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REGULATORY UPDATES IN THE NIGERIAN ENERGY SECTOR

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Introduction

The Nigerian energy sector has faced a series of regulatory developments and policy changes which are mostly geared towards capital mobilization, faster development and production growth. Some of these regulatory developments and updates include;



1. OIL & GAS

NUPRC Offers Support for new PPL Holders

The Nigerian Upstream Petroleum Regulatory Commission has organized an onboarding programmed to provide support to the newly awarded holders of Petroleum Prospecting Licenses (PPLs) from the 2022/2023 and 2024 Licensing Rounds. This initiative underscores the Commission's commitment to strengthening Nigeria's upstream petroleum sector and ensuring that new entrants are well-equipped to contribute meaningfully to national output. With the structured guidance and resources provided, the Commission anticipates that the awardees will deliver a minimum of 250,000 barrels of oil per day to Nigeria's production capacity.

NUPRC Announces 2026 Licensing Round

On October 7, 2026, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) announced 2026 Licensing Round and offered 40 oil and gas blocks across land, shallow water and deep-water terrains. This plan is to increase oil production and is open to investors with technical competence, financial capacity and a commitment to developing Nigeria's petroleum resources. The Commission intends to focus on restoring more than 788,000 barrels per day of shut-in production identified across 63 operators, taking offshore projects valued at an estimated $30 billion to $50 billion to final investment decision and raising domestic gas delivery from about two-thirds of the domestic obligation to full delivery.

NMDPRA to Launch Nationwide Gas Distribution Licensing Round

The Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA or the Authority) has announced plans to commence a digital licensing round for gas distribution areas across Nigeria before the end of the year 2026. The Authority intends to complete a nationwide gas distribution gridding exercise by October 2026, after which identified gas distribution zones will be made available through a competitive licensing process.

The initiative is designed to expand gas infrastructure, promote open access, attract private investment and accelerate the implementation of Nigeria's Decade of Gas Initiative, creating significant opportunities across the energy and infrastructure sectors. This initiative strengthens energy security and deepens domestic gas utilization.

NUPRC Issues Circular on Enforcement of "Drill-or-Drop" Obligations

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC or the Commission) on the 14th of September 2026 issued a regulatory circular signalling stricter enforcement of the "Drill-or-Drop" framework under the Petroleum Industry Act (PIA) 2021. The Circular notifies holders of Petroleum Prospecting Licenses awarded under the 2020 marginal field bid round, the 2022/2023 Mini Bid Round and the 2024 Licensing Round of NUPRC's intention to enforce applicable work commitments against non-performing acreages. This move is designed to accelerate Nigeria's crude oil and gas production by ensuring that awarded acreages are actively explored and progressed towards development within the applicable statutory and contractual timelines, failing which affected acreages may be subject to relinquishment or other regulatory consequences.

The NUPRC further indicated that nonperforming acreages may now attract regulatory action which could include refusal of license extensions, relinquishment of the given acreage, calling on the applicable work performance security as well as commencing revocation proceedings as stipulated under the PIA. Affected licensees facing constraints have until 31st October , 2026, to notify the Commission (NUPRC) of such constraints, their current level of compliance with the license requirements and timelines, specific issues affecting execution and compliance and the proposed mitigation measures and revised implementation timelines.

Nigeria Sustains OPEC Quota Compliance

In August 2026, Nigeria's crude oil and condensate production rose to 1,677,777 barrels per day representing a 0.4% increase from the 1.67 million bpd recorded in July 2026.

This increase signified the country's sustained compliance with its Organization of Petroleum Exporting Countries (OPEC) crude oil quota.

Issuance of the Deep Offshore Oil and Gas Projects Incentives (Tax Remission) Order 2026

On the 6th day of August, 2026, President Bola Ahmed Tinubu of the Federal Republic of Nigeria signed the Deep Offshore Oil and Gas Projects Incentives (Tax Remission) Order, 2026 which establishes a standardized, project-level fiscal framework to unlock up to US$50 billion in deepwater investments.

Awardees of Gas Flare Sites Could Lose Permits if Not Utilised

The NUPRC has warned that companies awarded flare gas sites risk losing their permits if they fail to utilize them within one year. This is part of a broader push to enforce the Nigerian Gas Flare Commercialization Programme (NGFCP) and meet the country's 2030 target of eliminating routine gas flaring. Therefore, awardees must show progress within one year of receiving permits or risk losing the award.

MDGIF Leverages N671bn Public Funds to Attract N1.6 Trillion in Private Gas Investment

The Midstream and Downstream Gas Infrastructure Fund ("MDGIF) disclosed that the Fund plans to leverage N671 billion in public funds to attract N1.6 trillion in private investment into gas infrastructure projects across states in Nigeria. The Fund currently supports 31 projects covering 205 infrastructure assets, expected to deliver approximately 475m standard cubic feet of gas daily to the domestic market when fully operational.

Oil and Gas Investment Summit China 2026

The Revenue Mobilization Allocation and Fiscal Commission (RMAFC) is planning an oil and gas Investment Summit in Beijing, China to be held in November 2026 to attract fresh Chinese capital into the Nigerian energy sector and also to boost Federation Account revenues. The Summit is intended to showcase investment opportunities across Nigeria's upstream, midstream and downstream segments and promote partnerships to boost revenue and economic growth.

Call to Make Methane Reduction Business Priority

At the GASTECH 2026 Conference in Bangkok, the Nigeria Liquefied Natural Gas Limited (NLNG) urged the global gas industry to treat methane reduction as a commercial priority rather than just an environmental duty as every tonne of methane released into the atmosphere represents lost revenue and gas, while reducing it helps to cut emissions, improve plant efficiency and enhance operational performance.



2. POWER

State Electricity Market Regulatory Transitions Continue

The transition to state-level electricity regulation continued in 2026, with 16 States having completed the transition to regulate their intrastate electricity markets by July 2026. The transitioned States are Enugu, Ekiti, Ondo, Imo, Oyo, Edo, Kogi, Lagos, Ogun, Niger, Plateau, Abia, Nasarawa, Anambra, Bayelsa and Gombe. The Nigerian Electricity Regulatory Commission (NERC) has also continued the decentralization process, including through the issuance of a Transfer Order to the Akwa Ibom State Electricity Regulatory Commission ("AKSERC") in August 2026.

The continued transition means that electricity operators and investors must increasingly consider State-specific licensing, tariff and other regulatory requirements for intrastate activities, while NERC retains oversight of interstate and international electricity activities.

NERC Introduces Registration and Authorisation Framework for Grid-Connected Private Transmission Substations

In March 2026, NERC issued the Order on the Registration and Authorisation of Grid-Connected Private Transmission Substations (NERC/2026/013), establishing a regulatory framework for privately owned transmission substations connected to the national grid and used by bulk electricity consumers. The Order requires owners of affected substations to obtain an Independent Electricity Transmission Network Operator ("IETNO") Permit from NERC. Existing owners are required to apply for the permit within 45 days of notification, while new owners must obtain the permit before connecting to the grid.

The Order also introduces metering, reporting and inspection requirements aimed at improving grid reliability and regulatory oversight. Owners of affected substations should therefore review their authorisation status and ensure compliance with the applicable permitting and operational requirements.

NERC Amends Meter Cost Reimbursement Framework

In March 2026, NERC issued the Amended Order on the Reimbursement of Meter Costs (NERC/2026/025), revising the framework for reimbursing customers who paid for meters under the Meter Asset Provider ("MAP") scheme. The Order requires Distribution Companies ("DisCos") to automate meter-cost reimbursements on customer accounts and prohibits them from setting off reimbursement credits against customers' legacy debts. For prepaid customers, the monthly reimbursement is to be issued as an energy token, while postpaid customers are to receive the reimbursement as a distinct credit on their monthly bills.

The Order also addresses accumulated reimbursement arrears, which NERC stated stood at approximately ₦20.33 billion as at 31 December 2025. DisCos are required to clear the outstanding amounts over a 12-month period commencing on 1 March 2026, while continuing the existing 120-month amortisation arrangement for regular meter-cost reimbursements. DisCos must also file monthly reports with NERC on reimbursements made to customers

NERC Introduces Regional Transmission Loss Factor Reporting

In April 2026, NERC issued the Order on Regional Transmission Loss Factor ("TLF") Reporting for Enhanced Grid Transparency and Efficiency, introducing a more granular framework for monitoring and reporting electricity losses across Nigeria's transmission network. The Order is intended to improve visibility over transmission losses by moving beyond a single national loss figure and enabling losses to be assessed on a regional basis. NERC

The framework is expected to strengthen accountability for transmission performance and provide better information for identifying areas of network inefficiency and supporting regulatory and operational interventions.

NERC Issues Second Edition of the NESI Health and Safety Code

In April 2026, NERC published the second edition of the Health and Safety Code for the Nigerian Electricity Supply Industry ("NESI"), updating the safety framework applicable across the electricity value chain. The revised Code applies to electricity sector participants, including generation, transmission and distribution operators, and is intended to strengthen health, safety and accident-prevention standards across the industry.

NERC has since emphasized implementation of the revised Code, including improved safety reporting, audits and internal HSE oversight by licensees.

NERC Issues Third Edition of the NESI Metering Code

In April 2026, NERC published the Third Edition of the Metering Code for the Nigerian Electricity Supply Industry, following a review of the previous version by the Metering Code Review Panel. The revised Code updates the technical and operational framework for metering across the electricity industry and applies to both grid-level metering and the metering of end-use customers.

The Code also provides a more detailed framework for Advanced Metering Infrastructure ("AMI"), including remote meter reading, remote connection and disconnection, multi-tariff and multi-source billing, outage-management integration, tamper detection and demand-side management.

NERC Issues Mini-Grid Regulations 2026

In April 2026, NERC issued the Mini-Grid Regulations 2026, replacing the previous mini-grid framework and introducing an updated regulatory regime for the development and operation of mini-grids in Nigeria. The Regulations expand the permissible capacity of

isolated mini-grids to 5MW and interconnected mini-grids to 10MW, creating room for larger and more commercially viable projects. They also introduce clearer permitting and registration procedures, including simplified registration for projects of up to 100kW and defined approval timelines.

The Regulations further strengthen investment protection by introducing site exclusivity rights, clearer compensation arrangements where the main grid reaches a mini-grid area, and defined options for transitioning affected projects. They also provide for cost-reflective tariffs, consumer protection measures and environmental and safety requirements.

NERC Issues Net Billing Regulations 2026

In June 2026, NERC issued the Net Billing Regulations 2026, establishing a framework that allows eligible electricity customers to generate renewable electricity for their own use and export surplus electricity to a Distribution Company's network in return for bill credits. The framework currently applies primarily to solar photovoltaic systems with an installed capacity of between 50kWp and 1.5MWp. Participating customers, described as "prosumers", must obtain the relevant DisCo's approval, execute a Net Billing Agreement and register with NERC before exporting electricity to the distribution network.

Under the framework, electricity imported from the grid continues to be billed at the applicable retail tariff, while exported electricity is separately measured through bidirectional metering and credited at a NERC-approved export tariff.

NERC Intervenes in Kaduna Electricity Distribution Company

In August 2026, NERC issued an Interim Order on Kaduna Electricity Distribution Plc ("KAEDC"), dissolving the company's Board following persistent financial and operational underperformance, including failures to meet market obligations and prescribed performance targets. NERC reported that KAEDC had accumulated approximately ₦456.5 billion in market obligations, recorded Aggregate Technical, Commercial and Collection ("ATC&C") losses of 71.88%, and maintained customer metering coverage below 36%.

To stabilize the utility, NERC constituted an Interim Board of Special Directors for an initial one-year period and appointed an Interim Administrator for six months, with responsibility for improving the company's operational and financial performance. The Commission also announced a 12-month competitive process, to be coordinated by Afreximbank, for the selection of a replacement core investor. Electricity services within KAEDC's franchise area are to continue during the intervention.

NERC Revises Framework for DisCos' Utilization of Non-Administrative Operating Expenditure

In September 2026, NERC issued a Revised Order on the Utilization of Earned Non-Administrative Operating Expenditure by successor Distribution Companies ("DisCos"), following a review of DisCos' revenue utilization for the 2025 market cycle. The Order, which took effect on 4 September 2026, requires DisCos to establish dedicated Capital Expenditure ("CapEx") Provision Accounts for approved network improvement projects and earmarks a portion of earned Non-Administrative Operating Expenditure for network

rehabilitation, reinforcement and expansion.

Under the revised framework, debt-free DisCos are required to remit 50% of earned Non-Administrative Operating Expenditure to the CapEx Provision Account from August 2026, increasing to 60% from February 2027. DisCos with outstanding obligations to the Nigerian Bulk Electricity Trading Plc and the Market Operator must also complete debt reconciliation and submit Commission-approved repayment plans within 180 days. Projects funded from the CapEx Provision Account require NERC approval and are subject to quarterly reporting. The framework is intended to direct more available revenue towards distribution network investment and strengthen financial discipline among DisCos.



3. RENEWABLES

The world is moving into an age of electricity with demand accelerating faster than ever and Nigeria is not left behind. Nigeria has a major electricity access challenge, and renewable energy offers Nigeria its most cost-effective and sustainable pathway to bridge the electricity gap being faced in the nation.

Commissioning of 581Kwp Interconnected Mini-Grid in Oke-Oyi Community Kwara State

The Federal Government of Nigeria, under the Rural Electrification Fund – Interconnected Mini-Grid Acceleration Scheme of the Rural Electrification Agency (REA) commissioned a 581kWp interconnected solar mini-grid project in Oke-Oyi Community in Kwara State. The Project has a total installed capacity of 581kWp, comprising of 1,336 solar panels and 84 batteries. This project was designed to expand access to reliable electricity to support and improve livelihoods in the community of about 13,000 people.

Commissioning of 3MW Solar Hybrid Power Project in Yakubu Gowon University, Abuja

The Rural Electrification Agency commissioned a 3MW solar hybrid power project in Yakubu Gowon University, Abuja under the Energizing Education Programme (EEP) to strengthen electricity supply for teaching, research, campus lighting and critical university operations.

Launching of the Renewable Asset Management Company

On the 26th day of August 2026, the Rural Electrification Agency in collaboration with the Ministry of Finance Incorporated (MOFI) and the Infrastructure Corporation of Nigeria (INFRACORP) launched the Renewable Asset Management Company (RAMCO), a specialized platform designed to strengthen professional management and sustainability of renewable-energy assets across Nigeria. RAMCO is intended to provide an institutional framework for effective asset management beyond project commissioning of renewable energy assets in Nigeria.

The Rural Electrification Agency signs MOU with ECOWAS

On February 23, 2026, the Rural Electrification Agency signed a Memorandum of Understanding with the Economic Community of West African States (ECOWAS) Commission under the Regional Off-Grid Electricity Access Project (ROGEAP, a World Bank supported regional initiative implemented by ECOWAS to promote the development of off-grid solar markets and increase access to clean energy solutions across West Africa and the Sahel) which guarantees funding support from ECOWAS for the electrification of 15 public health and education facilities in Nigeria using solar photovoltaic (PV) systems. Under the agreement, ECOWAS will provide a grant of $700,000 to support the installation of solar PV systems in rural health centres and schools located in the Federal Capital Territory, Abuja, Niger State and Nasarawa State.

The Rural Electrification Agency (REA) is the Implementing Agency of the Federal Government of Nigeria (FGN) under the Federal Ministry of Power tasked with the electrification of unserved and underserved communities to catalyze economic growth and improve the quality of life for Nigerians. The Agency was established under section 127 of the Electricity Act 2023.

Financing Momentum in Renewables

The REA has mobilized $2.1 billion in funding to catalyze private sector participation. Key initiatives include:

- $750 million World Bank Distributed Access through Renewable Energy Scale-Up (DARES) programme designed to unlock $1.1 billion in private financing.
- $100 million MOU with Stanbic IBTC for renewable developers.
- ₦100 billion dual-currency financing with FCMB and another ₦100 billion with Lotus Bank for RESCOs.
- $250 million IFC facility to support renewable energy service companies.
- Over $10 million financing from the Bank of Africa RE developers.

Nigeria is positioning itself as Africa’s Renewable Hub

Nigeria’s renewable manufacturing capacity is expanding rapidly:

- PV manufacturing has grown from 120 MW two years ago to 500 MW active capacity, with a 3.7 GW pipeline.

- Solar panels are now being produced locally in Lagos and exported to Ghana through the instrumentality of the Rural Electrification Agency in partnership with the Ministry of Power.
- Manufacturing projects in the pipeline across Kano, Ogun, Bayelsa, Akwa Ibom, Lagos and Abuja, will further localize renewable equipment production, positioning Nigeria as a continental hub.



4. MINING AND ENERGY TRANSITION MINERALS

Nigeria Tax Act 2025 Introduces New Solid Minerals Royalty Regime

The Nigeria Tax Act 2025, which took effect on 1 January 2026, introduces a statutory royalty framework for solid minerals. Under the Act, any person who extracts a solid mineral is required to pay royalty on the value of the mineral resource at the applicable ad valorem rate prescribed in the Eighth Schedule. The value of the mineral is determined using the official selling price specified by the Federal Ministry of Solid Minerals Development or the prevailing price on an international trading platform or market for solid minerals.

The applicable rates vary by mineral. For example, the Eighth Schedule prescribes 15% for gold concentrate, 7.5% for coal and copper ore, and 10% for granite, gypsum and several other minerals.

Nigeria Tax Administration Act 2025 Introduces Monthly Mineral Royalty Returns

The Nigeria Tax Administration Act 2025 introduces a monthly filing and payment obligation for mineral royalties. Under section 20, every person engaged in the business of mining is required to file a monthly self-assessment return of mineral royalty with the Nigeria Revenue Service and pay the royalties due on minerals sold or used.

The return must be filed on or before the 21st day of the following month and must include prescribed information such as the relevant mining or quarrying licence number, the type and weight of the mineral, quantities won, sold, used or held in stock, details of buyers, the royalty computation and evidence of payment. The return must also be signed by an authorised officer confirming that the information provided is correct and complete.

KEY CONTACT

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