Producers

In response to supply gaps, both established and emerging producers are accelerating production and securing long term supply agreements. Countries with more stable operating environments and efficient project execution frameworks are better positioned to capture market share. Nigeria faces the risk of losing out on immediate opportunities due to delays in project development, regulatory bottlenecks, and operational inefficiencies.

Regulatory Uncertainty and Implementation Gaps

Although reforms have been introduced to improve the investment climate, including new fiscal and regulatory frameworks, concerns remain regarding consistency in implementation and institutional capacity. Delays in approvals, evolving policy interpretations, and administrative inefficiencies may deter investors and slow down project execution.

Key Opportunities for Nigeria's Energy Sector

Positioning as a Strategic Alternative Energy Supplier

The disruption of traditional supply sources presents Nigeria with a significant opportunity to reposition itself as a reliable supplier of crude oil and natural gas. By leveraging its existing reserves and expanding production capacity, Nigeria can strengthen its role in global energy markets, particularly in supplying Europe and other regions seeking diversification.

Expansion of Natural Gas and LNG Opportunities

The global shift toward cleaner energy sources has elevated natural gas as a transition fuel of choice. Nigeria, with its vast gas reserves, is well positioned to expand both its liquefied natural gas exports and domestic gas utilisation. Strategic investments in gas processing, transportation, and export infrastructure could unlock substantial value across the gas value chain.

Attraction of New Upstream and Midstream Investments

Current market conditions provide a compelling case for renewed investment in Nigeria's energy sector. With competitive fiscal terms and improved regulatory certainty, Nigeria can attract both international and indigenous investors seeking exposure to high potential assets. This is particularly relevant for marginal fields, deepwater projects, and gas infrastructure development.

Catalysing Sector Reforms and Operational Efficiency

The urgency created by global market shifts may drive faster implementation of reforms and operational improvements within the sector. This includes enhancing security in producing regions, streamlining regulatory processes, and adopting more efficient technologies to improve output and reduce costs.

Strengthening Bilateral and Multilateral Energy Partnerships

Nigeria has an opportunity to deepen its energy diplomacy by entering into long term supply agreements and strategic partnerships with key consuming regions. Such arrangements can provide stable revenue streams, enhance geopolitical relevance, and support broader economic cooperation.

Acceleration of Critical Infrastructure Development

Increased global demand for energy resources can serve as a catalyst for investment in essential infrastructure, including pipelines, storage facilities, processing plants, and export terminals. Improved infrastructure will not only support higher production levels but also enhance efficiency and reduce operational losses.

Revenue Growth and Foreign Exchange Stability

Higher production volumes, combined with favourable pricing conditions, have the potential to significantly boost government revenues and foreign exchange inflows. This can strengthen Nigeria's fiscal position, support currency stability, and create broader economic benefits across sectors.

Deal Highlights: Oil and Gas

Levene Energy Acquires 30 Percent Stake in Axxela with \$64 Million Afreximbank Financing

Levene Energy has completed a major strategic acquisition of 30 percent equity in Axxela, a leading Nigerian gas distribution and infrastructure company, financed through a \$64 million facility from Afreximbank. The transaction strengthens Levene's footprint in Africa's energy landscape and supports Axxela's expansion of gas distribution networks for industrial, commercial and residential customers. Axxela is a key player in expanding Nigeria's domestic gas market and facilitating industrial growth through reliable gas supply.

Afreximbank's financing structure provided competitive capital terms that enabled closing of the stake purchase while supporting Axxela's broader growth ambitions. Officials say the partnership will accelerate pipeline development, increase access to natural gas in key markets and generate employment opportunities. The acquisition is seen as a vote of confidence in the Nigerian energy sector's long term prospects and could encourage further private investment into gas infrastructure and distribution.

NUPRC Awards Petroleum Exploration Licence 5 To Seaseis For Offshore Seismic Project

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) has awarded Petroleum Exploration Licence 5 (PEL 5) to SeaSeisGeophysical Limited, in partnership with TGS, for a major offshore seismic data acquisition project.

The agreement, signed in Abuja on March 24, 2026, covers approximately 11,700 square kilometres in the Eastern Niger Delta, within water depths ranging from 400 to 2,800 metres. This positions the project squarely within Nigeria's deepwater frontier, particularly in the highly prospective Outer Fold and Thrust Belt, an area considered critical for unlocking new hydrocarbon reserves. Under PEL 5, SeaSeis and its partners are authorised to acquire and process advanced 3D seismic and gravity data, generating high-resolution subsurface imaging to support exploration activities.

The three-year licence allows the consortium to commercialise the data through licensing to exploration and production companies, with revenues shared with the regulator. This model aligns with Section 71 of the Petroleum Industry Act 2021, which promotes structured, transparent, and data-driven exploration. By deploying cutting-edge seismic technologies such as broadband systems and long-offset acquisition, the project is expected to significantly improve geological interpretation and reduce exploration risks. Strategically, the award of PEL 5 underscores Nigeria's renewed focus on boosting upstream investment through high-quality geoscience data and credible technical partnerships.

FG Advances \$20 Billion Nigeria–Europe Gas Pipeline Talks

The Federal Government of Nigeria has intensified high level discussions on a proposed \$20 billion transcontinental gas pipeline project designed to deliver the country's vast natural gas reserves to European markets.

According to statements by Louis Ibah, spokesperson for the Minister of State for Petroleum Resources (Gas), Rt. Hon. Ekperikpe Ekpo, the initiative is aimed at strengthening energy security and unlocking long term economic value, with consultations held recently in London, United Kingdom with key industry stakeholders including investors and global energy players. The pipeline, described as a transformative gas corridor, is planned to transport up to 30 billion cubic metres of gas annually from Nigeria's southern gas fields through Chad and Libya, before extending subsea to Sicily, Italy, and onward into broader European markets. These engagements are seen as strategic and timely, aiming to position Nigeria as a key supplier in the face of fluctuating global energy dynamics.

Federal Government, Shell & Eni – OPL 245 Asset Restructuring Agreement

The Federal Government of Nigeria reached a landmark restructuring agreement with Shell and Eni in relation to the OPL 245 oil block, one of the most commercially significant yet historically disputed deepwater assets in the country. Under the revised framework, the block is to be split into multiple licences, effectively breaking up a long-standing joint ownership structure that had been subject to protracted litigation, regulatory uncertainty, and international arbitration.

The restructuring represents a decisive step toward resolving one of the most high-profile disputes in Nigeria's oil and gas sector, which had deterred investment and stalled development for over a decade.

By clarifying ownership and enabling a cleaner licensing structure, the agreement creates a pathway for fresh contractual arrangements, including the potential execution of production sharing contracts or joint operating frameworks aligned with current regulatory standards under the Petroleum Industry Act.

NNPC Ltd Launches “Cawthorne” Crude Grade from OML 18 to Boost Export Competitiveness

NNPC Limited introduced a new crude oil grade, “Cawthorne,” sourced from Oil Mining Lease (OML) 18, as part of its strategy to optimise production from existing assets and enhance Nigeria's positioning in the global crude oil market. The development reflects a targeted effort to diversify Nigeria's crude slate and improve the marketability of its output by offering a broader range of blends tailored to different refinery configurations.

The Cawthorne crude grade is expected to be marketed as a distinct export stream, with specific quality characteristics that may appeal to international refiners seeking flexibility in feedstock selection. By segmenting production into identifiable grades, NNPC can improve price realisation, strengthen its trading position, and respond more effectively to shifts in global demand patterns.

Strategically, the launch also underscores a shift toward asset optimisation rather than reliance solely on new discoveries. In a context where production growth is constrained by infrastructure and security challenges, maximising value from existing fields becomes critical. Additionally, the introduction of new grades enhances transparency and standardisation in Nigeria's crude marketing system, which can improve buyer confidence and facilitate long-term supply arrangements.

Deal Highlights: Power

Federal Government Begins 250mw Ikom Multipurpose Dam and Hydropower Project Under PPP Framework

Nigeria's Federal Government has formally commenced the development of the 250-megawatt Ikom Multipurpose Dam and Hydropower Project under a Public Private Partnership (PPP) framework as part of strategic efforts to expand renewable energy capacity and improve water resource management on the River Benue Basin. The Infrastructure Concession Regulatory Commission (ICRC) announced the structured takeoff of the project at the first meeting of the Presidential Project Development Committee (PDC) which it has been directed to chair. The dam initiative is designed not only to generate significant baseload renewable power but also to help address recurring flooding and support regional economic growth in Cross River State and neighbouring areas.

Islamic Development Bank to Fund \$163 Million Solar Project in Niger State

The Islamic Development Bank (IsDB) has committed \$163 million in financing for a large-scale solar power initiative in Niger State, intended to significantly expand electricity access in rural and semi-urban communities. The project will combine grid-connected and off grid solar installations to serve tens of thousands of households, schools and small businesses with reliable renewable power. IsDB officials emphasised that the investment supports Nigeria's national energy strategy and contributes to regional economic development by providing cleaner and cheaper electricity alternatives to diesel generators.

The solar programme also includes capacity building and technical training for local technicians to ensure sustainable operation and maintenance of installed systems. Government partners highlighted expected reductions in carbon emissions and improvements in quality of life for beneficiary communities.

Federal Government's N501 Billion Power Sector Bond Achieves Full Subscription

In January 2026, the Federal Government of Nigeria successfully issued a N501 billion Series 1 Power Sector Bond, achieving 100% subscription from both domestic and institutional investors. This milestone demonstrates robust market confidence in Nigeria's power sector and validates the government's ability to mobilise significant long-term capital for critical energy infrastructure. The bond forms the first tranche of a broader programme with a target size of N4 trillion, aimed at financing generation, transmission, and distribution projects across the country. The proceeds from the bond are expected to support key initiatives, including the upgrading of transmission lines, modernisation of distribution networks, and investment in renewable energy projects. By injecting much-needed liquidity into the sector, the bond is anticipated to reduce the funding gap that has historically constrained expansion and efficiency improvements, particularly for the distribution companies and off-grid energy developers.

From a strategic perspective, the successful issuance has multiple implications: it signals Nigeria's growing credibility in the capital markets, encourages private sector co-investment, and strengthens the government's commitment to addressing longstanding structural challenges in the electricity sector

Deal Highlights: Renewable Energy

REA and Lotus Bank Sign N100 Billion Facility to Expand Renewable Energy Access

The Rural Electrification Agency (REA) has partnered with Lotus Bank to launch a N100 billion financing facility aimed at accelerating renewable energy deployment in underserved communities across Nigeria. The facility is structured to provide long term credit to developers of off grid solar systems, mini grids and other clean energy solutions. The initiative supports the Federal Government's energy access strategy and is expected to bring sustainable electricity to rural areas that have historically suffered from inadequate power supply. The REA highlighted that this financing will improve quality of life, foster business growth, and reduce reliance on expensive diesel generators which remain prevalent in off grid communities.

Under the agreement, eligible projects must meet specific technical and social impact criteria before financing is released, encouraging innovation and high implementation standards. Project developers will also receive technical assistance and capacity building support to ensure operational success and long term financial sustainability.

Renewvia Energy Secures \$10 Million to Expand Mini-Grid Projects in Nigeria and Kenya

Renewvia Energy successfully raised \$10 million in financing from Claritas Capital to scale its distributed solar energy projects across Nigeria and Kenya. The funding targets both underserved rural communities and commercial customers, aiming to increase access to reliable electricity where grid connectivity remains limited.

The investment is expected to accelerate deployment of solar mini-grids, enhance energy security, and create socio-economic benefits such as job creation and improved business productivity in off-grid areas. Strategically, the financing underscores growing investor interest in distributed renewable energy in Africa, reflecting a shift toward decentralised solutions as complementary to traditional grid expansion. By improving energy access in these markets, Renewvia is positioning itself as a key player in bridging the electricity gap while attracting further private sector capital.

DARES Programme Launches with US\$750 Million World Bank Commitment

The DARES (Distributed Access Renewable Energy Scheme) programme officially commenced deployment in Q1 2026, anchored by a US\$750 million credit from the World Bank. The initiative is structured to catalyse an additional US\$1.1 billion in private financing, targeting the deployment of approximately 1,350 mini-grids to serve an estimated 17.5 million Nigerians in off-grid and under-served regions.

This programme represents a major step in Nigeria's rural electrification strategy, integrating public and private finance to rapidly expand electricity access. By focusing on decentralised renewable solutions, DARES aims to enhance local economic development, support small businesses, and provide clean energy alternatives to households traditionally reliant on diesel generators. For investors, the programme offers structured risk mitigation through blended finance, while creating long-term market opportunities in distributed energy, grid-support solutions, and associated services.

Legal/ Regulatory Updates

Oil & Gas Sector

Federal Government's Executive Order 9 of 2026 Oil and Gas Revenue Remittance Reform

On 13 February 2026, President Bola Ahmed Tinubu signed Executive Order 9 of 2026, a sweeping fiscal reform aimed at strengthening transparency and boosting remittances from Nigeria's oil and gas sector. The Order mandates that all petroleum revenues including royalty oil, tax oil, profit oil, profit gas, and related receipts be paid directly into the Federation Account in accordance with constitutional provisions governing national resource ownership and revenue custody.

Key components of the Order include the suspension of NNPC Ltd's entitlement to 30 percent management fees and the 30 percent Frontier Exploration Fund previously retained under the Petroleum Industry Act and the halting of off budget deductions such as gas flare penalty allocations. A Presidential implementation committee, chaired by the Minister of Finance, was also established to oversee compliance and ensure seamless execution of the directive.

The reform is designed to realign revenue flows with constitutional mandates, curb leakage through discretionary deductions, and boost available public funds for federal, state, and local government expenditures. While proponents argue it enhances fiscal discipline and broadens revenue transparency, critics including industry experts and unions have expressed concerns about potential impacts on the financing and operational autonomy of key sector institutions like NNPC Ltd and the Nigerian Upstream Petroleum Regulatory Commission

CBN Grants International Oil Firms 100% Access to Export Forex Earnings

The Central Bank of Nigeria (CBN) has approved the full repatriation of export proceeds by International Oil Companies (IOCs), allowing them to access 100% of their foreign exchange earnings through authorised dealer banks. The directive was contained in a circular issued by the apex bank's Trade and Exchange Department and published on Wednesday, signalling a further shift towards foreign exchange market liberalisation.

Signed by the Director of the department, Dr Musa Nakorji, the circular stated that the policy forms

part of broader reforms designed to strengthen liquidity and stabilise the Nigerian FX market. According to the bank, the latest decision replaces the 2024 framework, which allowed authorised dealer banks to pool 50% of repatriated export proceeds for oil firms, while the remaining 50% was held for 90 days before it could be repatriated.

Under the revised framework, international oil companies (IOCs) can now retain and access 100% of their export proceeds through authorised dealer banks, enabling greater control over their foreign

exchange earnings, subject to regulatory reporting requirements. This marks a departure from earlier restrictions that limited immediate access to export proceeds and imposed phased utilisation timelines. The policy aligns with ongoing liberalisation efforts by the Central Bank of Nigeria to unify exchange rates, improve FX market liquidity, and attract foreign capital into key sectors, particularly the upstream oil and gas industry, Nigeria's largest source of foreign exchange earnings

Oil & Gas Sector

NUPRC Clarifies Licensing Round Incorporation Requirements January 2026

In January 2026, the Nigerian Upstream Petroleum Regulatory Commission released key clarifications regarding the corporate requirements for participation in the ongoing 2025 Licensing Round. The Commission confirmed that foreign bidders are not required to incorporate a Nigerian subsidiary at the initial bid submission stage removing a significant upfront barrier to entry for international capital.

However, the regulator stipulated that successful foreign bidders must incorporate a Nigerian entity within 90 days of receiving offer letters as a condition precedent to award and licence execution. This condition ensures that while initial bidding is open to global players, operational and legal compliance with Nigerian corporate law including registration under the Companies and Allied Matters Act must be fulfilled prior to the final grant of Petroleum Prospecting Licences.

The clarification is seen as an investor friendly measure aimed at reducing upfront compliance costs and procedural complexity while still ensuring meaningful Nigerian jurisdictional presence before commercial activities commence. It has been regarded as part of broader efforts by the regulator to attract Foreign Direct Investment, streamline participation processes, and enhance competitiveness of the upstream sector amid rising global hydrocarbon demand

NCDMB Reinforces Mandatory One Percent Nigerian Content Development Fund Levy

The Nigerian Content Development and Monitoring Board reaffirmed in February 2026 that the remittance of the mandatory one percent Nigerian Content Development Fund levy remains a statutory obligation for operators, contractors, and service providers in the upstream oil and gas industry. This levy established under Section 104 of the Nigerian Oil and Gas Industry Content Development Act is calculated on the value of every eligible upstream contract and is intended to finance capacity building, training, and indigenous participation.

NCDMB emphasised that remittances must be made into accounts formally designated by the Board, warning that payments made outside those accounts will not be recognised as valid under the law. The agency also announced that obtaining a Nigerian Content Development Fund Compliance Certificate is now a prerequisite for accessing key regulatory services and approvals including certifications and project clearances, further linking statutory compliance to operational continuity

Funds generated through the NCDF are deployed to support indigenous contractors, finance capacity development programmes, and facilitate access to affordable financing for local companies thereby driving sustainable growth and deeper local participation in the sector. The renewed directive reinforces the Board's commitment to transparency, accountability, and effective utilisation of the levy as a cornerstone of Nigeria's local content policy.

Power Sector

Federal High Court Issues Electricity Sector Practice Directions 2026

In March 2026, the Federal High Court of Nigeria issued sector specific Practice Directions for electricity related disputes, introducing enhanced procedural mechanisms to improve judicial handling of power sector cases. The new directions focus on active case management, early judicial intervention, and alignment of court procedures with the commercial

realities of the electricity market. These measures are intended to ensure faster resolution of contractual and regulatory disputes involving generators, distributors, transmission operators, and market participants.

The practice directions provide for stricter case timelines, mandatory pre trial conferences, and increased

judicial oversight of complex technical and valuation issues that commonly arise in power sector litigation. This development is significant because it aims to reduce legal uncertainty, enhance investor confidence, and minimise prolonged court processes that have historically hampered commercial transactions and project execution in the electricity sector.

Electricity Act Amendment Bill 2025 Under Legislative Consideration

The proposed amendments to the Electricity Act 2023 remain under active consideration by the National Assembly in the first quarter of 2026. The Electricity Act Amendment Bill 2025 seeks to refine and expand the regulatory framework governing Nigeria's power sector, with proposed provisions covering federal and state regulatory boundaries, subsidy administration, infrastructure protection, sector

financing arrangements, and obligations of host communities.

Key issues under deliberation include clarifying the scope of federal and state regulatory authority to reduce jurisdictional ambiguity, strengthening penalties for sabotage and vandalism of power infrastructure, and establishing clearer mechanisms for cost recovery and tariff stability.

Lawmakers are also considering provisions to enhance community participation and social responsibility frameworks in areas hosting power infrastructure. The outcome of these legislative deliberations is expected to have profound implications for the governance, investment climate, and long term sustainability of the electricity sector.

Power Sector

NERC Orders N20.33 Billion Meter Refund to Customers Under MAP Scheme

On 1 March 2026, the Nigerian Electricity Regulatory Commission issued an amended order requiring distribution companies to refund N20.33 billion to customers under the Meter Asset Provider (MAP) scheme. The refunds are to be credited to customer bills over a 12 month period and are aimed at strengthening consumer protection,

addressing overbilling concerns, and restoring public confidence in metering programmes.

The order underscores the regulator's commitment to ensuring that benefits associated with metering innovations are fairly passed on to electricity consumers. It also reflects ongoing efforts to

improve transparency and accountability within distribution operations, particularly as metering is central to cost reflective billing and reduction of aggregate technical commercial losses. The implementation of this refund order is expected to have positive implications for customer trust and regulatory engagement in the sector.

NERC Transfers Regulatory Oversight of Gombe Electricity Market to State Regulator

Consistent with the federal state framework established under the Electricity Act 2023, the Nigerian Electricity Regulatory Commission authorised the transfer of regulatory oversight of Gombe State's electricity market to the Gombe State Electricity Regulatory Commission in Q1 2026. This transfer reflects the progressive devolution of regulatory functions to state

authorities as part of the broader decentralisation of power sector governance.

Under the transferred arrangement, the state regulator will assume responsibility for tariff approvals, licensing of embedded generation and distribution arrangements, and dispute resolution within the Gombe electricity market. The move is

expected to enhance regulatory responsiveness, align electricity service delivery with local market conditions, and promote subnational innovation in electricity regulation. It also signals a maturing of Nigeria's electricity governance architecture, enabling states to play a more active role in shaping their own electricity markets.

Conclusion

As Q1 2026 draws to a close, Nigeria's energy landscape has been sharply influenced by global geopolitical tensions, particularly the conflict involving Iran, the United States, and Israel, and the resulting heightened risks around the Strait of Hormuz, a critical chokepoint for global oil flows. These developments sustained a geopolitical risk premium on crude prices, feeding through to domestic fuel costs and underscoring Nigeria's vulnerability to external market shocks. The volatility has reinforced the urgency of upstream investment, diversification of energy sources, and resilient downstream infrastructure to buffer against global supply disruptions.

Upstream production challenges persisted in Q1, with output below quota, highlighting the need to unlock stalled assets and accelerate project execution. Nonetheless, regulatory reforms under the Petroleum Industry Act and progress in the 2025 Licensing Bid Round have continued to attract measured investor interest, signaling cautious optimism despite security and infrastructure constraints.

On the power and access front, the launch of the DARES initiative has established a clear programmatic framework for expanding off grid electrification through mini grids. Supported by the World Bank, early implementation builds on prior electrification momentum and positions distributed renewable solutions as a key lever for both energy access and sector resilience.

Looking into Q2 2026, the sector can expect continued upstream licensing progress as preferred bidders advance toward financial close, intensified efforts to stabilize downstream fuel pricing in the face of sustained global volatility, and accelerated deployment of renewable energy infrastructure, particularly in underserved communities through DARES. The geopolitical risks, especially around the Strait of Hormuz, will continue to influence investment decisions, pricing dynamics, and strategic planning, emphasizing the need for Nigeria to strengthen supply chain resilience and diversify its energy mix.

In sum, while Q1 highlighted vulnerabilities stemming from global geopolitical shocks and domestic production constraints, Q2 presents opportunities for structural gains, reform consolidation, and tangible advances in energy access. How Nigeria navigates upstream licensing, downstream pricing, and renewable energy deployment amid persistent external shocks will be decisive in shaping a more resilient and diversified energy sector through the remainder of 2026.

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.

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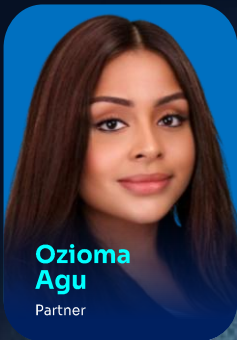
Address

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



**Ozioma
Agu**

Partner

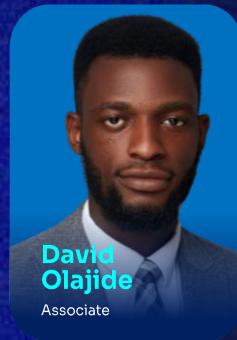
OziomaAgu
@strenandblan.com



**Anjoreoluwa
Boluwajoko**

Associate

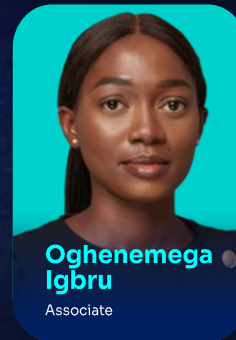
Anjoreluwaboluwajoko
@strenandblan.com



**David
Olajide**

Associate

Davidolajide
@strenandblan.com



**Oghenemega
Igbru**

Associate

OghenemegaIgbru
@strenandblan.com

