



NIGERIAN MIDSTREAM & DOWNSTREAM PETROLEUM REGULATORY AUTHORITY (NMDPRA)

ANNOUNCEMENT ON ESTABLISHMENT OF DOMESTIC BASE PRICE (DBP) AND APPLICABLE WHOLESALE PRICE NATURAL GAS FOR THE STRATEGIC SECTOR

The Petroleum Industry Act (PIA) 2021 assented to by the President on the 16th of August 2021 and gazetted on the 27th of August 2021 provides a clear regulatory framework for the determination of a Market-based pricing regime for the domestic gas market in Nigeria.

2. in line with Section 167, the Third and Fourth Schedule of the PIA 2021, the Nigerian Midstream & Downstream Petroleum Regulatory Authority (NMDPRA) is mandated to determine the Domestic Base Price (DBP) and the marketable wholesale price of natural gas supplied to the strategic sectors as defined in Table

1:

Table 1: Wholesale Price of Natural Gas for Strategic Sectors

Sector	Floor Price USD/MMBTU	Price USD/MMBTU	Ceiling Price USD/MMBTU
Power		Domestic Base Price	
Commercial		Domestic Base Price + USD 0.50	
Gas Base industries (Ammonia, Urea Methanol, Polypropylene, Low Sulphur Diesel, and others as the Authority may add by Regulations)	USD 0.9	As calculated from formula in the 4 th Schedule of the Act	Domestic Base Price

3. The Domestic Base Price at the marketable gas delivery point under Section 167 (1) and other provisions of PIA shall be determined based on regulations which incorporate among such other matters, the following principles:

- a) The price must be of a level to bring forward sufficient natural gas supplies for the domestic market on a voluntary basis by the upstream producers
- b) The price shall not be higher than the average of similar natural gas prices in major emerging countries that are significant producers of natural gas.
- c) Lowest cost of gas supply based on three tier cost of supply framework.
- d) Market related prices tied to International Benchmarks

4. Accordingly, after due consultation with key stakeholders and taking into cognisance the provisions of the PIA, as well as the gazetted Gas Pricing and Domestic Demand Regulations, the NMDPRA hereby establishes the **new Domestic Base Price as USD 2.42 / MMBTU** and wholesale prices of natural gas in the strategic sector as highlighted in Table 2:

Table 2: The New Wholesale Prices of Natural Gas for Strategic Sectors

Sector	Floor Price USD/MMBTU	Price USD/MMBTU	Ceiling Price USD/MMBTU
Power		2.42	
Commercial		2.92	
Gas Base industries (Ammonia, Urea Methanol, Polypropylene, Low Sulphur Diesel, and others as the Authority may add by Regulations)	0.9	As calculated for individual industry, based on the formula prescribed in the 4 th Schedule of the Act	2.42

5. We thank and appreciate all Investors in the domestic gas market sector and assure you of the Authority's commitment to continuously ensure transparency, deepening of the domestic gas market, and creating investor-friendly business environment, as we dutifully implement all the provisions of the applicable regulatory frameworks.

Signed:

Farouk A. Ahmed

Authority Chief Executive

Nigerian Midstream and Downstream Petroleum Regulatory Authority