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## TEMPLARS Transcripts: Energy & Natural Resources Digest

### Oil and Gas

- **FG Approves Amendment of 2022/2023 Deep Offshore Oil Block Mini Bid Round Schedule, Conclusion date now 28 July 2023.**

The Nigerian Upstream Petroleum Regulatory Commission ("NUPRC") announced that the Federal Government has approved modifications to the 2022/2023 Deep Offshore Oil Block Mini-Bid Round Schedule (the "Mini-Bid Round").

To this end, the NUPRC has updated the Mini-Bid Round by extending the deadlines for submission of technical and commercial bids to 19 May 2023. In addition, the timeline for wrapping up contract negotiations and signing has been scheduled for 3 July and 28 July 2023.

According to the NUPRC, these modifications are necessary to address concerns expressed by local and foreign investors relating to the feasibility of concluding the Mini-Bid Round before the inauguration of a new government; and to allow for proper evaluation of relevant data and for interested parties to enter into necessary joint venture arrangements.

- **NMDPRA Gazettes New Regulations for Midstream & Downstream Petroleum Sector, set March 31 deadline for permits.**

The Nigerian Midstream and Downstream Petroleum Regulatory Authority (the "NMDPRA") on 22 March 2023 unveiled six new Regulations (the "Regulations") to improve efficiency in the midstream and downstream sectors.

The new Regulations are:

1. Midstream and Downstream Petroleum Operations Regulations.
2. Petroleum Measurement Regulations.
3. Assignment or Transfer of Licence and Permit Regulations.
4. Natural Gas Pipeline Tariffs Regulations.
5. Gas Pricing, Domestic Demand, and Delivery Regulations.
6. Petroleum (Transportation and Shipment) Regulations.

According to the NMDPRA, the Regulations are designed to foster industry expansion through regulatory clarity, fairness, transparency, and industry best practices. In addition to the six Regulations, 14 other regulations are being developed and will be issued shortly.

The NMDPRA also announced its launch of the Midstream and Downstream Oil and Gas Industry Service Permit ("MDOGISP") Portal to harmonize all service providers for the industry. Accordingly, effective from March 31st, 2023, no company will be allowed to operate in the midstream and downstream sector without a valid permit issued by the NMDPRA.

- **NUPRC to Deploy Initiatives to Help Marginal Field Awardees Progress in Field Development.**

The Nigerian Upstream Regulatory Commission ("NUPRC") is preparing a production-based lending engagement to assist Petroleum Prospecting Licensees (the "Licensees") of the 2020 Marginal Field Bid Round (the "2020 Bid Round") who are facing challenges in securing the funds needed to begin full field development.

In a statement signed by its Chief Executive, NUPRC stated that this move will provide platforms for strategic partnership/alliance between the Licensees and service providers. The engagement will involve the NUPRC, Licensees, service providers, and Nigerian banks.

The NUPRC also announced that plans are underway for a petroleum Exploration and Production International Financing Roadshow in Abuja for financiers, investment bankers, private equities, and multi-lateral institutional investors, to showcase the high-value quick win opportunities available to investors from the 2020 Bid Round, the ongoing National Gas Flare Commercialisation Programme and the ongoing Mini Bid Round.

In addition, the NUPRC stated that it has developed a Corporate Governance Framework for upstream petroleum operations, which is undergoing internal review and stakeholder engagements for its finalisation. The framework is aimed at enhancing sustainability, environmental and corporate governance requirements and to facilitate capital attraction by investors for the optimal and efficient development of upstream petroleum assets.

Finally, to improve early cash flow and hasten the process of reaching "first oil," the NUPRC has also initiated the revision of the subsisting Extended Well Test (EWT) ("EWT") Guidelines.

- **AGM Petroleum Ghana Limited relinquishes its 80% interest in the South Deepwater Tano Block (SDWT)**

AGM Petroleum Ghana Limited (AGM), has relinquished its interest in the South Deep Water Tano (SDWT) block, which is the biggest in Ghana at 3,500 square kilometres in size with 127 million barrels of proven oil reserves and an estimated 400 to 650 million barrels in its immediate environs.

Under the Petroleum Agreement dated 10 September 2013 and the amendment to the Petroleum Agreement dated 20 April 2019, AGM acquired its 80% interest in SDWT block while the Ghana National Petroleum Corporation (GNPC) acquired a 15% participating interest with Quad Energy Limited holding the remaining 5% interest. The GNPC subsequently sought parliamentary approval in 2021 for a loan of \$1.65 billion to finance the acquisition of a 37 percent stake in the Deep Water Tano Cape Three Point (DWT/CTP) block operated by Aker Energy Ghana Limited and a 70 percent stake in SDWT block operated by AGM through its subsidiary, GNPC Exploration and Production

Company Limited (GNPC Explorco). GNPC also proposed the incorporation of a joint operating company by GNPC Explorco, Aker Energy, and AGM to operate the two oil blocks.

AGM indicated in its public notice dated 6 March 2023 that the company has decided to relinquish its 80% interest in the SDWT block at no cost, despite substantial investments including drilling two ultra-deepwater wells and financing the Nyankom oil discovery. According to AGM, work in the SDWT block will require substantial future investments given the depth of water involved and therefore the relinquishment is a normal conclusion for exploration blocks like SDWT.

- **Energy Transition and Renewables**

- **Nigeria Amongst the Highest Ranked Countries Based on its “Regulatory Indicators for Sustainable Energy” by IRENA.**

- International Renewable Energy Agency (IRENA), an intergovernmental organization that serves as a repository for policy and resource on renewable energy has, in its recently published “Global Landscape of Renewable Energy Finance”, ranked Nigeria amongst the highest countries based on its “Regulatory Indicators for Sustainable Energy” by mid-2022. This indicates that Nigeria has a relatively mature policy environment for renewable energy and energy transition. In addition, Nigeria was ranked as the largest single recipient of off-grid electricity investments in Sub-Saharan Africa attracting USD 287 million during 2010-2021.

- The foregoing rankings position Nigeria as a viable market for off-grid renewable energy and energy transition investments, particularly due to the rising diesel prices, large untapped market and governmental policies such as the implementation of the Nigeria Electrification Program by the Rural Electrification Agency and the Mini-Grid Regulations 2016.

- **US\$561.8bn investment required to achieve net zero in Ghana**

- The Ghanaian Minister of Energy has indicated that an estimated US\$561.8billion will be required for various investments to realize Ghana's energy transition commitments of net zero emissions by 2070, based on the objectives in the National Energy Transition Framework designed to ensure Ghana's contributions to combating climate change as a signatory of the Paris Agreement on Climate Change.

- The amount is to be spent on four broad areas: energy, transport, residential and industrial, and service, will boost the country's efforts toward reducing greenhouse gas (GHG) emissions and, more importantly, achieve decarbonisation, energy access, security, and energy efficiency. According to the Ministry of Energy, it is expected that most of the investments will go into building power generation plants to power electric vehicles as well as increasing access to cleaner energy sources. US\$76million out of the total investment amount is estimated to be allocated for electricity transmission and distribution, whereas electricity generation capacity is projected at US\$266billion. An additional gas infrastructure, including transmission and distribution, will cost US\$14.5billion over the period.

- **FG Gives Subsidies to Mini Grid Developers**

The Federal Government of Nigeria announced plans to award subsidies to mini-grid developers for the deployment of solar power mini-grids to 150 underserved and unserved electricity sites across seven states. It noted the deployment of the mini grids would be driven by the private sector. In a statement issued by the Rural Electrification Agency, it noted that the solar hybrid mini-grid component is financed by the African Development Bank.

The REA explained in the statement, that a private sector-driven program, the MST is targeted at awarding subsidies to mini-grid developers to catalyze the rollout of solar and/or hybrid mini-grid solutions across up to 150 sites split into seven lots across seven states in Nigeria.

The REA explained that the Federal Government of Nigeria, through the support of both the World Bank and the African Development Bank, had continued to optimize the Nigeria Electrification Project to power off-grid communities nationwide with clean, safe and sustainable energy solutions.

## Power and Infrastructure

- **The Federal Government of Nigeria Approves Constitutional Amendment Which Aims to Demonopolize the Electricity Value Chain at the National Level**

In a bid to decentralize the Nigerian electricity value chain and to create a framework for demonopolizing the electricity generation business at the national level, the incumbent president of the Federal Republic of Nigeria, President Muhammadu Buhari has signed into law a constitutional amendment allowing states in the country to generate, transmit, and distribute electricity in areas covered by the national grid.

Prior to the constitutional amendment, the States House of Assembly was empowered to make laws with respect to the generation, transmission and distribution of electricity to areas not covered by a national grid system within that state.

- **President Buhari Commissions 50MW Maiduguri Emergency Power Plant in Borno State**

Phase-1 of the 50-Megawatt Maiduguri & Environs Emergency Power Project ("MEPP") built by the Federal Government through the Nigerian National Petroleum Company Limited (NNPCL) in collaboration with the Borno state government has been commissioned.

The Federal Government commended the NNPCL for ensuring the immediate restoration of reliable power supply to Maiduguri within the shortest possible time and following his directives. The State Government stated that the power plant will guarantee a stable supply of electricity in the state and further boost the economy of the state.