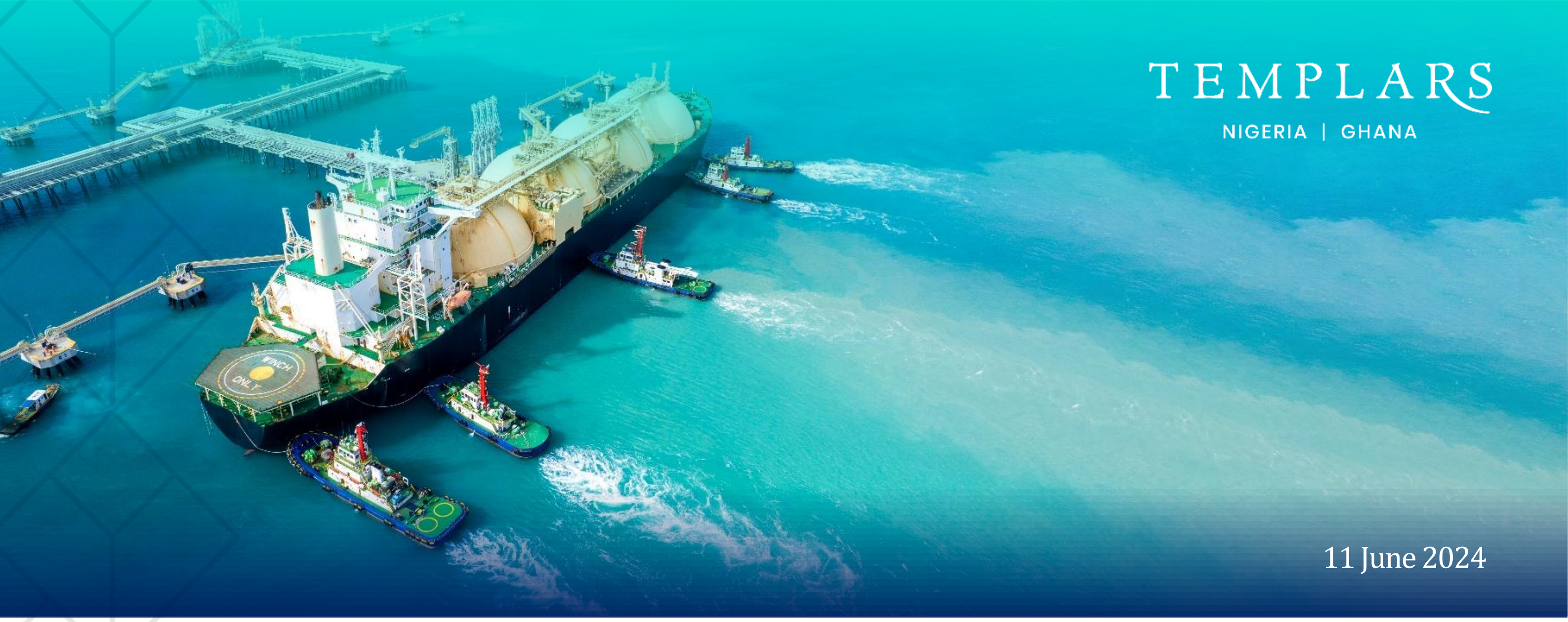

TEMPLARS
NIGERIA | GHANA

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# TEMPLARS Transcripts: Energy & Natural Resources Digest


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## Ghana

## Mining

- **Atlantic Lithium Ltd successfully lists on the Ghana Stock Exchange**

  Australian-based Atlantic Lithium Ltd., which is developing Ghana's first lithium mine, has successfully listed on the Ghana Stock Exchange. The shares opened at 4.40 cedis ($0.31) per share in Accra on 13 May 2024. With the listing on the Ghana Stock Exchange, the company currently has listed all its shares in issue on the Australian Securities Exchange, the London Stock Exchange's AIM board, and the Ghana Stock Exchange.

  Atlantic Lithium is yet to acquire ratification of its 15-year mining lease from Ghana's Parliament. This is part of the company's next steps, which was communicated by its chief executive officer, Keith Muller.

  Under the Minerals and Mining (Local Content and Local Participation) Regulations 2020 (LI 2431), a mineral rights holder whose capital expenditure exceeds the specified limits must list at least 20% of its equity on the Ghana Stock Exchange within five years after commencement of mining operations.

  Even though the company has not begun production, the Ewoyaa mine is expected to become the continent's third-largest hard-rock lithium project and will likely serve as a key factor in Ghana's energy transition industry. This listing of Atlantic Lithium Ltd is to leapfrog this listing requirement before it begins its mining operations. The listing is also in line with the green minerals policy approved by the Government of Ghana in 2023 which seeks to increase the local content requirement for mining companies to 30% and require mandatory listing.

## Oil and Gas

- **Crude oil production dropped from 71.44m to 48.25m barrels in 2023 – PIAC Report**

  According to the Public Interest and Accountability Committee (PIAC), crude oil production in Ghana declined for the fourth consecutive year in 2023.Throwing light on happenings in the upstream petroleum sector, the report indicated that crude oil production reduced "from a high of 71.44 million barrels in 2019 to 48.25 million barrels in 2023." This represents an annual average decline of 9.2%. Of the 48 million barrels, 63% came from the Jubilee Fields, 23% from Sankofa Gye Nyame (SGN) Fields and 14% from Tweneboa Enyera Ntomme (TEN) Fields. The committee has recommended that the government and the relevant regulatory bodies should take the appropriate steps to reverse production decline in existing fields and ensure investments in unexploited fields.

## Power

- **Government must invest in ECG to resolve revenue leakages**

  Electricity Company of Ghana (ECG) has recently faced series of disruptions in the provision of electricity to the public. The Executive Director of the Institute of Energy Security, Nana Amoasi VII, has acknowledged that the current difficulties in the utility sector is as a result of financial issues.

  The Institute has indicated that it is necessary for the country to invest in the ECG to prevent the financial leakages that exist in its operations. These financial leakages are likely due to the ECG's inability to collect all revenue for its power supply due to theft and some consumers' refusal to pay debts owed. The Institute has highlighted that until the country can efficiently collect revenues for the supply of electricity, the existing supply problems of the ECG will continue.

## Nigeria

## Oil and Gas

- **NUPRC Commences the 2024 Nigeria Petroleum Licensing Round and Resumption of 2022/2023 Mini Bid Round**

  The Nigerian Upstream Petroleum Regulatory Commission (**"NURPC"**) has commenced the 2024 Petroleum Licensing Round, identifying twelve (12) blocks across deep offshore, shallow water, and onshore terrains to be made available to interested investors. The licensing round is expected to last nine (9) months, demonstrating Nigeria's commitment to openness and transparency in line with the principles of the Extractive Industry Transparency Initiative (EITI).

  The NUPRC also announced its collaboration with multi-client partners to provide access to extensive and robust datasets to prospective bidders through the National Data Repository (**"NDR"**) to ensure informed decision making.

  The licensing round is the second in a series of bid rounds and will be managed by the NURPC in accordance with the Petroleum Industry Act (**"PIA"**).

  In the same vein, the NURPC has resumed the 2022/2023 Mini-Bid Round. The procedure for both the 2024 licensing round and the 2022/2023 Mini-Bid Round includes registration and pre-qualification, data prying or purchase, technical bid submission or presentation, technical bid evaluation, and a commercial bid conference.

- **Nigeria's President Inaugurates Critical Gas Infrastructure Projects**

  President Bola Ahmed Tinubu (the "**President**") has recently inaugurated three (3) critical gas infrastructure projects in Nigeria, which are the expanded AHL Gas Processing Plant, the ANOH Gas Processing Plant, and the 23.3km ANOH to Obiafu-Obirikom-Oben Custody Transfer Metering Station Gas Pipeline.

  The three projects are in line with the Decade of Gas Initiative ("**DGI**") and the vision to grow value from gas assets while eliminating gas flaring and accelerating industrialization.

  Upon the projects becoming fully operational, approximately 500MMscf of gas in aggregate will be supplied to the domestic market from the two gas processing plants, representing over 25% incremental growth in gas supply in the country.

- **Nigeria's Federal Government Requests for New Oil Exploration Deal with the United Arab Emirates**

  The Federal Government (**"FG"**) has urged the United Arab Emirates (**"UAE"**) to invest in the renewal and reconstruction of oil pipelines in Nigeria that have existed for over fifty (50) years since 1956/58 (when Nigeria found oil in commercial quantities). This was done through the Minister of State for Petroleum, Heineken Lokpobiri when he hosted the UAE Ambassador to Nigeria, Salem Al Salem.

  Nigeria has over five thousand (5,000) kilometers of ageing oil pipeline infrastructure across the country, which is only not fully functional, but also has a negative impact on the people and environment, through frequent oil spills.

  The Nigerian National Petroleum Company Limited (**"NNPC"**) identified its intention to replace these pipelines in three years as Nigeria currently transports large portion of its fuels through tankers and other inefficient means, thus raising the cost of production and pricing of products. The NNPC also mentioned that a Build, Operate, Transfer mechanism had already commenced to ensure that the process of replacement of the pipelines is completed by 2027.

  Upon replacement of the pipelines, the impact on the Nigerian oil and gas sector is expected to be significant. This includes enhanced operational efficiency, economic growth, environmental sustainability, and technological and social development.

## Power and Infrastructure

- **NERC issues Supplementary Order to the Multi-Year Tariff Order 2024 for EKEDP**

  The Nigerian Electricity Regulatory Commission ("**NERC**") issued the June 2024 Supplementary Order ("**Supplementary Order**") to the Multi-Year Tariff Order 2024 ("**MYTO-2024**") for Eko Electricity Distribution Plc ("**EKEDP**"). which is to take effect from 1 June 2024 until a new tariff review order is issued.

  This Supplementary Order follows the approval of MYTO-2024 in January 2024, which included EKEDP's Performance Improvement Plan and adjustments to capital expenditure and historical investments.

The Supplementary Order aims to update the pass-through indices affecting cost-reflective tariffs, considering factors such as exchange rates, inflation rates, available generation capacity, and gas prices. Key indices include a Naira to USD exchange rate of N1,469.06/US$1, a Nigerian inflation rate of 33.69%, a US inflation rate of 3.40%, and maintaining an average generation capacity of 513MWh/h. The gas-to-power price remains at US$2.42/MMBTU with a transportation tariff of US$0.80/MMBTU.

NERC has approved new end-user tariffs for EKEDP starting 1 June 2024. These tariffs will be adjusted monthly based on inflation rates, NGN/US$ exchange rates, and gas-to-power prices. Tariffs for Bands B-E will remain frozen at December 2022 rates, resulting in an estimated subsidy benefit of N16.36bn monthly.

EKEDP is to deliver service levels based on their Service-Based Tariff proposals, with daily updates on supply hours for Band A feeders. Failure by EKEDP to meet service levels will result in feeder downgrades and customer compensation. EKEDP is to procure 51MW of embedded generation, with at least 26MW from renewable sources, by 1 April 2025. The FG will fund the revenue gap between cost-reflective tariffs and actual end-user tariffs during the transition period.