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TEMPLARS Transcripts: Energy & Natural Resources Digest

Nigeria

Oil and Gas

- ### NMDPRA Grants License to Construct to UTM FLNG LTD

  The Nigerian Midstream and Downstream Petroleum Regulatory Authority ("**NMDPRA**") has granted a Licence to Construct (LTC) to UTM FLNG LTD for the establishment and construction of the first Floating Liquefied Natural Gas (FLNG) vessel in Nigeria. The vessel, located in Akwa Ibom State is aimed at processing 324 MMSCF/D of natural gas and producing LPG, condensate, and 2.8 million tonnes of LNG per year.

  This development represents a significant milestone for the project and demonstrates the commitment of the relevant stakeholders to expedite its progress.

  TEMPLARS are Project Legal Counsel on the UTM FLNG Project.

- ### NNPC moves to Revive Brass and OK LNG Projects

  The Nigerian National Petroleum Company Limited ("**NNPC**") has initiated discussions with investors to revive two Liquefied Natural Gas (LNG) projects, i.e., the Brass LNG and Olokola LNG projects, with the aim of maximizing gas resources for economic development.

  According to the NNPC, both projects, which were anticipated to boost Nigeria's gas capacity by over 22 million tonnes per annum, have faced decades of delays due to "unfavourable market dynamics". By reviving the projects, the NNPC expects that it would hold significant potential for Nigeria, offering economic benefits, increased power generation, increased revenue, and support for economic diversification.

  The Brass and Olokola LNG projects were launched in 2003 and 2005, respectively, under the administration of former President Olusegun Obasanjo, with the aim of monetizing Nigeria's vast natural gas reserves and addressing the growing global demand for clean energy.

Brass LNG was incorporated in 2003 with the following shareholders: NNPC, Eni International, ConocoPhillips, and Total Energies. The company was established to construct and operate an LNG plant on Brass Island in Bayelsa State. The Front-End Engineering Design (FEED) envisioned two LNG trains, each with a capacity of 5 million metric tons per annum (mtpa), and the facility was originally scheduled to be operational by 2011.

The Olokola LNG project was originally designed to have a total capacity of 12.6 mtpa, with an initial start-up planned for 2011. Its shareholders included NNPC,

in Shell, Chevron, and the UK's BG Group (which Shell acquired in 2016). However, 2009, BG Group withdrew from the project, and by August 2013, Shell and Chevron had also exited, leaving NNPC as the sole investor.

Potential investors have a unique opportunity to play a pivotal role in reviving and advancing the Brass and Olokola LNG projects, both of which have been designed to significantly boost Nigeria's gas output and capitalize on the growing global demand for clean energy.

- **NUPRC Inaugurates Centre for Efficient Dispute Resolution in the Oil and Gas Industry**

The Nigerian Upstream Petroleum Regulatory Commission (the "**NUPRC**") has inaugurated the Body of Neutrals for the Alternative Dispute Resolution Centre ("**ADRC**").

This initiative aims to provide quality, cost-effective and efficient alternatives to traditional litigation in dispute resolution within the oil and gas sector. The ADRC is anticipated to offer a solution to the frequently prolonged legal disputes, high costs, and strained relationships, particularly between producers and host communities.

Comprising experienced professionals from the legal profession and the oil and gas sector, the Lagos ADRC's Body of Neutrals consists of 27 members, including the former President of the National Industrial Court, Justice Babatunde Adejumo. These individuals have been tasked with mediating disputes that affect both corporate entities and local communities, with the objective of improving access to justice and reducing the burden on the judicial system by offering quicker and more equitable resolutions.

Power and Infrastructure

- **NERC Transfers Oversight to Kogi State Electricity Regulatory Commission**

The Nigerian Electricity Regulatory Commission ("**NERC**" or the **"Commission"**) released an Order of Transfer of Regulatory Oversight of the Electricity Market in Kogi State from the Nigerian Electricity Regulatory Commission to the Kogi State Electricity Regulatory Commission (KSERC) Order NO: NERC/2024/125 (the "**Order**"). The Order was released in line with the provisions of the Electricity Act 2023 (as amended) (**EA**) which grants legislative autonomy to federating states in Nigeria by empowering sub-national governments to legislate on the generation, transmission and distribution of electricity within each state.

According to the Order, the government of Kogi State has initiated the implementation of the provisions of the recent amendment to the EA and complied with the conditions precedent in the EA. The Order seeks to; (a) commence the process of the transfer of regulatory oversight for the intrastate electricity market in Kogi Sate from the Commission to the Kogi State Electricity Regulatory Commission (**KSERC**); (b) provide a transition plan for the transfer; and (c) address ensuing transitional matters arising from the transfer.

By the Order, Abuja Electricity Distribution Plc (AEDC) is directed to incorporate a subsidiary (" **AEDC SubCo**") under the Companies and Allied Matters Act 2020 within 60 days from the effective date of the Order, for the assumption of responsibilities for intrastate supply and distribution of electricity in Kogi State from AEDC. AEDC SubCo is then required to apply for and obtain a licence for the intrastate supply and distribution of electricity from KSERC.

This marks a series of steps towards decentralization of the power sector as contemplated in the EA. Previously, NERC had transferred regulatory oversight in Ondo, Oyo, Imo, Edo and Enugu States to their respective electricity regulatory authorities.

Renewable Energy

- **Embedded Generation, Renewable Energy Target for Distribution Companies**

  The NERC has issued a directive to all 11 Distribution Companies (**"DisCos"**) in Nigeria through a Supplementary Order to the Multi Year Tariff Order 2024. This directive specifies the minimum embedded generation capacities which DisCos will be required to procure, which is 10% of its load allocation for 2024 – to improve supply reliability. The directive further specifies that a minimum of 50% of the embedded generation capacity must be sourced from renewable sources. The DisCos are required to meet the embedded generation capacity targets by April 2025.

  This is part of several initiatives of NERC to drive the development of sustainable energy projects.

Ghana

Energy

- **Ghana signs Nuclear Cooperation Agreement with Regnum Technology Group**

  The Government of Ghana has taken a major step in its pursuit of nuclear energy as a key component of its national energy mix by signing a nuclear cooperation agreement with Regnum Technology Group. The agreement was unveiled at the second United States – Africa Nuclear Energy Summit held in Nairobi, Kenya.

  The execution of the agreement marks a significant move towards strengthening energy security for the entire West Africa region. The nuclear cooperation agreement is set to position Ghana as a leader in the development of small modular reactors in Africa.

Power

- **Ghana Plans to Merge its Existing Hydrodams with the Ghana Hydro Authority.**

  The Government of Ghana has presented the Ghana Hydro Authority Bill, 2024 (**GHA Bill**), which seeks to merge Ghana's Volta River Authority (VRA) and the Bui Power Authority (BPA) into one entity. The objective of the law, when passed, is to streamline the operations of the VRA and BPA for efficiency. This move by the Government of Ghana is to reduce the size of the public sector by merging entities that can be merged.

  This initiative has faced opposition from various stakeholders who have cited high levels of bureaucracy and the risk of bad governance as possible consequences of the proposed merger.

  The Government has also presented the Ghana Thermal Authority Bill, Ghana Power Distribution Authority Bill, Ghana Nuclear Power Corporation Bill and the Ghana Energy Regulatory Authority Bill. The presentation of these bills to the parliament signifies the government's commitment to boost energy production within the country and enhance the regulatory framework of the energy sector.