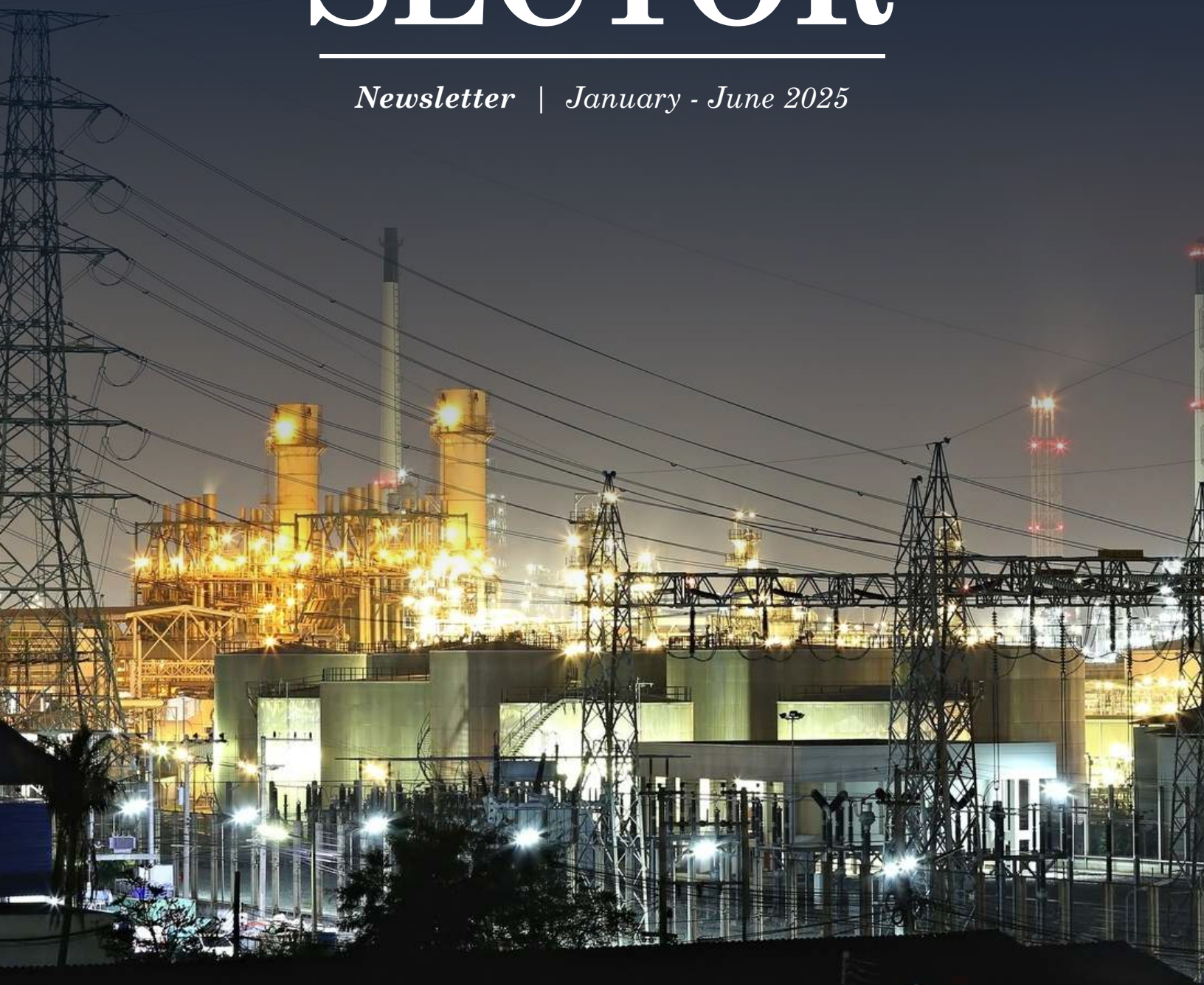


ENERGY SECTOR

Newsletter | January - June 2025





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Editor's Note

The first half of 2025 witnessed significant policy shifts, regulatory interventions, and market-defining transactions across Nigeria's energy sector. As the country continues its journey towards energy diversification and sustainability, both government and private sector stakeholders have ramped up efforts to deepen investments, streamline regulations, and enhance energy access nationwide.

Key developments, such as the approval of the National Integrated Electricity Policy, progress in energy transition planning, and landmark asset acquisitions, signal Nigeria's commitment to reforming its electricity and petroleum sectors under a more decentralized and inclusive governance framework. These shifts are not only unlocking new opportunities in renewable energy and state-led power markets but also reinforces the country's strategic position in Africa's energy future.

This newsletter highlights the key events, publications, notable cases, and regulatory updates that have shaped the energy sector in the first half of the year 2025. As an investor, policymaker, legal practitioner, or industry analyst, this edition offers curated insights to help you navigate Nigeria's evolving energy ecosystem with clarity and foresight.



Nimma Jo-Madugu
Partner, KENNA



Notable Cases



The first half of 2025 in the Nigeria energy sector is marked by major judicial decisions that carry far-reaching implications for industry structure, investor confidence and regulatory clarity. These decisions have not only enriched our Energy jurisprudence but have ultimately shaped our Energy Sector. The courts through these decisions have played a role in settling disputes and shaping policy through their rulings. Some of these decisions are discussed below:

1.1 Statute Bar Under The Petroleum Industry Act – Bayelsa Oil Company Limited v Ebikabowei Charles Dorgu & 6 Ors

In this suit, the Plaintiff (Bayelsa Oil Company Limited) is the initial awardee of OML 46, which was revoked by the Federal Government of Nigeria due to the Plaintiff's inability to begin commercial production of the oil field. OML 46 was subsequently awarded to the 2nd Defendant (Halkin E&P Limited) during the 2020 marginal field bid round.

Aggrieved by this development, the Plaintiff initiated this suit against the Defendants at the Federal High Court, Bayelsa Division claiming ownership and operator's rights over the OML 46. The Plaintiff prayed the Court to declare the award of OML 46 to the Defendant as unlawful and void.

The Defendants objected to the Court's jurisdiction on the ground that the suit is statute barred. The Defendants argued that considering the provisions **section 307(2) of the Petroleum Industry Act, 2021 and section 2(a) of the Public Officers Protection Act**, the Plaintiff should have commenced the instant suit within 3 months from when the cause of action arose. In the instant suit, the Plaintiff's cause of action arose on April 6, 2020, when its interest in OML 46 was revoked and on the July 7, 2021, when Halkin Exploration and Production Limited was awarded the revoked interest.

¹ (Unreported) Suit No. FHC/YNG/CS/223/2024

The court in resolving the issue of whether the suit is statute barred held that under both the **Petroleum Industry Act, 2021** and the **Public Officers Protection Act (POPA)**, it is required that legal actions against public officers and the Nigerian Upstream Petroleum Regulatory Commission be brought within three months from when the cause of action arose. In the circumstance, the 1st Defendant was a public officer at the time the act leading to the Plaintiff's cause of action arose and the Nigerian Upstream Petroleum Regulatory Commission is sued as a defendant in this suit.

In conclusion, the Federal High Court dismissed the Plaintiff's suit for being statute-barred and affirmed that Halkin Exploration remains the valid holder of the oil mining lease in respect of OML 46.

1.2. Jurisdiction of the Federal High Court in disputes relating to Oil Mining - *Brittania-U (Nig.) Ltd. v. Chevron (Nig.) Ltd.*²

The Appellant (Brittania-U (Nig.) Ltd) sued the Respondents at the Federal High Court seeking several declaratory reliefs amongst which were an order of specific performance of a contract or, in the alternative, damages; an injunctive relief; and costs of the suit.

The Appellant (Brittania-U (Nig.) Ltd) claimed that it entered into a binding contract to purchase 40% interest in OMLs 52, 53, and 55 from the 1st Respondent (Chevron Nigeria Limited) through a competitive bidding process. The Appellant alleged that the 1st - 4th Respondents (Chevron Nigeria Limited, BNP Paribas Securities Corporation, Chevron USA Inc and Mr Hermant Patel), unlawfully refused to finalize the sale and breached a confidentiality agreement by disclosing sensitive bid information to the 5th Respondent (Seplat Petroleum Development Company Ltd.).

2 [2025] 3 NWLR (Pt. 1979) 197

Consequent upon the above, the Appellant sued the Respondents at the Federal High Court seeking to enforce the referenced contract. The Respondents challenged the Federal High Court's jurisdiction to entertain the suit, contending that the dispute arose from a simple contract. The trial court refused the Respondents' preliminary objection and upheld its jurisdiction to entertain the matter. The ruling of the trial Court was set aside by the Court of Appeal when the Honourable Justices of the Court of Appeal found that the matter was a simple contract outside the trial court's jurisdiction. Dissatisfied with the decision of the Court of Appeal, the Appellant appealed to the Supreme Court.

The Supreme Court in determining the appeal, upheld the decision of the Court of Appeal and held that the Federal High Court lacks the jurisdiction to hear and determine a matter of simple contract that relates to the participation, alienation or acquisition of interest in Oil Mining Leases. The Supreme Court made this pronouncement after a careful examination of the provisions of Section 251 of the 1999 Constitution (as amended) and in-depth consideration of judicial authorities in this respect.

This decision of the Supreme Court reaffirms the long-standing position that the Federal High Court lacks jurisdiction over matters of simple contract, notwithstanding that they are premised on Oil Mining Lease.



Regulatory and Sector Updates



a. Low Carbon Compliance Requirement for Upstream Oil Licences

On January 1, 2025, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) introduced a mandatory requirement for all applicants seeking upstream petroleum licences to demonstrate compliance with low-carbon development criteria. This includes the integration of renewable energy initiatives, methane emission management strategies, and energy-efficient technologies using the prescribed Upstream Petroleum Decarbonisation Template (UPDT).

This directive reflects the federal government's commitment to promoting sustainable resource development and aligning Nigeria's upstream petroleum operations with global climate standards. The policy aims to improve Nigeria's environmental footprint while enhancing the credibility of its oil and gas sector in the global investment community by embedding decarbonisation objectives into the licensing framework. It is also a significant step toward Nigeria's energy transition goals and the reduction of greenhouse gas emissions in line with its commitments under the Paris Agreement.



b. Executive Order Upstream Petroleum Operations (Cost Efficiency Incentives) Order, 2025

On April 30, 2025, the President of the Federal Republic of Nigeria signed the Upstream Petroleum Operations (Cost Efficiency Incentives) Order, 2025, a groundbreaking fiscal directive aimed at incentivising performance-based cost reduction in the upstream petroleum sector. Under the Order, upstream oil and gas companies that demonstrate verifiable cost savings and efficiency improvements may be eligible for tax credits amounting to 50% of the government's net benefit from such savings, capped at 20% of the company's annual tax liability.

The Order is designed to address long-standing concerns about high operating costs in Nigeria's upstream sector. It seeks to boost competitiveness, increase net revenue for both the government and operators, and stimulate additional investment in exploration and production. The policy marks a shift towards a more commercially responsive regulatory environment and positions Nigeria to attract new capital in a competitive global oil market.





c. NNPC Limited Board Restructuring

In April 2025, the Federal Government approved the dissolution and reconstitution of the Board of the Nigerian National Petroleum Company Limited (NNPC Limited). The restructuring exercise, completed in May 2025, saw the appointment of Mr. Bashir Ojulari as Group Chief Executive Officer and Mr. Ahmadu Musa Kida as Non-Executive Chairman. This strategic leadership overhaul is part of broader reforms aimed at enhancing transparency, corporate governance, and operational performance at NNPC Limited.

The new Board has been charged with driving the commercial transformation of NNPC Limited in line with the Petroleum Industry Act, 2021. It is expected to prioritise value creation, regulatory compliance, and accountability, while fostering greater efficiency in Nigeria's national oil company. This development is pivotal in repositioning NNPC Limited as a commercially driven entity that is globally competitive and investor-friendly.

d. Real-Time Tracking System for Oil Export Shipments

In June 2025, the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) and other relevant agencies introduced a real-time tracking framework for all crude oil export shipments. The regulation requires exporters to obtain clearance permits, secure vessel identification, and report all shipment data electronically to designated portals. Non-compliance may attract sanctions, including fines of up to \$20,000.

This initiative is aimed at addressing revenue losses, improving transparency in crude oil export transactions, and curbing crude theft and illegal lifting. It also enhances the government's capacity to monitor national output and ensure accurate royalty and tax assessments. The real-time tracking regulation is part of broader efforts to sanitise the crude oil export ecosystem and enhance fiscal stability.

e. Devolution of Electricity Market Oversight to States

Between January and June 2025, the Nigerian Electricity Regulatory Commission (NERC) formally transferred intrastate electricity market regulatory powers to several states, pursuant to the Electricity Act, 2023. States including Niger, Ekiti, and Abia have established their own electricity regulatory commissions and commenced independent oversight of their respective markets.

This devolution of regulatory authority marks a transformative shift in Nigeria's power sector structure, enabling states to independently license generation, distribution, and embedded supply undertakings within their jurisdictions. The reform is expected to enhance energy access, encourage sub-national investments in electricity infrastructure, and foster competition. It also lays the foundation for the emergence of functional state-level electricity markets that are tailored to local energy needs and economic realities.

f. NERC Corporate Governance Code and Third-Party Revenue Collection Guidelines

On May 30, 2025, NERC released two key instruments: the Code of Corporate Governance for the Nigerian Electricity Supply Industry (NESI), and the Guidelines for Registration and Engagement of Third-Party Revenue Collection Service Providers. These instruments are designed to promote transparency, financial discipline, and accountability within the power sector.

The Corporate Governance Code sets out principles for board composition, financial reporting, and stakeholder engagement, aimed at strengthening institutional performance. The third-party guidelines, on the other hand, provide a framework for DisCos to outsource revenue collection to licensed service providers under strict regulatory supervision. Both measures underscore NERC's commitment to sector reform and improving service delivery across the electricity value chain.

g. National Integrated Electricity Policy (NIEP)

In May 2025, the Federal Executive Council approved the National Integrated Electricity Policy (NIEP), a comprehensive policy blueprint developed pursuant to the Electricity Act 2023. The NIEP serves as a foundational policy framework for the transformation and coordinated development of Nigeria's electricity sector across federal, state, and off-grid markets. It replaces the outdated 2001 National Electric Power Policy and is designed to guide electricity access expansion, market development, and investment alignment in a post-reform landscape.

The primary objectives of the NIEP include achieving universal electricity access by 2030, promoting private sector-led generation and distribution, and facilitating the development of state electricity markets in accordance with the devolved powers under the Electricity Act. It also emphasizes integrated energy planning, with a focus on renewable energy integration, energy efficiency, gender inclusion, and climate resilience. The Federal Ministry of Power has stated that this policy is instrumental in aligning national electrification priorities with the Energy Transition Plan and Nigeria's decarbonization commitments. It is expected to stimulate investment, foster energy inclusion, and improve electricity reliability, thereby advancing sustainable economic growth and social development.



Publications



a. Legal Framework for the Adoption of Compressed Natural Gas (CNG) in Nigeria: Investment Opportunities, Incentives and Challenges, [KENNA](#)

Nigeria's energy policies are shaped to align with global standards, reflecting the need to demonstrate capacity and avoid international sanctions. While energy transition debates began after the 1973 oil crisis, they have since evolved into urgent climate-focused commitments, notably under the Paris Agreement. Nigeria has pledged carbon neutrality by 2060, backed by the Climate Change Act 2021 and the Energy Transition Plan, which highlights Natural Gas as a key transition fuel. Current investments in gas reflect not just environmental concerns, but also economic revitalisation and improved living standards through cost-effective energy solutions.

b. Commonality and Divergence Between NNPC & NNPC Limited Under the Nigerian Petroleum Industry Regulation, [KENNA](#)

The Petroleum Industry Act (PIA) 2021 introduced major reforms to Nigeria's oil and gas sector, notably transforming the NNPC into NNPC Ltd, a fully commercial entity stripped of its regulatory roles. This shift aims to enhance transparency, efficiency, and competitiveness, addressing long-standing criticisms of the former NNPC's dual role as both operator and regulator. Regulatory functions have now been delegated to newly created bodies; NUPRC and NMDPRA, while NNPC Ltd., incorporated under CAMA 2020, is expected to operate profitably like private sector counterparts. Although it remains government owned, the company is structured to function independently with reduced political interference and is poised to eventually become a publicly listed entity to allow for broader ownership and accountability.

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