



PRESIDENCY **ENERGY** **SECTOR** **WRAP-UP** **2024**

RENEWED HOPE:

THE PHOENIX YEAR FOR
NIGERIA'S ENERGY SECTOR

Foreword

It is with great pride that we present this report, highlighting the milestones achieved in Nigeria's energy sector during 2024, a year that marked a significant rebirth, aptly termed "The Phoenix Year." Under the visionary leadership of President Bola Ahmed Tinubu, the sector witnessed a remarkable resurgence from stagnation to vibrancy, paving the way for industry growth and economic prosperity for all Nigerians.

In the Oil & Gas sector, 2024 was a year of bold reforms that improved Nigeria's investment competitiveness. Key developments included the introduction of Five Policy Directives that restructured the upstream and midstream sector to attract investments and expedite energy delivery to global and local markets. These policies have positioned Nigeria as a top-tier destination for energy capital allocation and has catalyzed unprecedented investments not seen in over a decade. Notably, the year witnessed the Final Investment Decision (FID) on Nigeria's first Deep Offshore greenfield development valued at \$5 billion, signaling renewed investor confidence and long-term commitment to the country. Furthermore, the year saw the President approving a total of five (5) major acquisition requests since assuming office, freeing up the onshore fields for a new generation of ambitious indigenous

companies who are ready to invest and grow production.

2024 also featured a further shift towards gas—a resilient and cleaner energy source and commitment to the Energy transition. This shift was supported by tax incentives and fiscal reforms that attracted significant investments in the Compressed Natural Gas (CNG), Liquefied Petroleum Gas (LPG), and Electric Vehicle value chains, reflecting our commitment to a sustainable energy future. Additionally, for Deep Offshore Gas, we have gone from the absence of full fiscal terms to now having one for the first time in our history.

In the Power sector, the cornerstone of the 2024 energy reform agenda was the introduction of financial reforms to address structural issues and enhance on grid electrification. The year witnessed the launch of the Presidential Metering Initiative aimed to eliminate estimated billing, improve revenue generation for Distribution Companies, and enable greater energy access for Nigerians. Efforts were also made to create a conducive environment for private investment by addressing legacy debts and initiating the transition to cost-reflective tariffs while protecting vulnerable customers.

The establishment of the dedicated Energy Office in the Presidency has been instrumental in coordinating these reforms, ensuring that Nigeria not only reclaims its position as a regional energy hub but also sets the stage for a prosperous, energy-secure future.

2024 will be remembered as the year of resurgence, a testament to President Bola Ahmed Tinubu's dedication to maximising Nigeria's abundant energy resources to achieve economic growth and liberate millions of Nigerians from poverty.



Signed by

Olu Verheijen,
Special Adviser to
President Bola Ahmed Tinubu
GCFR, on Energy

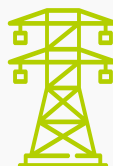
Strategic Direction for the Energy Sector

OIL & GAS SECTOR

A **disciplined focus** on producing oil and gas with the **strongest economics and lowest emissions** to the market as quickly as possible

Greater emphasis on **capital efficiency, quicker execution and value creation**

A **shift towards gas**, for which demand is more resilient through the energy transition



Expand on grid energy access, by implementing financial reforms to attract investments to improve on grid electrification

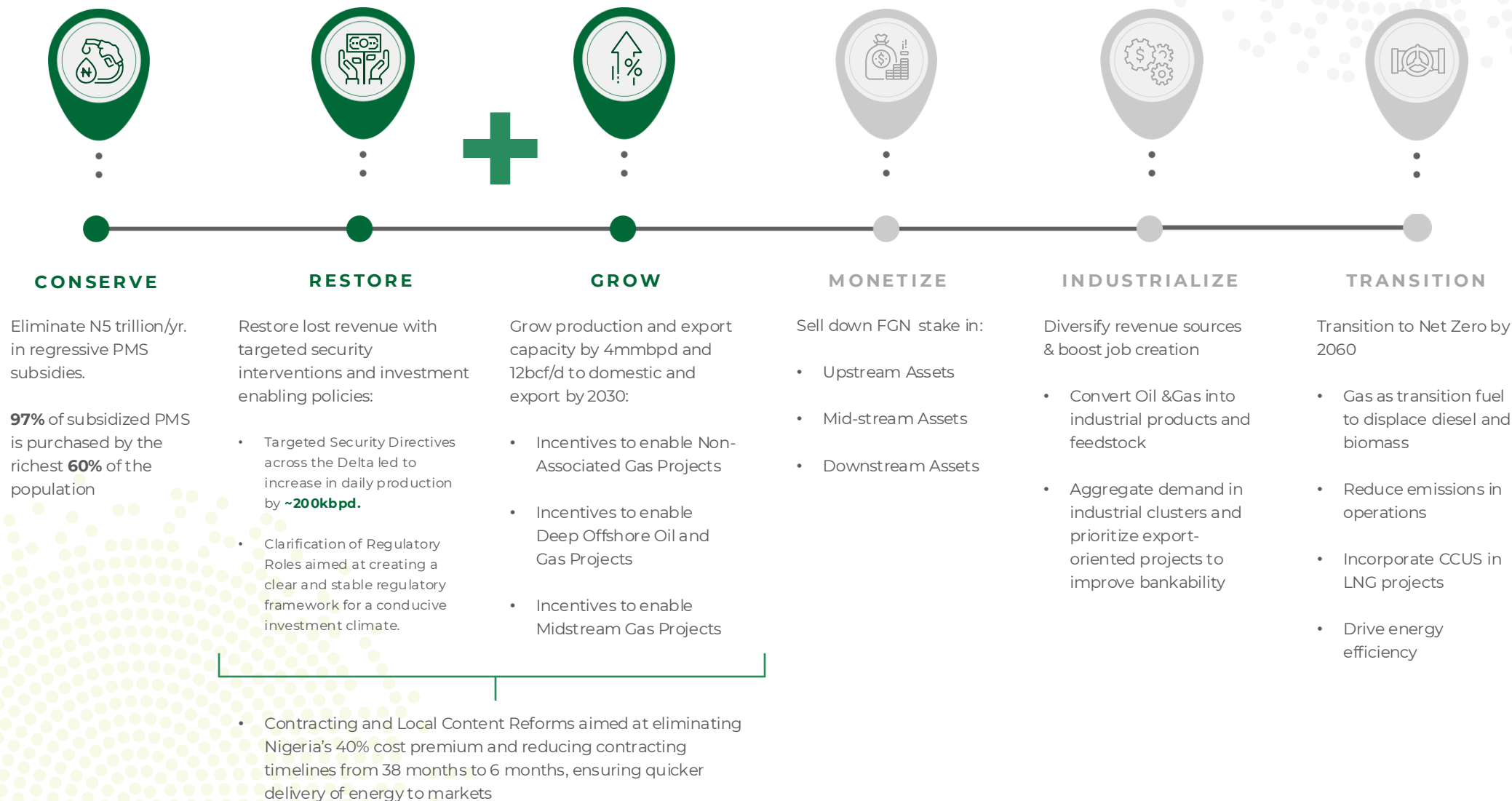
Affordable and fair Electricity Tariffs that reflect the true cost of delivering power, while introducing **targeted subsidies** to keep electricity affordable for low-income groups

Clear historical debts in the power sector to Improve the financial health of power companies, allowing them to **invest in upgrading infrastructure** to improve **electricity services and reliability**

POWER SECTOR

Snapshot & Progress of President Bola Ahmed Tinubu's Campaign Promises in the Oil & Gas sector

PRESIDENT TINUBU'S CAMPAIGN PROMISES



Oil & Gas Sector Reforms

5 POLICY DIRECTIVES

20
24

28TH FEBRUARY 2024

Presidential Directive 42 Petroleum Sector Cost Reforms 2024:

Implemented reforms to reduce contracting costs and shorten project execution timelines.

1ST OCTOBER 2024

Notice of Tax Incentives for Deep Offshore Production 2024:

Introduced fiscal incentives to stimulate investments in deep offshore oil and gas production.

28TH FEBRUARY 2024

Presidential Directive 40 Tax Incentives Order 2024:

Introduced tax incentives for onshore and shallow water non-associated gas (NAG) and deep offshore oil and gas investments

28TH FEBRUARY 2024

Presidential Directive 41 Local Content Compliance 2024:

Addressed the high-cost premium of operations in Nigeria while promoting genuine local capacity development.

1ST OCTOBER 2024

Value Added Tax (VAT) Modification Order:

Introduced VAT waivers for AGO, electric vehicles, LPG, CNG, and their associated equipment, including clean cooking technologies.



Oil & Gas Sector Reforms

OVERVIEW OF FISCAL INCENTIVES

Extensive modelling and comparative analysis with regional and global competitors have informed the design of fiscal incentives aimed at repositioning Nigeria's energy sector to attract strategic investments.

OIL

FISCAL INCENTIVES LED TO:

DEEP OFFSHORE OIL:

Conducted a comparative analysis of 14 countries that attracted **\$80Billion**

in deep offshore investments in the last decade from investors currently operating in Nigeria

OUT OF 14 COUNTRIES



Designed fiscal incentives to reposition Nigeria from bottom to a top three destination.

KEY INVESTMENT HIGHLIGHT:

110K
Barrels per day



\$5billion investment by SNEPCO in the Bonga North Deep Offshore Project, with a production capacity of approximately **110,000 barrels per day**. First green field Deep Offshore project in **over a decade**

FUTURE OUTLOOK:

Nigeria positioned to tap into **\$30B+** in Deep Offshore investments by 2029.



GAS

FISCAL INCENTIVES LED TO:

NON-ASSOCIATED GAS:

Conducted a comparative analysis of the top 14 gas reserve-holding countries and discovered low investor returns in Nigeria.

Established full fiscal terms

for Deep Offshore Gas Development for the first time.

Improvement in the profitability of Non-Associated Projects by **30%**



Designed fiscal incentives to reposition Nigeria from bottom to a top three destination.

KEY INVESTMENT HIGHLIGHT:

\$550 million investment by Total Energies/NNPCL in the Ubeta Non-Associated Gas Project.

FUTURE OUTLOOK:

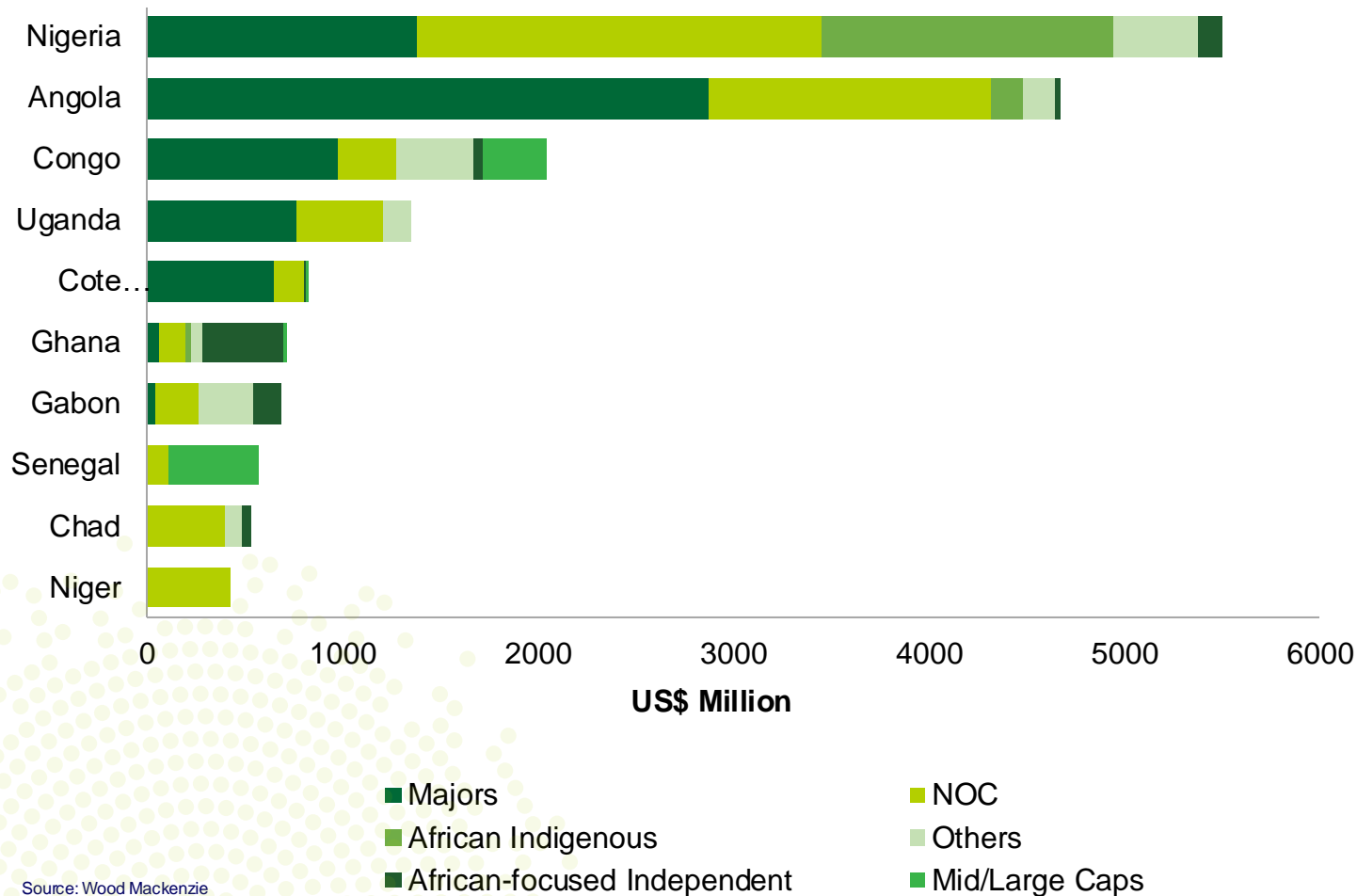
Nigeria is now positioned to attract **\$5B+** in gas investments by 2029, enhancing gas availability for export and supporting the energy transition.



Nigeria Leads in African Upstream Oil & Gas Investments and Capex 2024

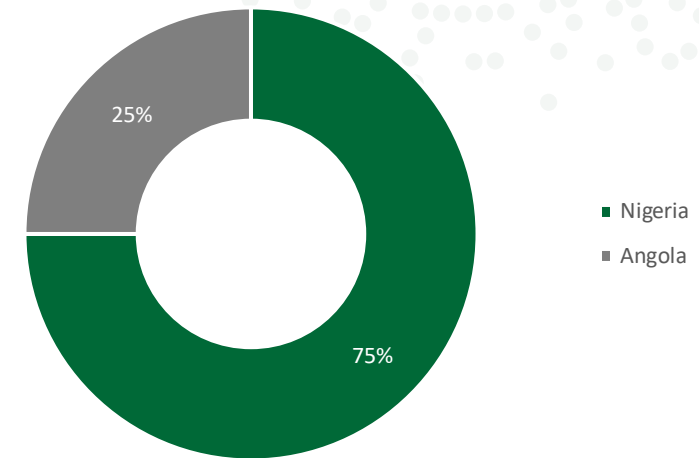
Nigeria regained the top spot from Angola

Top 10 African Countries by Upstream Capex - 2024



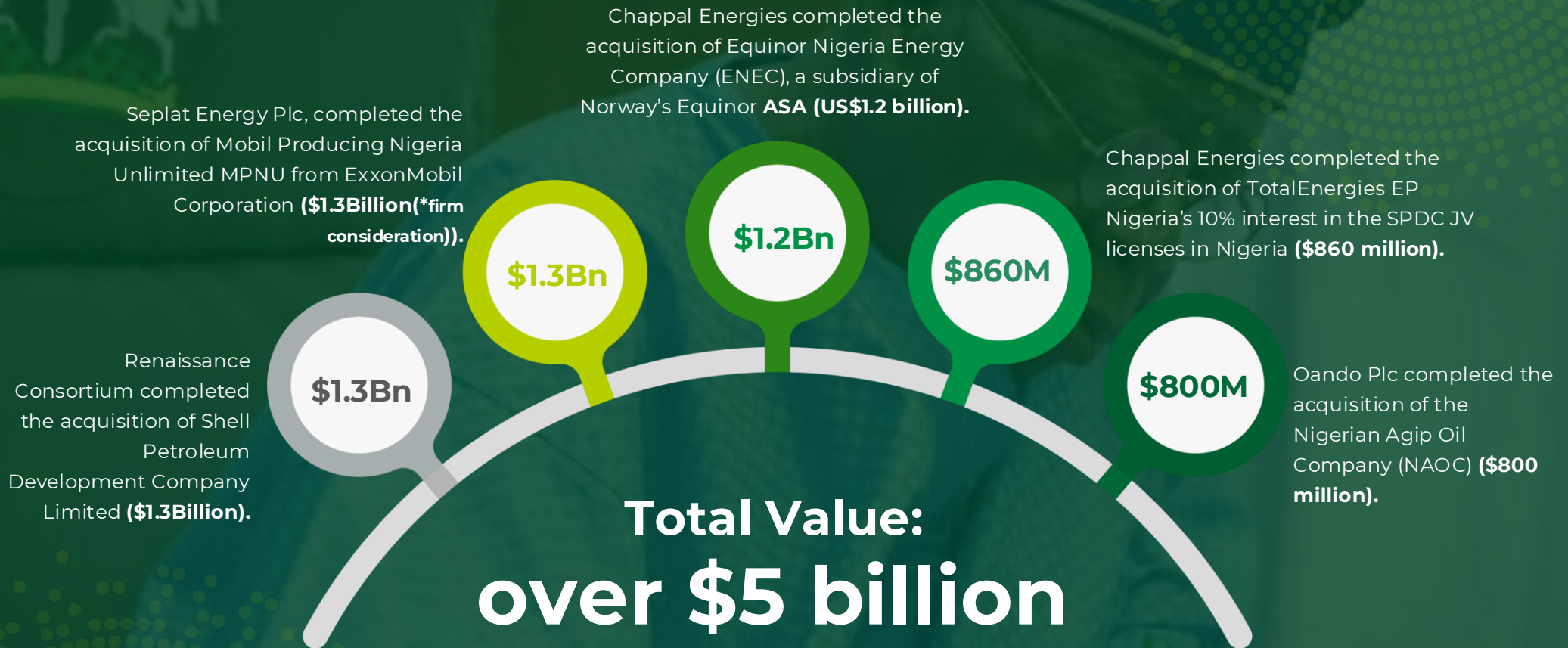
Source: Wood Mackenzie

2024 African Upstream FIDs



Nigeria secured three of the four upstream investments made in Africa for 2024.

Oil & Gas Asset Acquisitions in 2024



These acquisitions unlock onshore fields for a new wave of ambitious indigenous companies, ready to invest and boost production. This shift strengthens local ownership, drives immediate growth in oil and gas output, and sets Nigeria on a path to a more stable and prosperous energy future.

Financial Reforms to Improve On Grid Densification

ABUNDANT, RELIABLE AND AFFORDABLE ON GRID ELECTRICITY ACCESS



STABILIZE

- Deploy ~5million Smart Meters and associated advanced metering infrastructure to:
 - End estimated billing and close the metering gap.
 - Improve revenue assurance for the Distribution Companies and other power sector participants.
 - Reduce energy losses from 40% to global average of 15-20%



SAFEGUARD

- Transition to electricity tariffs that reflect the true cost of delivering power, enhancing the financial sustainability of the sector.
- Leverage technology to introduce direct targeted electricity subsidies to the poor and vulnerable



RESTORE

- Clear backlog of legacy debt in the power sector to:
 - Improve the financial health of companies in the power sector value chain
 - Enable power sector companies to make investments to deliver a reliable and abundant supply of electricity.



ELECTRIFY

- Facilitate the entry of investors with strong financial and technical capacity to:
 - Drive the modernization and expansion of the distribution network
 - Improve electricity access and reliability



INDUSTRIALIZE

- Improve power reliability to support industrial clusters and factories to:
 - Create jobs
 - Drive economic growth
 - Increase standard of living for all Nigerians

2024 Investments At a Glance

Total Investments: \$6.7B



**\$5.5
Billion**

Upstream Oil & Gas Investments

- Iseni Gas Project (SPDC JV)
- Ubeta Gas Project (TotalEnergies/NNPCL)
- Bonga North Deep Offshore Project (SNEPCO)



**\$400
Million**

\$400M

Federation investment in the Presidential Metering Initiative to Close the Metering Gap



**\$700
Million**

\$700M

Investment prospects across the Clean Mobility & Clean Cooking Value Chain



MORE ABOUT US

For any enquiries, requests or partnerships, feel free to connect with us through our various media channels

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