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# Nigerian Gas Voices

*Exclusive interview series bringing you the latest on the natural gas sector of Africa's biggest economy.*



*“We see a need to review fiscal incentives and develop commercial and fiscal terms for gas development to propel competitive investment – particularly offshore and in deep-water where 32 Tcf of gas are waiting to be developed.”*

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**on how to grow gas penetration  
across Africa's biggest economy**



**Akachukwu Adeyinka Nwokedi** (Aka) is the General Counsel and Company Secretary of Nigeria LNG Limited (NLNG) and was elected President of the Nigerian Gas Association (NGA) for the 2023-2025 mandate.

He is an accomplished legal professional with over 25 years of experience and holds a first degree and a master's degree in law from the University of Buckingham, United Kingdom.

Over the course of his career, he notably delivered the Gas Supply Agreements (GSA) for NLNG's Trains 3, 4 and 5 and the financing agreements for the NLNGPlus Project. He was also NLNG's lead legal counsel for the development of the NLNG Trains 4 & 5 Sales and Purchase Agreements (SPAs) with TFE and Iberdrola and a part of the team that developed the NLNG's shipping strategy in 2005.

### **What is the NGA's response and position on policy interventions and reforms implemented by the administration of President Tinubu since May 2023?**

The NGA commends the administration of President Bola Tinubu for the bold steps in driving key policy interventions and reforms since coming into office. Key reforms worthy of mention include the forex harmonisation policy, PMS subsidy removal, Presidential CNG Initiative (PCNGI), and the signing of the Finance Act and the Electricity Act.

The NGA notably supports the removal of fuel subsidies which have stifled investments in the sector over time and resulted in sector-wide inefficiencies and waste. It is expected that with the removal of subsidies, the downstream sector will be able to attract long term capital. Furthermore, removal of subsidies is an opportunity for the nation to maximise the use of gas to give the citizenry a credible and more reliable alternative. We believe that in the long term, based on Nigeria's huge gas resources as well global and local energy transition goals, natural gas will dominate Nigeria's energy mix.

We also commend the Federal Government for the establishment of the Presidential Compressed Natural Gas Initiative (PCNGI) which targets over 11,500 new CNG-enabled vehicles and 55,000 CNG conversion kits for existing PMS-dependent vehicles. The PCNGI seeks to ease the impacts of fuel subsidy removal on the citizenry by reducing energy costs using CNG as an alternative fuel.

### **What could be done to accelerate gas penetration across the Nigerian economy?**

The NGA calls for a refocusing of the National Gas Expansion Programme (NGEP) to promote the accelerated and broad utilization of gas across sectors. In particular, we see a need to review the premises for the promotion of CNG, LPG and LNG as alternative fuels to enable the development of appropriate strategies for their greater utilization.

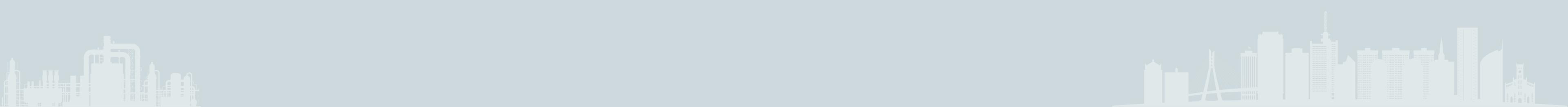
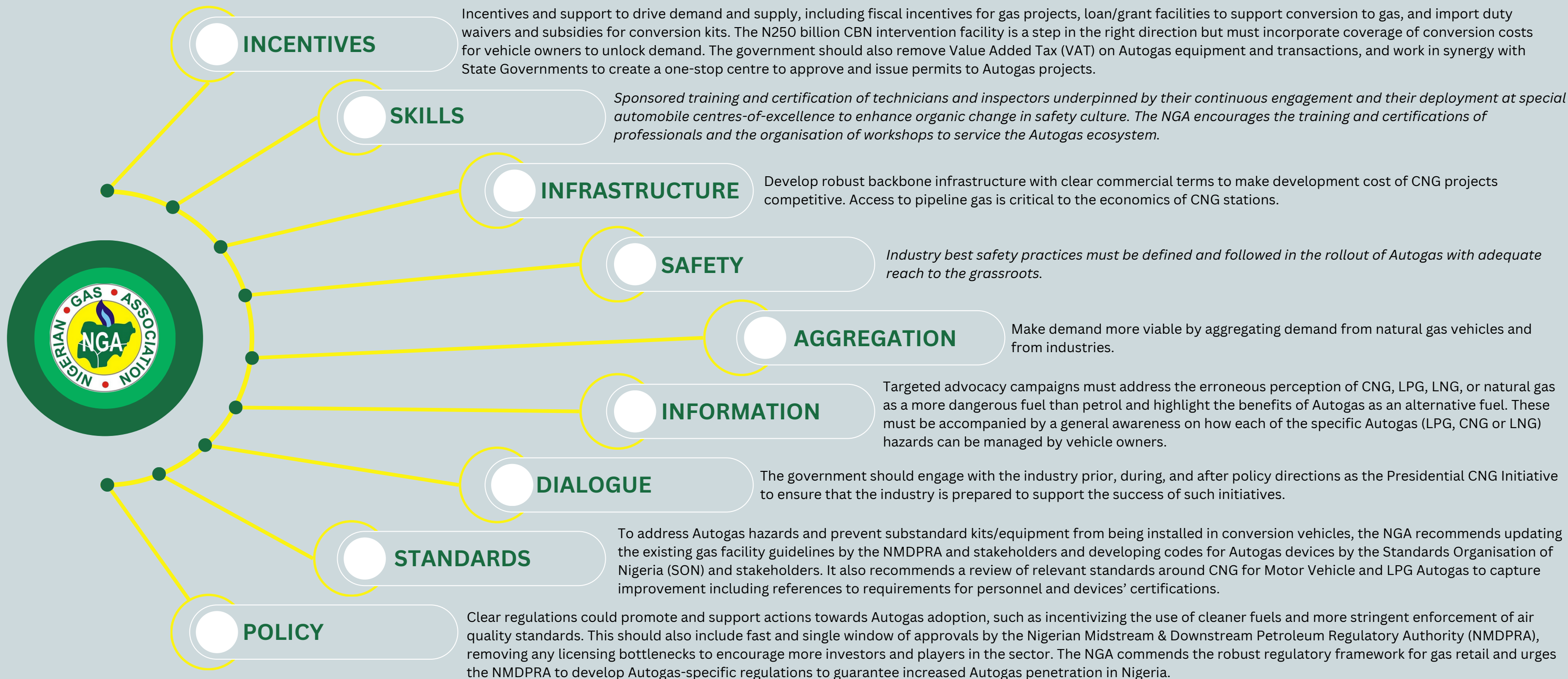
Now that Nigeria offers a level playing field for gas with attractive pricing economics, more practical issues must be addressed around the availability, accessibility, infrastructure, safety, and convenience of using gas.

For instance, even if LPG is 17% cheaper than PMS, switching comes with conversion costs that can be off-putting, particularly given accessibility challenges. CNG is also significantly cheaper than PMS but its adoption requires investments into conversion kits and the setting up of refueling stations.



***“The Nigerian Gas Association commends the robust regulatory framework for gas retail and urges the NMDPRA to develop Autogas-specific regulations to guarantee increased Autogas penetration in Nigeria.”***

# ROADMAP TO NIGERIA'S AUTOGAS PENETRATION



### What additional measures could further unlock investments into Nigeria's gas industry?

Nigeria plans to be net zero by 2060, an ambition that is backed by the Climate Change Act. To achieve this, we must maximise the value and the use of natural gas. The NGA continues to advocate that gas is the most suitable energy resource to achieve the twin challenges of energy security and energy transition.

To get there, the Nigerian government needs to test the current policy, legal and regulatory frameworks against the level of investment attracted and continue engaging the industry to adjust where necessary. These frameworks must have clear, measurable investment objectives and targets and relevant government functionaries must be tasked on these targets as a means of assessing performance. There must also be consistency in its administration and application.

To improve the ease and cost of doing business, we also see the need to improve the speed to market by streamlining the contracting cycle with the regulators and harmonising the approval process of projects. To reduce the pressure on the naira, the government could also prescribe through law or regulation the option for payment of Federal Government dues and levies in Naira equivalent. The payment of royalties, fees, penalties, licences and permits in US dollars without a naira option remains a major challenge for industry players across the value chain.

*“There must be a sustained promotion of large-scale utilization and infrastructure projects which will provide the necessary impetus for the organic growth of gas (CNG, LPG and LNG) as a fuel of choice.”*

Improving fiscal terms is another way to encourage gas investments. We continue to face a multiplicity of taxation and an inconsistency of fiscal policy. The key primary legislatures in this regard are the PIA 2021 and the Finance Act 2023, where there seems to be some disharmony in approach and objectives. We also see a need to review fiscal incentives and develop commercial and fiscal terms for gas development to propel competitive investment – particularly offshore and in deep-water. Nigeria has some 32 Tcf of gas reserves located in deep-water, whose development would boost and sustain gas supply to meet the nation's needs. It will certainly unlock feedgas for Nigeria LNG (NLNG) and other critical projects being planned by the Nigerian government.

Last but not least, and because the power sector is the biggest domestic off-taker of gas, we need to address the legacy debts which currently stands at some \$800m. A framework to deal with this is currently being studied by the Decade of Gas initiative.



## The Nigerian Gas Association



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. The NGA 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 now the largest gas-focused volunteer/individual-member organization in Nigeria and the umbrella association and voice of the country's gas industry.

One of the cardinal objectives and pillars of the NGA is to promote and protect the interest of the Nigerian gas industry. The goals of the NGA Council are focused on delivering these core objectives for the benefit of our members and the gas industry in Nigeria. The industry is also information based and therefore the NGA vision is to be the leading industry resource centre of choice servicing the Nigerian gas industry through a deep data base of well researched technical and commercial information to help grow the industry and support of the Government in policy formulation and decision making.

It is our commitment to deliver on the following:

- Advocate for strategic review and harmonisation of all policy, legislative and regulatory frameworks to test for effectiveness and ensure that they enhance and catalyse the required investments for Nigeria to achieve the desired energy security, power sufficiency, rapid gas-based industrialisation, wealth creation and economic growth targets.
- Advocate for changes in the policy, legislative and regulatory frameworks based on the outcomes of the above-mentioned review.
- Be the active vehicle to drive the implementation of the Decade of Gas Initiative.
- Ensure safety standards are developed communicated and maintained as domestic gas utilization continues to grow.
- Ensure regular and constant capacity building, knowledge transfer and awareness of relevant aspects of the Nigerian gas industry value-chain to enlighten and educate the consumers, marketers, practitioners, investors, industry players, the judiciary, regulators, and government officials.
- Promote investment opportunities in the Nigerian gas sector at the global stage leveraging on our chartered membership of the International Gas Union (IGU).
- Harness the vast experience of our members utilising their expertise and experience in the work of the NGA study groups so the industry can be better informed with sound research and industry advisories.
- Becoming the industry resource and information centre of choice.

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