



NIGERIAN MIDSTREAM & DOWNSTREAM PETROLEUM REGULATORY AUTHORITY (NMDPRA)

NMDPRA Updates the Nigerian Gas Transportation Network Code

The Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) released the Nigerian Gas Transportation Network Code (Revision-1) for immediate implementation.

Engr Farouk Ahmed, the Authority Chief Executive of NMDPRA said the network code is a critical regulatory enabler required to guarantee optimal accessibility of natural gas in a safe, reliable, transparent, and viable commercial and economic basis across Nigeria.

According to the corporate communications department of the Authority, the network code is a set of unified rules that ensures non-discriminatory access of a gas pipeline system operated as a network for the purpose of delivering commercial volumes of Natural gas from upstream producers and wholesale gas suppliers to the wholesale customers in the downstream gas sector such as power generating companies, gas-based Industries and energy intensive Industries that rely on gas.

The Authority Chief Executive stated that following the emplacement of the PIA in 2021 which strengthened the legislative framework for operation of Open-Access regime in the oil and gas Industry in Nigeria, the constructive performance feedback received from the key players in the gas sector and the imperative of ensuring excellent regulatory service, a revised code had to be developed to replace the version that was launched in February 2020.

He hinted that the NMDPRA collaborated deeply with the industry to develop the revision-1 of the network code and that NMDPRA-Industry strategic alignment frameworks have been developed for effective operationalisation of the code in a manner that will produce optimal impact in Nigerian's gas sector.

The regulator is aggressively administering all the necessary operationalization activities prescribed by the code which includes, on-boarding and licensing of entities on the network - transporters, shippers and agents; ensuring the development of applicable network connection agreements between shippers and the licensed network operator; strengthening the compliance of all network players; establishing critical performance management data base through the upgrade of Network Code Electronic Licensing and Administration System (NCELAS) and hydraulic models for effective regulation of the network; and encouraging overall upgrade of the network for reliable supply of natural gas at required pressures and quality specifications.

The Nigerian network code system has an installed transportation capacity of 5.8 bscf/d and supports gas supply transportation to grid power generating companies, gas-based Industries, gas to commercial companies and gas distributing zones that supplies gas to over 400 wholesale gas customers.

The network code currently governs three strategic gas supply pipeline systems that include the Escravos-Lagos Pipeline System, OB-3 and Oben-Ajaokuta pipeline systems located in the Western, Eastern and North-central areas, where natural gas is being utilized for strategic socio-economic activities.

The Authority helmsman confirmed that expansion of the network to cover all other regions of the country shall be achieved on a medium to long term premise with the completion of the Ajaokuta-Kaduna-Kano (AKK) pipeline system, full commissioning of OB-3 pipeline system, completion and commissioning of on-going network supply reliability projects such installation of midline compression on ELPS and creation of other networks.

Complimentary regulatory strategic next steps that are being implemented for optimization of the inherent benefits of the network code include emplacement of PIA defined gas related licence regimes for processing, wholesale gas supply, distribution, retail and gas trading; full implementation of PIA prescribed roles on tariff; overall enhancement of gas market performance and improved investment on development of gas infrastructure.

Engr Ahmed affirmed that the Nigerian Gas Transportation Network code shall progressively be improved upon by the NMDPRA with optimal collaboration with the Industry to promote and support our national strategic aspirations in the energy sector as encapsulated in the; renewed hope agenda of Mr. President, 2021-2030 decade of gas programme, Presidential Initiatives on compressed natural gas (PCNG-i), Nigerian energy transition and net-zero action plans and the PIA 2021.

Engr Ahmed maintained that the code would continue to mature through subsequent revisions that may be required to sustain investor's confidence levels in the sector, and he encouraged all licensed operators, shippers and sectoral stakeholders to continue to collaborate and support the regulator in all its primary roles by providing feedback on areas of regulatory services that require improvement.

We thank and appreciate all Investors and stakeholders in the Nigerian gas Sector and assure you of the Authority's commitment to ensuring 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

Public Affairs Unit

Nigerian Midstream and Downstream Petroleum Regulatory Authority