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Client Alert

NMDPRA Draft Competition Regulations 2026: Key Implications for Nigeria's Petroleum Sector

On 22 September 2026, the Nigerian Midstream and Downstream Petroleum Regulatory Authority (the "**NMDPRA**" or the "**Authority**") convened industry stakeholders for a consultation on its proposed framework for preventing anti-competitive practices and behaviour in the midstream and downstream petroleum sector, as set out in the Draft Midstream and Downstream Petroleum Prevention of Anti-Competitive Practices and Behaviour Regulations, 2026 (the "**Draft Regulations**").

The Draft Regulations were published by NMDPRA on 6 August 2026 for stakeholder comments, in compliance with the consultation requirement under section 216(1) of the Petroleum Industry Act, 2021 (the "**PIA**"). If adopted, the Draft Regulations would establish NMDPRA's first comprehensive, standalone competition framework for the midstream and downstream petroleum sector.

Across 138 regulations and 23 Parts, the proposed regime would address collusive conduct, dominance, access to essential infrastructure, vertical integration, transactions, digital markets, enforcement and regulatory coordination.

For market participants, the significance is practical: commercial arrangements, access decisions, transactions and data-driven tools could attract NMDPRA scrutiny alongside the Federal Competition and Consumer Protection Commission (the "**FCCPC**") oversight. The key implications of the proposed Draft Regulations are set out below.

1. A Sector-Specific Competition Rulebook

The central significance of the Draft Regulations is that competition compliance would become a distinct regulatory obligation for midstream and downstream businesses, not merely an issue arising in cartel investigations. The framework would establish a sector-specific basis for addressing conduct that prevents, restricts or distorts competition.

The focus is broader than price fixing or market sharing. The Draft Regulations reach bid rigging, coordinated supply restrictions, price signalling, exchanges of commercially sensitive information and other concerted conduct, including informal or tacit coordination. The absence of a signed agreement would not, by itself, remove the risk.

The above matters in a sector where competitors routinely interact through industry forums and other channels. Communications about prices, volumes, supply constraints, customers or strategy may therefore attract scrutiny even without a formal agreement, making competition protocols for industry engagement and information flows increasingly important.

2. Dominance Is Not Prohibited; Abuse Is

The proposed regime targets misuse of market power, not scale itself. Regulation 36(1) confirms that holding a dominant position is not prohibited; the violation is abusing that position under the Draft Regulations and the Federal Competition and Consumer Protection Act, 2018 (the "**FCCPA**").

For businesses with significant market power, the risk is therefore in how they price, contract and deal with counterparties. NMDPRA would consider market share, barriers to entry or expansion, substitute products or services, buyer power and access to critical infrastructure, data, inputs or distribution channels.

Also, the proposed abuse rules address unfair prices or trading conditions, limits on production or market access, discriminatory terms, tying, refusal to deal, margin squeezes, predatory pricing and exclusive dealing.

3. Essential Infrastructure: Access Must Be Real, Not Merely Available

For operators controlling key infrastructure, the principal implication is a shift from discretionary access decisions to documented, non-discriminatory access. The proposed rules would cover essential facilities such as petroleum pipelines, storage terminals, jetties and bulk-loading facilities.

Eligible third parties would receive access to available capacity, subject to legitimate technical, safety, financial and commercial requirements. Unaffiliated competitors would be entitled to services, quality standards, tariffs and service conditions equivalent to those offered to affiliates. In practice, operators will need transparent allocation criteria and records showing that capacity, pricing and service decisions are defensible.

The risk is not limited to an express refusal. Artificial withholding or hoarding of capacity, unjustified access barriers and obstruction of good-faith negotiations could each attract scrutiny. Infrastructure operators should therefore treat access governance as a competition-control function, not only an operational matter.

4. Vertical Integration: Equal Treatment of Affiliates and Rivals

The proposed rules would impose heightened controls on vertically integrated licensees andbusinesses active at multiple stages of the value chain, including refining, pipeline transportation, storage and downstream marketing, and on their dealings with affiliates and third parties.

The practical requirement is separation in commercial treatment and information flows. Vertically integrated licensees would have to deal with counterparties on a non-discriminatory basis and can not use information, strategic control or operational privileges from one business to disadvantage unaffiliated competitors. Affiliates and rivals would need equivalent access conditions, tariffs, service quality and scheduling priority.

Regulations 43–46 also address cross-subsidisation, transfer pricing, separation of vertically integrated businesses and a code of conduct for affiliate relationships. These provisions may require clearer internal governance, arm's-length documentation and control over the movement and use of commercially sensitive information.

5. Long-Term and Exclusive Deals: Commercial Certainty vs. Foreclosure

Long-term supply arrangements are not inherently problematic, but the Draft Regulations would scrutinise them where they lock up demand or supply and foreclose rivals.

Exclusive supply, long-term and take-or-pay arrangements could be prohibited unless supported by a legitimate, proportionate justification. Particular risk areas include terms that block competitor access for excessive periods, punitive take-or-pay obligations beyond reasonable investment-recovery needs, and restrictions on lawful termination or switching. Parties negotiating or renewing these contracts should be able to articulate the commercial rationale, duration and proportionality of each restriction.

6. M&A and Joint Ventures: Clearance Risk Expands

The proposed prior-approval regime would extend beyond conventional change-of-control transactions. It would capture mergers, amalgamations, transfers of licences, direct or indirect acquisitions of interests in a licensee or its holding company, transfers of operational control and internal restructurings that result in a change of control. Also, certain joint ventures, strategic alliances and other collaborations between licensees or their affiliates would require prior notification and competition assessment where they involve actual or potential competitors and may substantially reduce independent competitive conduct.

NMDPRA's analysis would extend beyond ownership thresholds. It would consider concentration, vertical integration, foreclosure of critical inputs or infrastructure, loss of actual or potential competitors, and control of essential facilities or bottleneck infrastructure.

Parties should assess competition requirements early in transaction planning, as proceeding before resolving applicable approval requirements could create significant regulatory and timing risks.

7. Digital Markets and AI Pricing: New Tools, New Exposure

The Draft Regulations would extend competition oversight into technology-enabled petroleum businesses, including shared digital platforms, algorithmic and AI-based pricing, and the use of competitively sensitive information.

For a licensee controlling a platform that is essential to market participation, such as a fuel-procurement marketplace, payment application, loyalty scheme or fleet-management system, the key issue is whether platform control becomes a gatekeeping advantage. The Draft Regulations would prohibit excluding rivals, imposing discriminatory terms, limiting interoperability or data visibility, or manipulating platform features to disadvantage competing offers, absent objective justification.

Under the Draft Regulations, algorithmic and AI-based pricing remains permissible, but not where the tool facilitates price coordination or collusive outcomes. Businesses using these systems should be able to demonstrate human oversight, clear compliance controls and governance over the data and assumptions driving pricing decisions.

8. NMDPRA-FCCPC Coordination: One Compliance Landscape

The consultation also highlighted NMDPRA's strengthened cooperation with the FCCPC under a Memorandum of Understanding (the "MoU") signed on 10 September 2026.

The MoU is intended to support information sharing and coordination on market transparency, consumer protection, investigations and enforcement. NMDPRA described the mandates as complementary, with the Draft Regulations intended to operate alongside the broader framework under the FCCPA.

For market participants, the practical consequence is that a competition issue may attract attention from both regulators; internal assessments and response protocols should therefore account for parallel engagement and information requests.

9. Compliance and Enforcement: Record-Keeping Becomes a Risk Control

The proposed framework would make competition compliance an ongoing operational discipline. NMDPRA could require licensees to maintain compliance programmes, conduct internal reviews and retain relevant records for 10 years.

The Authority could audit contracts and digital records, with material issues identified in an audit capable of leading to a formal investigation and sanctions. The proposed sanctions include administrative penalties and, in serious cases, suspension or revocation of a licence.

The framework also contemplates information sharing and coordinated investigations and enforcement with the FCCPC and other authorities. Businesses should assume that records created for one regulatory interaction may be relevant to another.

Next Steps: Prepare Before Finalisation

The Draft Regulations are not yet in force. NMDPRA will consider stakeholder submissions before finalising the framework.

Businesses should use this window to (i) map agreements and practices that could raise foreclosure, discrimination or coordination concerns; (ii) review access, affiliate and information-sharing controls; (iii) identify transactions, joint ventures and restructurings that may require early regulatory analysis; and (iv) test competition compliance, record-retention and audit readiness, including for digital pricing tools.

Stakeholders may also wish to submit any further comments or observations on the Draft Regulations as NMDPRA considers stakeholder feedback and progresses the framework towards finalisation.

We will continue to monitor the process and report on material developments as the Draft Regulations move towards finalisation.

If you require any further clarification, do not hesitate to contact us.