ALUKO & OYEBODE
ALN

Nigerian Energy Quarterly Report

Q3 2026 (July – September 2026)



Contents

Introduction 2

Highlights of Trending Events in the Energy Sector 2

Policy and Regulatory Updates 4

- Oil and Gas 4
- Power 9

Market and Industry Developments 14

- Oil and Gas 14
- Power 17
- Mining and Natural Resources 19

Financing and Investment Trends 20

- Power 20
- Oil and Gas 20

Introduction

The Nigeria Energy Quarterly Report – Q3 2026 delivers a review of key developments across Nigeria's oil and gas, power, and mining sectors between July and September 2026. The quarter experienced continued regulatory reform increased upstream investment, further decentralisation of the electricity market and renewed efforts to strengthen Nigeria's energy infrastructure.

The oil and gas sector recorded significant upstream activity during the quarter. The conclusion of the 2025 Licensing Round resulted in 31 companies emerging as successful bidders for 37 oil and gas blocks. The quarter also saw ExxonMobil and its partners commit approximately US$1 billion to the Usan Infill Project, while the African Atlantic Gas Pipeline received further momentum following the signing of an Intergovernmental Agreement by ECOWAS Member States.

In the downstream sector, the Dangote Petroleum Refinery completed a US$2.5 billion private equity placement and continued preparations for a proposed public offering. The quarter also saw increased regulatory attention to domestic crude supply arrangements and the supply of natural gas to the domestic market.

The power sector continued its transition towards a more decentralised electricity market with Ondo state establishing its electricity regulatory framework and the issuance of a licence from Edo state for a 7MW mini-grid project. There were also new technical audit guidelines for the transmission system, while the Federal Government established an Inter-Agency Committee to address regulatory issues arising from the implementation of the Electricity Act 2023.

This report highlights the principal policy, regulatory, market and investment developments during the quarter and considers their implications for investors, operators and other stakeholders across Nigeria's energy sector.

Highlights of Trending Events in the Energy Sector

1. In September 2026, the revised Order on the Utilisation of Earned Non-Administrative Operating Expenditure by Successor Distribution Companies (DisCos) came into effect. The Order requires eligible DisCos to allocate specified portions of surplus operating funds towards capital expenditure and/or market debt repayment, subject to NERC approval.

2. On 20 July 2026, NERC issued the *Guidelines on the Procedures for Technical Audit of the Transmission System and Network Data Validation 2026*, requiring technical audits of the 330kV and 132kV transmission networks at least once every five years.

3. The 2025 Oil and Gas Licensing Round progressed to the Commercial Bid Conference in July 2026, covering 50 oil and gas blocks across onshore, shallow water, deep offshore and frontier basins.

4. The Federal Government constituted a nine-member Inter-Agency Committee to address regulatory gaps affecting the implementation of the Electricity Act 2023 and the decentralisation of Nigeria's electricity market.

5. NERC proposed quarterly policy meetings with State Electricity Commissioners to strengthen coordination and harmonisation between federal and state electricity regulators following the decentralisation of the electricity market.

6. In August 2026, Ondo State enacted the *Ondo State Electric Power Sector (Amendment) Law 2026*, establishing a State Electricity Regulatory Commission and the framework for the regulation of electricity activities in the State.

7. The Federal Government introduced the Deep Offshore Oil and Gas Projects Incentives (Tax Remission) Order 2026, establishing a rules-based framework for incentives applicable to qualifying deep offshore oil and gas projects.

8. ECOWAS Member States signed an Intergovernmental Agreement for the African Atlantic Gas Pipeline, a proposed 6,900-kilometre pipeline designed to transport up to 30 billion cubic metres of gas annually across West Africa.

9. On 28 August 2026, the NUPRC issued a circular clarifying the application of the Helicopter Levy for Air Navigational Services and the Terminal Navigational Charge to offshore petroleum operations, confirming that while the US$300 per-landing levy remains payable, the Terminal Navigational Charge does not apply to landings at private offshore facilities or petroleum platforms.

10. In September 2026, the NUPRC commenced enforcement of the "drill-or-drop" provisions of the Petroleum Industry Act. All affected licensees must demonstrate compliance with their statutory work commitments or face regulatory measures.

11. TotalEnergies and AMNI took a final investment decision to develop the offshore Ima gas field, with production expected to commence in 2028 with the aim of approximately 350 million cubic feet per day. The Ima field production will support the gas requirements of the Nigeria LNG Train 7 expansion.



Policy and Regulatory Updates

Oil and Gas

Federal Government Introduces Tax Incentives for Qualifying Deep Offshore Oil and Gas Projects[1]

The Federal Government introduced the Deep Offshore Oil and Gas Projects Incentives (Tax Remission) Order 2026 ("the Order")[2], establishing a framework for tax incentives for qualifying deep offshore oil and gas projects. The Order forms part of the Federal Government's broader efforts to improve the commercial attractiveness of deep offshore developments and increase investment in Nigeria's upstream petroleum sector.

The Order introduces a Standard Production Tax Credit (PTC), a Supplementary PTC and a profit oil reset for qualifying projects. The tax credits apply at specific rates per barrel based on the reserves and production of the qualifying deep offshore project. The incentive framework is particularly relevant to projects requiring significant upfront capital expenditure and long development timelines. By providing a rules-based framework on the availability and application of tax incentives, the Order is expected to improve project economics and support investment decisions in Nigeria's deep offshore acreage.

The Order reinforces the Federal Government's broader objective of increasing upstream investment, expanding reserves and supporting sustained growth in crude oil and gas production.

NUPRC Advances Proposed Gas Swap Framework to Improve Domestic Gas Supply[3]

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) unveiled plans for a proposed Gas Swap Framework aimed at addressing the persistent shortfall in domestic gas deliveries under the Domestic Gas Delivery Obligation (DGDO) framework. According to data presented by NUPRC, producers supplied an average of approximately 2.05 billion cubic feet (Bcf) of gas daily to the domestic market year-to-date through June 2026, against a market need of 3.16 Bcf/d, representing a shortfall of approximately 35%.

[1] Deep Offshore Oil and Gas Projects Incentives (Tax Remission) Order, 2026: Tinubu Signs Deal to Unlock $50bn Investment - The Premier News

[2] E:\ADEX\Regulations\REG KK\Deep

[3] NUPRC Proposes Swap Solution To Close 35% Domestic Gas Delivery Gap

The proposed framework is intended to provide a market-based mechanism through which producers facing difficulties in evacuating or delivering their allocated volumes may meet their DGDO through arrangements with producers that have better access to infrastructure and domestic customers. NUPRC explained that the framework is being developed to support compliance with the DGDO and translate allocated supply obligations into actual physical gas deliveries.

NUPRC also disclosed that, out of approximately 63 producing companies, 27 were allocated DGDO, out of which, only 23 of these allottees were actively supplying gas to domestic customers. The proposed Gas Swap Framework is expected to provide an additional mechanism for improving DGDO compliance and increasing the gas availability to domestic customers, including power generators and industrial users.

Federal Government Waives Import Duties and VAT on CNG, LPG and Electric Vehicles[4]

The Federal Government has approved exemptions from import duties and Value Added Tax (VAT) for fully CNG-powered vehicles, fully LPG-powered vehicles and battery electric vehicles, as well as certain extended-range electric vehicles. The exemptions also cover specified CNG and LPG conversion kits and other qualifying gas-relatedequipment.

The policy is aimed at reducing the cost of clean energy technologies and accelerating the adoption of alternative fuels in Nigeria's transport sector. The inclusion of conversion kits may also reduce the cost of transitioning conventional vehicles to CNG or LPG, while encouraging investment in the infrastructure needed to support gas-based and electricity mobility.

The measure forms part of Nigeria's broader energy transition strategy to lower transportation cost, reduce reliance on petrol, strengthen energy security, and support environmental sustainability. Importers will be required to obtain an Import Duty Exemption Certificate (IDEC) from the Ministry of Finance to access the incentives, while certain categories, including hybrid vehicles and luxury vehicles valued at US$100,000 and above remain excluded from the scheme.

Federal High Court Orders NMDPRA to Continue Granting Petroleum Import Licences[5]

The Federal High Court has ordered the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) to continue to issue, renew or reissue petroleum products import licences to Matrix Energy, AA Rano and AYM Shafa, subject to the fulfilment of the requisite statutory and regulatory conditions. The order was made by Justice Inyang Ekwo following a challenge by the three oil marketers to the NMDPRA's refusal to renew their import licences.

[4] Nigeria waives import duty, VAT on fully CNG, electric vehicles - Businessday NG

[5] Court Orders NMDPRA to Continue Granting Fuel Import Licences - Politics Nigeria

The Court held that the NMDPRA's actions were inconsistent with the Petroleum Industry Act, 2021 (PIA) and the Federal Competition and Consumer Protection Act (FCCPA), particularly sections 31, 32 and 211 of the PIA, and section 72 of the FCCPA which mandate the promotion of competition in midstream and downstream petroleum operations and the prevention of abuse of dominant positions and restrictive business practices.

The Court further declared that eligible applicants who satisfy the conditions prescribed by the NMDPRA are entitled to the issuance, extension or renewal of petroleum products import licences.

NUPRC Commences Enforcement of "Drill-or-Drop" Requirements for Non-Performing Licence Holders[6]

NUPRC issued a circular dated 14 September 2026 notifying holders of Petroleum Prospecting Licences (PPLs) awarded under the 2020 Marginal Field Bid Round, the 2022/2023 Mini Bid Round and the 2024 Licensing Round of its intention to enforce the "*drill-or-drop*" provisions of the PIA. NUPRC warned that affected licensees who breach their statutory work commitments may be subject to regulatory enforcement measures.

The circular relied on Sections 77, 78 and 88 of the PIA, as well as the default and revocation provisions in Sections 96 and 97. Potential measures include refusal of licence extensions, compulsory relinquishment, calling in of work performance securities and commencement of revocation proceedings. Affected licensees were directed to notify the NUPRC of their compliance status, identify any constraints affecting performance and submit their proposals to mitigate defaults and revised timelines by 31 October 2026.

The enforcement position reinforces the PIA's emphasis on active development of oil and gas acreage and the Federal Government's objective of increasing production levels. Licensees will therefore need to demonstrate progress against their approved work programmes and escalate any constraints to the NUPRC.

NUPRC Warns of Possible Revocation of Unutilised Gas Flare Commercialisation Awards[7]

NUPRC issued a warning to beneficiaries of awards under the Nigerian Gas Flare Commercialisation Programme (NGFCP) that their awards may be revoked where they fail to demonstrate sufficient progress in utilising the awarded flare gas sites. NUPRC stated that it would evaluate each award one year after issuance to determine whether meaningful progress had been made.

The NUPRC disclosed that 43 flare gas sites were initially identified for award under the NGFCP, out of which 27 have been awarded to investors. NUPRC indicated that where insufficient progress is recorded following its assessment, appropriate regulatory action,

[6] NUPRC to Enforce Drill-or-Drop Rule on Oil Licences

[7] NUPRC threatens sanctions over unutilised gas flare sites - Vanguard News

including revocation of awards, may be taken.

The development reflects a more active enforcement approach to the commercialisation of flare gas sites with a focus on compliance by investors participating in the NGFCP. Awardees will need to demonstrate timely progress in developing the gas sites. We will recommend the escalation of constraints or challenges to the NUPRC, which adopts a proactive approach.

NUPRC Clarifies Helicopter Levy and Terminal Navigational Charge for Offshore Operations[8]

NUPRC issued a circular dated 28 August 2026 communicating the decisions of a Ministerial Review Committee on the Helicopter Levy for Air Navigational Services and related charges applicable to upstream petroleum operations. The Committee confirmed that the US$300 per-landing Helicopter Levy payable to the Nigerian Airspace Management Agency (NAMA) remains applicable.

The Committee distinguished the Helicopter Levy from the Terminal Navigational Charge (TNC), clarifying that the TNC applies only to helicopter landings at government-owned aerodromes and does not apply to landings at private offshore facilities or petroleum platforms. The review followed concerns raised by the NUPRC on behalf of upstream operators regarding the application of the charges.

The clarification provides greater certainty on the charges applicable to helicopter operations supporting offshore petroleum activities. The Committee also affirmed that any new or revised fees, levies or charges directly affecting upstream petroleum operations will only be introduced after consultation with the NUPRC and other relevant stakeholders, pursuant to Section 25 of the PIA.

NMDPRA and FCCPC Strengthen Competition and Consumer Protection Framework for Petroleum Sector[9]

The NMDPRA and the Federal Competition and Consumer Protection Commission (FCCPC) signed a Memorandum of Understanding (MoU) on 10 September 2026 to strengthen cooperation on fair competition, market transparency and consumer protection across the petroleum sector value chain.

The MoU provides a framework for enhanced coordination between both agencies in areas including enforcement activities, product metering and compliance with fuel-quality standards. The development follows NMDPRA's proposed Midstream and Downstream Petroleum Prevention of Anti-Competitive Practices and Behaviour Regulations, 2026, which are being developed pursuant to Section 216 of the PIA.

The proposed regulations seek to address anti-competitive conduct including abuse of market dominance, collusion, market manipulation and discriminatory access to

[8] NUPRC clarifies $300 helicopter levy, exempts offshore oil operations from TNC - Vanguard News

[9] https://punchng.com/fccpc-nmdpra-sign-pact-to-strengthen-petroleum-sector-competition/

essential petroleum infrastructure. NMDPRA commenced stakeholder consultations on the proposed regulations in September 2026, providing industry participants with an opportunity to submit comments on same.

NMDPRA Directs Petrol Stations to Recalibrate Dispensers Following Under-Dispensing Concerns[10]

NMDPRA has directed retail petroleum outlet operators nationwide to immediately calibrate and verify their fuel dispensers and totalisers following reports of under-dispensing of petroleum products. NMDPRA will increase inspections and enforcement activities to ensure that consumers do not face the risk of under-dispensing.

NMDPRA warned that outlets found to be under-dispensing, operating with improperly calibrated equipment or otherwise compromising dispensing accuracy would be required to take corrective action. Persistent or serious violations may attract regulatory sanctions, including revocation of licences, in accordance with applicable regulations.

The directive forms part of NMDPRA's broader downstream market surveillance and consumer protection measures with strict compliance requirements for retail petroleum operators. The NMDPRA has also indicated that it is working with relevant agencies to monitor issues including product quality, price-gouging, collusion, under-dispensing and product diversion.

NMDPRA Clarifies Institutional Roles in Collection and Allocation of Gas Flare Penalties[11]

NMDPRA clarified in September 2026 that the Midstream and Downstream Gas Infrastructure Fund (MDGIF) is not responsible for the collection of gas flare penalties. The clarification followed concerns raised in the Federal Auditor-General's report regarding the treatment and remittance of gas flare penalties.

NMDPRA stated that, pursuant to the PIA, gas flare penalties are collected by NUPRC in accordance with its statutory mandate and remitted into the Federation Account. The requisite statutory allocations are subsequently made to the MDGIF through the Federation Account Allocation Committee (FAAC).

The clarification reinforces the institutional distinction between the NUPRC and MDGIF and their respective roles in collecting gas flare penalties and gas infrastructure investment. Stakeholders now have clarity in their regulatory and compliance engagements concerning gas flare penalties and the MDGIF.

[10] Petrol under-dispensing: NMDPRA cracks down on filling stati

[11] Auditor-General's Report: MDGIF not revenue collection agency — NMDPRA - Vanguard News

Power

NERC Revises Framework for DisCos' Utilisation of Earned Non-Administrative Operating Expenditure[12]

The NERC issued a revised Order on the utilisation of earned Non-Administrative Operating Expenditure (Non-Admin OpEx) by successor Distribution Companies (DisCos), aimed at accelerating network upgrades, improving service reliability to ensure that available revenues are directed towards critical infrastructure and market obligations. The revised Order took effect in September 2026 following a regulatory review of DisCos' revenue utilisation.[13]

Under the revised framework, DisCos are required to establish and maintain dedicated Capital Expenditure (CapEx) Provision Accounts, with specified portions of earned Non-Admin OpEx allocated towards approved network rehabilitation, reinforcement and expansion projects. Debt-free DisCos are required to remit 50% of earned Non-Admin OpEx to the CapEx account from August 2026, increasing to 60% from February 2027, while the allocation for indebted DisCos is structured to also account for outstanding obligations to the Nigerian Bulk Electricity Trading Plc (NBET) and the Market Operator.

The revised framework strengthens regulatory oversight over the use of DisCos' internally generated revenues and is intended to improve investment in distribution infrastructure. DisCos will also be required to obtain NERC approval for projects funded through the CapEx Provision Account and report on the utilisation of such funds.

NERC Issues Technical Audit Guidelines for the Transmission System[14]

NERC issued the Guidelines on the Procedures for Technical Audit of the Transmission System and Network Data Validation 2026, which took effect on 20 July 2026. The Guidelines establish a standardised framework for periodic technical audits of Nigeria's electricity transmission system and validation of transmission network data.

Under the framework, the Nigerian Independent System Operator (NISO) is required to engage suitably qualified consultants to conduct comprehensive technical audits of the 330kV and 132kV transmission networks at least once every five years. Transmission Service Providers are required to provide the audit team engaged by NISO with access to relevant facilities and operational records and to implement Performance Improvement Plans arising from audit findings.

The Guidelines strengthen regulatory oversight of transmission infrastructure and could improve the quality of information available for network planning, investment decisions and performance monitoring.

[12] NIGERIAN ELECTRICITY REGULATORY COMMISSION

[13] Amended-order-on-nonadmin-opex_04092026171143.pdf

[14] NERC issues guidelines on procedures for technical audit of transmission network - The Business Lens Africa

Federal Government Establishes Inter-Agency Committee on Electricity Decentralisation[15]

The Federal Government constituted a nine-member Inter-Agency Committee to address regulatory and institutional issues arising from the decentralisation of Nigeria's electricity market.

The Committee is expected to review areas of potential overlap between federal and state electricity regulation, including licensing, tariffs, market oversight and related regulatory responsibilities. The initiative follows the establishment of multiple State electricity markets after the transfer of regulatory authority to States.

The Inter-Agency Committee is a positive step for investors, stakeholders and operators, as greater clarity regarding the regulatory roles of federal and state institutions should reduce regulatory uncertainty as more electricity markets are established across the country.

Ondo State Establishes Amended Electricity Regulatory Framework[16]

In August 2026, Ondo State enacted the Ondo State Electric Power Sector (Amendment) Law 2026, establishing a State Electricity Regulatory Commission and other electricity market institutions, including a State Independent System Operator and State Market Operator. The legislation provides a framework for state-level regulation of electricity activities, including licensing, tariffs, mini-grids, renewable energy projects and other electricity market operations within the State.

The legislation also covers compulsory metering, protection of public and privately funded electricity infrastructure, and the establishment of a standard and certification agency for electrical equipment and sector professionals.

The development reflects the growing implementation of state electricity regulation and avenues for private-sector participation in electricity market activities within Ondo State. The State aims to promote investment certainty, expand access to electricity, support renewable energy development facilitate broader economic and industrial growth within the State.

NISO Rejects DisCos' Payment Proposals and Signals Sanctions for Outstanding Market Obligations[17]

The NISO has rejected payment proposals submitted by some DisCos to settle their outstanding obligations to the Nigerian Electricity Market and service providers following a public hearing held in September 2026. A five-member committee chaired by NISO's Executive Director, Market Operations, reviewed the outstanding obligations and proposed repayment arrangements.

[15] FG sets up committee to address decentralisation of electricity market - The Business Lens Africa

[16] Ondo Electricity Law: Aiyedatiwa Signs New Power Sector Bill

[17] NISO rejects DisCos' debt repayment proposals, warns of sanctions - Nairametrics

NISO considered some of the proposals unacceptable, particularly in view of the magnitude and age of the outstanding obligations. The system operator noted that the Federal Government had already netted off approximately 97% of DisCos' outstanding obligations incurred between 2015 and 2020 and consequently called on affected DisCos to take immediate steps towards settling their remaining balances.

NISO indicated that it would proceed with the applicable sanctions under the Market Rules while maintaining engagement with affected market participants. The development reinforces the increasing regulatory emphasis on market integrity, settlement discipline and financial compliance in the sector.

Updated State Electricity Market Tracker

Section 230 of the Electricity Act 2023 empowers the States to regulate their electricity markets following transfer of regulatory oversight from the NERC to state regulators. We have provided in the table below, an updated tracker of the states which have established electricity agencies:

States with Laws Establishing State Electricity Regulators

S/N	STATES	DATE OF ENACTMENT	STATUS
1	Ekiti	16 October 2023[18]	**Completed.** Established the Ekiti Electricity Regulatory Bureau under the Ekiti State Electric Power Sector Law 2023.
2	Enugu	8 September 2023[18]	**Completed.** Established the Enugu Electricity Regulatory Commission under the Enugu State Electricity Law 2023.
3	Ondo	13 August 2026[19]	**Completed** Established the Ondo State Electricity Regulatory Bureau under the Ondo State Electric Power Sector Law 2020. **Ongoing** The Ondo State Electric Power Sector (Amendment) Law 2026 establishes a State Electricity Regulatory Commission, which is yet to be constituted.
4	Imo	May 2024[18]	**Completed.** Established the Imo State Electricity Regulatory Commission under the Imo State Electricity Reforms Law 2024.

[18] See 15 Nigerian states regulating their own electricity sector in 2026 - Nairametrics

[19] Aiyedatiwa Assents To Ondo's New Power Sector Law - Channels Television

S/N	STATES	DATE OF ENACTMENT	STATUS
5	Oyo	9 February 2024[20]	**Completed.** Regulatory oversight by the Oyo State Electricity Regulatory Commission, established under the Oyo State Electricity Regulatory Commission Law 2024.
6	Edo	March 2025[21]	**Completed.** Established the Edo State Electricity Regulatory Commission under the Edo State Electricity Law 2025.
7	Kogi	20 June 2024[22]	**Completed.** Regulatory oversight by the Kogi State Electricity Regulatory Commission, established under the Kogi State Electricity Law 2024.
8	Lagos	3 December 2024[23]	**Completed.** Regulatory oversight by the Lagos State Electricity Regulatory Commission, established under the Lagos State Electricity Law 2024.
9	Ogun	12 September 2024[24] (passed by the House of Assembly; date of assent to be confirmed)	**Completed.** Regulatory oversight by the Ogun State Electricity Regulatory Commission, established under the Ogun State Power Sector Law 2024.
10	Niger	19 December 2024[25]	**Completed.** Established the Niger State Electricity Regulatory Commission under the Niger State Power Sector Law 2024.
11	Plateau	6 February 2024[26]	**Completed.** Established the Plateau State Electricity Regulatory Commission under the Plateau State ElectricityLaw 2024.

[20] Signing of Oyo State Electricity Regulatory Commission Bill into Law - Oyo State Feedback Service

[21] Okpebholo Signs Edo Electricity Bill Into Law - Channels Television

[22] Ododo Signs Anti-corruption Agency, Electricity Regulatory Commission Bills into Law - Kogi State Government

[23] Lagos State Electricity Law, 2024 - Law Nigeria

[24] Ogun Assembly Passes Power Sector Law 2024 - Ogun State House of Assembly

[25] Bago signs appropriation, power sector bills into law - Nexter News

[26] Plateau State Signs Electricity Market and Energy Corporation into Law - The Electricity Hub

S/N	STATES	DATE OF ENACTMENT	STATUS
12	Nasarawa	30 December 2024[27]	**Completed.** Established the Nasarawa State Electricity Regulatory Commission under the Nasarawa StateElectricity Law 2024.
13	Bayelsa	28 December 2023[28]	**Completed.** Established the Bayelsa State Electricity Regulatory Agency under the Bayelsa State Electricity Law 2023.
14	Anambra	10 April 2025[29]	**Completed.** Established the Anambra State Electricity Regulatory Commission under the Anambra State ElectricityLaw 2025.
15	Abia	17 March 2025	**Completed.** Established the Abia State Electricity Regulatory Authority under the Abia State Electricity Law.

Gombe State enacted the Gombe State Electricity Law 2025 on 5 May 2025[30], establishing the Gombe State Electricity Regulatory Commission (GOSERC). Although NERC issued an Order on 7 January 2026 for the transfer of regulatory oversight of the electricity market in Gombe State to GOSERC, the transition of regulatory oversight to GOSERC remains ongoing.The continued transfer of regulatory oversight from NERC to State-led electricity regulatory commissions represent a pivotal step in decentralising Nigeria's electricity market. Robust coordination and transition mechanisms between NERC and State regulators will be critical to avoiding regulatory overlaps which could undermine a much-needed redrawing of Nigeria's power map. The Inter-Agency Committee on Electricity Decentralisation is a practical mechanism after decades of a single federally regulated regime.

[27] Sule Signs 2025 Appropriation Bill Of ₦384.3bn Into Law - Channels Television

[28] Bayelsa Gov Signs N489.4bn 2024 Appropriation, Electricity Bills Into Law - New Telegraph

[29] About ASERC - Anambra State Electricity Regulatory Commission

[30] Nigerian Power Sector Mid-Year Report 2025 - Aluko & Oyebode



Market and Industry Developments

Oil and Gas

NUPRC Concludes 2025 Licensing Round with 31 Companies Winning 37 Oil and Gas Blocks[31]

NUPRC concluded the commercial phase of the 2025 Licensing Round in July 2026, with 31 companies emerging as successful bidders for 37 oil and gas blocks. A total of 143 companies submitted 200 bids for the 50 blocks offered, with 37 blocks attracting bids while 13 received none.

The successful bids covered a range of terrains, including Niger Delta onshore and shallow water areas, deep offshore acreage and frontier basins such as the Benue Trough, Chad Basin, Anambra Basin and Benin Basin. The NUPRC described the level of participation recorded in the frontier basins as unprecedented, reflecting a high degree of investor interest in a Nigerian licensing round.

The outcome signals continued investor interest in Nigerian upstream acreage, particularly frontier basins. The awards remain subject to the applicable requirements, including payment of signature bonuses and approval by the Minister of Petroleum Resources, after which final awards will be issued. The NUPRC expects successful bidders to proceed with asset development and has indicated that it will apply its "drill-or-drop" policy if obligations are not met.

ExxonMobil Commences US$1 Billion Usan Infill Project[32]

Esso Exploration and Production Nigeria (Offshore East) Limited, an affiliate of ExxonMobil, has commenced activities on the US$1 billion Usan Infill Project in Oil Mining Lease 138. The Usan deepwater field, a venture including Chevron, TotalEnergies and Nexen, is expected to add up to 40,000 barrels per day to Nigeria's crude oil production, with first production targeted within approximately 18 months.

The investment also marks a return to Nigerian drilling activity by ExxonMobil's Nigerian affiliate following its last drilling operation in the country in 2016.

The investment represents a significant commitment to Nigeria's deepwater revival and Government's efforts to increase production through the redevelopment and expansion

[31] NUPRC awards 37 oil blocks to 31 companies in Nigeria's 2025 licensing round - Nairametrics

[32] ExxonMobil Nigeria's unit starts $1bn Usan deepwater project - Businessday NG

of existing producing assets.

ECOWAS Member States Advance African Atlantic Gas Pipeline Project[33]

The African Atlantic Gas Pipeline (AAGP) project received a significant boost in July 2026 following the signing of an Intergovernmental Agreement by ECOWAS Member States. The project is designed to span approximately 6,900 kilometres along the West African coast and transport up to 30 billion cubic metres of natural gas annually.

The pipeline is intended to connect Nigeria's gas resources to demand centres across West Africa, the Sahel and Morocco, with potential onward integration into European energy markets. The project has the backing of Nigeria, Morocco, ECOWAS member states and Mauritania.

The signing of the Intergovernmental Agreement represents an important step towards the development of the regional gas infrastructure and could expand markets for Nigerian gas while supporting greater regional energy integration.

Government Considers Reforms to Domestic Crude Supply Framework for Refiners[34]

The Federal Government commenced discussions on reforms to the domestic crude supply framework aimed at improving access to crude supply for local refineries. The proposed changes include mechanisms that could allow producers to deliver crude directly to nearby refineries and potential adjustments to pricing arrangements to reflect savings in freight and handling costs.

The discussions follow crude supply and pricing concerns of domestic refiners despite increased upstream producer compliance with domestic crude supply obligations (DCSO). NUPRC reported that DCSO compliance has risen to above 90% in the second quarter of 2026, compared with less than 43% in the first quarter of 2026.

If implemented, the proposed reforms could reduce logistics and pricing constraints affecting domestic refiners and support more efficient utilisation of Nigeria's growing domestic refining capacity.

Dangote Refinery Expands International Jet Fuel Market Presence[35]

Dangote Petroleum Refinery increased its participation in the international aviation fuel market during the quarter, with significant volumes of jet fuel exported to European markets. The development reflects the refinery's growing role not only in meeting domestic petroleum product demand but also as an export of increasing significance.

The refinery's increasing export volumes come as market disruptions have altered international product flows and created global demand for reliable sources of refined

[33] African Atlantic Gas Pipeline Advances with Historic ECOWAS Agreement - African Energy Council

[34] Nigeria considers crude supply reforms to aid Dangote, other refiners | Reuters

[35] Dangote Refinery Becomes World's Top Jet Fuel Exporter

petroleum products. The refinery has also continued to expand its international customer base as production volumes increase.

The development strengthens Nigeria's position in the regional and international refined products market and demonstrates the potential for domestic refining capacity to generate export revenues in addition to reducing dependence on imported petroleum products.

TotalEnergies and AMNI Take FID on Ima Gas Field[36]

TotalEnergies and its Nigerian partner, AMNI, have taken a final investment decision (FID) to develop the offshore Ima gas field, which straddles OML 112 and OML 117 in shallow waters near Bonny Island. TotalEnergies is operator with a 40% interest, while AMNI holds the remaining 60%. Production is expected to commence in 2028.

The development will involve a single platform connected to Nigeria LNG (NLNG) through a 22-kilometre pipeline and production is expected to reach approximately 350 million cubic feet per day. The field is expected to supply approximately one-third of the gas required for NLNG Train 7 expansion.

The project incorporates measures which will reduce emissions and enhance local content, including electricity supplied from shore, no routine flaring and permanent methane detection and monitoring. TotalEnergies expects key contractors to be Nigerian companies and approximately 60% of the development-phase workforce to be sourced from host communities. The FID also represents a further commitment to Nigeria's non-associated gas resources.

NMDPRA Approves 830,000 Tonnes of PMS Imports for Q4 2026[37]

NMDPRA approved the importation of approximately 830,000 tonnes of Premium Motor Spirit (PMS) for the fourth quarter of 2026. The approvals, issued to six oil marketing companies in September, maintain a market supply buffer to supplement ongoing expansion of domestic refining capacity, support petroleum product availability and mitigate potential supply gaps.

The development highlights the continuing use of strategic imports in Nigeria's downstream petroleum supply chain alongside increasing domestic refining output to derisk supply disruptions.

NMDPRA Attributes Petrol Price Volatility to Supply Chain and Refining Costs[38]

NMDPRA attributed continued volatility in petrol pump prices to factors including global crude oil costs, domestic refining arrangements, logistics and transportation costs. NMDPRA stated in September 2026 that petrol prices remain fully deregulated and are therefore subject to fluctuations across global supply chain.

[36] TotalEnergies, AMNI take FID on Nigeria's Ima gas field

[37] NMDPRA approves 830,000 tonnes of petrol imports for Q4 2026 - TV360 Nigeria

[38] NMDPRA explains why petrol price volatility persists - Nairametrics

The factors identified include the cost and timing of sourcing crude oil as refinery feedstock, the time required to transport crude to refineries, the procurement and arrival of imported petroleum product cargoes and marine and inland costs associated with product distribution. NMDPRA also noted that refinery pricing templates and ex-depot prices are not regulated under the current deregulated framework.

The development highlights the continued importance of supply chain efficiency and competition in determining downstream petroleum product prices. NMDPRA indicated that it is engaging relevant stakeholders and agencies, including the FCCPC, to support price transparency and market competition.

Government Continues Expansion of Investment Opportunities in Frontier Oil and Gas Basins[39]

The 2025 Licensing Round has expanded investor access to Nigeria's frontier basins, including the Benue Trough, Chad Basin, Anambra Basin and Benin Basin. NUPRC reported that these areas attracted bids during the licensing process, marking a notable level of investor interest in acreage outside Nigeria's traditional producing areas.

The Government has intensified efforts to diversify Nigeria's upstream resource base and encourage exploration in underdeveloped basins. Continued investment in frontier acreage will, however, depend on exploration success, infrastructure availability and the commercial viability of discovered resources.

Power

Edo State Issues 7MW Mini-Grid Licence to IZENERGY Limited[40]

The Edo State Government issued a 7MW mini-grid electricity licence to IZENERGY Limited in July 2026 to develop a project serving communities across the State under the Edo State Electricity Law 2025, as amended.

The project is intended to support electricity access, renewable energy deployment and industrial development across designated communities and forms part of Edo State's broader strategy of combining national grid supply with independent generation and renewable energy solutions.

The licence demonstrates the opportunities emerging from the decentralisation of Nigeria's electricity market and the participation of States regulation of electricity generation and distribution within State lines.

[39] 'Nigeria Boosting Frontier Oil Production To Attract Investment Opportunities'

[40] Edo issues investor 7MW mini-grid licence, targets rural electrification - Blueprint Newspapers Limited

Bayelsa Electricity Regulatory Authority Grants 20-Year Distribution Licence to BYEDC[41]

The Bayelsa State Electricity Regulatory Authority (BYERA) issued a 20-year electricity distribution licence to the Bayelsa State Electricity Distribution Company (BYEDC), covering the approved service area within the State.

The licence establishes the regulatory basis for BYEDC's distribution activities and subjects the company to applicable requirements relating to service quality, metering, billing, consumer protection and complaints management.

NERC Intervenes in Kaduna Electricity Distribution Company[42]

NERC intervened in the management of Kaduna Electricity Distribution Company (KAEDC) with effect from 10 August 2026 following concerns regarding KAEDC financial and operational performance. The intervention resulted in the dissolution of the KAEDC board and the appointment of a five-member interim board, with an Interim Administrator appointed to oversee KAEDC operations.

As at 31 May 2026, KAEDC's cumulative market obligations were reported at approximately ₦456.5 billion, in addition to approximately ₦14.26 billion in statutory and third-party obligations. KAEDC 2025 remittance performance was also reported at 41.93%, resulting in a market shortfall of approximately ₦46.71 billion.

The intervention is intended to stabilise KAEDC's operations while a process is undertaken to identify a new core investor. Afreximbank is expected to coordinate the competitive process over a 12-month period. The development highlights the financial pressures facing the distribution segment and the increasing use of regulatory intervention to address persistent market and governance challenges.

REA Establishes Renewable Asset Management Company for Publicly Funded Solar Projects[43]

The Rural Electrification Agency (REA) launched the Renewable Asset Management Company (RAMCO) to improve the long-term management and sustainability of publicly funded renewable energy assets.

The initiative follows concerns regarding the operational sustainability of solar hybrid projects deployed to public institutions. Since 2017, approximately 82MW of solar hybrid capacity has been deployed across 22 universities and three teaching hospitals. An assessment of seven projects found that only three remained in good or usable condition.

RAMCO is expected to engage private-sector operators to manage the assets, including metering, billing and collection, maintenance and replacement of critical equipment such

[41] Bayelsa grants 20 years electricity distribution licence to BYEDC - Vanguard News

[42] https://nairametrics.com/2026/08/21/nerc-names-5-member-interim-board-to-fix-troubled-kaduna-disco/

[43] FG Launches RAMCO to Sustain Publicly Funded Renewable Energy Assets | Energy Times

as batteries and inverters. The initiative is intended to establish a more sustainable operating model in which tariffs and revenues support ongoing operation, maintenance and asset renewal.

The development may improve the commercial and operational sustainability of publicly funded renewable energy infrastructure and provide a framework for greater private-sector participation in the management of publicly funded renewable energy assets.

Mining and Natural Resources

Nigeria–US Solid Minerals Framework Agreement Raises Questions Over US$700 Billion Mineral Valuation[44]

In September 2026, Nigeria and the United States signed a framework agreement on cooperation in the solid minerals sector, covering geological data, exploration, mineral processing, infrastructure and technical capacity, widely reported in the Nigerian press as a US$700 billion mining deal. However, the figure represents the Federal Government's estimate of the value of Nigeria's mineral resources, rather than an investment commitment, or a firm valuation of
projected commitments in the mining sector. The framework provides a basis for further cooperation, with specific transactions and projects which will be negotiated with interested investors.

The valuation has also attracted scrutiny due to the absence of a publicly available methodology supporting the estimate. A similar figure was referenced in a 2023[45] memorandum of understanding between Nigeria's Solid Minerals Development Fund and German firm GeoScan GmbH.

As a sign of growth in the sector, the National Bureau of Statistics reported solid mineral exports of ₦249.7 billion in the first half of 2026, representing an 83.4% increase from ₦136.17 billion in the corresponding period of 2025. The figures highlight the potential investment opportunities in Nigeria's mining sector.

Investor confidence will be enhanced with greater transparency in Nigeria's mining sector, access to official geological data, security, sanctity of mining permits, and domestic mineral processing capacity. These measures will be important in ensuring that international partnerships translate into increased investment, pre-export value addition and sustainable economic benefits for Nigeria. It is noteworthy that the Federal Government is committed to ensuring a viable mining sector.

[44] Beyond the $700 billion claim: can Nigeria capture the value in Its minerals? - Nairametrics

[45] Nigeria, German firm sign MOU on solid minerals exploration



Financing and Investment Trends

Power

Power Sector Financial Pressures Continue to Drive Regulatory and Investment Reform

Financial pressures within the electricity distribution segment remained a key investment consideration during the quarter, with regulatory interventions increasingly focused on improving financial discipline, network investment and market remittances.

NERC's Order on the utilisation of earned non-administrative operating expenditure provides eligible DisCos with a mechanism to redirect specified surplus funds towards capital expenditure and market debt repayment12, while the intervention in KAEDC demonstrates the regulator's willingness to take more direct action where financial and operational performance concerns arise.[46]

These developments underscore the continuing need for stronger financial sustainability across the sector. For investors, the effectiveness of regulatory measures to improve cash flows, reduce market debt and strengthen distribution infrastructure will remain an important consideration in assessing opportunities within the sector.

Oil and Gas

Dangote Refinery Completes US$2.5 Billion Private Equity Placement Ahead of Proposed IPO[47]

The Dangote Petroleum Refinery and Petrochemicals FZE completed a US$2.5 billion private equity placement in July 2026. Media reports indicate the placement was oversubscribed by 3.7x. The private equity placement represented the refinery's first equity capital raise involving external investors beyond its existing shareholder base and is a precursor to a planned public listing which is expected to break continental records.

The successful capital raise is significant for Nigeria's energy sector as it demonstrates continued institutional and international investor appetite for large-scale domestic energy infrastructure in Africa. It also provides a precedent for the use of private capital markets to finance expansion of strategic energy assets.

[46] ORDER-ON-REGULATORY-INTERVENTION-IN-KEDC.pdf

[47] Dangote confirms successful completion of $2.5 billion private placement - Nairametrics

Authors



Oghogho Makinde
Partner

E:Oghogho.Makinde
@aluko-oyebode.com



Tomiwa Adepoju
Associate

E:Tomiwa.Adepoju
@aluko-oyebode.com



Toyosi Gambo
Associate

E:Toyosi.Gambo
@aluko-oyebode.com

Disclaimer

Aluko & Oyebode (the Firm) owns all copyrights and similar rights in the contents of this presentation; all rights in the contents of this publication are reserved to the firm and all trademarks, logos and brands displayed in this publication are either owned by the firm or licensed to it and must not be reproduced without its consent. Unauthorized copying is illegal. The contents of this publication, either in whole or in part, may not be reproduced, stored in a data retrieval system or transmitted in any form or by any means, electronic, mechanical photocopying or otherwise without the written consent of the Firm.

The views and opinions contained in this publication are those of the authors and should not be considered as independent legal advice to be relied upon for any purpose whatsoever. The Firm accepts no liability for the consequences of any reliance placed on the contents of this publication. The views, opinions and statements contained herein should not be relied upon for any personal, legal, contractual or financial or other decisions or possible gain. The information, opinions or views expressed in this publication may include inaccuracies or typographical errors. The firm accepts no liability for any errors in any of the views expressed herein.

If you are not the intended recipient(s), please contact Aluko & Oyebode via telephone (+234 201 4628360) or e-mail (ao@aluko-oyebode.com). For further information about Aluko & Oyebode, please visit our website at www.aluko-oyebode.com.



Lagos

1, Murtala Muhammed Drive
(formerly Bank Road)
Ikoyi, Lagos, Nigeria

T: +234 201 462 8360 -71
E: ao@aluko-oyebode.com
W: www.aluko-oyebode.com

Port Harcourt

3rd Floor, Plot 173,
Sani Abacha Road
GRA Phase III, Port Harcourt
Rivers State, 234
Nigeria

T: +234 703 192 260

Abuja

Plot 1348A, Agulu Lake Street
Maitama, Abuja, Nigeria