

NEWSLETTER

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TRANSFORMING NIGERIA'S GAS DISTRIBUTION LANDSCAPE: A REVIEW OF THE GAS DISTRIBUTION SYSTEMS REGULATIONS, 2023

INTRODUCTION

Nigeria, blessed with abundant natural gas reserves, has long been poised to become a global energy player. However, untapped potential, lack of investment, and regulatory gaps have hindered the realisation of this ambition. In a pivotal move, the Nigerian Midstream and Downstream Petroleum Regulatory Authority ("Authority") empowered by the PIA has introduced the Gas Distribution Systems Regulations aimed at revamping Nigeria's gas distribution sector. The regulations address critical aspects of gas distribution, from licensing procedures to operational standards, and fostering a competitive yet sustainable environment.

The Regulations establish a streamlined procedure for the issuance of gas distribution licences within designated local distribution zones. These zones, marked by geographical limits, play a pivotal role in ensuring equitable distribution of natural gas to consumers. It also sets out a comprehensive framework of sanctions, penalties, and administrative fines to ensure strict compliance with the stipulated provisions. Ultimately, the regulations seek to promote investment, competition, and adherence to industry best practices. Let us now consider some of the key provisions of the Regulations.

GAS DISTRIBUTION LICENCE

The regulations mandate that gas distribution in Nigeria shall not be carried out by an entity without first obtaining a licence from the Authority. The licence is to be granted for a specified geographical limit within a local distribution zone, providing the holder with the exclusive right to distribute and sell natural gas to consumers in that designated zone. The licence which is subject to the Act and these regulations, is typically valid for 25 years from the date of issuance, with the possibility of renewal for additional 25-year terms based on terms and conditions set by the Authority.

Bidding and Licensing P

BIDDING AND LICENSING PROCEDURE

A cornerstone of these regulations is the transparent and competitive bidding process for the grant of gas distribution licences. The regulations stress that licences will only be granted through a fair and open bidding mechanism, fostering healthy competition and preventing monopolistic practices. This approach is pivotal in attracting diverse investors and maximising the potential for effective gas distribution across local distribution zones.

Further, licensing round plans and detailed licensing round guidelines are to be published periodically to ensure that the process remains dynamic and responsive to market realities. The licensing round plan, guidelines, and model licence are to reflect conditions for the bid round. However, a qualified applicant can also apply directly for a gas distribution licence, subject to assessment and compliance with the

criteria outlined in the regulations. This approach ensures that licences are granted to entities with the technical, financial, and operational capacity to carry out gas distribution activities in a safe, efficient, and compliant manner.

LOCAL DISTRIBUTION ZONES

The regulations meticulously detail the process of designating local distribution zones. These zones are critical units for efficient gas distribution and align with a national grid system. The regulations prescribe the adoption of a grid system, based on the Universal Transverse Mercator (UTM) projection, to allow for precision and consistency in distribution. Moreover, the regulations also require that the Authority take into account factors such as gas availability, connectivity, population, and economic viability when designating these zones. This forward-thinking approach shall foster energy accessibility and ultimately contribute to sustainable economic development.

CASES OF EXISTING GAS DISTRIBUTION SYSTEMS

The regulations stipulate that holders of petroleum pipeline licences with existing gas distribution systems must apply for a gas distribution licence within 90 days from the effective date of the regulations. If these existing systems have agreements inconsistent with the regulations, they can continue operating under those terms until the expiration of their petroleum pipeline licence. However, they need to comply with technical, safety, and quality-of-service standards specified by the regulatory authority before being granted a gas distribution licence. Similarly, individuals who

established or operated gas distribution systems without a petroleum pipeline licence before the regulations' effective date must apply for a gas distribution licence within 90 days. These applications should adhere to the provisions of the Petroleum Pipeline Regulations and other relevant regulations set by the authority.

The regulations also emphasise that activities of existing gas distribution systems should conform to applicable regulations for pipeline establishment, construction, modification, operation, and maintenance. These provisions ensure that both pre-existing and new gas distribution systems align with regulatory standards to ensure safety, quality, and compliance in their operations.

DUTIES OF LICENSEES

The regulations mandate that licence holders provide progress reports, ensuring transparency and accountability. The licence holder's responsibilities also extend to compliance with petroleum pipeline regulations, public service obligations, and adherence to specified technical standards. This comprehensive approach no doubt provides extra layers of safeguards for consumer interests, environmental sustainability, and operational integrity.

CONCLUSION

The Gas Distribution Systems Regulations herald a new era for Nigeria's gas distribution sector. By providing a robust framework for licensing, operations, and compliance, these regulations address long-standing challenges and pave the way for a vibrant, competitive, and responsible gas distribution landscape. The regulations' emphasis on fair competition, transparent processes, and sustainable growth ensures that

ensures that Nigeria's vast natural gas resources are harnessed to their fullest potential, propelling the nation towards a greener and energy-abundant future.

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EXAMINING THE FRONTIER BASINS EXPLORATION ADMINISTRATION REGULATIONS, 2023

INTRODUCTION

For years on end, Nigeria has held on tightly to the toga of being a potential powerhouse in the global energy landscape, largely because of its abundant reserves of crude oil. Despite its vast resources however, the country remains unable to fully outlive the title of 'potential' and take on a more befitting reputation as an actual powerhouse in the global energy market. This is as a significant portion of these reserves remain untapped and unexplored due to various challenges such as a lack of substantial investments in the sector among others. However, the recent passage of the Petroleum Industry Act (PIA) has presented a crucial opportunity to unlock the full potential of Nigeria's oil and gas assets. The

PIA's emphasis on exploring frontier basins is a pivotal step towards developing these untapped resources and harnessing the nation's energy potential. In furtherance of this, the Nigerian Upstream Petroleum Regulatory Commission ("the Commission") has issued a set of Regulations aimed at providing a framework for the effective exploration and development of frontier basins in Nigeria's oil and gas sector.

The Regulations set out the general rules for the Commission's responsibilities regarding frontier basins, administering the Frontier Exploration Fund, and attracting investments to these areas. Essentially, they apply to unlicensed acreages in the