



# New Dawn of the Nigerian Gas Industry





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# The Nigerian Socio Economic Overview- Population & Market

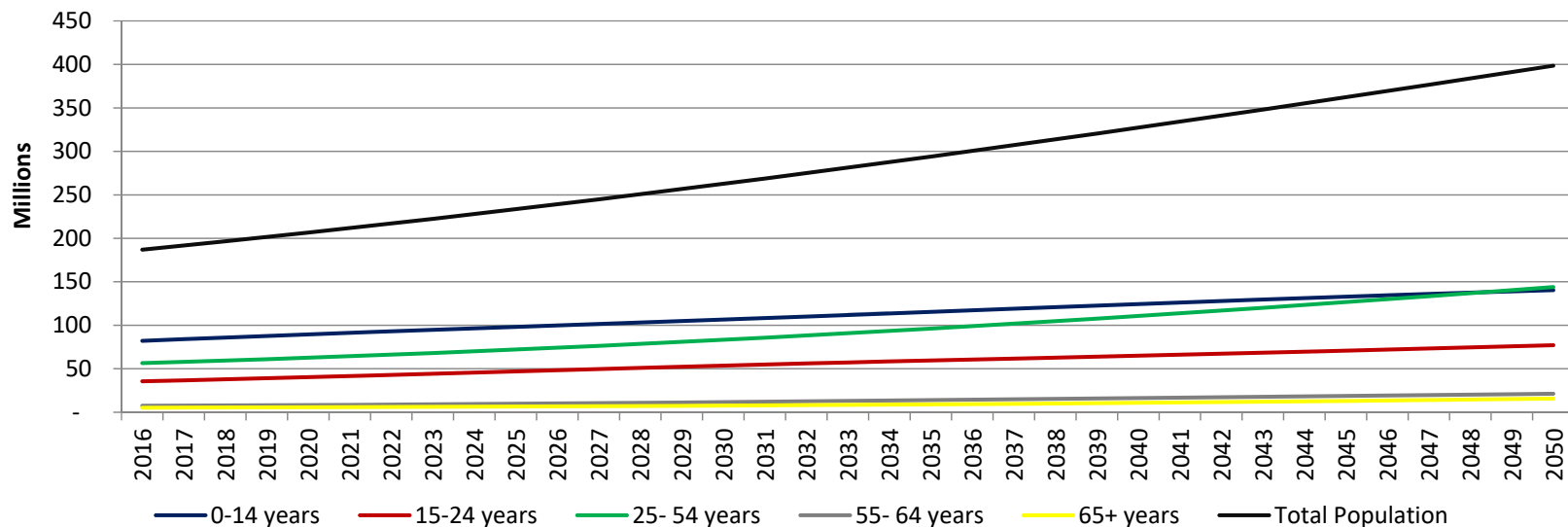
	Nigeria
GDP per Capita (\$ 2010) 2017	2,458
Electricity production from natural gas sources (% of total)	82.41 (2014)
Natural Gas Reserves (TCF) @2017	192
Natural Gas Production (bcf/d @ 2017)	7.9
Natural Gas Domestic Consumption (bcf/d)	1.5
Share of production Consumed Domestically	19%

Source: World Bank, NNPC, BP Statistical Review of Energy

- Population – 193.4 Million
- 47% of West Africa population
- GDP per capita (USD) – 2,458
- Economic Growth (GDP, annual variation in %) – 0.8
- Exports (USD Billion) – 45.8
- Imports (USD Billion) – 32.7
- Biggest economy in Africa
- Projected to be 3<sup>rd</sup> largest population within 25 years.

Source :World Bank, 2017 & Focus Economics, 2017, National Bureau of Statistics

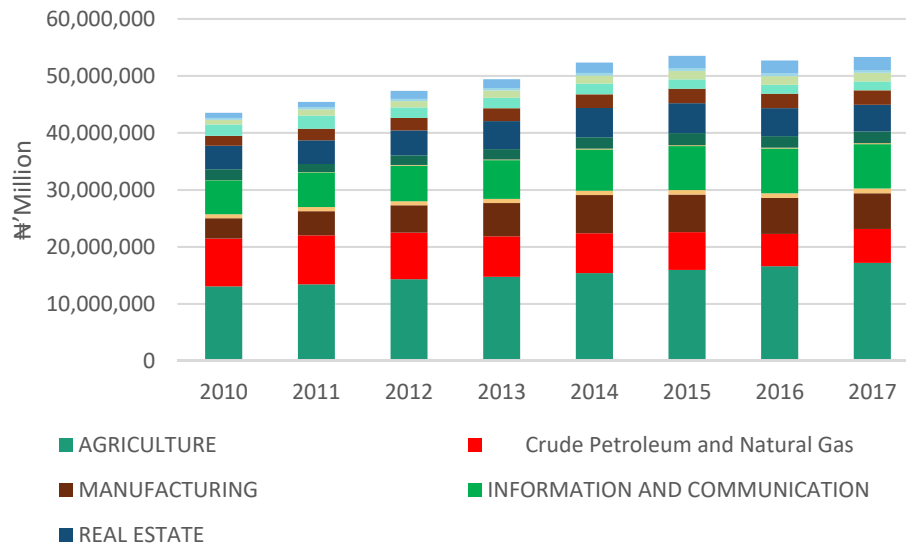
**Nigeria's Demographic Population Forecast**





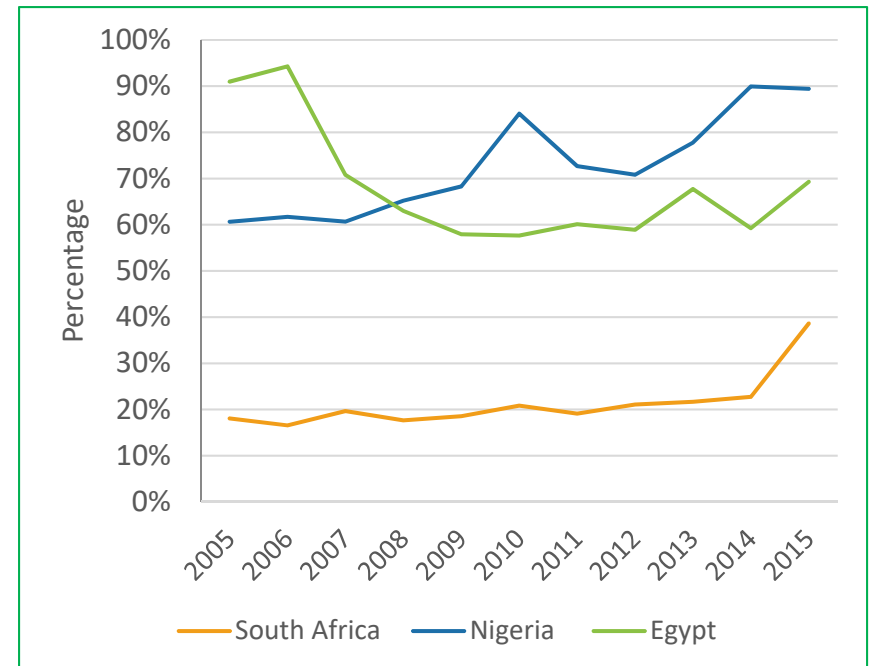
## The Nigerian Socio Economic Overview – Economy and Business Environment

Nigeria GDP Contributions by Sector



Source: National Bureau of Statistics

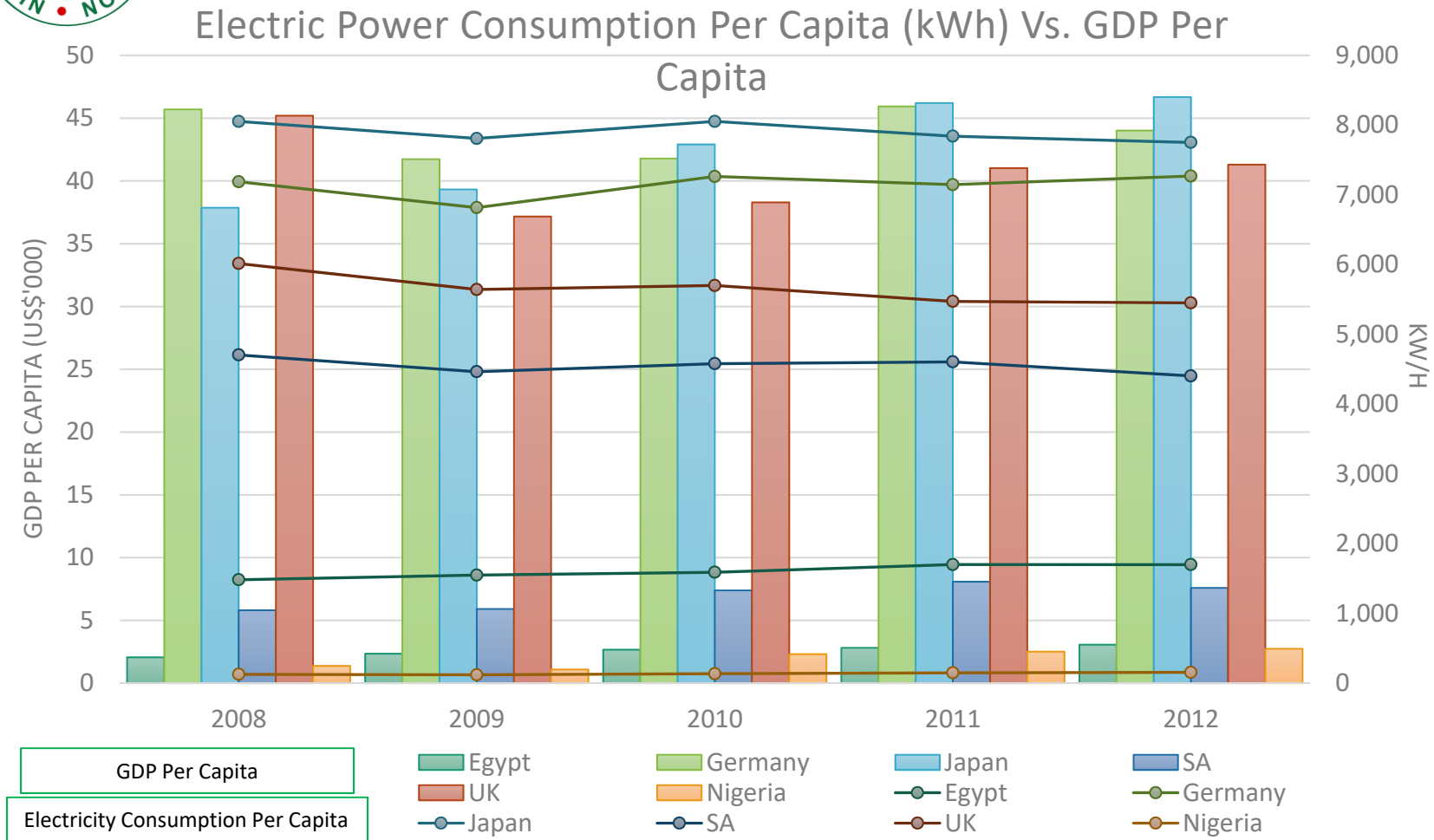
- Agriculture, Trade & Oil & Gas are the largest contributors to the Nigerian economy.



- Nigeria has improved from 169<sup>th</sup> to 145<sup>th</sup> in the World Bank 2017 Ease of Doing Business ranking.
- Target is to be ranked in top 100 in coming years.



## The Nigerian Socio Economic Overview - Power Consumption is impeding economic growth



- Nigeria's per capita power consumption is one of the lowest in the world.
- Currently generating 5GW of grid power vs. target of 40GW and norm of 190GW
- Power deficit of 35GW to 185GW !
- Nigeria is powered through off-grid self generation (diesel & petrol generators).



The Nigerian Socio Economic Overview

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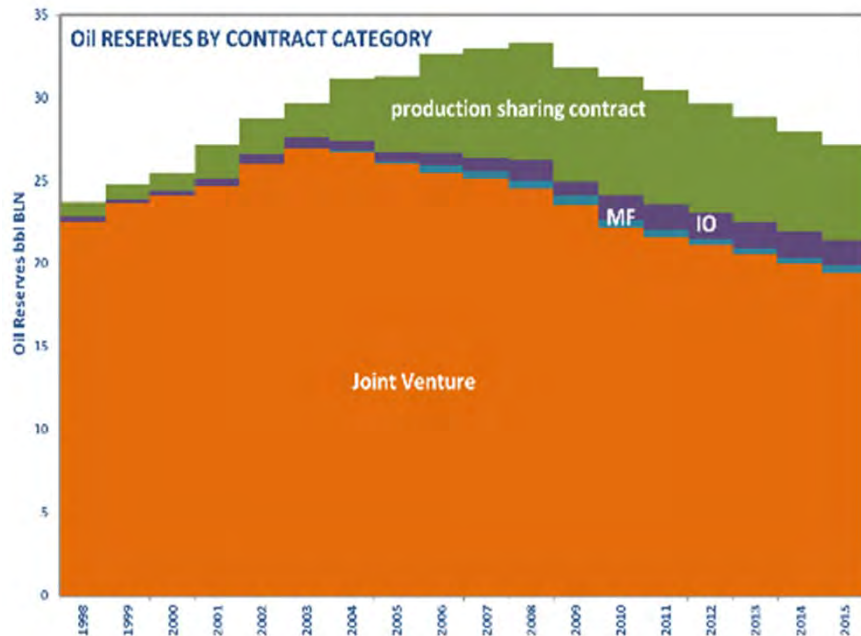




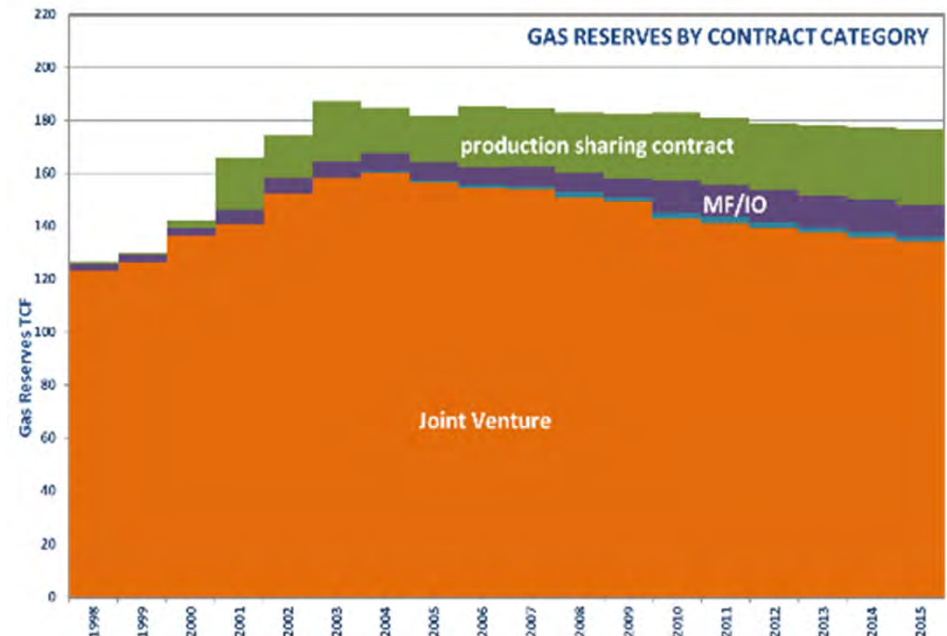
Oil and Gas reserves have witnessed a steady decline over the last 12 years due to underinvestment . But Indigenous Operators are rising to the challenge.

### Decline of Joint Venture (JV) resource base (production and reserves)

#### Nigeria Oil Reserves -36mmbbls



#### Nigeria Gas Reserves 192 TCF



- *At 3 MMbbls/d & 8Bscf/d, oil & gas reserves will only last 30 & 66 years respectively; urgent need to find more oil & gas to meet aspiration to grow gas production & consumption (i.e. to achieve Reserves Replacement Ratio greater than 100%)*
- *Exploration and Appraisal programs need dedicated funding*
- *The Oil & Gas industry contributes >90% of the foreign exchange earnings & 10% of GDP*
- *Nigeria's economy has been over reliant on oil export . Policy direction is to move to a gas based industrialised country.*

Source IPPG





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**The Gas story: Historical Overview – Challenges And Issues That Shaped The Nigerian Gas Industry.**

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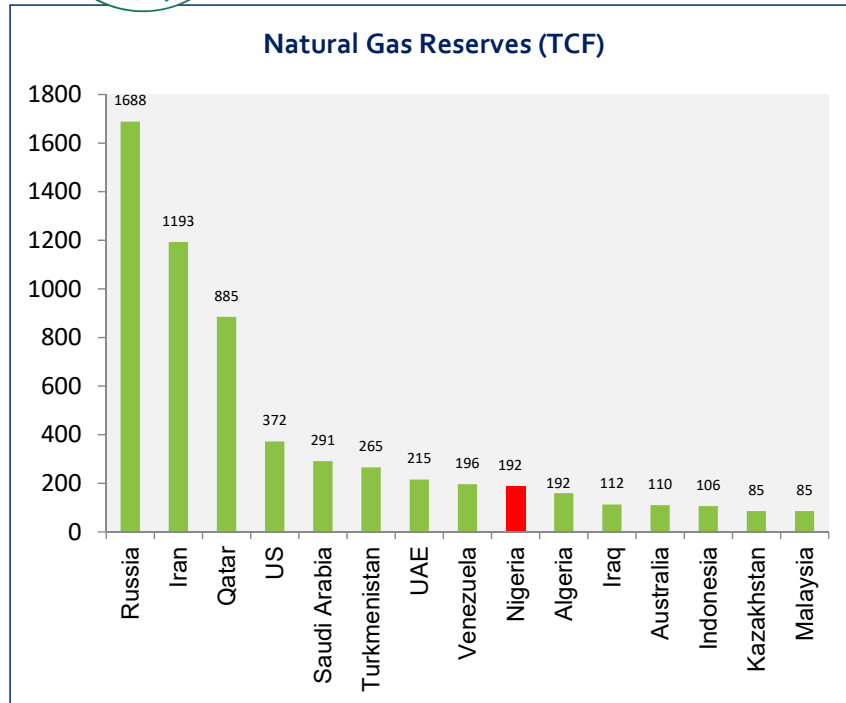
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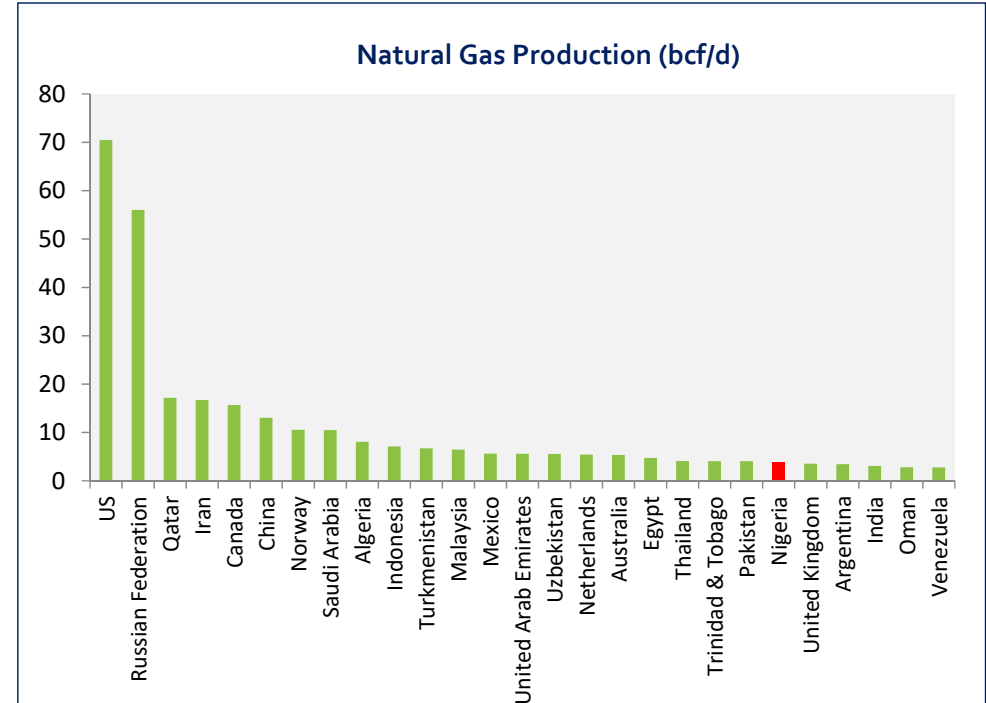
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## The Gas story: Largest Gas Reserves In Africa Huge and untapped resource



Source: US Energy Information Administration



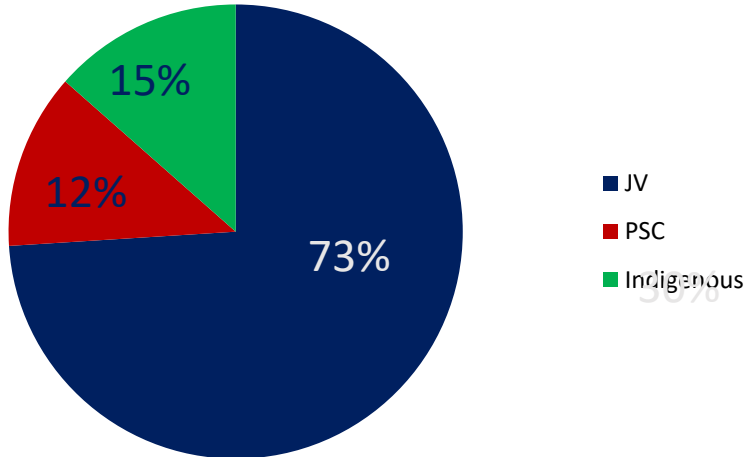
Source: BP statistical review of World Energy

- Despite having the 9<sup>th</sup> largest conventional gas reserves in the world, Nigeria is just the 22<sup>nd</sup> largest gas producer in the world.
- This means there is huge potential for increasing Natural Gas production and consumption within Nigeria.
- Policy direction is to use oil & gas to turn Nigeria into a gas based industrialised country.



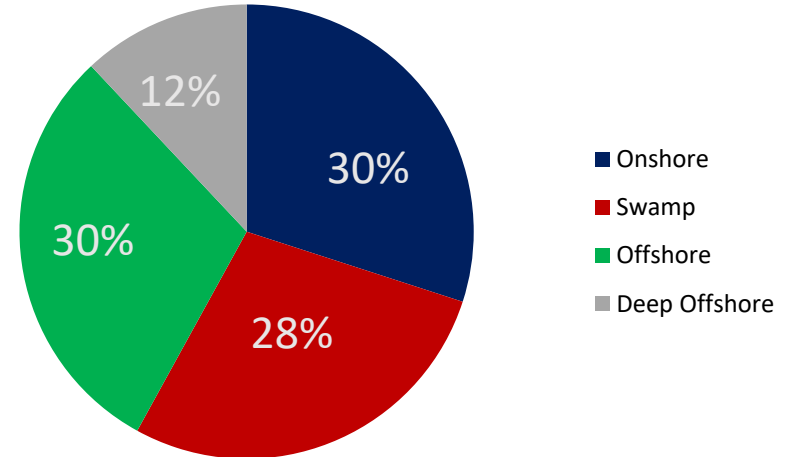
## The Gas Story: Resource type , location and control.

Control of Gas Reserves



Source: Department of Petroleum Resources

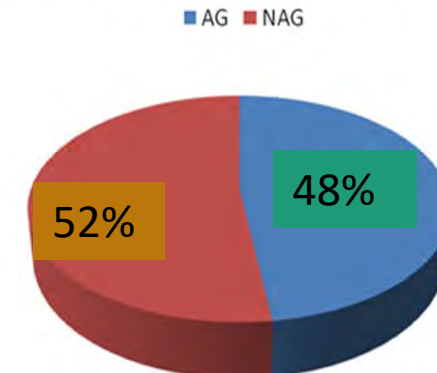
Location of Gas Reserves



Source: Department of Petroleum Resources

- Gas reserves by Contract type: JVs is 73% (Federal Government (FGN)/IOCs), PSCs 12% (FGN/IOCs) & 15% Indigenous Companies/Sole risk . *IOCs hold the bulk of the gas reserves.*
- Location of gas reserves: Onshore 58% & Offshore 42% .
- Gas reserves by type: NAG 52% & AG 48%.
- The combination of geographical spread and significant AG means Nigerian gas require creative & innovative solutions to effectively monetise.

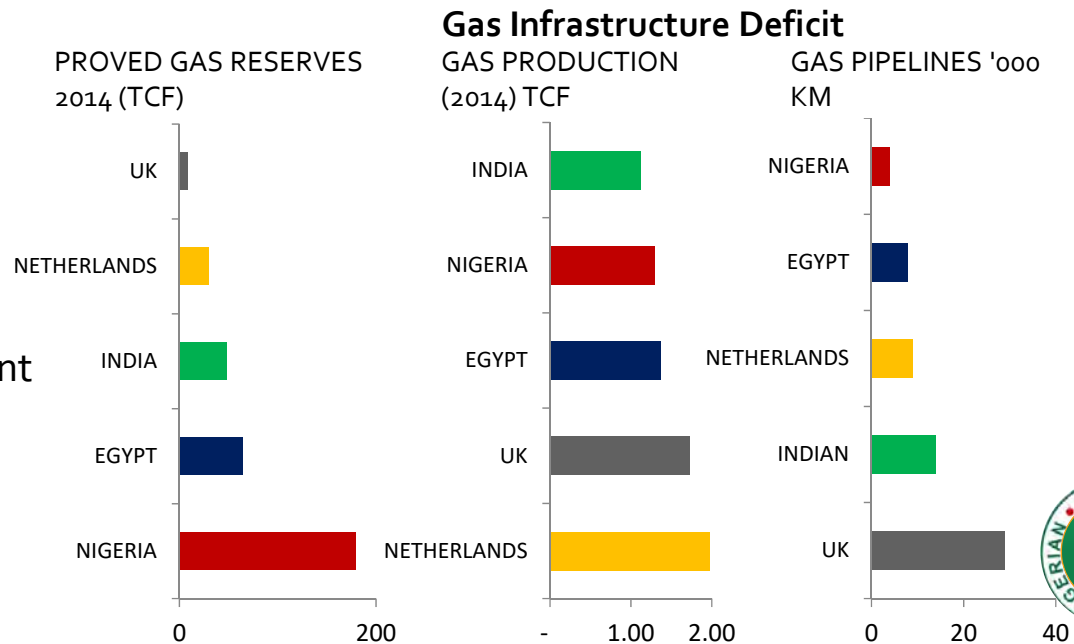
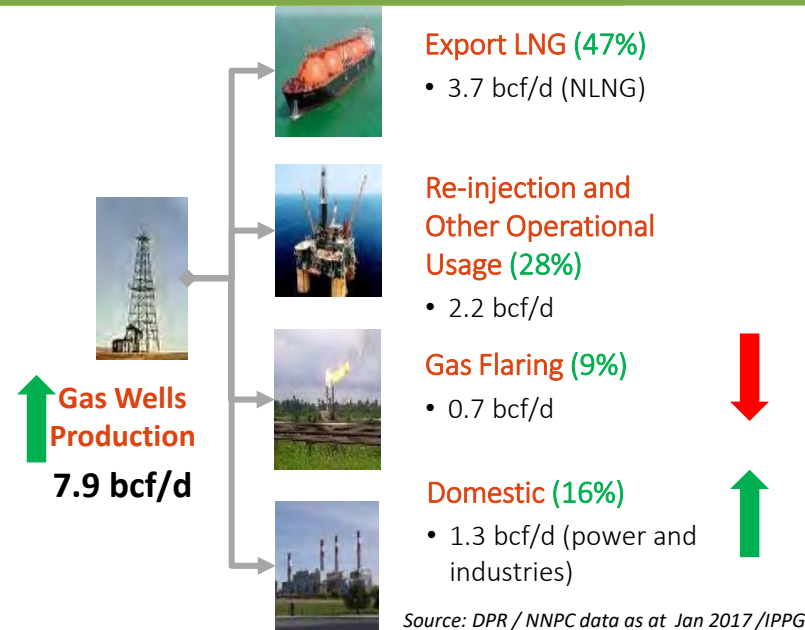
AG & NAG CONTRIBUTION TO GAS RESERVES AS @ 1.1.2015





## The Gas story: Historical Overview – Challenges and Issues that Shaped the Nigerian Gas Industry. Pricing & Infrastructure are key

- Nigeria is the 22<sup>nd</sup> largest producer of gas in the world in spite of having the 9<sup>th</sup> largest reserves
- In 2017, 47% of all natural gas produced was sold to the export market.
- Of domestic consumption, 73% is used for Power while 27% is for other uses.
- Additional 1.5bcf/d domestic gas supply is required to realize Government's target 6000 MW power generation by 2019
- Under investment due to non-attractive pricing & commercial framework has hindered investment in the upstream & mid-stream gas sectors especially in gas pipeline distribution infrastructure.



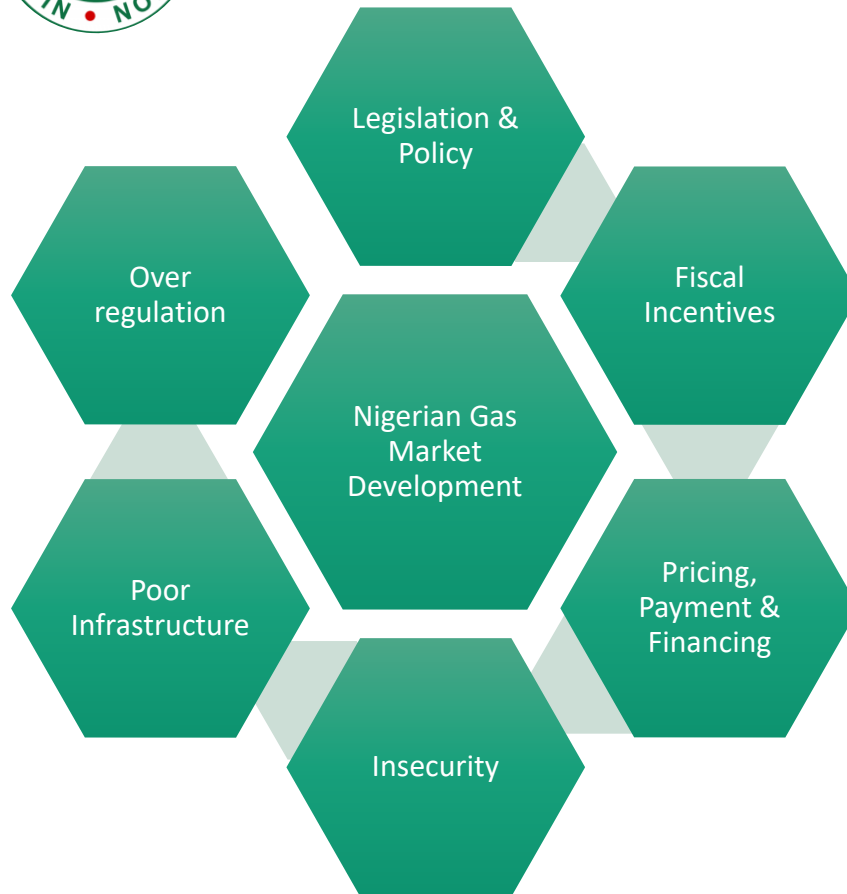


## Challenges and constraints that have inhibited the growth of the Nigerian gas industry

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## The Gas story: Historical Overview – Challenges to Developing Gas Assets in Nigeria



- Export Gas projects have benefitted from fiscal incentives
- Domestic Gas projects have been hindered especially by commercial barriers & lack of infrastructure.
- New policy and legislative initiatives are ongoing to change the narrative.



## The Nigerian Gas The Gas story: Historical Overview – Incentives matter.

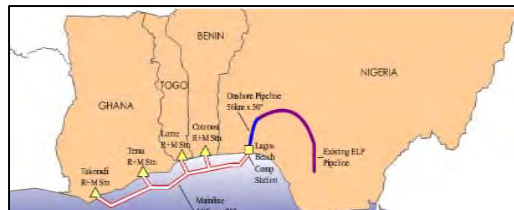
AGFA & NAGFRA gave birth to LNG, GTL & gas trunk lines



Export LNG (47%)

- 3.7 bcf/d (NLNG)

- Nigerian gas development has not been as aggressive as it should have been and is still in its infancy but,
- Some major successes have been achieved largely due to incentives provided in the 1990s by a number of laws that catalyzed sizeable projects:
  - AGFA ( Associated Gas Framework Agreement) act of 1992
  - NAGFRA ( Non-associated Gas framework Agreement ) act &
  - NLNG act
- 1. Nigerian LNG 6 trains/22MPTA upgrade to 30 MPTA with Train 7.
- 2. Chevron operated Escravos GTL (design- 325mm scf/d to 33,200 bbl/d diesel & naphtha).
- 3. Escravos Lagos (ELPS) pipeline (1 bscf/d looped to 2 Bscf/d in 2018)
- 4. The Nigerian Gas Master Plan grid.
- 5. West African Gas pipeline .
- 6. Reduction of flaring from 2 Bscf/d to 0.7 Bscf/d in last 10 years
- 7. Increase in domestic gas consumption from 0.3 Bscf/d to 1.3 Bscf/d.
- 8. Pending projects : NLNG Train 7, OKLNG, Brass LNG







## Local drivers shaping the new dawn of the Nigerian gas industry

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Nigerian Oil & Gas Overview: NIGERIA has the resource base (with over **36 million barrels of Oil reserves** and **192TCF of Gas Reserves** and huge upside potential) to achieve this “Energy Potential” in 5-10 years

### National Energy Potential



#### Upstream

Crude Oil Reserve Growth

40 bln  
bbls

Daily Crude Oil Production

3 mln  
Bbls/d

Gas Flaring Elimination & Grow Gas Reserves  
and Build Gas-Gathering Infrastructure

Zero  
Gas Flaring

Attain 10bcf/d  
+ 20% growth/year



#### Gas

Power Generation:  
Electricity Generation (Gas to Power)

7 Bcf/d

LNG Capacity Increase (NLNG Train 7 + Brass LNG  
and OLOKOLA LNG)

40 MTPA

Gas-based Industrialization - Agricultural  
Industry (Fertilizers); Construction Industry  
(Cement); Petrochemical Industry

3 Bcf/d



#### Downstream

Full Deregulation of the Downstream Sector

+\$5 bln savings

Domestic Refining Capacity

1.2 mln Bbls/d

Petrochemicals & Gas-Based Industries

xx mln Tonnes





## A New Dawn on the Horizon: Policy, Legislative & regulatory changes will change the narrative

### Nigerian Petroleum Sector Reform 2015 to 2019 7Big Wins

#### Key focus areas:

1. Policy and Regulation
2. Business Environment and Investment Drive
3. Gas Revolution
4. Refineries and Local Production Capacity.
5. **Niger Delta and Security**
6. Transparency and Efficiency
7. Stakeholder Management and International Coordination

### PIB (Petroleum Industry Bill)

- Originally conceived some 18years ago. Now split into 4 parts.
- The Petroleum Industry Governance Bill (PIGB) was passed by the Nigerian National assembly 2H/17.
- The Petroleum Fiscal Bill , Petroleum Host Community Bill and Petroleum Host Community Bill are planned to be passed by Oct. 2018.

### Oil/Gas & Fiscal Policies approved by FGN

- Vision : For Nigeria “To be an attractive gas based industrial nation, giving primary attention to meeting local gas demand requirements, and developing a significant presence in international markets.”
- Gas & Oil Policies approved by Federal Government Nigeria (FGN) in 2017.
- Petroleum Fiscal Policy yet to be approved.



## Petroleum Industry Bill Framework - Key Guiding Principles [1/2]

### Key Considerations and Principles

- ❑ Alignment with national economic aspirations
  - Creation of a globally competitive energy sector capable of adequately balancing Government and Investor returns (favourable investment destination)
- ❑ Promotion of the growth and development of indigenous player – positioning them for ownership of about 50% of production and reserve base
  - Consideration given to peculiar issues of Nigerian Independents - and prioritising (first consideration) to both operators and indigenous service providers in the execution of oil and gas industry projects
- ❑ Creation of a conducive business environment particularly across the operational areas
  - Peaceful operating environment with greater involvement / engagement of communities (anchored on a transparent and credible framework)
- ❑ Ease of administration
  - Clarity in ownership and execution framework
  - Enhanced / streamlined industry processes (approval turnaround time)
  - Protection from arbitrary levies / tariffs from multiple agencies post-passage (significantly increases costs and lowers investor confidence)



Petroleum  
Fiscal Bill



Petroleum  
Governance  
Bill



Petroleum  
Host  
Community  
Bill



Petroleum  
Administration  
Bill





## Petroleum Industry Bill Framework - Key Guiding Principles [2/2]

### Petroleum Industry Fiscal Bill



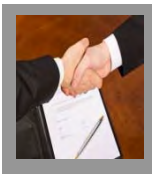
1. Simple Terms (to understand and implement) and aligned with National economic objectives
2. Internationally competitive and attractive destination
  - Reduced taxes to encourage investment and promote effective cost mgt. techniques, willing seller / willing buyer for gas

### Petroleum Host and Impacted Host Community Development Bill



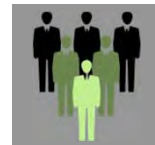
1. Comprehensive definition of host communities
2. Decentralisation/Grassroot involvement
3. Incorporation of best practices from working models
4. Clarity on governance, process and beneficiaries

### Petroleum Industry Governance Bill



1. Independent Single Regulator
2. Minimise discretionary power of Minister.
3. Independent, competent commercial NOC.
4. NOC partial privatisation

### Petroleum Administration Bill



1. Clarity of rules and terms
2. Best in class processing / approval times (quick turnaround time)
3. Promote asset development (address issues on undeveloped assets)
4. Properly aligned to global and domestic contexts



## The Nigerian Gas Policy: Core Principles

- Separate the respective roles and responsibilities of government and the private sector;
- Establish a single independent petroleum regulatory authority;
- **Implement full legal separation of the upstream from the midstream;**
- Implement full legal separation of gas infrastructure ownership and operations from gas trading;
- Realise more of the LNG international downstream value;
- Pursue a project-based, rather than a centrally-planned domestic gas development approach;
- Make a strong maintenance and safety culture a priority;
- Implement international best practice for environmental protection;
- **Establish strong linkages with electric power, agriculture, transport and industrial sectors;**
- **Establish payment discipline throughout the energy value chain;**
- **Honour sanctity & stability of contract terms;**
- **Ensure security of assets;**
- Ensure compliance with the Nigerian Content Act.
  - Increase LPG consumption 10 fold
  - Ensure flares out.
  - Expand gas pipeline infrastructure & encourage use of virtual pipeline solutions.





Nigerian Gas Awakening: Good & Consistent Policies /Laws & Implementation are the keys.

## **Fiscal Policy is the ultimate key**

### **Principles of the draft Fiscal Framework ( yet to be approved)**

- Fiscal framework recognises gas as a stand-alone commodity and industry separate from oil hence non consolidation/recovery of gas costs from oil income.
- Initial State regulation of pricing with transition to willing-buyer-wiling seller.
- Cost efficient fiscal policy.
- Non-consolidation of gas & oil costs.
- Separate fiscal treatment for activities in the value chain.
- Upstream incentives.
- Reduced royalty rates for gas.
- More favourable production allowances and Hydrocarbon tax under PSC.
- Transition from a regulated to free market gas market over time period plus triggers.

**The Petroleum Fiscal Bill will codify the policy into law .**

**A balanced win-win investor friendly fiscal policy & law is critical to attracting international investors to grow the Nigeria gas industry in an increasingly competitive global market. Ongoing engagement between industry & lawmakers bringing parties closer.**





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Existing and Emerging Opportunities in the Nigerian Gas Sector – Some issues that must be addressed urgently to unlock pent up demand.

**1**

- Ramp up investment in the industry to grow Gas reserves and production. Fiscal incentives are key.
- (Exploration-Appraisal-Development-Production)

**2**

- Build scalable backbone gas pipeline and processing infrastructure that will assure robustness and flexibility in supply

**3**

- Bankable commercial framework reforms in pricing and revenue securitization to enable sustainable investment in gas supply

**4**

- **Solve the problem of the Illiquid Power Value Chain &**
- Pay-up arrears owed to Gas Suppliers.
- Address revenue shortfalls and credit risk in the gas supply and power sector by putting in place a liquidity and payment support structure



The Gas story: The Huge Gas Reserves & Unproven resources present a huge opportunity.

# THE NIGERIAN GAS STORY POTENTIAL

Capable of producing over  
40,000 MW of electricity FOR  
APPROXIMATELY 60 YEARS  
based on a daily production  
rate of

**8.5 billion  
cubic feet  
(bcf)**

Latest reserves  
figures now  
places Nigeria

**7th**  
globally

Gas reserves are about three

**3 times**

the value of crude oil reserves

Gas is known as  
SWEET GAS because it  
contains

**0%**

of sulphur and is rich  
in liquids

Largest natural gas  
reserve in the continent  
of Africa with about

**600 Tcf** of  
unproven reserves

**Strategically  
placed**

on the MAP to be gas hub for  
Africa and by extension the  
world

Source : Olaniwun & Ajayi

OLANIWUN  
AJAYI



## Potential Areas for Domestic Gas Consumption in Nigeria

### Domestic / Commercial consumption of Gas

- ❑ CNG –reduce dependence on petrol.  
**\$1.3B/annum**  
**0.5bcf/d** industry
- ❑ LPG – cooking gas – reduce deforestation & displace kerosene  
**\$10.4B industry**
- ❑ Gas to Domestic consumers:

### Gas Conversion Industries

- ❑ GAS – Fertilizer
- ❑ GAS – Methanol
- ❑ GAS – Petrochemicals
- ❑ Gas - others

**Upstream & Mid-Stream:**  
**Additional DomGas production of 2.5BCF/d requires \$24B over a 4 year period & \$3B annually production infrastructure with the potential to generate > \$3B/annum in gas sales/transportation .**

### Domestic Electricity Generation \$40B

- ❑ Additional 6GW of power would require **\$22B to \$40B** investment over a 4 year period
- ❑ With Nigeria requiring about 170 GW of power there is a Opportunity gap of 165GW

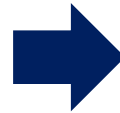
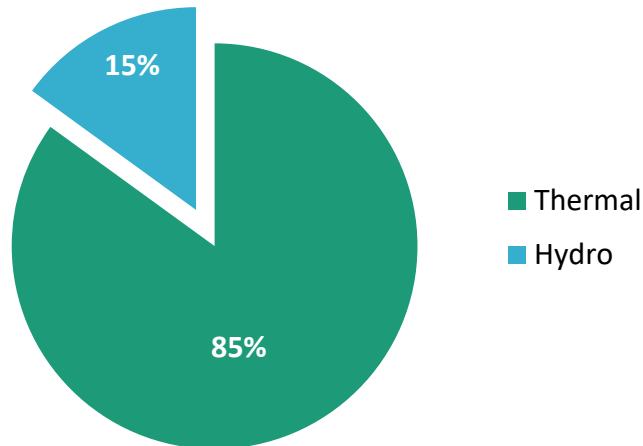
### Micro/Mini LNG plants

- ❑ Mini-LNG for remote or captive power .
- ❑ **50 projects @ \$3.8B will sustain a \$1.3B/annum , 0.5BCF/annum industry**

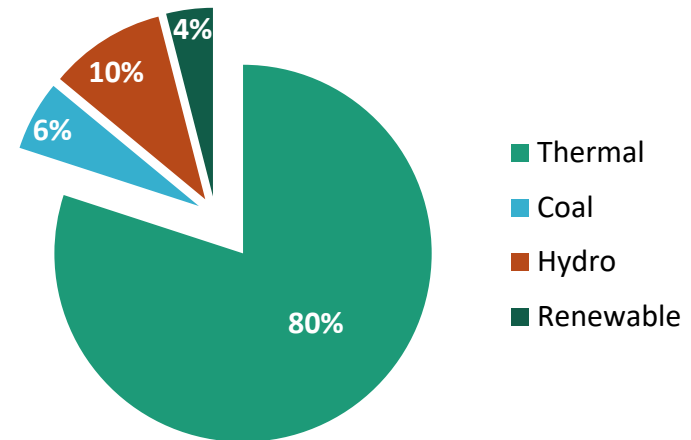


## Domestic Gas Demand- Driven Largely by the Power Sector

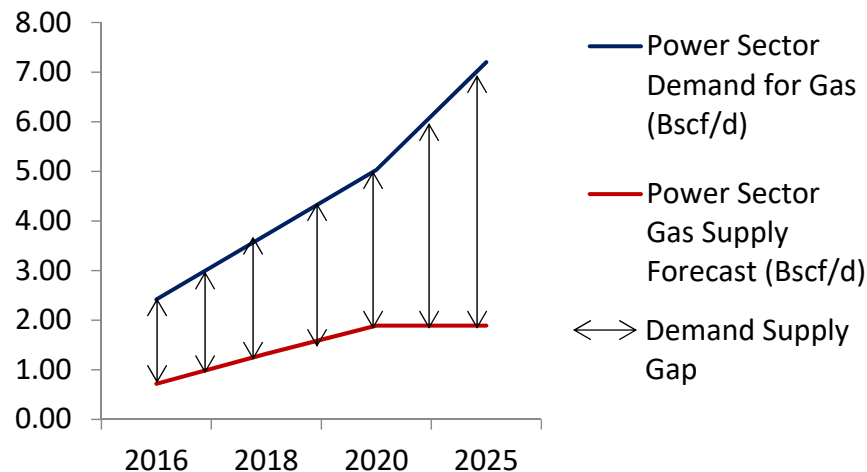
Where we are today...



Where FGN wants to be...



Forecast Power Sector Demand vs Supply



Source: FGN Baseline Power Report and BMI 2016 Power Report

- FGN energy policy is largely based on gas thermal power plants
- Nigeria generates approximately 3,900 MW per day. Electricity demand today is said to be 12,800MW
- Demand is expected to reach 26,600 MW by 2020 and 38,100 MW by 2025
- The UN states 1 GW of electricity should be made available for each million inhabitants. (Nigeria= 178 GW)
- The FGN's revised power targets are:
  - 7 GW by 2018
  - 10 GW by 2020 (Previously 40 GW)



## Nigerian Gas: Potential to meet Regional & Export Demand

### Regional demand

**Key focus areas:**

**West African Gas Pipeline- From Nigeria To Ghana**

**Equatorial Guinea- LNG requires additional gas supply**

**Nigerian – Morocco 5660KM gas supply pipeline & new urea/ ammonia project- MoU signed June 2018.**

### Export Demand

- **NLNG Train7 will add 8MTPA to Nigeria's LNG export. FID expected to be taken in 2018**
- **Brass and OKLNG are yet to take FID.**





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# ABOUT NGA

- The Nigerian Gas Association (NGA) is the apex organisation representing the varied and numerous stakeholders in the gas sector within the Nigerian oil and gas industry. It is a non-political association that was formed in 1999 to promote the development of gas in Nigeria for the benefit of the nation and the various stakeholders.

- It is the largest gas focused volunteer/individual-member organization and the umbrella association and voice of the gas industry in Nigeria.



# ABOUT NGA

The earliest members include the Nigerian National Petroleum Corporation (NNPC), the Shell Petroleum Development Company (SPDC), the Nigeria Liquefied Natural Gas Limited (NLNG), Chevron Nigeria Limited, the Nigerian Gas Company (NGC), Elf Petroleum, Mobil Producing Nigeria, the Nigerian Agip Oil Company (NAOC) and Conoco Energy Nigeria Limited.

- Today, the Association's membership consists of a variety of international and indigenous companies as corporate members and individual members across the various sub-sectors and disciplines that make up the vast gas-value chain, starting from gas exploration and production companies (Upstream), to gas processing and transportation companies (Mid-stream), and including the various end consumers, ranging from power generation companies (Gencos), Gas Based Industries (Fertiliser, Methanol, Petrochemical, etc.), and Industrial and Commercial Consumers (Mini/Micro LNG, CNG/LPG, etc.)



## VISION

NGA will be the most influential and independent non-profit organization, in effectively advancing the role of Nigerian Natural Gas as the preferred energy source, while serving as the platform for championing the development of the gas industry in Nigeria.

## MISSION

NGA will actively champion the competitiveness and utilisation of Natural Gas by promoting sound policy development, Capacity development and best practices towards optimising the economics of the entire gas value chain, while emphasising environmental sustainability and safety.



# NGA CORE VALUE PROPOSITION

1

Anticipate & Drive  
Legislation and  
Policies

Influence the  
formulation of  
Legislation, Policies and  
Regulation.

Provide effective  
Advocacy to stimulate  
new thinking about  
Nigeria's natural gas  
resources.

2

Promote Investment  
in Nigerian Gas  
Sector

Provide the platform  
for sharing points-of-  
view on industry  
opportunities in  
interactive settings and  
by participation in gas  
related trade missions  
including the World  
Gas Conference.

3

Encourage Best  
Practices and  
Acceptable Standards

Towards optimising the  
economics of the  
entire gas value chain  
while emphasising  
environmental  
sustainability and  
safety.

4

Be the Industry  
Resource Centre  
of Choice

Authority for  
information in the  
Industry through  
knowledge exchange  
and constituted Study  
Groups.





## NGA COUNCIL MEMBERS



**ENGR. DADA THOMAS**  
PRESIDENT  
MD/CEO  
FRONTIER OIL LIMITED



**MRS. AUDREY JOE-EZIGHBO**  
1ST VICE PRESIDENT  
CO-FOUNDER/ED  
FALCON CORPORATION LTD



**MR. BOLAJI OLATUNBOSUN OSUNSANYA**  
IMMEDIATE PAST PRESIDENT  
MD/CEO  
OAHDO GAS AND POWER LIMITED



**MRS. IBIMINA ABIODUN**  
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GAS BUS. DIV.  
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**MRS. MOFOLUSO AGBAKOBA**  
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**MR. FRANK UZUEGBUNAM**  
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EDITOR, WEST AFRICA ENERGY  
BUSINESSDAY



**MR. ODEY SIMON ADAMADE**  
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**MR. TAIWO OLUSESAN ALAWODE**  
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MD/CEO, ND WESTERN



**MR. TONY ATTAH**  
MD/CEO, NIGERIA LNG LIMITED



**MR. VENKATARAMAN VENKATAPATHY**  
MD/CEO, NNPCO PLC



**MR. PATRICK OLINMA**  
GM GAS, TOTAL E & P NIGERIA LIMITED



**MR. BABATUNDE BAKARE**  
MD/CEO, NGPTC-NNPC



**MR. SANJAY NARASIMHALU**  
DIRECTOR DOWNSTREAM GAS  
CHEVRON NIGERIA LIMITED



**MR. ADEBOLA N. MARTINS**  
DEPT. MANAGER, NGPTC-NNPC

# RELATIONS WITH GOVERNMENT AND OTHER RELEVANT BODIES

## Advocate for gas-related issues



To be the advocate for gas-related issues that are the priorities of members and the gas industry as well as contributing to the development of the associated legislation, policies, and/or standards.

## Advance knowledge and learning



To advance knowledge and learning among its members about the gas value chain and how safe, efficient, and sustainable it should be.

## Disseminate industry information and insights



To provide a platform for thoughtful leadership and to produce and maintain gas related information, insights, and statistics on the gas industry.

## Enhance the public's understanding of gas



To enhance the understanding of the general public on the role and uses of gas as a clean, safe, and efficient energy.

## Promote business networking and collaboration



To organize activities that facilitate networking among members and stakeholders involved in gas related activities.





# About the NGA: Promoting gas awareness in Nigeria

## PROGRAMS & EVENTS



NGA holds a variety of events throughout the year, including:

- **Learning Solutions**, a fit for purpose training programme to enhance capacity development of the human resource in the gas industry

- **Gas Business Forum**

We are in constant dialogue with leaders in the energy industry and as such at the heart of the topics that matter most to you. We consistently unite the brightest minds and most well respected technical, commercial, policy and regulatory leaders at high-level meetings, creating unique opportunities for comprehensive debate, meaningful dialogue and valuable commercial opportunities.



- **Gas Trade Missions**

As a Chartered Member of International Gas Union (IGU), and the country's representative, we prominently showcase Nigeria and project the vast business opportunities that exist in the gas sector at the various global conference and exhibition such as the World Gas Conference among others.



- **Bi-Annual Gas Conference and Exhibition**

This is the flagship gas event in Africa. NGA has rallied some of the industry's most remarkable minds, to discuss, debate and gain insights needed to nurture, grow and sustain a viable gas industry in Nigeria. More than 200 leadership experts, including captains of industry, ministers, academics, researchers and international experts have conducted presentations to NGA conferences to review current and future gas structures. The accompanying exhibition is not limited to just Gas but include Investment, Power, Pipelines, LNG, Infrastructure, Engineering, and Construction industry showcase.



- **And more**





## About the NGA : 80 corporate & 2000 associate members



- Formed in 1999 by NNPC, Shell, NLNG, TOTAL, ExxonMobil, Chevron, Nigerian AGIP, Conoco & Nigerian Gas Company.
- Grown to more than 80- Corporate members & 2000 Associate members.
- The voice of gas in Nigeria
- A Charter member of the International Gas Union (IGU)



The Nigerian Socio Economic Overview

The Nigerian Oil & Gas Overview

The Gas story: Historical Overview – Challenges and Issues that Shaped the Nigerian Gas Industry.

A New Dawn on The Horizon- Policy, Legislative & Regulatory Drivers that are shaping a promising future for the Nigerian Gas Sector.

Existing and Emerging Opportunities in the Nigerian Gas Sector

About The Nigerian Gas Association (NGA)

How to Contact us.



## Contact Us

# Nigerian Gas Association

- Address: Block 98, Plot 3, Mike Adegbite Avenue, Lekki Phase 1, Lagos – Nigeria.
- Phone: +234 803 307 1135
- Email: [es@nigeriagasassociation.org.ng](mailto:es@nigeriagasassociation.org.ng)
- Email: [info@nigeriagasassociation.org.ng](mailto:info@nigeriagasassociation.org.ng)

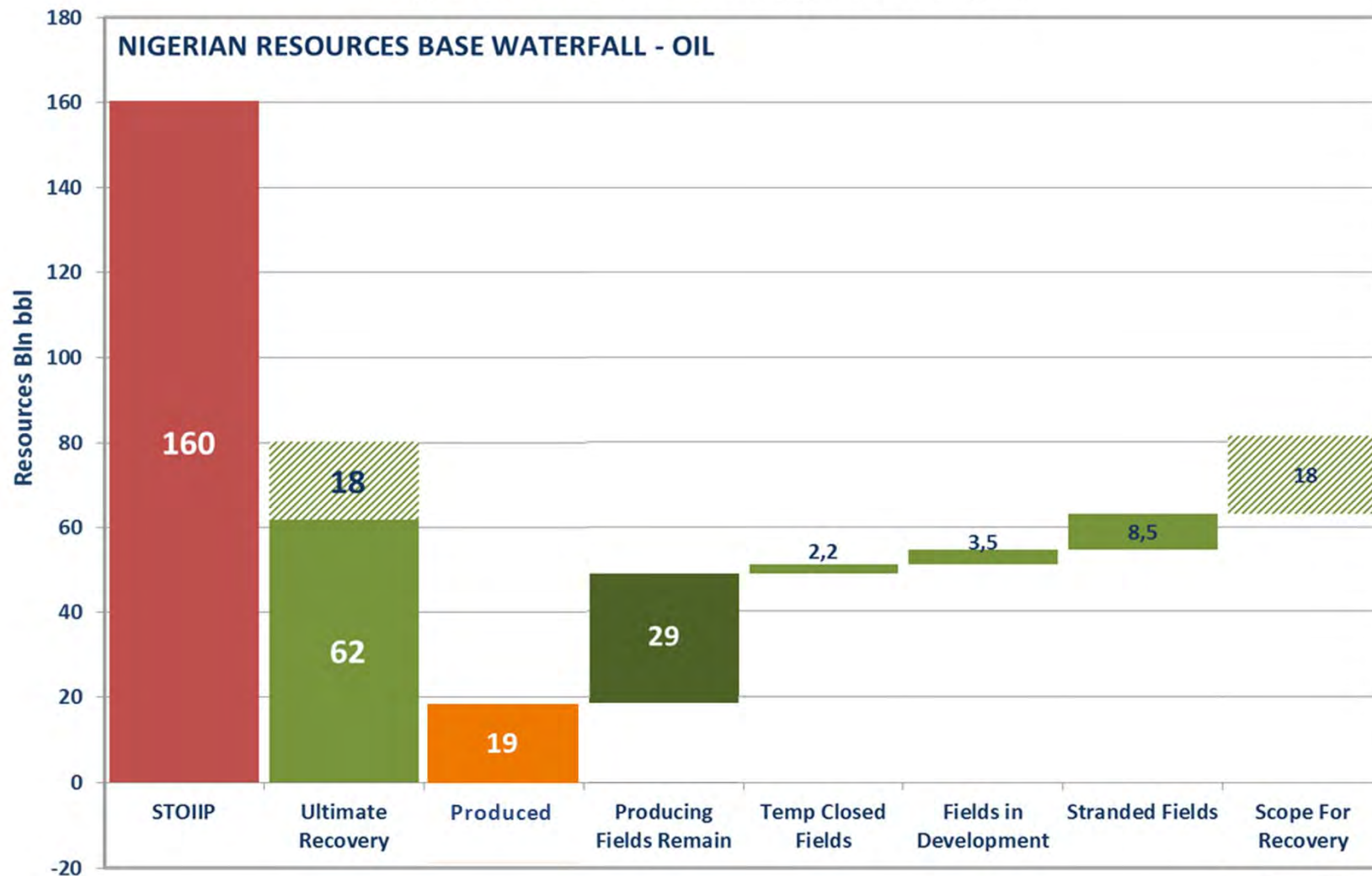






Nigeria has 32-35 billion bbl of oil reserves, based on fields in development and those in production, emphasizing the need for investment in exploration activities. Need to refocus to local refining and value addition.

**Nigeria Resources – Maturity Waterfall (Oil)**

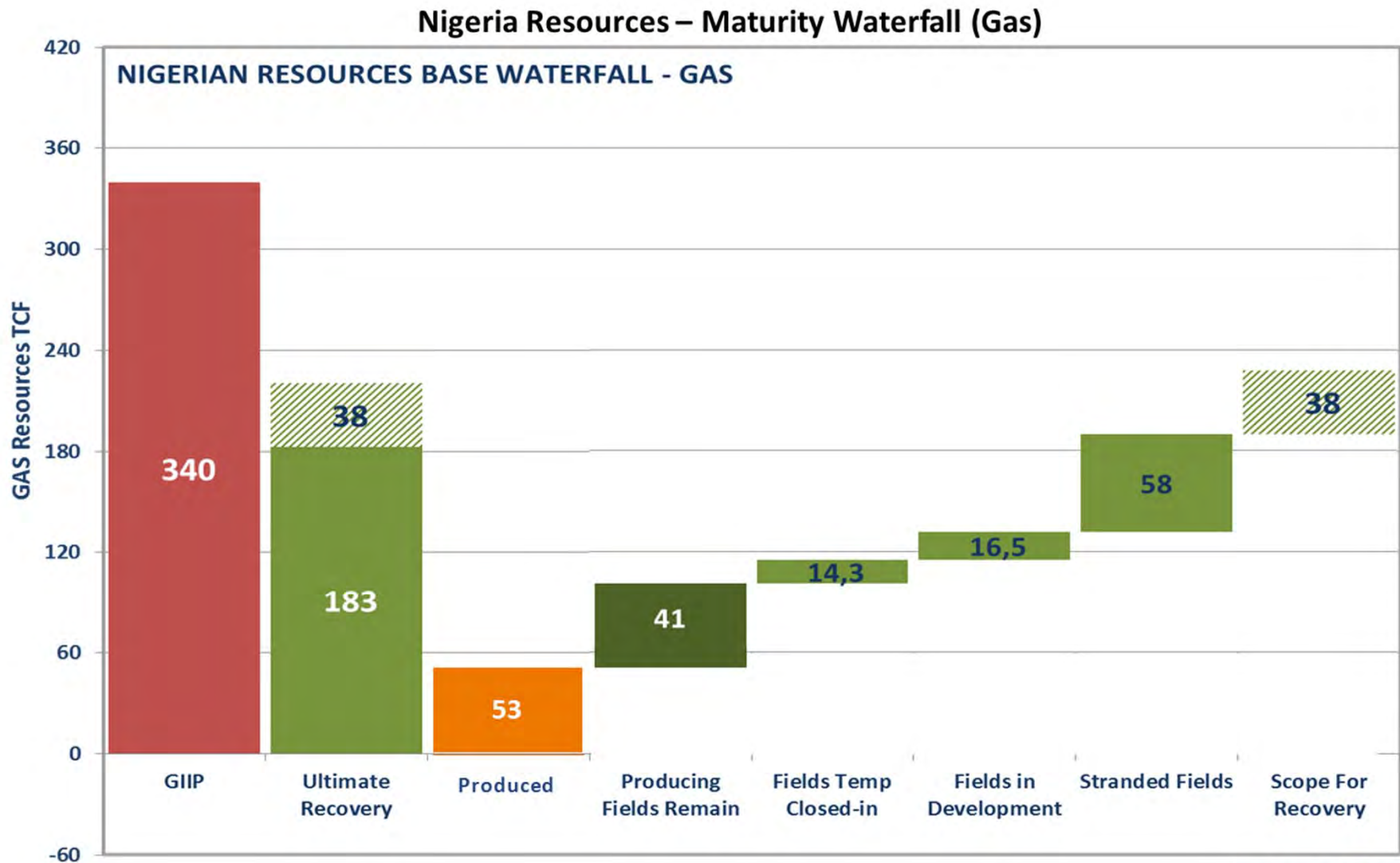


Source IPPG

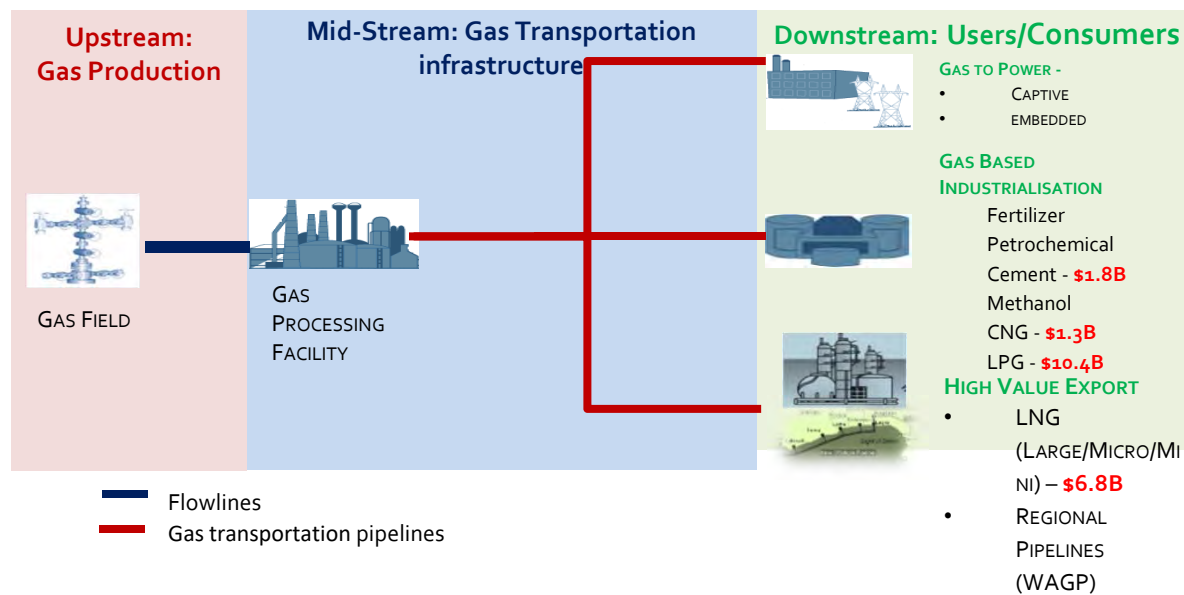
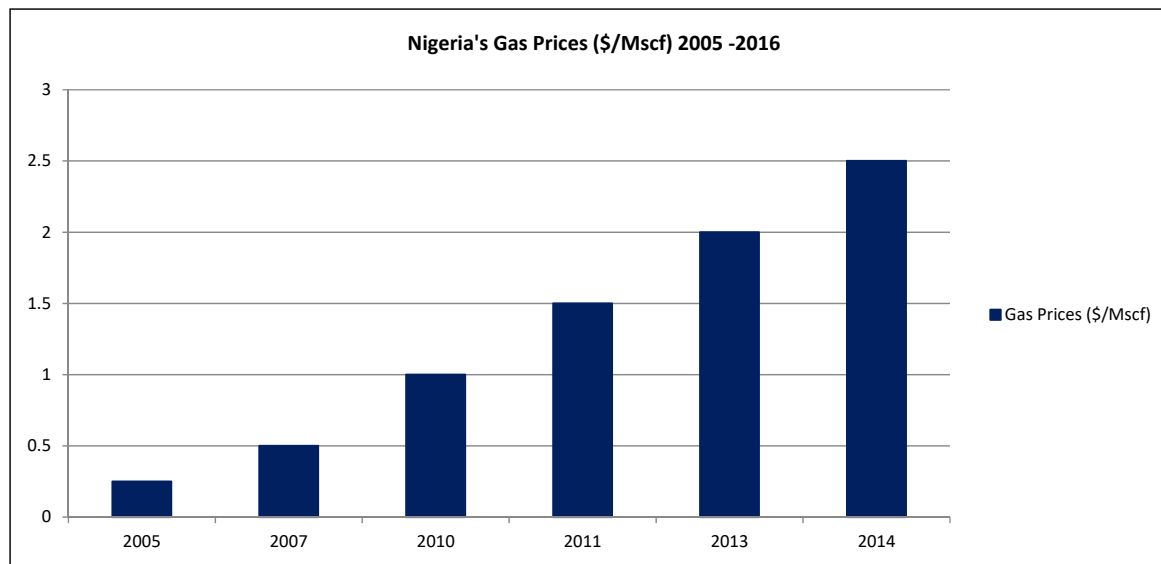
Data Source IHS Energy

With 192 TCF of gas only 57 TCF of Nigeria's Gas reserves is currently available for production; thus it is imperative to find more gas reserves to fulfil the national objective of becoming a gas based industrialised country.

There is also opportunity to find and grow our gas resource base



Data Source IHS Energy





# About The Nigerian Gas Association: The voice of gas



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A Chartered Member of International Gas Union



...The voice of the gas industry in Nigeria

**VISION :** NGA will be the most influential and independent non-profit organization, in effectively advancing the role of Nigerian Natural Gas as the preferred energy source, while serving as the platform for championing the development of the gas industry in Nigeria.

**MISSION:** NGA will actively champion the competitiveness and utilisation of Natural Gas by promoting sound policy development, capacity development and best practices towards optimising the economics of the entire gas value chain, while emphasising environmental sustainability and safety.

## Core value proposition:

- **Advocacy: influencing policy, legislation & regulation**
- **Promoting Gas investment in Nigeria.**
- Encourage Best Practices and Acceptable Standards: **HSE etc.**
- Be the Industry Resource Centre of Choice


# The Gas story: Historical Overview – Challenges to Developing Gas Assets in Nigeria

	Challenges	Issues
1	Legal & policy	PIB has taken 18 years so far.
2	Fiscal	<ul style="list-style-type: none"> <li>• Past fiscals (AGFA/NAGFRA etc.) favoured those with oil operations. High entry barriers.</li> </ul>
3	Pricing & Payment	<ul style="list-style-type: none"> <li>• Gas prices have been regulated by Government in Nigeria.</li> <li>• <b>Electricity tariff in Nigeria not market reflective &amp; power sector is illiquid.</b></li> <li>• Excessive Government involvement in gas commercial pricing &amp; matters.</li> <li>• Significant payment default by gas purchasers.</li> </ul>
4	Financing	<ul style="list-style-type: none"> <li>• Lack of credible offtakers &amp; bankable Gas Sales Agreements.</li> <li>• Lack of understanding by local financiers.</li> </ul>
5	Infrastructure	<ul style="list-style-type: none"> <li>• Lack of nationwide gas transportation/ distribution infrastructure.</li> </ul>
6	Regulation	<ul style="list-style-type: none"> <li>• Multiplicity of regulators (NNRA, DPR, FAAN, NOSDRA, NCC, etc.)</li> </ul>
7	Insecurity & Community Challenges	<ul style="list-style-type: none"> <li>• Militancy/Pipeline &amp; facility vandalization</li> <li>• Kidnapping</li> <li>• Heavy cost burden for security impacting on profitability</li> </ul>



# The Gas story: Historical Overview – Challenges to Developing Gas Assets in Nigeria

	Challenges	Issues
5	Infrastructure	<ul style="list-style-type: none"><li>• Lack of nationwide gas transportation/ distribution infrastructure. The Gas Master Plan not fully realised.</li><li>• Sources of Gas &amp; Consumers are not connected</li><li>• Monopoly by Govt. owned company.</li><li>• Lack of gas system network code.</li></ul>
6	Regulation	<ul style="list-style-type: none"><li>• Multiplicity of regulators (NNRA, DPR, FAAN, NOSDRA, NCC, etc.)</li><li>• Lack of clarity of regulatory requirements for gas projects.</li><li>• Information not readily available in consolidated format.</li></ul>
7	Insecurity & Community Challenges	<ul style="list-style-type: none"><li>• Militancy</li><li>• Pipeline &amp; facility vandalization</li><li>• Kidnapping</li><li>• Heavy cost burden for security impacting on profitability</li></ul>



**The good news is that policy , legislative and regulatory changes are ongoing that have the potential to significantly change the narrative**