Key contacts

Dayo Okusami
Partner and Co-Head,
Energy and Natural Resources
dayo.okusami@templars-law.com

Yemisi Awonuga
Partner and Co-Head,
Energy and Natural Resources
yemisi.awonuga@templars-law.com

Desmond Ogba
Partner,
Energy and Natural Resources
desmond.ogba@templars-law.com

Sarpong K. Odame
Partner,
Energy and Natural Resources (Ghana)
sarpong.odame@templars-law.com

TEMPLARS Transcripts: Energy & Natural Resources Digest

NIGERIA

Oil and Gas

- **Africa Oil Corp. Finalizes Prime Oil & Gas Reorganisation and Amalgamation**

  Africa Oil Corp. (a dual listed entity on the Toronto Stock Exchange and the NASDAQ Stockholm) has finalized the consolidation of its ownership in Prime Oil & Gas Coöperatief U.A., marking a transformative milestone for the company. The amalgamation transaction between Africa Oil Corp and BTG Pactual Oil & Gas S.a.r.l consolidates their joint 50:50 ownership shareholdings in Prime Oil & Gas Coöperatief U.A.

  Prime Oil & Gas Coöperatief U.A. indirectly holds significant interests in world-class, deepwater oil and gas assets offshore Nigeria, including the Chevron-operated Agbami field (PML 52) and PPL 2003, and the TotalEnergies-operated Akpo, Egina, and Preowei fields (PMLs 2, 3, 4 and PPL 261). The reorganisation enhances Prime Oil & Gas Coöperatief U.A's operational scale and financial resources, positioning the company to capitalise on new growth opportunities in Nigeria and beyond.

  This transaction also represents a landmark moment in the Nigerian upstream sector, being one of the first full-scale, wholly offshore reorganisation and amalgamation completed under the nascent assignment framework introduced by the Petroleum Industry Act, 2021.

  TEMPLARS advised Prime Oil & Gas Coöperatief U.A. on the transaction.

- **NMDPRA Issues Licences for New Refineries and Sets Domestic Base Price and Wholesale Prices for Gas**

  The Nigeria Midstream and Downstream Petroleum Resources Authority (**NMDPRA**) has issued licences to three oil companies for the development of new refineries in Abia, Delta, and Edo States, respectively. Collectively, these proposed refineries are projected to achieve a refining capacity of 140,000 barrels per day (bpd), reducing dependence on imported refined products and enhancing domestic production.

  The licences were allocated as follows:

  - HSI Refining and Petrochemicals Company Ltd obtained a Licence to Establish a 10,000 bpd refinery in Abia State;
  - MB Refinery and Petrochemicals Company Ltd was granted a Licence to Establish a 30,000 bpd refinery in Delta State; and
  - Eghudu Refinery Ltd received a Licence to Construct a refinery with a capacity of 100,000 bpd in Edo State.

Additionally, the NMDPRA has set the domestic base price and the marketable wholesale price of natural gas for 2025 as part of its mandate under the Petroleum Industry Act of 2021 (**PIA**). These prices were set following consultations with key industry stakeholders and a thorough assessment of the prevailing market conditions.

The new domestic base price is set at $2.13/MMBTU, with wholesale pricing for strategic sectors are set as follows:

Power Sector: $2.13/MMBTU, with no floor or ceiling price.

Commercial Sector: $2.63/MMBTU, with no floor or ceiling price.

Gas-Based Industries: Price to be determined in line with the methodology in the fourth schedule of the PIA, with a floor price of $0.90/MMBTU and a ceiling price of $2.13/MMBTU.

The new pricing seeks to ensure an adequate supply of natural gas for domestic use while balancing affordability and investment appeal.

Power

- **Lagos State Advances Toward Full Regulatory Control of Its Electricity Market**

  Lagos State is progressing towards achieving full regulatory authority over its electricity market, although this transition remains a work in progress. This process is consistent with the provisions of the Electricity Act of 2023 and the 1999 Constitution of the Federal Republic of Nigeria, which grant states the power to govern their intrastate electricity markets, contingent upon the fulfilment of certain conditions.

  Currently, Lagos State has fulfilled several of these conditions, including enacting the Lagos State Electricity Law 2024 and establishing the Lagos State Electricity Regulatory Commission **(LASERC**). However, additional steps remain before full regulatory control is achieved. These include the incorporation of subsidiaries by Eko Electricity Distribution Plc ("**EKEDP"**) and Ikeja

Electric Plc(“**IE**”) to manage electricity supply and distribution within Lagos State. These subsidiaries, EKEDP SubCo and IE SubCo, must be incorporated and licensed by LASERC by 4 June 2025, which is the long-stop date for completing the transition.

For a detailed analysis of this development and its implications on investments in the Lagos electricity market, please read our reflections on the Lagos State Electricity Law and Electricity Market.

Renewable Energy and Energy Transition

- **Oando Clean Energy Signs MOU for 1.2GW Solar Energy Project with Nigeria’s Rural Electrification Agency**

  Oando Clean Energy and the Rural Electrification Agency of Nigeria (REA) have entered into a Memorandum of Understanding (MoU) for a 1.2GW solar project set to reshape Nigeria's energy landscape. This initiative will include Africa’s first solar module assembly plant with a recycling line to convert outdated solar panels into raw materials. The project's first phase, set for completion in 2026, aims to deliver 600MW of solar power, enhancing Nigeria's renewable energy capacity, lowering carbon emissions, and stimulating economic growth.

  The proposed project aims to expand solar PV infrastructure, steer local manufacturing and job creation while broadening electricity access and positioning Nigeria as a renewable energy hub.

- **Nigeria Secures IFC $70M Grant for Renewable Energy, Launches 5 Mini-LNG Plants to Boost Power Access**

  Nigeria has secured US$70 million from the International Finance Corporation (IFC) as funding for certain mini-grid projects. The fund was secured at the Africa Energy Summit which occurred in Dar Salam, Tanzania and is part of a US$1 billion facility set up by the IFC through grants from the Rockefeller Foundation and the African Development Bank.

  The funds aim to bridge Nigeria’s energy gap, where over 85 million people lack reliable electricity, by scaling several decentralised solar-powered grids.

- **Nigerian Distributed Renewable Energy Fund Targets $500 Million**

  The Nigerian government and the United Nations agency have set a US$500 million target for a fund that would be accessed by local developers of renewable energy in Nigeria.

  The fund is aimed at expanding access to renewable energy through solar home systems and mini-grids, especially for electrification of rural areas. The initiative, backed by the Nigerian Sovereign Investment Authority (NSIA) and the United Nations’ Sustainable Energy for All (SEforALL), will be managed by Africa50, an infrastructure investment platform established by the African Development Bank (AfDB).

  The fund, part of the broader Mission 300 program led by the World Bank and AfDB, would be accessible to local developers and available in local currency to boost investment in Nigeria’s renewable energy sector.

- **FG Unveils Policies to Accelerate Nigeria's Energy Transition Goals**

  The Federal Government of Nigeria has unveiled two significant policy documents: the National Integrated Electricity Policy ("**NIEP"**) and the Integrated Resources Plan (**NIRP**) aimed at accelerating Nigeria's energy transition goals.

  These policies were developed in collaboration with the UK Foreign, Commonwealth and Development Office ("**FCDO"**) and the UK Nigeria Infrastructure Advisory Facility ("**UKNIAF"**). The NIEP will serve as the guiding framework for Nigeria's power sector, ensuring that the country's journey towards universal electrification is evidence-based and aligned with its energy transition goals.

  The NIEP and NIRP are designed to drive transformative investments in generation, transmission, and distribution, creating an enabling environment for private sector participation. This development marks a critical milestone in Nigeria's electricity reform journey, demonstrating the government's commitment to sustainable energy development through evidence-based planning.

- **FG to Establish Carbon Markets Across Nigeria**

  The Federal Government has announced plans to establish carbon markets across Nigeria to promote economic and industrial development. The National Council on Climate Change (NCCC) has been tasked with creating a robust and sustainable framework for these markets. As the global carbon market expands rapidly, Nigeria aims to strategically leverage its renewable energy potential to benefit from carbon credit trading.

  However, it remains to be seen how a federal carbon market framework will align with the current power sector dynamics, which empower states to regulate energy activities locally. To maximize effectiveness, the NCCC's carbon market framework must prioritize clarity, stability, and proper integration with state regulations to ensure investor confidence in the carbon trading space.

- **Lagos Government Unveils Africa's First Subnational Carbon Exchange**

  The Lagos State Government has announced the launch of Africa's first subnational carbon exchange, making it the second in the World after California. In line with this initiative, the State plans to, among other things, distribute over six million clean cookstoves at no cost to residents under the US$80-million Paris Agreement Crediting Mechanism (PACM)-compliant Clean Cookstoves Project, set to commence in June 2025. This initiative aligns with the Federal Government's plans to establish carbon markets across the country.

  The Lagos carbon exchange, with appropriate integration with the Federal Government's own initiative, will provide a platform for businesses in the power sector to trade carbon credits, thereby incentivising emissions reductions in energy production.

  Please read a more detailed commentary on this initiative in our thought leadership publication on the Lagos State Electricity Market.

GHANA

Oil and Gas

- **Government Withdraws ENI-Springfield Unitisation Directives, Opens Door for New Development Strategy**

  The Government of Ghana has officially withdrawn its Unitisation Directives imposed on ENI Ghana Exploration and Production Limited (ENI) and Springfield Exploration and Production Limited (Springfield) regarding the Afina-1X Discovery and the Sankofa Cenomanian Oil Field (the "**Directives**").

  On 25 February 2025, the Ministry of Energy and Green Transition announced the reversal of the Directives issued in 2020, which mandated ENI and Springfield to unitise their operations. The withdrawal of the Directives follows an arbitration ruling (SCC Arbitration U2021/114: ENI & Vitol v. Ghana & GNPC) issued on 8 July 2024, as well as legal advice from the Attorney General and Minister of Justice.

  While the arbitral ruling found that the Directives breached the Petroleum Agreement, it did not consider unitisation itself unlawful. This ruling, therefore, gives Ghana the flexibility to determine the best course of action for resource development. The government has emphasized that it retains the authority to introduce new directives in the future, if necessary, for equitable and efficient resource management.

  Ghana's Petroleum Commission is currently assessing the Afina-1X appraisal report to determine the best development approach. Options on the table include future unitisation or a tie-back to existing infrastructure to optimize production.

- **Ghana to Restructure Petroleum Downstream Sector**

  Ghana's downstream petroleum sector is set for comprehensive reforms as the government moves to enhance fuel supply, stabilize prices, and drive economic resilience. The Ministry for Energy and Green Transition has announced plans to establish a stakeholder committee to review policies and develop strategic solutions for key industry challenges.

  The ministry highlighted the need for innovative reforms to improve industry performance and ensure a reliable and affordable fuel supply. Thus, the upcoming stakeholder committee will focus on critical policy reviews, including pricing structure, downstream regulation, supply diversification, cost reflective tariffs, low-carbon fuel markets and the modernization of the Tema Oil Refinery.

  Additionally, the National Petroleum Authority (NPA) has disclosed that the government plans to introduce automated fuel dispensing machines at selected outlets. This move aligns with Ghana's 24-hour economy policy and aims to improve transparency and efficiency in fuel distribution. With policy reforms, stakeholder engagements, and technological advancements, Ghana is positioning its downstream petroleum industry for greater efficiency and long-term stability.

Power

- **TUC and PUWU Fight Against Privatisation of ECG**

  The government's push to involve the private sector in the Electricity Company of Ghana (ECG) has met strong resistance from the Trade Union Congress (TUC) and the Public Utility Workers' Union (PUWU), who argue that ECG is a critical national asset that should not be privatized.

  The unions referenced the Power Distribution Services (PDS) debacle in 2019, where ECG operations were briefly handed over to a private company before the contract was terminated due to non-fulfilment of obligations. They question the assurance that another privatization attempt would not end in a similar failure.

  TUC and PUWU acknowledge ECG's operational challenges but argue that the challenges stem from systemic failures and not public ownership. The unions stressed that political interference has hindered efficiency and disrupted strategic planning and stability, with seven different Managing Directors being appointed within 15 years.

  Additionally, poor procurement practices have resulted in ECG using 58 different types of meters, many of which are substandard and politically imposed and have led to inefficiencies, technical losses, and financial strain. The unions also highlight the government's unpaid electricity bills and the widespread distribution of unregistered meters as major financial drains on ECG. The unions argue that privatization will not fix Ghana's electricity pricing model, which suffers from a currency mismatch (electricity generation is paid for in dollars, while consumers pay in cedis, creating an unsustainable financial gap).

  Rather than privatization, TUC and PUWU have proposed strategic reforms to make ECG more efficient while keeping the company under public control. Their recommendations include depoliticizing ECG's management, establishing a stakeholder board with representation from think tanks, social groups, and labour unions for better governance, enforcing financial discipline, implementing transparent procurement through competitive tenders, and reforming electricity pricing to align generation costs with tariffs.