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## TEMPLARS Transcripts: Energy & Natural Resources Digest

### Nigeria

#### Oil and Gas

- **NUPRC Publishes the 2024 Oil Sector Growth Plan, commits to Finalise Deep Offshore Licensing Bid Round**

The Nigerian Upstream Petroleum Regulatory Commission ("**NUPRC**") has unveiled its 2024 action plan, focusing on key goals, such as concluding the deep offshore oil blocks licensing bid round, lowering the average cost per unit of oil production to US\$20 per barrel, and increasing oil production to 1.8-2.6 million barrels per day. The NUPRC aims to address the decline in investments and the challenges meeting its Organization of the Petroleum Exporting Countries ("**OPEC**") quota through strategies like optimizing automation systems and implementing transparent, competitive entry fees. The plan also emphasizes the importance of addressing global energy transition imperatives and collaborating with relevant government entities to grow oil production.

Furthermore, the NUPRC acknowledges the decline in investment appetite from international oil and gas companies in Nigeria, partly due to increasing competition from regional peers. The regulatory action plan outlines measures to attract fresh investments, including defining objectives for each licensing round, promoting indigenous participation, and monetizing Nigeria's gas resources. The NUPRC pledges to ensure competitive entry fees, responsive to global realities and energy transition, and emphasizes transparency, accountability, and the implementation of a carbon credit earnings framework for upstream operations. Additionally, initiatives like the 100% hydrocarbon accounting project and the Domestic Crude Oil Supply Obligation are introduced by the NUPRC to efficiently manage Nigeria's oil and gas resources and reduce import dependency on refined products.

## Power and Infrastructure

- **FG Plans to sell Five Power Plants at US\$1 Billion**

The Federal Government of Nigeria is planning to sell five power plants, located in various states, under the National Integrated Power Projects for an estimated US\$1.15 billion. The Director-General of the Bureau of Public Enterprises (BPE) confirmed the ongoing transaction but did not provide specific details. Sources familiar with the matter revealed that the BPE intends to sell the facilities at a little over \$1.1 billion, although the international benchmarks suggest a higher value of over US\$5 billion. The power plants include the Geregu II plant in Kogi, Omotosho II plant in Ondo, Olorunshogo II plant in Ogun State, Odukpani power plant in Cross River State, and the Benin-Ihovbor plant in Edo State.

Among the power plants, the Omotosho II plant with four power-generating turbines is estimated to be sold at about US\$85 million, the Olorunshogo II plant with four turbines at US\$170 million, the Benin-Ihovbor plant with five turbines at US\$420 million, the Odukpani power plant with five turbines at approximately US\$260 million, and the Geregu II plant with four turbines at \$215 million. The sale is part of the government's efforts to attract investments in the power sector and improve the overall power infrastructure in the country.

- **Nigeria to sell power distribution firm over US\$130 million debt**

Nigeria's electricity regulator, the Nigerian Electricity Regulatory Commission ("NERC"), has put up for sale Kaduna Electricity Distribution Plc ("Kaduna Electric"), the sixth-largest power distribution utility, due to its \$130 million debt. The utility owes US\$130 million to various entities, and NERC has invoked the Electricity Act 2023 which was passed last year to dissolve its board, considering it a 'failing licensee.' Kaduna Electric was taken over by African Export-Import Bank ("Afreximbank") and Fidelity Bank in July 2022, but efforts to improve its financial performance have faced challenges.

- **NERC issues new power generation, distribution licences**

The Nigerian Electricity Regulatory Commission ("NERC") has granted two power generation licenses to the Alaro Connect Free Zone Enterprise in Alaro City, Epe, Lagos State. These licenses authorize the enterprise to generate and distribute electricity within the designated free zone. The first license allows for Embedded Electricity Generation with a capacity of 10 megawatts at Alaro City, while the second license is specifically for Independent Electricity Distribution within the same area.

- **Nigerian Government Unveils a New 300KWp Power Project**

The Nigerian government has commissioned a 300KWp Solar PV pilot project in Kainji, Niger State, as part of President Bola Tinubu's plan to enhance electricity supply. The project, designed to increase power generation capacity, reduce electricity costs, and promote collaboration with Mainstream Energy Solution and its Chinese partner, HEDC, includes a 675KWh Battery Energy Storage System

(BESS). The BESS is integral to the extension of the 1G3 and 1G4 under the rehabilitation of the 1G9 in Kainji HPP project.

The solar project aligns with the national renewable energy and energy efficiency policy, aiming to increase the country's renewable energy development by 2030. Mainstream Energy Solution's Managing Director highlighted plans for additional Solar PV projects with capacities of 450MWp and 150MWp at Kainji and Jebba Hydro Power Plants.

- **FG Targets 40MW Kashimbilla Hydropower Plant**

The Kashimbilla hydropower plant is set to contribute 40 megawatts to the national grid, supporting the development of small and medium enterprises (SMEs) in Taraba and Benue States. The Minister of Power, Adebayo Adedun, noted during an inspection that the surrounding communities, especially those displaced by dam construction in Taraba, already benefit from the 10 megawatts currently distributed directly from the 40-megawatt capacity plant.

The Minister emphasized the economic importance of ensuring the evacuation of the stranded 30 megawatts, stating that it aligns with efforts to improve power generating capacity across power plants. The Minister highlighted ongoing work to strengthen and expand the transmission grid so that generated power can be efficiently distributed by distribution companies.

## Energy Transition and Renewables

- **Nigeria Pledges US\$3.1trn to energy transition**

Nigeria has unveiled a comprehensive plan to transition from fossil fuels to cleaner and renewable energy sources, committing a substantial US\$3.1 trillion investment over the coming decades. The Minister of State for Petroleum Resources, Dr. Heineken Lokpobiri, announced this bold initiative at the 54th Annual Meeting of the World Economic Forum.

The plan comprises two major components: US\$1.9 trillion dedicated to implementing an energy transition plan, focusing on diversifying energy sources, improving efficiency, and developing alternative energy infrastructure, and an additional US\$1.2 trillion dedicated to renewable energy development by 2060, emphasizing solar, wind, and geothermal power.

The Minister emphasized that this commitment underscores Nigeria's acknowledgment of the necessity to tackle climate change and transition towards a low-carbon future stressing that attracting foreign investment, efficient resource allocation, and transparent project implementation will be critical factors in the success of this initiative.

- **Nigeria and India Sign MoU on Renewable Energy**

Nigeria and India have solidified their commitment to collaboration in the renewable energy sector by signing a Memorandum of Understanding (MoU) during the 6th Nigeria-India Joint Commission in Abuja. The agreement aims to foster the development of new and renewable energy technologies, encompassing areas such as solar energy, wind energy, biomass/bioenergy, small hydro, and capacity building.

India is considered one of Nigeria's top economic partners, with investments estimated at US\$27 billion and an annual trade turnover ranging between US\$13-15 billion.

## Ghana

- **Ghana's President commissions first private-owned oil refinery in Ghana**

On Friday 26 January 2024, Ghana's President, Nana Addo Dankwa Akufo-Addo commissioned Sentuo Oil Refinery, Ghana's first private-owned and biggest oil refinery in the Tema Industrial Area owned by Sentuo Group, a Chinese conglomerate. This US\$2 billion oil refinery has an initial processing of 40,000 barrels per day, scalable to 100,00 barrels when the facility is fully operational. The oil refinery will produce finished gasoline (petrol), diesel, and other petroleum products as well as create about 1,000 jobs. The President observed that by processing our crude oil domestically, Ghana would be creating opportunities to add value, transform raw materials into finished products, and increase its competitiveness in the energy and manufacturing sectors. With Ghana currently importing 95% of petroleum products, this project reflects the country's determination to reduce reliance on foreign oil, towards energy independence, industrialization, and economic prosperity.

- **Ghana's Jospong Group of Companies signs US\$1 billion Carbon Credit financing deal with India's EKI Energy**

Jospong Group of Companies (JGC), a diversified holdings company in Ghana, has signed a Memorandum of Understanding (MoU) with EKI Energy Services Ltd, a leading carbon credit developer and supplier which is listed on the Bombay Stock Exchange, to generate US\$1 billion in carbon credits in Ghana. In this five-year partnership, EKI Energy will provide technical support to JGC for implementing carbon offset projects in Ghana. This initiative is set to boost carbon credit development in Ghana and attract carbon investment. Further, this project will contribute to the removal or prevention of about one ton of carbon dioxide or its equivalent from entering the atmosphere, furthering the country's climate action goals.

- **Tullow Oil expects five Jubilee wells to come onstream in its 2024 outlook**

Ahead of the Group's 2023 Full Year Results scheduled which is set to be announced on 6 March 2024, Tullow Oil plc (Tullow) has issued a statement which, among others, sets out its outlook for 2024. The CEO of Tullow reiterated that 2023 represented a *major inflection point for the company as it moved from a period of investment focus to delivery of free cash flow growth*. Tullow is therefore on track to deliver approximately US\$600 million free cash flow over the next two years in line with its stated target of achieving approximately \$800 million of free cash flow from 2023 to 2025 at US\$80/bbl.

In terms of its outlook for the year, Tullow expects five Jubilee wells (three producers and two water injectors) to come onstream in 2024. Tullow and its joint venture partners also intend to take a drilling break in Ghana while existing well stock sustains production at Jubilee and the decline at the Tweneboa Enyenra Ntomme (TEN) oil field continues to be effectively minimised. Drilling in Ghana is expected to resume in 2025, and the procurement process for a new rig will commence in 2024.