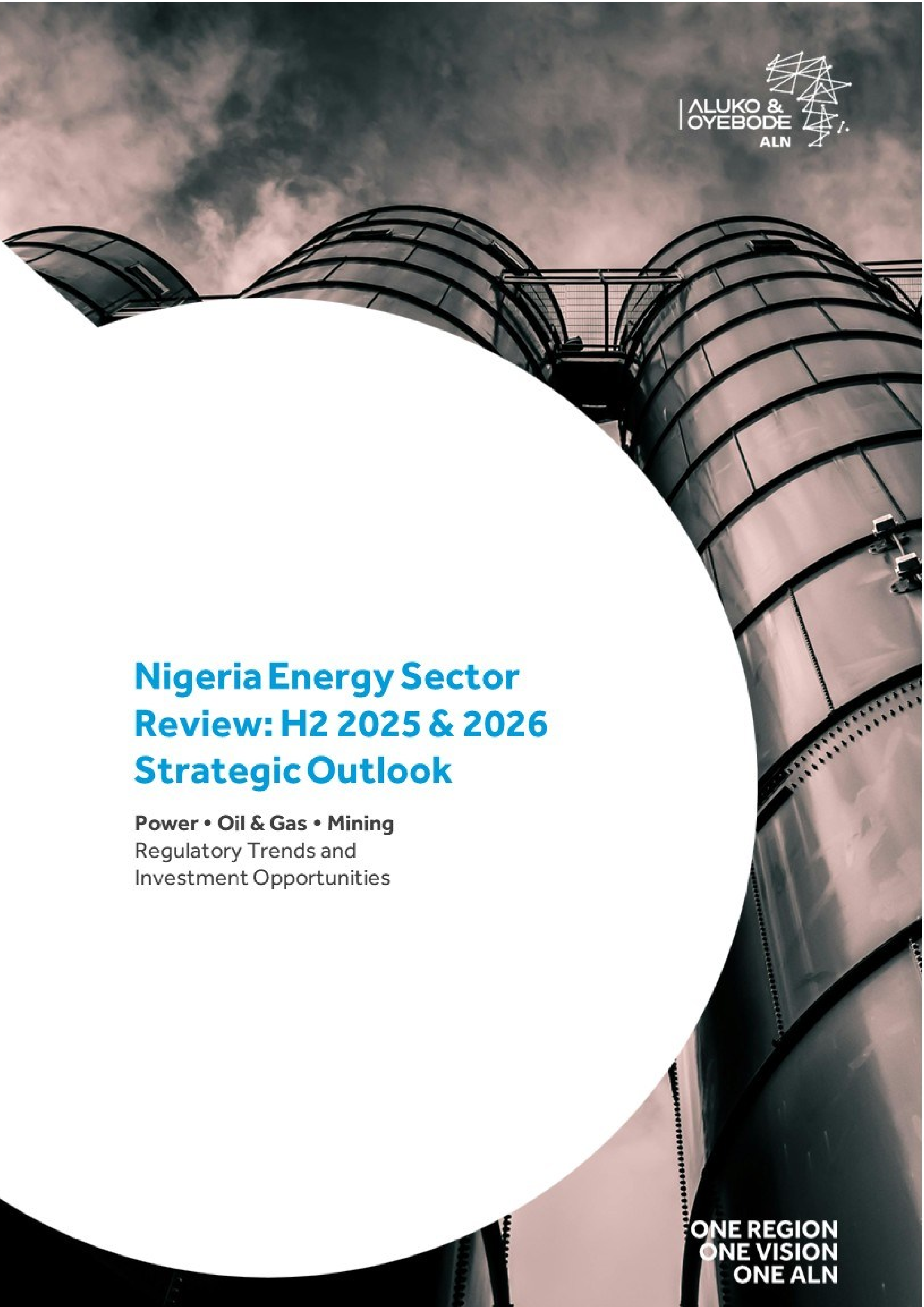

ALUKO & OYEBODE ALN

Nigeria Energy Sector Review: H2 2025 & 2026 Strategic Outlook

Power • Oil & Gas • Mining

Regulatory Trends and Investment Opportunities

ONE REGION
ONE VISION
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INTRODUCTION

As Nigeria's energy sector enters 2026, the convergence of sustained regulatory reforms, targeted infrastructure investments and shifting market dynamics across the power, oil and gas, and mining sectors is reshaping the commercial and legal landscape for investors, operators and financiers. The operating environment is increasingly defined by more active regulators, evolving policy priorities, and heightened expectations around compliance, governance and value creation. For stakeholders across the value chain, 2026 is shaping up to be a year in which strategic positioning, regulatory alignment and execution discipline will be critical to unlocking opportunities while managing risk.

In the power sector, the ongoing decentralisation of electricity market regulation is beginning to take firmer shape, with more states advancing frameworks for sub-national oversight, including the establishment of state-level regulatory bodies and distribution-related entities. This trend is expected to create a more complex, multi-layered compliance environment, particularly for developers and investors in embedded generation, mini-grids and distributed energy solutions, who will increasingly need to navigate both federal and state regulatory regimes. At the same time, financial and structural reforms within the distribution segment remain a central policy focus. As the 2028 licence renewal cycle approaches, recapitalisation pressures on electricity distribution companies are likely to intensify, driving further consolidation, strategic investments and potential market exits. Parallel government-led liquidity support initiatives are intended to stabilise the sector, but sustainable improvement will ultimately depend on enhanced operational efficiency, improved metering coverage and stronger revenue assurance frameworks.

Regulatory developments around net billing and the treatment of prosumers are also expected to play a significant role in reshaping the electricity market. The finalisation and implementation of these frameworks should unlock further investment in rooftop solar, storage and hybrid systems, while gradually transforming traditional distribution business models. In parallel, persistent grid constraints and reliability challenges continue to push large commercial and industrial users toward self-generation and off-grid solutions, reinforcing the commercial case for decentralised power infrastructure. Over the medium term, Nigeria's participation in regional power markets through the West African Power Pool presents a potential export opportunity, but realising this will require substantial investment in transmission infrastructure, system stability and cross-border regulatory coordination.

In the oil and gas sector, upstream activity continues to be shaped by the implementation of the Petroleum Industry Act and the renewed emphasis on regulatory clarity, transparency and investor confidence. The 2025 licensing round, which extends into 2026, signals a sustained effort to attract new capital into both frontier and core producing areas, while broader policy initiatives aimed at boosting production levels underscore the government's focus on revenue generation and asset optimisation. For investors and operators, this environment presents opportunities to acquire and develop assets, but it also places a premium on robust legal structuring, regulatory engagement and risk management, particularly in relation to host community obligations, fiscal terms and approval processes.

Gas monetisation remains a central pillar of Nigeria's energy transition and industrialisation strategy. Progress on major gas infrastructure projects, alongside programmes aimed at reducing flaring and expanding domestic gas utilisation, is expected to support increased gas-to-power capacity, industrial feedstock supply and liquefied natural gas expansion. While these developments offer significant commercial potential, execution risk remains a key consideration, particularly in relation to project delivery timelines, funding structures and interface with power and industrial off-takers. Downstream, policy decisions around fuel imports, domestic refining capacity and market pricing frameworks will continue to shape cost structures, supply stability and investment incentives, reinforcing the importance of close regulatory monitoring and proactive commercial planning.

In the mining sector, the federal government's more assertive approach to licence administration and enforcement is reshaping the investment landscape. The revocation of a substantial number of dormant or non-compliant licences has underscored a clear "use-it-or-lose-it" policy direction, creating both opportunities for new entrants and heightened compliance expectations for existing operators. At the same time, the growing policy emphasis on local value addition, beneficiation and domestic processing is influencing project structuring and investment criteria, with increasing focus on downstream linkages, local partnerships and community development commitments. Security considerations and the formalisation of artisanal mining activities further highlight the importance of stakeholder engagement, social licence to operate and careful risk allocation in mining projects.

Across all segments of the energy and natural resources sector, three strategic imperatives are likely to define success in 2026. First, effective navigation of Nigeria's increasingly complex, multi-tiered regulatory environment will be essential, requiring proactive compliance strategies and early engagement with both federal and state-level regulators. Second, access to long-term, patient capital — whether through development finance institutions, strategic investors or innovative financing structures — will be critical to delivering the scale of infrastructure required to support growth across power, gas and mining. Third, the integration of energy transition considerations, including gas as a transition fuel, renewable and distributed generation, and broader environmental, social and governance (ESG) priorities, will increasingly influence investment decisions, risk assessments and access to capital.

Overall, 2026 stands out as a pivotal year for Nigeria's energy sector. The interplay between regulatory reform, infrastructure development and policy-driven market restructuring creates a dynamic but demanding environment for investors, operators and policymakers alike. For investors, the opportunities remain substantial, but they are accompanied by heightened execution, regulatory and counterparty risks. For regulators and policymakers, the challenge will be to sustain reform momentum while preserving market stability and investor confidence. For operators, agility, compliance discipline and sound governance will be essential to navigating the sector's evolving complexities.

Set out below is our 2025 Half-Year Review, which provides additional context on the key developments that shaped the sector in the second half of the year.

Energy Half Year (H2) Report 2025

POLICY AND REGULATORY UPDATES

1. POWER

- Osun State Passed Bill to Establish Regulatory Commission[1]

The Osun State House of Assembly passed the Osun State Electricity Market Regulatory Bill 2025, to establish the state electricity commission to regulate electricity market within the state, following the lead of Edo, Ekiti, and Lagos States, who have established state electricity regulatory commissions. The constitutional decentralisation of the Nigerian electricity sector in 2023 is the most consequential power sector update of this decade.

The establishment of state-level power sector regulators is a critical step in the transition to the decentralisation of the Nigerian electricity market.

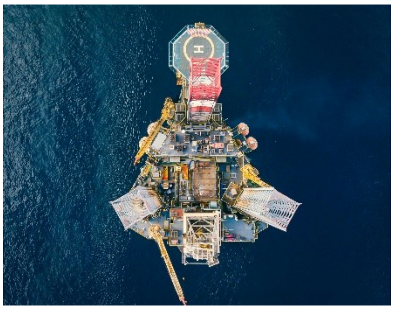
- NERC Released Order on Mandatory Implementation of FGC[2]

NERC issued an Order mandating the implementation of Free Governor Control ("FGC") for all grid-connected generation companies ("GenCos"). The Order sets a compliance deadline of 30 November 2025 and introduces penalties for non-compliance, including a prorated 10% reduction of the defaulting unit's invoice. GenCos that remain non-compliant for 90 consecutive days face disconnection from the grid until they meet the requirements of the Grid Code.

The Order seeks to ensure that all generating units are fitted with fast-acting FGC that can regulate turbine speed and adjust power output based on frequency deviation exigencies.

While the FGC was already a requirement in the Grid Code issued in 2018, the new Order makes its activation mandatory. This directive signals NERC's increased focus on enforcing technical standards to improve the overall performance of the Nigerian Electricity Supply Industry ("NESI").

- The Electricity Act Amendment Bill 2025 Passed Second Reading[3]



The Electricity Act (Amendment) Bill 2025 passed its second reading in the Senate, signalling a legislative effort to address persistent structural issues in the power sector. A key objective of the bill is to mitigate the financial burdens on the Federal Government, which continue despite the privatisation of generation and distribution companies ("GenCos" and "DisCos").

The bill proposes to enhance the operationalisation of the Power Consumer Assistance Fund, established under section 122 of the Electricity Act, to better support vulnerable consumers.

The bill also introduces stiffer penalties for the vandalisation of power infrastructure, with some proposals including capital punishment. Other amendments address funding mechanisms, labour rights, and the role of state governments in the evolving power sector regulatory landscape.

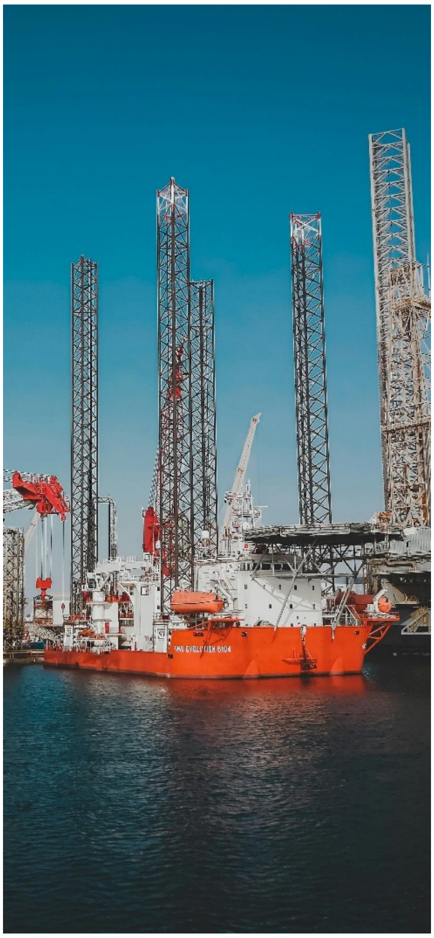
Key areas of conflict include: (i) provisions allowing NERC to retain regulatory jurisdiction over state-licensed entities that rely on the national grid; and (ii) the proposal for the Nigerian Electricity Management Services Agency to enforce technical standards nationwide, including on state

[1] Nairametrics - 29 July 2025
[2] FGC Order
[3] Electricity Act amendment Bill, 2025 scales 2nd reading in Senate - Political Economist (9 July 2025)

licensed operators. This has led to over-lapping regulatory oversight concerns expressed by stakeholders and the Forum of Commissioners of Power and Energy, representing several states. These potential conflicts highlight the emerging complexities of navigating a multi-tier regulatory system.

- NERC invited Comments on the Draft Net Billing Regulations[4]

In a move to align with the global shift towards distributed generation, NERC is advancing a regulatory framework for net billing. This initiative will enable ''*prosumers*'' (i.e., refers to entities or persons who both produce and consume power) to export surplus electricity to the grid in exchange for credits or compensation, thereby promoting investment in renewable energy generation.



NERC has developed draft regulations which it released for public review and commentary. The draft regulations allow customers who generate power, such as solar power users, to connect to the national grid and receive credits for excess energy provided into the grid.

The NERC stakeholder review period has ended and we expect the final regulations to be issued in due course.

The finalisation of this net billing framework will have significant commercial and regulatory implications for producers and distributors For the prosumers and renewable energy developers there is a clear financial incentive to invest in private generation of power for consumption and distribution, potentially accelerating the adoption of small scale solar and other renewables for power generation. For distribution companies, there may be a fundamental shift in their business model, moving from a purely volumetric sales model to one that must accommodate two-way energy flows interfacing with a more decentralised grid. There may be revenue implications and need for new investments in grid modernization and metering infrastructure.

- Lagos House of Assembly Public Hearing on Ibile Energy Law[5]

The Lagos State House of Assembly held a public hearing on the proposed Ibile Energy Corporation Law, a bill aimed at expanding the State's strategic investments in oil, gas, and renewable energy to address its growing energy needs.

The bill seeks to repeal the Ibile Oil and Gas Law of 2015 and establish the Ibile Energy Corporation, a new commercial strategic energy investment entity of the State.

- NERC Commenced Enforcement of the Third-Party Collection Framework in NESI[6]

To address persistent revenue leakages and improve transparency in the NESI, NERC commenced enforcement of its "Guidelines on Registration and Engagement of Third-Party Collection Service Providers," first issued in May 2025. The framework prohibits Distribution Companies ("DisCos") from using unlicensed agents for bill collection and aims to formalise revenue flows. However, the

[4] NIGERIAN ELECTRICITY REGULATORY COMMISSION - 4 September 2025
[5] Lagos Assembly's new energy law to boost power sector - The Guardian (28 August 2025)
[6] Guidelines-on-the-Registration-and-Engagement-of-Third-Party-Collection-Service-Providers-by-Electricity-Distribution-Companies.pdf

prevalence of unregistered agents and unregulated cash transactions, particularly in rural areas, has continued to undermine these objectives.

In response, NERC issued updated guidelines imposing strict commission caps on all third-party electricity bill collectors. Under the new framework, only entities licensed by the Central Bank of Nigeria, such as banks and licensed super-agents, are eligible to operate as Collection Service Providers ("CSPs").

The guidelines set maximum commissions for all payment channels, including:

- N20 per USSD transaction below N5,000, and N50 for transactions at or above N5,000
- 0.75 per cent to 3.25 per cent for mobile wallets, agency banking, PoS, kiosks, and rural agents, depending on the channel
- A hard cap of N2,000 – N5,000 per transaction depending on the channel type

NERC also directed that Maximum Demand customers (consumers with electricity usage capacity of 45kVA and above) are exempt from third-party collections and must pay directly into DisCos' accounts, with no commission payable to any agent. However, concerns have been raised that the 3.25 per cent cap and N5,000 limit may push smaller players out of business, particularly in remote areas with low electricity supply and customer density.

NERC has warned that any CSP not registered by December 31, 2025, would be operating illegally.

- Federal Government to Introduce Minimum Capital Requirement for DisCos Ahead of 2028 Licence Renewal[7]

While speaking at the Nigeria Energy Exhibition and Conference in Lagos on 28 October 2025, the Minister of Power, Adebayo Adelabu disclosed that the federal government is considering the introduction of a minimum capital adequacy requirement as part of the licence renewal process for distribution companies (DisCos) to improve their financial health and liquidity.

The Minister confirmed that the Nigerian power sector continues to face challenges of under-capitalisation among DisCos with a severe debt burden which has affected their operational efficiency. According to him, the proposed minimum capital requirement will ensure that only financially stable and technically capable operators retain their licences.

The Minister noted that under-capitalisation hinder infrastructure investment, network maintenance, and payments to generation companies (GenCos), impact the quality and reliability of consumers' electricity supply, leading to billing and collection losses, and thereby compounding the government's subsidy obligations.

In a bid to stabilise the market, the President has approved a N4 trillion bond to clear debts owed to verified GenCos and gas suppliers. Additionally, a targeted subsidy framework is being developed to protect low-income households while transitioning the industry toward full commercialisation.

Although the minimum capital requirement is yet to be confirmed, we are monitoring the conversations and the implications for DisCos.

2. MINING

- Nigeria Signed AMSG Establishment Charter[8]

[7] Federal Government sets capital benchmark for DisCos' licence renewal - 29 October 2025
[8] Federal Republic of Nigeria signs and ratifies the AMSG Establishment Charter – AMSG – Africa Minerals Strategy Group (17 July 2025)

Nigeria, through the Minister of Solid Minerals Development Dr. Dele Alake, formally signed and ratified the charter of the Africa Minerals Strategy Group (AMSG) during the 4th African Natural Resources and Energy Investment Summit (AFNIS) with the theme "Harnessing Local Content for Sustainable Development" which held in Abuja in July 2025. This aligns Nigeria with other African nations pushing for value addition, local content and mineral resource optimisation across Africa.

The AMSG was established by the African Ministers of Minerals and Mining on 4 January 2024 during the 3rd Future Minerals Forum in Saudi Arabia. The AMSG is dedicated to facilitating international cooperation in the mining and minerals sector across Africa and to promote local beneficiation, exploration, extraction and commercialization of critical minerals.

Furthermore, the Africans for Africa Fund (the Fund) was officially launched at the AFNIS with the aim of addressing the projected US$2.1 trillion funding shortfall in the mining industry by 2050. The Fund also seeks to create wealth for Africans while utilizing African resources. The sum of US$50 million is expected from institutional partners within the first 90 days of the fund's launch.

The establishment of the AMSG and the launch of the Fund signal a coordinated push to increase local value retention in Africa's mining sector. For investors, this points to a more assertive regulatory landscape with local content as a focal point. While this could increase compliance requirements, it also creates opportunities for investment in local processing and manufacturing, aligning with long-term sustainable development goals and mitigating risks associated with resource nationalism.

3. OIL AND GAS

- The Petroleum Industry Act (Amendment) Bill 2025: Fiscal, Regulatory and Governance Overhaul [9]

The Petroleum Industry Act 2021 (the "PIA") which was enacted into law in 2021 has established a regulatory framework with clearly defined roles for the Ministry of Petroleum, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA).

The Federal Government has proposed amendments to the PIA, to address fiscal gaps and enhance government revenue. Key proposals include designating the NUPRC as the government's

[9] NIGERIA'S OIL LAW OVERHAUL – THISDAYLIVE

representative in all oil and gas contracts, currently held by NNPC Limited. Additionally, the PIA amendment bill seeks to introduce joint oversight of integrated upstream-midstream operations by both the NUPRC and NMDPRA, to provide clarity in shared regulatory governance, especially in projects which involve upstream and downstream activities. These changes are intended to streamline regulatory processes, reduce regulatory duplication, and improve oversight.

One of the proposed changes is for the proposal for the Ministry of Finance Incorporated (MOFI) to become the sole shareholder of NNPC Limited (the successor entity of the Nigeria National Petroleum Corporation). There have been public and stakeholder concerns regarding the potential impact of the proposed amendments on NNPC Limited's operational independence. In particular, Media reports state the Federal Government seeks to balance fiscal and policy oversight to promote the transparency and institutional checks and balances within the sector.

- Federal Government Suspended the Proposed 15% Fuel Import Duty[10]

The Federal Government, through the Nigerian Midstream and Downstream Petroleum Regulatory Authority ((NMDPRA), has announced, in a press statement issued on 13th November, the suspension of the proposed 15% ad valorem import duty on petrol and diesel, stating that the15% import duty is "*no longer in view*".

The Federal Government had in October 2025, approved a 15% import duty on the cost, insurance and freight (CIF) of petrol and diesel imported into Nigeria. Although the measure was initially conceived as a corrective policy tool to strengthen local refining capacity and stabilise pump prices, there was a projection of increase in the landing cost of petrol by N99.72 per litre.

According to the statement by the NMDPRA, domestic refineries and importation channels are providing a "robust and steady" inflow of petroleum products to ensure the market remains stable and retail stations are adequately stocked. NMDPRA further noted that it is maintaining close surveillance of supply and distribution networks nationwide to prevent supply disruptions or artificial scarcity.

[10] Federal Government Suspends 15% Fuel Import Duty as Government Assures Nigerians of Nationwide Supply Stability - Market News Nigeria (13 November 2025)

Other reports have clarified that the 15% fuel import duty was not indefinitely suspended but postponed to the first quarter of 2026 pursuant to a request from the Executive Chairman of the Federal Inland Revenue Service after consultations with key stakeholders. Media reports indicate that the President approved the deferment of the fuel import duty for further review in the first quarter of 2026.

The postponement of the 15% import duty provides temporary relief to importers and consumers by averting a rise in fuel prices. However, the deferral may create policy instability, leading to uncertainty for investors and operators in the sector. This underscores the government's challenge in balancing short-term price stability against the long-term strategic objective of achieving domestic refining self-sufficiency.

- NUPRC Launches 2025 Oil Licensing Round

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) has launched the 2025 Oil Licensing Round, opening a dedicated bid portal for registrations and submissions. The round is a key component of the Federal Government's strategy to grow reserves and production, with a particular focus on discovered but undeveloped fields and natural gas opportunities in line with Nigeria's energy transition objectives.

Key Features of the 2025 Licensing Round

- Available Blocks: Up to 50 blocks are offered, comprising 15 onshore, 19 shallow-water, 15 frontier acreage, and 1 deep offshore block.
- Technology-Driven Bid Process: The round features a structured, two-stage process managed through a dedicated digital portal (https://br2025.nuprc.gov.ng/), intended to ensure transparency and efficiency. It includes a qualification stage (1 December 2025 – 16 March 2026) and a bid stage (17 March – 12 June 2026), culminating in a public Commercial Bid Conference.
- Financial Requirements: Signature bonuses range from US$3 million to US$7 million representing reduced signature bonuses from the 2024 bid round. Financial capacity thresholds are set at a minimum average annual turnover or cash at bank of US$100 million for deep offshore blocks and US$40 million for onshore/shallow-water blocks. Consortia of bidders may aggregate financial capacity to meet the financial requirements.
- Flexible Contracting Framework: Successful bidders can choose between concessions or production sharing contracts , allowing them to align terms with their investment strategy.
- Eligibility: Participation is open to both Nigerian and foreign companies. However, foreign bidders must incorporate Nigerian entities for the formal license awards.

For investors, the 2025 licensing round promises transparency and a competitive bid process. The reduction in signature bonuses lowers the cost of entry and shows the Federal Government has listened to commentary from the last bids, while a fully digitized process promises greater transparency and efficiency. The strategic focus on gas opportunities, aligns with global energy transition trends and offers diversified, long-term revenue potential. The, 2025 bid rules aim to de-risk investment and attract a broader range of technically and financially capable bidders.

- NUPRC opposed the Bill to Create a New Decommissioning Agency[11]

At a public hearing of the National Assembly, the NUPRC opposed the National Commission for Decommissioning of Oil and Gas Installations (NC-DOGI) Bill 2024, which seeks to establish a new agency for dismantling oil and gas facilities. The Bill aims to establish a new regulator to coordinate decommissioning, manage resources sustainably, and oversee environmental restoration.

[11] NUPRC opposes bill to establish commission for decommissioning abandoned oil facilities – Tribune Online (16 October 2025)

The NUPRC argued that a new agency would duplicate functions and fragment regulatory oversight, creating unnecessary fiscal burdens. It highlighted that the PIA in sections 232 and 233 contain extensive provisions which assign responsibility for Decommissioning and Abandonment (D&A) to the NUPRC for upstream operations and the NMDPRA for midstream and downstream activities. Both regulators have issued D&A regulations pursuant to their statutory powers.

The Chairman of the House Committee on Petroleum Resources (Upstream), acknowledged existing challenges in decommissioning, which have led to significant environmental, economic, and social impacts. He noted the hearing would assess whether the current framework is sufficient or if a dedicated agency is needed.

- NUPRC Unveils Roadmap to Unlock Nigeria's Gas Reserves[12]

The NUPRC has launched a Gas Development Roadmap to enhance infrastructure, boost monetisation, and secure Nigeria's energy future. Nigeria's proven gas reserves stand at 210.54 trillion cubic feet (TCF), comprising 109.51 TCF of Non-Associated Gas and 101.03 TCF of Associated Gas. The roadmap targets unlocking over 55 TCF of uncommitted gas reserves, which represent 26% of total reserves and highlight significant untapped potential.

The NUPRC stated that the initiative has already mobilised $4.9 billion in domestic gas sector capital expenditure with major gas supply agreements for national projects, including NLNG Train 7, the Ajaokuta-Kaduna-Kano (AKK) Pipeline, and the Brass Fertilizer and Petrochemical Project currently in negotiations.

On the development of gas infrastructure and investments in Nigeria, another significant milestone was the launch of the first regulated gas trading and settlement platform in Nigeria which is regulated via the NMDPRA and the Securities and Exchange Commission. The gas trading platform establishes a market driven Nigeria Gas Price Index to ensure fair pricing and confidence in the gas market. It is operated through JEX Markets Limited which is licensed by the NMDPRA.

The roadmap signals strong regulatory support for gas investments and creates opportunities for investors in gas exploration, processing, and transportation infrastructure. There is also a strategic focus on monetising uncommitted gas reserves which should secure supplies for new gas supply agreements and projects.

- MDGIF to Roll Out 500 CNG Stations Over Three Years[13]

The Midstream and Downstream Gas Infrastructure Fund (MDGIF) has announced a plan to roll out 500 compressed natural gas (CNG) refuelling stations across Nigeria within three years. The initiative will be implemented through a new Special Purpose Vehicle (SPV) promoted by MDGIF, the Bank of Industry, Endurance Group, and Séquor Investment Partners.

The SPV will deploy integrated CNG refuelling stations, develop LCNG gas supply infrastructure, and provide CNG and LNG transportation trucks to create a virtual pipeline nationwide. This initiative aims to address infrastructure gaps, reduce long queues at CNG stations, and increase public confidence in CNG as a reliable fuel alternative.

This rollout aligns with Federal Government efforts to promote auto-CNG adoption, cut transportation costs, and advance Nigeria's energy transition. Market participants should anticipate increased activity in CNG infrastructure licensing, strict safety and environmental compliance requirements, and new opportunities for private operators through leasing and operating arrangements under the SPV.

[12] NUPRC Unveils Gas Roadmap, Unlocks $4.9bn Investment Commitments - National Economy (13 October 2025)
[13] FG to build 500 CNG stations in Nigeria within 3 years - Punch Newspaper (16 November 2025)

- Federal Government Unveils Nigerian Content Equity Fund[14]

The Federal Government, through the Nigerian Content Development and Monitoring Board (NCDMB), has announced the launch of the Nigerian Content Equity Fund (NCEF). The announcement was made during an event celebrating the repayment of a $10 million loan by Tamrose Limited under the Nigerian Content Intervention Fund (NCIF).

Scheduled to launch in December 2025, the NCEF is a financing initiative designed to provide long-term risk capital to Nigerian oil and gas MSMEs in high-impact sectors. The NCDMB also stated its intention to expand its activities to strengthen its intervention in the renewable energy sector, to foster an industrial base driven by local talent, capital, and innovation.

The NCEF launch signals a renewed Federal Government commitment to deepening local content and enhance the competitiveness of indigenous companies. This provides a new funding avenue for MSMEs seeking to scale operations and participate in higher-value segments of the energy sector, including renewables. The fund's specific eligibility criteria and investment focus should be issued in due course.

- Petroleum Ministry Moves to Fully Automate Operations[15]

The Ministry of Petroleum Resources has advanced its digitalisation strategy by completing a two-day presentation on its Enterprise Content Management (ECM) project. The project is a key initiative aimed at fully automating the Ministry's document management and workflow processes to create a digital, paperless, and efficient work environment.

The ECM project is expected to streamline interactions between the Ministry and industry stakeholders, potentially reducing approval times and increasing transparency. As processes become automated, companies may need to adapt their engagement and compliance procedures to align with the Ministry's new digital platforms. This move could also set a precedent for other regulatory agencies in the sector.

MARKET AND INDUSTRY DEVELOPMENTS

1. OIL AND GAS

- NNPC Finalized Main Line of Ajaokuta-Kaduna-Kano Gas Pipeline Project[16]

NNPC Limited completed the main pipeline line of the US$2.8 billion Ajaokuta-Kaduna-Kano (AKK) Gas Pipeline Project which is a major milestone in the project amid efforts to expand gas supply to northern Nigeria. This comes after the initial completion of the River Niger crossing in July which was critical to the completion of the project and had stalled the project for years.

The AKK pipeline was first conceived in 2008 to leverage Nigeria's vast gas reserves for economic growth. The AKK pipeline is a 614km-long natural gas pipeline from the Ajaokuta terminal gas station in Kogi state in the southern region of Nigeria, through the Federal Capital Territory, Niger, and Kaduna, to end at a gas station in Kano. The AKK pipeline is designed to transport 2.2 billion standard cubic feet of gas per day.

NNPC Limited, through the Group Chief Executive Officer, stated that the completion of the main line would pave the way for further connection of key offtake points to the main line which would be carried out early in 2026.

[14] FG unveils Nigerian content equity fund for oil companies - Punch Newspaper (14 November 2025)
[15] Petroleum Ministry Moves to Fully Automate Official Activities – THISDAYLIVE (18 November 2025)
[16] NNPC Ltd completes AKK gas pipeline main line to boost northern gas supply - Nairametrics (29 December 2025)

The completion of the AKK pipeline will promote the expansion of gas availability in Nigeria, specifically the northern region which has experienced delays and limitations in gas infrastructure. This would support industrial parks, fertiliser production and power generation across the region inevitably boosting the economy and increase investor confidence.

- The Presidency Restructures Energy Regulators – NUPRC and the NMDPRA[17]

Following the resignation of the Chief Executives of the NMDPRA and the NUPRC, President Bola Tinubu appointed Oritsemeyiwa Amanorisewo Eyesan as Chief Executive of NUPRC and Engineer Saidu Aliyu Mohammed as Chief Executive of NMDPRA. Their appointments have been confirmed by the Senate on 19 December 2025.

- Nigeria LNG Leadership undergoes Change[18]

The Managing Director and Chief Executive Officer of the Nigerian LNG (NLNG), Philip Mshelbila stepped down from the role on 31 December 2025 and Adeleye Falade has been appointed as the new Managing Director/Chief Executive Officer and will assume duties in April 2026.

Phillip is moving on to the position of Secretary-General of the Gas Exporting Countries Forum in Qatar.

- Escravos-Lagos Pipeline Explosion Contained by NNPC Limited[19]

On 11 December 2025, NNPC Limited confirmed an incident involving an explosion that rocked the Escravos-Lagos Pipeline System (ELPS) in Warri, Delta State. NNPC Limited further clarified that preliminary checks indicated a disturbance in pressure levels around the affected gas line leading to a loss of containment on an NNPC Gas Infrastructure Company (NGIC) pipeline.

The explosion which occurred on one of Nigeria's critical gas supply lines initially raised concerns of possible disruptions to domestic gas delivery and regional supply through the West African Gas Pipeline (WAGP), which transports Nigerian gas to Benin, Togo, and Ghana. However, the West African Gas Pipeline Company Limited (WAPCo) moved quickly to reassure customers across the three countries that the ELPS incident would not affect gas supply in the sub-region.

Following the explosion, NNPC Limited assured host communities that the explosion has been contained and all relevant pipeline sections secured. NNPC Limited also stated that the operator of the affected pipeline, NGIC also responded to the explosion by activating its Business Continuity Plan to manage the impact of the incident.

- Federal Government Approved N185bn Payment to Gas Producers[20]

The Federal Government announced plans for the settlement of N185bn outstanding debts owed to natural gas producers. The Minister of State for Petroleum Resources stated that the settlement as

[17] Senate confirms Mohammed, Eyesan as new CEOs for NMDPRA, NUPRC - The Nation Newspaper
[18] Adeleye Falade Appointed Nigeria LNG MD As Mshelbila Bows Out (16 December 2025)
[19] NNPC Contains Escravos Pipeline Explosion, Assures Safety
[20] Punch Newspaper- 5 December 2025

authorised by the President is aimed at revitalizing the power sector and meeting up with longstanding obligations to gas producers.

The payment, which aligns with the Decade of Gas initiative which aims to unlock more than 12 billion cubic feet per day of gas supply by 2030, would be carried out through a royalty-offset arrangement in order to stimulate economic growth, unlock stalled projects, and rebuild momentum for Nigeria's transition to a gas-driven economy.

- NUPRC Oversaw the Conversion of First PPL from 2020 Bid Round [21]

The NUPRC completed the conversion of Petroleum Prospecting Licence (PPL) 202 to a Petroleum Mining Lease (PML) 66, under the PIA. This marks the first-ever transition of a licence from the 2020 Marginal Field Bid Round.

This conversion followed the commercial discovery of hydrocarbons in the marginal field and the subsequent upgrade of the asset from exploration to production status, in line with the PIA. The formal Petroleum Mining Lease 66 Signing Ceremony was attended by the PPL consortium members- Suntrust Oil Company Nigeria Limited, Petrogas Energy Trade W.A Ltd, Somora GTP Limited, Moore Oil Exploration & Production Nig Ltd, and Genesis Hydrocarbons Limited.

The successful conversion underscores the PIA's role in creating a clearer, more predictable pathway from exploration to production for marginal field operators, which should incentivise further investment in previously undeveloped assets and boost indigenous participation in the upstream sector.

- Ondo Refinery and Free Trade Zone Project Takes Shape [22]

Backbone Infrastructure Nigeria Limited (BINL) and the Ondo State Government have formalized a Joint Venture (JV) platform for the establishment of a refinery and a free trade zone project in Ondo State -. the Sunshine Joint Venture Infrastructure Limited (Sunshine JV). Reports indicate that the establishment of the Sunshine JV was significantly boosted by a joint venture agreement between BINL and NEFEX Holdings Limited of Canada which has secured more than $50 billion in funding commitments for the development of the proposed 500,000bpd refinery and the Sunshine Free Trade Zone in Ilaje, Ondo State.

Important implementation milestones like the site assessment, community stakeholder engagement, and roadmap development have commenced. The project on completion is expected to meet local demands for petroleum products, encourage exportation of refined products to international markets, and increase investments in the oil and gas sector in Nigeria.

This development represents a significant step towards leveraging private and foreign capital to build critical energy infrastructure and could serve as a model for State-led industrialisation, reduce Nigeria's reliance on imported petroleum products, and establish a new economic hub in the south-west.

- TotalEnergies Bought 50% of Nigeria's OPL 257 from Conoil [23]

In an exciting asset swap, TotalEnergies signed agreements with Conoil Producing Limited ("Conoil") to acquire 50% operated interest in block OPL257, and Conoil acquired 40% participating interest held by TotalEnergies in block OML136. This effectively increases TotalEnergies' interest in OPL257 from 40% to 90%, with Conoil holding 10%.

OPL257 is located 150 kilometres offshore Nigeria, and it covers an area of around 370 square kilometres. Adjacent to OPL257 is PPL261 discovered in 2005 and containing the Egina South field

[21] NUPRC Oversees Conversion Of First PPL From 2020 Bid Round As Ingentia Energies Pledges To Deliver Over 5 Wells – Nigerian Upstream Petroleum Regulatory Commission (12 September 2025)
[22] Ondo Refinery, FTZ Project Take Shape with Formalized JV Platform – THISDAYLIVE (16 November 2025)
[23] Nigeria: TotalEnergies increases its interest in OPL257 | TotalEnergies.com (19 November 2025)

due for drilling and development by TotalEnergies in 2026. The drilling of the Egina South field would be on the side of OPL257 and would ultimately lead to the development of the field as a tieback to the Egina Floating production storage and offloading (FSPO) vessel.

This strategic portfolio realignment allows both companies to consolidate their partnership and interests in core operational areas. It not only facilitates accelerated development of near-field resources through existing infrastructure but also signals continued confidence from international oil companies in Nigeria's deepwater prospects in partnership with strong local players.

- Federal Government Backs Indigenous 30,000 bpd Modular Refinery in Delta[24]

The Federal Government signified its support for the ongoing construction of a 30,000 barrel per day modular refinery in Koko, Delta State by Ebenco Global Link Limited, an Indigenous Nigerian energy and industrial services company. During an inspection of the refinery by the Minister of State for Petroleum, Heineken Lokpobiri, the Minister mentioned that the refinery has a broader role of addressing pipeline vandalism and illegal refining by providing legitimate, scalable alternatives within the value chain.

The project, once fully operational, is expected to create jobs, promote local content, and reduce the incentives that drive illegal bunkering.

The Federal Government's backing of the project highlights a key policy shift towards fostering domestic refining capacity to enhance energy security and local value addition. This approach is intended to create a viable economic alternative to artisanal refining, potentially reducing pipeline sabotage and environmental degradation associated with illegal activities.

2. POWER

- President Tinubu Reconstitutes the NERC Board[25]

President Bola Tinubu has approved a full reconstitution of the Board of the NERC, following the Senate's confirmation of the nominees on December 16. The Electricity Act 2023 provides for a maximum of seven full time commissioners to be appointed by the President subject to confirmation by the Senate. At the helm of the NERC is Dr Mulisiu Olalekan Oseni, whose appointment as Chairman took effect from December 1, 2025. Dr Yusuf Ali, is the Vice Chairman, who was first appointed a NERC commissioner in February 2022. His elevation, also effective December 1, 2025, places him at the centre of licensing, tariff approvals and compliance functions, which are the key levers for stabilising the electricity value chain.

The other commissioners are returning commissioners and the only newcomer is Dr Fouad Animashaun, whose term started in December 2025. He is an energy economist with a strong footprint in state-level electricity regulation, who recently served as Executive Commissioner and Chief Executive Officer of the Lagos State Electricity Regulatory Commission.

According to the Presidential spokesman, the President expects the new board to consolidate ongoing sector reforms, enforce discipline across market operators, safeguard consumer rights and support investments capable of lifting power supply beyond current national output.

The reconstitution of NERC comes at a sensitive time as the national grid struggles with low generation, liquidity shortfalls and mounting DISCOs debt. Market participants will be closely watching how the new NERC Board will drive regulatory discipline, stabilise the market and implement reform.

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[24] Federal Government backs indigenous 30,000bpd modular refinery in Delta - Businessday NG (26 November 2025)
[25] President Tinubu Appoints Oseni as New NERC Chairman - Energy News (20 December 2025)

- Federal Government Investments in Projects Exceeded $8bn in 18 Months[26]

Nigeria has unlocked more than $8 billion in gas Final Investment Decisions within the last 18 months. The Federal Government (FG) reiterated at the opening session of the 'Gas Utilization Unlocked Validation Series', convened by the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) and the Decade of Gas Secretariat, that Nigeria's Decade of Gas programme has, in 18 months, unlocked about 215 strategic upstream and midstream gas projects worth over US$8 billion investments, with additional US$20 billion expected in the coming years.

Nigeria's Decade of Gas initiative was launched in 2021 and represents a concerted effort by the Federal Government and the private sector to utilize Nigeria's natural gas resources for economic development and energy transition. The initiative is focused on transforming Nigeria into a gas-powered economy by 2030 through policy reforms, gas supply projects maturation, gas infrastructure expansion, capacity building and robust investment attraction strategies. Some of the achievements from the Decade of Gas Initiative as outlined by Olu Verheijen, the Special Adviser to the President on Energy, include: the Presidential Compressed Natural Gas (CNG) Initiative, incentives across the value chain, tax waivers for clean energy solutions such as for CNG, Liquefied Natural Gas (LNG), electric vehicle, and LNG processing and distribution. Progress on the Nigeria LNG Stream 7 project with construction updates and securing of feedstock supply has been reported by the NUPRC.

The Minister of State for Petroleum Resources (Gas), Ekperikpe Ekpo, also highlighted that through policy measures, the Federal Government's transformative objectives for gas utilisation covers three main sectors including enhancing productivity across industries, small and medium enterprises (SMEs), and manufacturing zones.

However, there are still gaps and bottlenecks impacting the full implementation of the Decade of Gas Initiative. These gaps, as highlighted by the managing director of Nigeria LNG Limited (NLNG), Philip Mshelbila, include Nigeria's inability to utilize gas as a means of generating power, which is a big concern considering Nigeria's 206 trillion cubic feet of proven gas reserves amidst its significant electricity deficit. The second challenge is the low adoption of gas, specifically Compressed Natural Gas (CNG) and Liquefied Petroleum Gas (LPG) by key players and consumers in the industrialization and transportation sectors. The third gap is the untapped and underexplored Nigeria's offshore basins which have vast deepwater gas reserves that could power future exports and industrial developments. Failure to reconcile these gaps have led to delays in project implementations and investments.[27]

These developments signal the Federal Government's strong commitment to monetising Nigeria's gas reserves. However, the identified gaps in power generation and infrastructure highlight

[26] Decade of Gas: Federal Government Restates Investment in 215 Projects Exceeded $8bn in 18 Months – THISDAYLIVE (12 November 2025)
[27] Three major hurdles holding back Nigeria's Decade of Gas ambition - Businessday NG

persistent execution risks. Investors should monitor policy adjustments aimed at closing these gaps, as they will be critical to unlocking the full potential of gas-to-power projects and ensuring long-term returns.

- Enugu State Reduced Band 'A' Electricity Tariff to N160/kWh[28]

The Enugu State Electricity Regulatory Commission (EERC) approved a new electricity tariff by reducing the Band A rate from N209 per kilowatt-hour (kWh) to N160/kWh. This was contained in EERC's directive titled "Tariff Order for MainPower Electricity Distribution Limited 2025" which is intended to account for the Federal Government's ongoing subsidy on power generation, ensuring consumers benefit from the government's financial support. The revised tariff took effect from 1 August 2025 and applies to MainPower Electricity Distribution Company, the subsidiary of the Enugu Electricity Distribution Company PLC (EEDC).

- NERC declared that State Governments cannot slash Tariffs[29]

Following Enugu State Electricity Regulatory Commission's (EERC) reduction of tariffs for band A customers, the NERC declared that State governments lack the power to unilaterally slash tariff prices for power generated and supplied from the national grid.

According to NERC, States do not have jurisdiction over the national grid and electric power stations established under federal laws and/or operating under licences issued by NERC and must comply with the wholesale costs of grid supply to their States without any deviation in applicable tariffs for end-use customers.

The relevant sections of the Electricity Act 2023 (specifically 34 and 116) give NERC the power to regulate and promote cost reflective and service reflective tariffs. The NERC has issued the Regulations on the Procedure for Tariff Reviews in Nigeria Electricity Supply Industry 2024[30] which provides that licensees are to apply to NERC for tariff reviews in the manner stipulated under the Regulations.

NERC has indicated ongoing engagement with EERC on their tariff reduction plans for end-use consumers to clarify any area of misunderstanding on wholesale generation and transmission costs.

This clash between EERC and NERC underscores the regulatory uncertainty arising from the decentralisation of electricity regulation under the Electricity Act 2023. Investors and licensees operating in states with new electricity commissions must navigate potential regulatory conflicts, which could impact operational, tariff stability and cost recovery. The outcome of NERC's engagement with EERC will set a critical precedent for federal-state regulatory dynamics.

- Lagos Government to partner Siemens Group on waste-to-energy projects[31]

The Lagos State Government has announced plans to partner with Siemens Group to provide technology support for waste-to-energy projects aimed at converting municipal waste into electricity. According to statistics provided by the Lagos State Government, the State currently generates between 13,000 and 14,000 tonnes of municipal waste daily. The Lagos Ministries of Environment and Water Resources, and Ministry of Energy and Mineral Resources will lead the Siemens collaboration with the aim of providing an enabling environment for private investors to invest in waste-to-power initiatives.

This initiative follows previous steps by the Lagos State Government to turn waste into energy including a $400 million plan to establish a waste-to-energy plant in Epe, and a Memorandum of

[28] Enugu Slashes Band A Electricity Tariff to N160/kWh (21 July 2025)
[29] NERC Warns States Cannot Unilaterally Slash Electricity Tariffs on Grid-Supplied Power - Arise News (25 July 2025)
[30] NERC-REGULATIONS-ON-THE-PROCEDURE-FOR-TARIFF-REVIEWS-IN-NESI-2024-1.pdf
[31] Lagos Govt to partner Siemens Group for technology support on waste-to-energy projects - Nairametrics (29 July 2025)

Understanding with Lafarge Africa Plc to collect and process non-recyclable combustible waste from companies and dumpsites across Lagos.

The public-private partnership model highlights a significant opportunity for technology providers and investors in the waste-to-energy sub-sector. State's proactive stance creates a favourable environment for projects that address both environmental and power challenges, offering a potential blueprint for similar urban centres.

- Jigawa State Governor unveiled N1.2 billion solar Mini-Grid[32]

In a bid to expand access to clean electricity and reliable electricity, the Jigawa State Government inaugurated the Future Energy Africa (a core investor in KEDCO) Solar Mini-Grid Project with investments worth N1.2 billion.

The Solar Mini-Grid Project is designed to strengthen electricity supply by powering 10 distribution transformers. The project features a 500kWp solar-hybrid power plant system which is the first of a planned 10MW of solar-hybrid mini-grids to be rolled out across the State aimed at reducing the cost of governance by cutting expenditure on diesel, generator purchases, and maintenance.

The Jigawa State project exemplifies a growing trend of States leveraging decentralised renewable energy solutions to achieve energy security and reduce fiscal burdens. This model offers a scalable pathway for private investors to partner with sub-national governments, particularly in underserved regions, to develop captive power and mini-grid projects.

- NERC Held its Third NESI Meeting in 2025[33]

In the first week of September 2025, the NERC held its third Nigerian Electricity Supply Industry ("NESI") Stakeholders Meeting of 2025. The discussions among the State Electricity Regulatory Commissions and key industry players centred on Asset and Liabilities Delineation, Capping of Estimated Billing, Handover of Electricity Market to State Regulators, Customer Band Migration, among others.

The meeting was an opportunity to address the disagreement between States and the DISCOs over who has the power to fix electricity tariffs and deliberate on possible solutions.

There was also a roundtable with State Electricity Regulatory Commissions/Bureaus on challenges in metering, account setup, and subsidiary company ("SubCo") governance structures, alongside calls for the establishment of a Forum of Regulators to drive ongoing collaboration and strengthen State electricity regulation. Commitments were made to fully integrate Nigeria's electricity grid with the West African Power Pool (WAPP) by June 2026. This is aimed at resolving system imperfections and ensure generating companies meet the compliance requirements by the June 2026 deadline.[34]

The meeting's focus on delineating assets and liabilities and the handing over of markets to State regulators signals a fundamental restructuring of NESI. Stakeholders should anticipate significant changes in regulatory frameworks, compliance obligations, and market structures. The establishment of a Forum of Regulators and integration of the grid with WAPP further point towards a more complex but potentially more harmonised regional electricity market.

- Enugu DisCo Launched Mass Prepaid Metering under MAP Scheme[35]

MainPower Electricity Distribution Limited, a subsidiary of the Enugu Electricity Distribution Company (EEDC), announced the rollout of a mass prepaid metering programme under the mobile Meter Asset Provider (MAP) scheme. The initiative aims to meter customers within 72 hours of

[32] Jigawa State Governor unveils N1.2 billion solar mini-grid across 10 distribution transformers - Nairametrics (31 August 2025)
[33] NIGERIAN ELECTRICITY REGULATORY COMMISSION - 4 September 2025
[34] Nigeria targets full WAPP synchronisation by June 2026 - ESI-Africa.com (4 September 2025)
[35] Enugu DisCo to launch mass prepaid metering under MAP scheme - Nairametrics (29 July 2025)

application, addressing metering gaps and improving billing transparency. This phased programme provides unmetered customers with access to quicker metering options, which is expected to enhance revenue collection and reduce disputes over estimated billing.

This initiative is important as it directly addresses two critical challenges of the DisCos, i.e., (i) revenue leakage from unmetered customers and (ii) high commercial losses from billing disputes over estimated billing. By providing transparent, prepaid metering, MainPower can significantly improve revenue assurance and cash flow, which in turn enhances its ability to invest in network improvements. For customers, it eliminates the contentious practice of estimated billing, fostering greater trust and satisfaction.

- FEC Approved $34m (N13 bn) for Power Sector Transformation[36]

The Minister of Power, Adebayo Adelabu, announced that the Federal Executive Council (FEC) approved N13 billion (approximately $34 million) to upgrade power infrastructure. This funding, part of a $238 million loan from the Japan International Cooperation Agency (JICA), is allocated for compensation payments under the Lagos Transmission Industrial Project.

This initial funding is for the first of four proposals under the ongoing electricity sector reform, designated for resuming compensation payments to secure right-of-way for key transmission projects. The focus of subsequent funding will be on procuring transformers to upgrade and replacement of aging infrastructure across the national grid.

Investments in transmission infrastructure address a critical bottleneck in Nigeria's power sector. Securing right-of-way for transmission lines is essential for evacuating stranded generation capacity and improving overall grid stability. For investors, a stronger transmission network de-risks generation projects by ensuring power can be reliably dispatched to the grid and to end-users, thereby enhancing project bankability and attracting further private capital.

- Federal Government Distributed Free Meters to Band A Customers[37]

The Federal Government commenced the distribution of 1.3 million new meters to Band A customers, procured under the World Bank-funded Distribution Sector Recovery Programme (DISREP). DISREP aims to strengthen the operational capacity and financial viability of the distribution segment of the Nigerian Electricity Supply Industry (NESI).

Pursuant to the DISREP, Jos Electricity Distribution Plc (JED Plc) has announced it would install 109,000 prepaid meters at no cost to its Band A customers. JED Plc has advised beneficiaries to validate their debt profiles, post meter installation, a crucial step for ensuring accurate account reconciliation under the new metering system.

Prioritising Band A customers for free meters is a strategic move to secure revenue from the highest-paying consumer segment, whose tariffs were recently increased. This approach aims to maximize the financial benefits of the DISREP and improve DisCo liquidity. However, the program risks criticism for potentially deepening inequity in the sector by favouring more affluent customers while significant metering gaps persist across lower-tariff bands.

- DisCo Kicks as Kano Manufacturers Plan Direct Power Purchase[38]

A dispute emerged between the Kano Electricity Distribution Plc (KEDCO) and the Kano State chapter of the Manufacturers Association of Nigeria (MAN) over the latter's plan to purchase electricity directly from the Niger Delta Power Holding Company (NDPHC). This move, intended to

[36] FEC Approves $34m, N13 Bn For Power Sector Transformation - News Agency Of Nigeria (15 August 2025)
[37] Federal Government distributes free meters to Band A customers - 21st CENTURY CHRONICLE (19 August 2025)
[38] Kano Power Dispute: Manufacturers Seek Direct Supply - Punch Newspaper (27 August 2025)

bypass KEDCO and address unreliable power supply, highlights growing tensions between industrial consumers and distribution companies over service quality and tariff structures.

KEDCO opposed the plan, citing previous conflicts with MAN's Kano branch, which it claims include efforts to resist regulatory-approved tariffs and legal challenges. This friction signals a potential risk to the DisCo's revenue and regional operational stability.

This conflict is emblematic of the challenges faced by industrial consumers, frustrated by poor service quality from the grid, are actively seeking alternative power solutions, including direct purchases and captive generation. The resolution of this dispute could set a crucial legal and regulatory precedent regarding the rights of eligible customers, potentially challenging the traditional DisCo monopoly and accelerating a more competitive market structure.

- Nigeria's Largest Solar Plant Connected to Grid[39]

The Kano Electricity Distribution Company (KEDCO) began off-taking 10 Megawatts (MW) of solar power from the State-owned Haske Solar plant, Nigeria's first utility-scale, grid-connected solar facility. The integration, governed by a Power Purchase Agreement with Haske Solar Company Ltd., is expected to enhance network efficiency and support Nigeria's energy transition objectives by diversifying the electricity supply mix.[40]

The project was delivered by Haske Solar Company Limited, a special purpose vehicle (SPV) owned by the Federal Government (80%), the Kano State Government (15%), and the Kumbotso Local Government Area (5%).

The successful grid connection of Nigeria's first utility-scale solar plant serves as a vital proof-of-concept for the Northern region's solar potential. It demonstrates not only technical viability but also a scalable model for public-private partnerships in renewable energy. This milestone is likely to de-risk similar projects for private investors and encourage further development of grid-connected solar, supporting Nigeria's goals to diversify its energy mix.

- BPE to List Two DisCos and One GenCo on Stock Exchange[41]

The Bureau of Public Enterprises (BPE) announced its intention to list two DisCOs and one GENCO on the Nigeria Exchange Limited (NGX) via Initial Public Offerings (IPOs). This is a key component of the Federal Government's strategy to deepen private sector participation, attract long-term investment, and enhance corporate governance and efficiency in the power sector.

- NERC Cautioned Consumers against Buying Distribution Transformers and Cables[42]

The NERC issued a caution to consumers in Anambra State, urging them to report any demands from officials of the Enugu Electricity Distribution Company (EEDC) to purchase transformers, cables, or poles. NERC reiterated that such infrastructure constitutes capital investments that are the sole responsibility of the DisCos, not consumers.

NERC's directive seeks to enforce the legal obligation of DisCos to fund and maintain their own network infrastructure, protecting consumers from bearing these capital costs. However, practical enforcement is challenging, as community-funded projects often arise as a pragmatic response to power supply failures. This highlights the persistent tension between regulatory obligations and the financial and operational challenges of DisCos.

- Nigeria Completed Power Grid Synchronisation with West African Network[43]

[39] Largest Nigerian solar PV plant to date connected to grid - African Energy (27 September 2025)
[40] KEDCO begins 10MW solar power off take from Haske Plant, Kano - Blueprint Newspapers Limited (24 August 2025)
[41] BPE To list Two DisCos, One GenCo On Stock Exchange – The Whistler Newspaper (2 September 2025)
[42] NERC cautions consumers against buying transformers, cables, others for DisCos - ConsumerConnect (6 September 2025)
[43] Nigeria eyes $1bn from electricity supply to 15 West African countries - CNBC Africa (24 November 2025)

The Nigerian Independent System Operator (NISO) and the West African Power Pool Information and Coordination Centre (WAPP-ICC) confirmed the completion of a synchronisation test linking Nigeria's power grid with the wider West Africa regional network. The unified grid now connects Nigeria, Niger, and parts of Benin and Togo with other WAPP member states, including Benin, Burkina Faso, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Senegal, and Sierra Leone.

This integration creates a unified operational grid to improve reliability and facilitate cross-border electricity trade among ECOWAS member states. Given that Nigeria's electricity prices are among the lowest in the region, this development presents a significant commercial opportunity, with projections suggesting regional power trading could generate up to USD 1 billion in annual revenue by 2026.

3. MINING

- Federal Government Revoked 1,263 Dormant Mining Licences[44]

In September 2025, the Federal Government, upon the recommendation of the Nigerian Mining Cadastre Office (MCO), revoked 1,263 mineral licences for non-payment of annual service fees. This action is part of a broader regulatory cleanup aimed at sanitising the licensing regime, the mining sector and creating opportunities for serious investors. The Minister is empowered under section 151 of the Nigerian Minerals and Mining Act, 2007 to revoke licences for non-compliance with the Act.

[44] Federal Government to revoke additional 1,000 dormant mining licences - Nairametrics

The revocation followed a 30-day grace period granted to 1,957 non-compliant licence holders, as stipulated in the Minerals and Mining Act, 2007. Under the current administration, about 3,794 licences have been revoked, signalling a significantly stricter regulatory stance against defaulting and dormant licence holders.

The revoked titles comprise 584 Exploration Licences, 65 Mining Leases, 144 Quarry Licences, and 470 Small-Scale Mining Licences. These will be removed from the Electronic Mining Cadastre System (eMC+), which means these are available for new applications.

The Minister of Solid Minerals Development confirmed that the measure targets speculators who hold licences without undertaking development, while waiting to sell to highest bidder. He warned that this practice would no longer be tolerated and stated that the list of defaulters would be forwarded to the Economic and Financial Crimes Commission (EFCC) for investigation.

The strict "use-it-or-lose-it" principle signals a significant policy shift aimed at curbing speculation and attracting serious capital into the mining sector. For prospective investors, the revocation frees up a substantial portfolio of tenements for licensing and development. For existing licence holders, it serves as a clear warning that non-compliance with statutory fees and development obligations will no longer be tolerated, increasing pressure to either develop assets or lose same.

- Federal Government Promises New Licensing and Market Reforms[45]

At a stakeholders' meeting held on 30 July 2025 and co-hosted by the Solid Minerals Development Fund and the NASD Plc Securities Exchange, the Ministry of Solid Minerals Development unveiled a seven-point roadmap designed to transform Nigeria's mining sector. The plan was presented by the Minister's Senior Adviser on Mining & Policy, Amira Waziri.

Key pillars of the roadmap include establishing a new Nigeria Solid Minerals Company, creating a specialized Mines Marshals unit to combat illegal mining, acquiring comprehensive geological data, and formalizing artisanal miners through cooperative structures.

The meeting also explored innovative financing mechanisms, such as blockchain-driven investment incubators and the securitization of mineral assets, signalling a strategic push for tighter alignment with private sector capital and expertise.

REGULATORY TRANSFERS

POWER

- NERC Transferred Electricity Market Regulation to Nasarawa State[46]

In August 2025, NERC issued an order to transfer regulatory oversight of the electricity market in Nasarawa to the Nasarawa State Electricity Regulatory Commission (“NASERC”).

As part of the transfer process, NERC has directed Abuja Electricity Distribution Plc (“AEDC”) to incorporate a new subsidiary, AEDC Subsidiary Company (“SubCo”), to take over intrastate electricity supply and distribution operations in Nasarawa State. AEDC is expected to have completed this incorporation within 60 days from 4 August 2025.

[45] Solid Minerals Devt Fund partners Securities Dealers to boost solid minerals funding - Businessday NG
[46] NERC transfers electricity market regulation in Nasarawa to NASERC - Nairametrics (2 August 2025)

Upon completion, the AEDC SubCo must obtain a licence from NASERC to operate legally within Nasarawa State. NERC mandated that all regulatory and operational handovers should be concluded by 3 February 2026.

- NERC Transferred Regulatory Oversight of Electricity Market to Bayelsa State[47]

In August 2025, NERC issued an order to transfer regulatory oversight of the electricity market in Bayelsa State to the Bayelsa State Electricity Regulatory Agency ("BYERA").

Furthermore, NERC directed Port Harcourt Electricity Distribution Company Plc ("PHED") to incorporate a Subsidiary Company ("PHED SubCo") to assume responsibilities for intrastate supply and distribution of electricity in Bayelsa State from PHED. We note that PHED was to have completed the incorporation within 60 days from 21 August 2025.

Upon completion, PHED SubCo shall apply for and obtain a licence from BYERA for intrastate supply and distribution of electricity. All regulatory transfers are to be completed by 20 February 2026.

- NERC Transferred Regulatory Oversight of Electricity Market to Anambra State[48]

In October 2025, the NERC issued an order to transfer regulatory oversight of the electricity market in Anambra State to the Anambra State Electricity Regulatory Commission ("ASERC").

As part of the transition plan for the transfer of regulatory oversight, NERC directed Enugu Electricity Distribution Company Plc ("EEDC") to incorporate a Subsidiary Company ("EEDC SubCo") to assume responsibilities for intrastate supply and distribution of electricity in Anambra State from EEDC which incorporation was to be completed within 60 days from 17 October 2025.

Upon completion, EEDC SubCo shall apply for and obtain a licence from ASERC for intrastate supply and distribution of electricity. All regulatory transfers are to be completed by 16 April 2026.

The transfer of regulatory oversight to State-led commissions in Nasarawa, Bayelsa, and Anambra marks a critical step in decentralising Nigeria's electricity market. This shift is intended to foster local accountability, attract investment, and enable States to develop electricity markets tailored to their specific economic and social needs. However, investors and operators must navigate a more complex regulatory landscape with Federal and State oversights, requiring careful monitoring of emerging state-specific frameworks, licensing requirements, and tariff methodologies.

FINANCING AND INVESTMENT TRENDS

1. POWER

- President Tinubu backs N4 Trillion Proposed Bond to Resolve Power Sector Liabilities[49]

At a meeting between President Tinubu and representatives of the GenCos, the President gave anticipatory approval for N4 trillion bond initiative aimed at addressing the liquidity shortfall in Nigeria's power sector. The bond approval is part of a broader financial stabilisation initiative under the Federal Government's Renewed Hope Agenda.

This is coming after a decade of unfunded tariff shortfalls and market shortfalls dating back to 2015. The Federal Government has, through the Nigerian Bulk Electricity Trading Company ("NBET") verified N1.8 trillion of debts claims by the GenCos. Since then, over N200 billion in unfunded

[47] NIGERIAN ELECTRICITY REGULATORY COMMISSION - 25 August 2025
[48] NIGERIAN ELECTRICITY REGULATORY COMMISSION - 17 October 2025
[49] President Tinubu backs N4 trillion bond to resolve power sector liabilities - Nairametrics (25 July 2025)

subsidies have accumulated which increased the Federal Government's liability with total exposure at N4 trillion.

The Federal Government has stated that the figure remains subject to downward revision pending final validation.

This bond initiative, if successfully implemented, could significantly improve liquidity in the power sector, settling longstanding debts owed to GenCos and restoring investor confidence. However, its success hinges on transparent validation of claims, the effective bond structuring and positive subscription of the bond, which present considerable complexity.

- Nigeria Finalises Partnership with World's Largest Solar Panel Manufacturer[50]

The Energy Commission of Nigeria (ECN), has finalized a partnership with LONGi Green Energy Technology Co. Ltd, ("LONGi") the world's largest solar panel manufacturer, based in China. LONGi has expressed a strong interest in investing in Nigeria and is engaged in discussions for the establishment of a 500-1000 MW solar panel production facility in the country. As a global leader in solar panels, LONGi operates in over 30 countries and maintains manufacturing bases in China, Malaysia, and Vietnam.

This partnership builds upon a memorandum of understanding signed earlier in 2025 in London between the ECN, representing the Federal Government, and LONGi.

This partnership falls under ongoing electricity reforms of the Nigerian Government towards advancing renewable energy implementation and fostering investment in the energy sector. The establishment of a 500-1000 MW solar panel production facility in Nigeria would reduce pricing and supply risks.

- Federal Government Injected Funding for Replacement of Generators[51]

The Rural Electrification Agency ("REA") has disclosed that the National Public Sector Solarisation Initiative (NPSSI), a Federal Government–approved initiative designed to replace diesel generators in public institutions with sustainable solar power systems has received an initial funding of N100 billion to fund its objective. Target beneficiaries include schools, hospitals, government offices, and other critical facilities.

The initial N100 billion funding for the NPSSI creates a substantial, ring-fenced market opportunity for solar equipment developers and local manufacturers focused on the public sector. This initiative not only advances Nigeria's renewable energy goals but also provides a scalable model for reducing operational expenditure and carbon emissions in government facilities.

- Abia Secured $750m World Bank Renewable Energy Support, Partners ISA to Develop Mini-Grids[52]

The Abia State Government decided to participate in the Distributed Access to Renewable Energy Scale-Up (DARES) programme which allows the State to access the $750 million World Bank intervention and renewable energy development programme. The State is also collaborating with the International Solar Alliance (ISA) to develop regulations for the operation of a mini-grid system for electricity power distribution in the State. The ISA is a treaty-based international organization formed in 2015 by India and France and presently has 123 member countries. It aims to promote solar energy and reduce the cost of solar power generation through a dedicated platform for cooperation among solar resource rich countries and the wider global community.

[50] Nigeria, LONGi Partner to Establish 1,000MW Solar Panel Factory - Prime Business Africa (19 October 2025)
[51] Fed Govt's N100b facility for REA to replace generators - The Nation Newspaper (15 August 2025)
[52] Abia Secures $750m World Bank Renewable Energy Support, Partners ISA to Develop Mini-Grids - Arise News (20 August 2025)

Abia's successful engagement with the World Bank's DARES programme and the ISA sets a critical precedent for other Nigerian States. It demonstrates a viable pathway for sub-national governments to attract international climate finance and technical expertise, potentially accelerating the development of decentralised renewable energy projects and State-level regulatory frameworks across the country.

- Nigerian Businesses to get Denmark's $40m Clean Energy Fund[53]

Nigerian businesses will benefit from a US$40 million investment from Impact Fund Denmark into CrossBoundary Energy (CBE), aimed at expanding access to clean and reliable electricity for businesses across Africa. The CBE will fund the deployment of solar and battery energy systems which help businesses cut reliance on costly diesel generators, lower carbon emissions, and improve access to stable electricity. CBE is a Kenyan energy firm operating in ten countries including Nigeria where it sells electricity from installed systems under long-term power purchase agreements and lease contracts, often at prices below grid tariffs and cost of running diesel generators. The US$40 million investment would underwrite the development, construction, and operation of distributed renewables intended to replace costly diesel generators and to stabilise power supply to Nigerian businesses that cannot rely on the national grids.

This investment underscores the growing role of private impact funds in bridging the financing gap for Nigeria's commercial and industrial solar customer market segment.

- Federal Government Secured $238m Deal from Japan Agency[54]

The Federal Government in a statement by the Ministry of Power revealed that a $238 million loan facility has been secured from Japan International Cooperation Agency (JICA) to strengthen the national power grid following high-level engagements led by President Bola Ahmed Tinubu and Minister of Power, Chief Adebayo Adelabu, at the Ninth Tokyo International Conference on African Development (TICAD9) in Yokohama, Japan.

The project includes the construction of 102.95km of new 330kV double circuit lines, 104.59km of 132kV double circuit lines, four 330/132/33kV substations, two 132/33kV substations, and multiple line bay extensions to improve efficiency and reduce system losses.

This loan from the JICA highlights the critical role of development finance institutions in funding capital-intensive grid infrastructure projects in Nigeria. Such long-term, concessionary financing is essential for upgrading Nigeria's transmission and distribution network, which is a key bottleneck to improving overall power sector reliability and efficiency.

- All On Invested $1.5m in Hinckley E-Waste Battery Recycling Facility[55]

Hinckley E-Waste Recycling Limited secured a $1.5 million equity investment from All On (an impact investment company backed by Shell) for lithium-ion and used lead-acid batteries recycling plants.

The project plans to reduce the cost of solar products by recovering and reusing battery materials, while creating jobs across the recycling value chain. The investment in Hinckley E-Waste Recycling Limited aligns with insights from the "Market Research on the Circular Economy of the Renewable Energy Sector in Nigeria"[56] an All On sponsored report.[57] The investment also seeks to provide sustainable energy by ensuring that mass adoption of renewable energy systems will not create serious pollution problems caused by poor disposal of batteries and other e-waste in Nigeria. This

[53] Nigerian, African businesses to get Denmark's $40m clean energy fund - Businessday NG
[54] Nigeria Secures $238M TICAD9 Japan Loan for Power Grid - Punch Newspaper (22 August 2025)
[55] All On commits $1.5m to Hinckley to build Nigeria's first battery recycling facility - Businessday NG
[56] As reported on All On's website, All On Invests US$1.5 Million in Hinckley E-Waste Recycling to Advance Battery Circularity in Nigeria | All On
[57] project-volt-final-report.pdf

would also reduce the health hazards and support thousands of Nigerians who currently work in unsafe, informal recycling environments.[58]

- Federal Government Signed MoU to Solar-Power Grazing Reserves[59]

The Federal Government, through the Federal Ministry of Livestock Development and the Rural Electrification Agency ("REA") formalized a strategic partnership to deploy solar-powered grids across grazing reserves in Nigeria. The initiative is expected to bring several benefits including provision of clean, renewable energy to power irrigation systems, improve access to fodder and water, enhance education and create jobs. The pilot phase of the program will commence in Wawa-Zange (Gombe State), Wase (Plateau State), Gongoshin (Adamawa State), and Kawu in the Bwari Area Council of the Federal Capital Territory, before expanding nationwide.

This partnership represents an innovative application of renewable energy to address socio-economic challenges in the agricultural sector, aligning energy access with food security and community development goals. It creates a new market segment for off-grid providers to deploy tailored energy solutions for rural and agrarian communities, potentially serving as a model for other integrated development projects.

- Funding Trends

The financing trends in the second half of 2025 highlight a focus on resolving legacy sector-wide debts, attracting new investments in renewable energy, promotion of renewables in the energy mix and grid modernisation. The proposed N4 trillion bond and significant funding from international partners like the World Bank and JICA signal a concerted effort to stabilise the power market and enhance transmission infrastructure. For investors, these developments present opportunities in renewables, energy efficiency projects, and the circular economy, particularly as the government transition from fossil fuel-based generation and strengthen local supply chains.

2. MINING

- NCSP held Meetings with Chinese Investors to Boost Mining Investments in Nigeria[60]

The Nigeria-China Strategic Partnership (NCSP) held a meeting with the China-Africa Geoscience Cooperation Centre and Yangtse Automotive Group on collaborative investments in the mining and electric vehicle (EV) manufacturing sectors. The investment opportunities cut across the full EV value chain including the extraction of mineral, lithium battery manufacturing, creation of charging stations, and the manufacturing of EVs.

The parties at the meeting agreed to collaborate on the realization of the proposed investments. To kickstart the collaboration, Nigeria is required to submit a formal expression of interest to NCSP to outline specific areas of collaboration.

The engagement with Chinese investors marks a strategic pivot from exporting raw minerals to developing an integrated domestic value chain, spanning mineral extraction to battery and EV manufacturing. This shift presents a significant long-term opportunity for industrialisation and economic diversification in Nigerian mining. Longterm success will depend on creating a stable policy environment and securing investment capital required for such large-scale projects.

3. OIL AND GAS

- MDGIF invested N287 Billion in Gas Infrastructure[61]

[58] All On Commits $1.5m to Hinckley for Nigeria's First Battery Recycling Facility. - Free Online Library
[59] Federal Government signs MoU to solar-power grazing reserves - Tribune Online (16 September 2025)
[60] Nigeria Eyes EV and Mining Growth Through Strategic China Partnership – Nigeriaupdates.com (26 July 2025)
[61] MDGIF invests N287 billion in gas infrastructure, unlocks $500m funding - Nairametrics (14 November 2025)

The NMDPRA, announced that the Midstream and Downstream Gas Infrastructure Fund (MDGIF) committed over N287 billion to gas infrastructure development across the country. This was disclosed during the maiden edition of the Energy Correspondents Association of Nigeria (ECAN) Conference held in commemoration of the 4th anniversary of the enactment of the PIA.

The MDGIF has attracted $500 million in funding via a partnership between the NMDPRA and the African Export-Import Bank which has been invested in 62 gas infrastructure projects involving 16 companies. This will result in an expanded gas hub with increased potential for investments in gas infrastructure.

The MDGIF's substantial investment underscores the government's commitment to leveraging its gas resources to boost domestic supply, expand infrastructure, and reduce flaring. The partnerships with development finance institutions signals a favourable environment for private sector participation in midstream and downstream gas projects, including pipelines, processing facilities, and distribution networks.

DISPUTES

1. POWER

- Power Companies in Receivership due to Unpaid Debts [62]

[62] Lenders appoint receiver for major Nigerian power firms, notice shows | Reuters (6 August 2025)

A Court ruling on 19 June placed Ikeja Electric and KEPCO Energy Resources, two of Nigeria's biggest power companies, into receivership due to significant debts. KEPCO Energy Resources owns 70% of Egbin Power, which is Nigeria's largest electricity generator. As a result of the debts entering into billions of naira, the Federal High Court appointed Kunle Ogunba SAN as Receiver/Manager of KEPCO Energy Resources Nigeria Ltd. and its wholly owned subsidiary, Ikeja Electric Plc., to help Nigerian banks recover major privatisation loans. This move comes amidst a severe financial crisis in the power sector with reports estimating about N2 trillion in debts or cash shortfalls.

The management of Egbin Power Plc, Ikeja electric Plc, and First Independent Power Limited (FIPL) have refuted the reports suggesting the companies have been placed under receivership and described the claims as misleading as the court's ruling only restrained the lenders and Receiver from taking any adverse actions against the power companies.

At the onset of the privatization of the energy sector in 2013, several distribution companies received commercial loans to increase capital investment and service delivery, but they are now under liquidity pressure to repay loans amidst material infrastructure deficits and poor revenue recoveries.

The liquidity pressures can be linked to low electricity tariffs, poor billing, high technical and commercial losses (theft or poor infrastructure), and delayed government support.

It can be argued that the receivership could lead to an acquisition of key value chains like Egbin Power Plc (for electricity generation) and Ikeja Electric (for electricity distribution) resulting in a vertical integration of the electricity system in Lagos state. We would keep an eye on any developments on the receivership.

The dispute underscores the persistent liquidity crisis within the power sector. A final determination on the receivership could set a critical precedent for how financial institutions recover substantial debts from privatized utilities, potentially impacting investor confidence and the financial viability of the sector.

- FCCPC Sealed Ikeja DisCo Headquarters over Alleged Consumer Rights Violation[63]

On 11 December 2025, the Federal Competition and Consumer Protection Commission (FCCPC) sealed the Alausa headquarters of Ikeja Electric over alleged non-compliance with directives issued by NERC and the FCCPC. According to FCCPC, NERC had issued a directive to the Ikeja Electric to unbundle a Maximum Demand (MD) customer property into 19 residential units with separate accounts and prepaid meters which Ikeja Electric failed to carry out. The FCCPC, upon receiving complaints from the MD customer over non-supply of electricity, engaged the Ikeja Electric and issued further directives with a Compliance Notice requiring Ikeja Electric's compliance with NERC's earlier directive.

Ikeja Electric, in a letter dated 14 October 2025, refuted the allegations, stating that steps were taken to carry out the NERC directive including visiting the property location for inspection and assessment. According to news reports, the property is used for a hotel owned by Providence Nominees & Real Estate Ltd, and has not been reconfigured into separate apartments to enable Ikeja Electric to proceed with the directed unbundling into 20 separate residential units which makes it unsafe for Ikeja Electric to implement the requested unbundling without appropriate reconfiguration by the customer pursuant to the Meter Asset Provider (MAP) and National Mass Metring Programme (NMMP) Regulation 2021 and the Customer Protection Regulation 2023.

Ikeja Electric reiterated its commitment to compliance with the NERC's directive and requested the FCCPC to carry out a joint inspection to ascertain the veracity of the claims.

[63] FCCPC seals Ikeja Electric HQ over consumer rights violation - Punch Newspaper (11 December 2025)

The sealing of Ikeja Electric headquarters illuminates the rights of customers across different sectors to raise complaints where infractions and violations strip and affect their rights, underscoring the importance of regulatory compliance for companies in industries that cater to the public.

- Niger State Challenged Federal Government Over Exclusion of HYPADEC from 13% Derivation Revenue[64]

The Niger State Government instituted a suit against the Federal Government at the Supreme Court over its exclusion from the 13% derivation fund, which is distributed to States producing natural resources. The suit seeks, among other reliefs, a judicial interpretation and application of Sections 232(1) and (2) of the 1999 Constitution (as amended) to determine whether Niger State qualifies as a resource-producing State within the meaning of Section 162(2) of the Constitution.

Under the Allocation of Revenue (Federation Account, etc.) Act, 2004, and Section 162(2) of the Constitution, not less than 13% of revenue derived from natural resources is allocated to the states of origin as compensation for resource extraction. While this provision has traditionally benefited oil and gas-producing states in the Niger Delta, Niger State argues that it should equally apply to hydroelectric power generation, given that water is a natural resource contributing substantially to national revenue through electricity production.

Niger State Government contends that the State hosts four major hydroelectric power dams—Kainji, Jebba, Shiroro, and Zungeru—which collectively serve as critical power sources for the national grid and neighbouring countries such as the Republics of Benin, Togo, and Niger. Despite the economic and environmental impact of dams on host communities, the State has not been recognized as a derivation beneficiary.

Niger State in its suit seeks a judicial declaration affirming its entitlement to the 13% derivation for hydroelectric power generation. It further requests that the Federal Government review the derivation allocation framework to ensure equitable inclusion of states contributing to national revenue through renewable and non-mineral natural resources. A favourable ruling could fundamentally alter Nigeria's resource revenue allocation and fiscal framework, potentially opening the door for other States with significant non-mineral natural resources to make similar claims.

[64] Niger Govt's Agitation on Derivation Law – THISDAYLIVE (31 July 2025)

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