

BLOOMFIELD LP WEEKLY ENERGY TITBITS (BWET)

Bloomfield LP's Energy Practice brings you highlights of interesting energy developments in Nigeria
September 17, 2024.

The Nigerian Electricity Regulatory Commission (NERC) Levied a Fine of One Billion, Six Hundred and Ninety Million Naira (N1,690,000,000) on Abuja Electricity Distribution Company (AEDC)

In an order tagged "Order NERC/2024/114" contained in the Nigerian Electricity Regulatory Commission's ("NERC") supplementary order of September 2024, NERC levied a penalty fine of One Billion, Six Hundred and Ninety Million Naira (N1,690,000,000) (the "Fine") on Abuja Electricity Distribution Company ("AEDC") for refusing to comply with its directive on capping estimated billing for electricity consumers and imposing excessive tariffs on customers between January to September, 2023.

The Fine is said to represent ten percent (10%) of the estimated excessive tariffs imposed by AEDC between January to September 2023 to its customers. Effective from September 2024, the Fine will be deducted from the total annual operating expenditure (OpEx) of AEDC. To further effectively regulate electricity billing, NERC has reviewed the primary indices determining electricity tariffs for AEDC between September to December 2024.

Read more at:

<https://nairametrics.com/2024/09/13/nerc-fines-abuja-disco-n1-6-billion-for-overbilling-customers>

Dangote Refinery Commences the Distribution of PMS to NNPC

In a statement released by the Minister of Finance and Coordinating Minister of the Economy, Mr. Wale Edun (the "Minister") on Friday, August 13, 2024 (the "Statement"), it was stated that Dangote refinery (the "Refinery") would commence distributing Premium Motor Spirit ("PMS") to the Nigerian National Petroleum Company Limited (NNPC) on Sunday, September 15, 2024. Accordingly, the first batch of PMS has been loaded from the Refinery for delivery to the NNPC.

To enhance sufficient supply of crude oil to the Refinery, the NNPC, effective from October 1, 2024, will commence the supply of Three Hundred and Eighty-Five Thousand Barrels per day (385,000bpd) of crude oil to the Refinery, to be paid for in Naira. Also, the Refinery will supply PMS and diesel of equivalent value to the domestic market.

Read more at:

<https://nairametrics.com/2024/09/14/dangote-refinery-to-begin-distribution-of-petrol-to-nnpc-on-sunday>

West Power and Gas to Complete Divesting Stake in Eko Electricity Distribution Company

West Power and Gas ("WPG") commenced receiving biddings for the purchase of its sixty percent (60%) controlling stake (the "Stake") in the Eko Electricity Distribution Company ("EKEDC") from interested entities. While about ten (10) companies had earlier expressed their interests in acquiring the Stake, the number of bidders has been reduced after a keenly competitive bidding exercise. Currently, WPG is in the final stages of divesting the Stake to the successful bidder for about Three Hundred and Fifty Million United States Dollars (US\$350,000,000).

The sale will be a blueprint for more high-value divestments and potentially unlock more investments and recapitalisation opportunities in the Nigeria's power distribution sector. After the successful sale, it is expected that other electricity distribution companies plagued by operational challenges and deficit would be geared to opt for exploring new ownership/stake models towards attracting additional capital investments.

Read more at:

<https://nairametrics.com/2024/09/13/exclusive-wpg-nears-final-stages-of-sale-of-stake-in-eko-disco>



Nigeria's Crude Oil Production Increased to One Million, Three Hundred and Fifty-Two Thousand barrel per day (1,352,000 bpd) in August

The Organisation of Petroleum Exporting Countries ("OPEC"), in its September Oil Market Report, reported that Nigeria's crude oil production increased from One Million, Three Hundred and Seven Thousand barrels per day (1,307,000 bpd) in the month of July to One Million, Three Hundred and Fifty-Two Thousand barrel per day (1,352,000 bpd) in August. This is an increase of Forty-Five Thousand barrels per day (45,000 bpd), representing a 3.4% increase in production in comparison to July 2024.

The increase in crude oil production would help Nigeria further maintain its position as Africa's largest oil producer with a wider margin; especially since Nigeria's fiercest competitor, Libya, is bedevilled with oil production challenges due to closure of its major oil fields during the past month.

Read more at:

<https://nairametrics.com/2024/09/10/nigerias-crude-oil-production-rises-by-3-4-to-1-35million-bpd-in-august-opec>

Nigeria National Petroleum Company Ltd (NNPCL) and Chevron Nigeria Limited (Chevron) Convert Five (5) Joint Venture Assets into the Terms of the Petroleum Industry Act 2021 (PIA)

On September 9, 2024, the Nigeria National Petroleum Company Ltd. ("NNPCL") and its joint venture partner- Chevron Nigeria Limited ("Chevron") finalised the transfer of five (5) joint venture assets from the Petroleum Profit Tax ("PPT") regime into the terms of the Petroleum Industry Act 2021 ("PIA"). This is in accordance with the provisions of the PIA transiting assets from the PPT into PIA terms.

In a statement signed by the NNPCL's Chief Corporate Communications Manager, Olufemi Soneye, it was stated that existing Oil Prospecting Licenses ("OPL") and Oil Mining Leases ("OML") will be converted to Petroleum Prospecting Licenses ("PPL") and Petroleum Mining Leases ("PML") at their expiration. The statement also noted that under the new terms, the five (5) OMLs would be converted into four (4) PPLs and 26 PMLs.

Read more at:

<https://nairametrics.com/2024/09/10/nnpcl-chevron-convert-jv-assets-into-pia-terms-target-165k-bpd-oil-production>