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TEMPLARS Transcripts: Energy & Natural Resources Digest

Nigeria

Oil and Gas

- **Optimera Energy Commences Construction of Gas Distribution Infrastructure at Lagos Free Zone**

The Optimera Energy LFZ Enterprise ("**Optimera Energy**"), a consortium comprising Falcon Corporation Limited, FHN Gas Limited and ND Western Midstream Limited, has initiated the construction of infrastructure within the Lagos Free Zone ("**LFZ**") to distribute natural gas to companies operating within the LFZ. This infrastructure includes a 25MMScf/D City Gate Station, scalable to 100MMScf/D, along with ancillary infrastructure such as distribution lines and pipelines connecting to the Escravos – Lagos Pipeline System tie-in point.

The project aligns with the LFZ's vision to be a premier industrial hub in West Africa, and the project represents a strategic collaboration aimed at advancing Nigeria's energy landscape while promoting industrial development and economic growth within the LFZ.

As project counsel to the Lagos Free Zone Company on the project, TEMPLARS advised on the drafting, negotiation and implementation of the 20-year Gas Infrastructure Development Agreement (GIDA) and associated matters related to the development of the integrated gas distribution infrastructure network.

- **NUPRC Inaugurates BOT Forum for Host Community Trust Implementation**

The Nigerian Upstream Petroleum Regulatory Commission (“NUPRC”) has inaugurated the Host Community Development and Administration Trust Board of Trustees (“BOT”) Forum, with the aim of streamlining the implementation of the host community provisions outlined in the Petroleum Industry Act, 2021 (“PIA”).

The Commission Chief Executive of the NUPRC, emphasized the necessity of establishing a centralized platform for addressing host community issues and facilitating the seamless administration of the PIA’s host community provisions. According to him, the NUPRC, in compliance with Sections 232 and 235 of the PIA, has incorporated 103 Trusts responsible for implementing the Host Community Development Trust (“HCDT”).

It was also announced at the inauguration event that the NUPRC is developing a transparent, real-time digital portal/reporting system named HOSTCOMPLY, aimed to enhance compliance with the host communities development provisions of the PIA.

We anticipate that the BOT Forum and HOSTCOMPLY will play a crucial role in facilitating interaction among the NUPRC, operators, host communities and other stakeholders, thereby enhancing accountability and transparency in adhering to the provisions of the PIA.

Power and Infrastructure

- **Nigeria’s Vice President inaugurates 188MW Geometric Power Project**

On 26 February, 2024, Nigeria’s Vice President, Kashim Shettima commissioned the Geometric Aba Integrated Power Plant.

The project consists of: (i) 141MW Power Plant to be expanded to 188MW post commissioning; (ii) acquisition of the electricity distribution assets in the Aba Ring-Fenced Area covering over 4000 square kilometres; (iii) construction and installation of over 140km of brand new 33 kV and 40km of 11kV overhead lines, and approximately 1500 km of 400-volt lines; (iv) construction and installation of brand new power plant substation, brand new injection substations, and refurbishing/upgrade of three 2 x 15 MVA substations; (v) construction of a 27-kilometer dedicated gas pipeline with gas preparation infrastructure and gas metering stations at both ends of the pipeline; and (vi) exclusive rights to supply power to 9 out of Abia State’s 17 Local Government Areas.

TEMPLARS advised the lenders on the restructuring and refinancing a US\$500 million debt for the development of the project.

- **Nigeria’s Vice President Unveils 'Light Up Nigeria' Initiative in South-East Region**

Nigeria’s Vice President, Kashim Shettima recently introduced the Light Up Nigeria program in the South-East, aiming to boost power supply in industrial hubs in the region. The initiative, unveiled in Enugu State, is part of broader efforts to enhance energy provision across Nigeria. The project, a collaboration

involving the Niger Delta Power Holding Company and partners, engaged key stakeholders from the power sector. Additionally, a Southeast Business Roundtable facilitated discussions among government officials and business leaders, focusing on ensuring reliable power for both industrial and residential areas.

We expect that the initiative will attract investments and drive sustainable progress in the region.

- **NERC to Impose N10.5 Billion Deduction on Discos' Revenue for Estimated Bills**

The Nigerian Electricity Regulatory Commission ("**NERC**") announced sanctions against 11 power distribution companies for non-compliance with the capping of estimated bills for unmetered customers. The NERC will deduct over N10 billion from the annual allowed revenues of the affected companies during the next tariff review. This action follows a review revealing billing non-compliance with monthly energy caps. The NERC has also ordered credit adjustments for over-billed customers and directed the power distribution companies to publish beneficiaries' lists.

The NERC reaffirmed its commitment to regulatory compliance and consumer protection within the power sector. Sanctions are part of NERC's efforts to improve service delivery, although their effectiveness remains debated, with some stakeholders calling for more stringent enforcement.

Ghana

- **Ghana Secures over US\$ 1 Billion from Crude Oil in 2023**

Ghana's Petroleum Holding Fund ("**PHF**"), Ghana's designated public fund for receiving and disbursing petroleum revenue, reported a total inflow of US\$1.06 billion in 2023 from crude oil exports. Although this figure represents a decrease from the US\$1.43 billion recorded in 2022, Ghana's significant earnings from crude oil, despite facing economic headwinds, emphasises the resilience of Ghana's petroleum sector.

The Ghana Heritage Fund and Ghana Stabilization Fund also saw positive returns in the first half of 2023. The PHF's investment strategy also generated US\$18.1 million in investment income in 2023. These trends in 2023 showcases Ghana's commitment to maximising returns on its petroleum assets and fostering the growth of its petroleum sector.

- **Tullow Oil Plc to Temporarily Halt Drilling Operations in Ghana in 2024**

Tullow Oil PLC ("**Tullow**") and its joint venture partners, Kosmos Energy, Ghana National Petroleum Corporation, Petro SA and Jubilee Oil Holdings, have announced their intention to take a drilling break in Ghana later in 2024. In its January Trading Statement, released ahead of their 2023 full-year results, Tullow highlighted exceptional drilling performance, with five Jubilee wells (comprising

three producers and two water injectors) expected to come onstream in 2024. This early success has led to the conclusion of planned drilling activities approximately six months ahead of schedule, showcasing the strong technical capabilities of the Ghanaian operator.

We believe that the sustained emphasis on long-term growth and development in Ghana's oil and gas sector signifies stability and instils confidence among investors contemplating engagement in the region.

- **GOIL Upstream concludes a Farm-Out and Joint Operating Agreement with Planet One**

GOIL Upstream Limited, a subsidiary of GOIL PLC has signed a Farm-out and Joint Operating Agreement with Planet One Oil and Gas Limited, a leading global natural resources company, for the operation of the Deepwater Cape Three Points (DWCTP) Block. The execution of this agreement followed obtaining the consent of the Ghana National Petroleum Commission and the approval of Ghana's Minister for Energy. The Farm-out Agreement will enable the completion of an assignment of 75% participating interest from GOIL Upstream Limited to Planet One Oil and Gas Limited.