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## TEMPLARS Transcripts: Energy & Natural Resources Digest

### Oil and Gas

#### Nigeria

##### ❖ **NMDPRA introduces Gas Trading and Exchange Regulations**

The Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) has introduced regulations for gas trading and exchange. The objectives of the regulations are to:

- a. regulate the establishment and operations of gas trading and settlement exchange platforms, ensuring a structured and transparent environment;
- b. outline the fundamental principles that underpin the secure, reliable, and efficient trading and settlement of various gas commodities, including natural gas; and
- c. promote the efficiency and resilience of gas trading, exchange, and settlement processes, fostering a robust marketplace for gas commodities.

These regulations extend their scope to encompass all activities associated with the development of secure and streamlined trading and settlement systems for natural gas and other gas commodities within exchange platforms subject to oversight by the NMDPRA.

Gas trading and settlement exchanges are open to exchange operators, gas transmission line operators, gas producers, aggregators, shippers, suppliers, distributors, retailers, consumers, facilities/terminals, network operators, clearing houses, and other participants in the exchange.

**TEMPLARS will issue client alerts analyzing the regulations shortly.**

##### ❖ **The Federal Government Approves the Establishment of the Compressed Natural Gas Initiative.**

On Friday, 18 August 2023, the President of the Federal Republic of Nigeria, through his special adviser on Media and Publicity announced the establishment of the Presidential Compressed Natural Gas Initiative (the “**PCNGI**”). The establishment of the PCNGI is in

furtherance of the President's commitment to cushion the impact of fuel subsidy removal on Nigerians through the reduction of energy costs.

The PCNGI will target more than 11,500 new Compressed Natural Gas ("CNG")-enabled vehicles and 55,000 CNG conversion kits for existing Premium Motor Spirit ("PMS")-dependent vehicles. The PCNGI will also cover workshop programmes; job creation with the overall goal of reducing transit costs for the public; new stakeholder-operated intrastate mass transit systems built on CNG; support for states to onboard new CNG buses as part of intrastate mass transit network and provision of incentives for investors to invest in CNG processing.

#### ❖ **The Nigerian National Petroleum Company Limited (NNPCL) and Golar LNG take steps to Formalize Collaborative Gas Development for FLNG Projects**

Golar LNG, a Norwegian midstream floating solution provider, has revealed that it has signed a head of terms with the Nigerian National Petroleum Company Limited (NNPCL) in which the parties agreed on an integrated contractual framework for the joint development of gas fields using floating liquified natural gas (FLNG). Golar LNG made this revelation in its interim Q2 2023 financial report, covering the period until June 2023.

The signing of the heads of terms extends the scope of an initial 5-year-termed Memorandum of Understanding (MOU) signed by the two companies in April 2023. The MOU which has a duration of 5 years, was for the construction of an FLNG facility in Nigeria. The FLNG facility is aimed at increasing the domestic production and utilization of natural gas and also increasing gas exports.

In this latest update, Golar LNG revealed that material, technical and commercial progress has been made on the deal with the NNPCL.

#### ❖ **NUPRC issues warning on 3% remittance to host communities**

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) has issued a warning, indicating the possibility of revoking the licenses, leases or permits of upstream operators or settlers who do not adhere to the mandated three percent (3%) statutory fees to be remitted to host communities by the end of September. The NUPRC has acknowledged the concerns raised by host communities in the Niger Delta region, highlighting delays in fee payments by industry operators. This statutory requirement is governed by Section 240 of the Petroleum Industry Act, 2021 (PIA), and non-compliance with these obligations could result in license revocation.

The NUPRC has strongly urged defaulting operators to promptly fulfill their obligations and settle outstanding arrears, emphasizing the Commission's firm intent to fully enforce Section 240 of the PIA 2021. In the event of continued defaults beyond September 2023, the NUPRC retains the authority to revoke the licenses, leases or permits of defaulting settlers/operators.

Recognizing the critical importance of addressing this issue in a timely manner, the NUPRC underscores that the PIA has replaced previous provisions with a new Host Community Development Trust Fund (HCDF) and has suspended prior agreements like the Global Memorandum of Understanding (GMOU) and the Memorandum of Understanding (MOU). Neglecting to resolve this matter could adversely affect efforts to

attract foreign investment, stabilize the national economy, and enhance the country's overall macroeconomic status.

## **POWER**

### **❖ Federal Government commences first phase of Gwagwalada Independent Power Plant**

President Bola Ahmed Tinubu has officially kickstarted the first phase of the (350MW) of the 1,350MW Gwagwalada Independent Power Plant Project.

There are five key numbers to note with respect to this project:

1. 1,350 MW - This is the projected output of the power plant following its completion. It will be a notable addition to Nigeria's current installed capacity of 12,000MW.
2. 3 -The three stakeholders in the Joint Venture ("JV") for the execution of this project are General Electric ("GE"), China Machinery and Engineering Corporation ("CMEC") and the Nigerian National Petroleum Company Limited ("NNPCL").
3. 54.7 hectares - The project will sit on 54.7 hectares of land acquired at Gwagwalada, in the Federal Capital Territory (FCT), Abuja.
4. \$800 million - This is the projected revenue which is to be generated by the project annually within the first 10 years of its operation. This will amount to a total of \$8 billion in 10 years.
5. 3,600 MW - The Gwagwalada 350MW (Phase1) project is part of an incremental 3,600MW cumulative power project based on market-driven designs along the Abuja, Kaduna, and Kano (AKK) gas pipeline corridors. The goal of the NNPC is to produce captive power plants nationwide in small scale where transmission issues will not be a cause for concern.

## **RENEWABLE ENERGY**

### **Nigeria**

#### **❖ SolarAfrica And Starsight Energy Announce Merger Completion**

SolarAfrica Energy and Starsight Energy have announced the successful completion of a merger, proposed to become the leading pan-African clean energy platform providing on - and off-site renewable energy to commercial and industrial clients across Africa. The merger is supported by Helios Investment Partners and African Infrastructure Investment Managers, renowned for their investment in African innovation. The merged group aims to serve a wide range of customers with a comprehensive mix of cost-effective solutions, providing power security and carbon reduction as well as a comprehensive array of clean energy options, including solar energy, battery storage, wheeling, and energy management, all maintained and operated on behalf of customers.

The merged group's mission is to make power accessible and affordable and will unlock greater efficiencies and expand its reach. The CEO of the merged group, Paul van Zijl, emphasized the merger's significance in establishing a true pan-African platform for delivering renewable energy. The merged group consists of an installed and contracted portfolio of 520 MW in solar power generation, 60 MWh of battery storage, and an

additional energy pipeline exceeding 2 GW, resulting in a carbon offset of over 360,000 tonnes of CO<sub>2</sub>.

In addition to key markets in Ghana, Kenya, Namibia, Nigeria, and South Africa, the group is planning an expansion into Tanzania and Uganda. The merged group explained that the aim is to contribute to relieving the pressure on national grids in core African markets, while developing distributed renewable energy frameworks. The merged group plans to maintain a strong presence in each country to ensure a lasting impact across the continent, with dedicated in-country management, sales, and technical teams to support the company's growth and transformation.

## Ghana

### ❖ Ghana Approves Green Minerals Policy

The Ghanaian government has approved a Green Minerals Policy, a strategic move aimed at maximizing value created from critical mineral resources in the country. This policy is designed to invigorate the local mineral value chain by providing regulatory guidelines and fiscal terms that govern critical mineral activities in Ghana. A significant aspect of this policy is its prohibition on the export of unprocessed minerals, reflecting the government's commitment to retaining and enhancing the value generated from these resources.

Ghana's Minister of Lands and Natural Resources, Samuel Jinapor, emphasized the policy is intended to harness the country's resources more effectively. Notably, the Green Minerals Policy will be integrated into Ghana's existing Mining Policy Document, introducing tailored regulations for the burgeoning 'green mineral industry'. Given Ghana's rich mineral deposits, particularly those crucial for renewable energy technologies like batteries and electric vehicles, the policy aims to encourage local participation in the mineral value chain while boosting revenue through increased mineral processing. The government anticipates further refinement of the policy as it progresses through parliamentary approval and its eventual incorporation into the broader national mining policy framework.