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The Energy Landscape: 2025 Sector Review and 2026 Outlook across Oil, Gas, Power, and Renewable Energy

The transition of the Nigerian energy landscape through the fiscal year of 2025 represents a defining structural reset in the nation's economic history. This period has been characterized by the aggressive operationalization of two landmark legislative instruments: the Petroleum Industry Act (PIA) 2021 and the Electricity Act 2023. These frameworks have collectively moved the sector away from the legacy of state-managed inefficiencies toward a market-driven, decentralized, and technocratic ecosystem. Throughout 2025, the energy sector served as the primary battleground for macroeconomic stabilization, as the government navigated the complexities of subsidy removal, currency devaluation, and the urgent need to revitalize primary revenue streams in the face of global financial shifts.

Sectoral Developments in the Oil and Gas Space (2025 Review)

The oil and gas sector in 2025 focused on restoring investor confidence through governance reforms and the institutionalization of cost-efficiency mandates. The primary objective has been to reverse the trend of declining reserves and production volatility that characterized the early 2020s.

I. Reconstitution of the NNPC Board and Technocratic Shift

A pivotal moment in the 2025 sectoral review was the reconstitution of the Board of the Nigerian National Petroleum Company Limited (NNPC) on 2 April, 2025. This approval by the President was not merely a change in personnel, but a strategic alignment with the PIA's objective of creating a commercially viable National Oil Company (NOC). The appointment of Ahmadu Musa Kida as Chairman and Engr. Bayo Ojulari as Group Chief Executive Officer signaled a shift toward technocratic leadership, bringing in professionals with proven industry expertise to drive operational efficiency.

The previous board had achieved milestones such as the profit declaration after years of losses and the rehabilitation of two dormant refineries, yet dissatisfaction persisted regarding the failure to meet OPEC production quotas and recurring friction with domestic refiners, most notably the Dangote Refinery. The incoming board's mandate in 2025 focused on resolving the "naira-for-crude" delivery disruptions and building out critical infrastructure such as the OB3 pipeline and the NLNG Train 7 expansion. This governance rejigging aimed to restore international investor confidence, which had been shaken by the exit of major International Oil Companies (IOCs) from onshore assets.

ii. Regulatory Evolution and the Upstream Petroleum Commercial Regulations

In May 2025, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) issued a series of commercial regulations designed to institutionalize transparency and profit-driven planning. The Upstream Petroleum Commercial Regulations mandated that all licensees and lessees submit detailed Field Development Plans (FDPs) and Phase Development Plans (PDPs) that meet specific economic indicators, including Net Present Value (NPV), Internal Rate of Return (IRR), and Break-even Analysis.

A critical feature of this regulation is the "Class 3 project gate" cost estimation system. Operators are required to provide annual cost estimates with a precision level of -10% for optimal cases and +20% for pessimistic cases. This level of scrutiny ensures that project

expenditures are aligned with maximum economic recovery and prevents the inflation of operational costs. Furthermore, the regulations established mandatory half-yearly implementation reports, ensuring that the NUPRC has real-time visibility into the commercial progress of upstream assets.

iii. Cost Efficiency and Tax Incentives

To further drive global competitiveness, the government signed the Upstream Petroleum Operations (Cost Efficiency Incentives) Order on 30 April, 2025. This Order introduced a performance-based tax credit framework intended to eliminate the "cost premium" traditionally associated with the Nigerian operating environment. Companies that succeed in maintaining their Unit Operating Costs (UOC) below the benchmarks set by the NUPRC are eligible to claim a tax credit equivalent to a portion of the incremental government share arising from those cost reductions.

The computation for the Cost Efficiency Incentive (CEI) is structured as: $CEI = (CS) \times RTR \times 50\%$.

Where CS represents Cost Savings (calculated as the difference between target and actual operating costs multiplied by hydrocarbon sales volume) and RTR is the Referenced Tax Rate. This incentive is capped at 20% of the taxpayer's total tax liability and is valid for three years from the date of issuance. By aligning private profit motives with public fiscal interests, the 2025 regulatory environment has sought to attract capital into terrains that were previously considered marginally viable.

iv. The Nigeria 2025 Petroleum Licensing Round (N2025LR)

On 1 December, 2025, the NUPRC formally launched the 2025 Petroleum Licensing Round, branded as one of the most transparent and investor-friendly exercises in the nation's history. Grounded in Section 73 of the PIA, the round offered a diversified portfolio of 50 oil and gas blocks. The distribution of the 50 blocks offered is led significantly by Shallow Water assets, which comprise nearly 40% of the total with 19 blocks available. This is followed closely by Onshore locations and Frontier Acreage, both of which contribute 15 blocks each to the portfolio. In contrast, the offering is highly limited in high-depth environments, with only a single block available for Deep Water exploration. This allocation suggests a strategic focus on more accessible or emerging land-based and coastal territories rather than capital-intensive deep-sea projects.

The N2025LR introduced a radical restructuring of the Signature Bonus (SB), a legacy barrier to entry for many independent and indigenous firms. The SB was reduced to a non-negotiable range of \$3 million to \$7 million, shifting the competitive focus toward the quality of the proposed work programs and technical competence. This policy shift

aims to attract \$10 billion in new Foreign Direct Investment (FDI) and add 2 billion barrels to the national reserves over the next decade. The licensing round also features a fully digital portal, intended to replace the opaque processes of the past with a streamlined, two-stage evaluation involving Request for Qualification (RFQ) and Request for Proposal (RFP).

v. Upstream Operational Performance and Rig Activity

Operational metrics in 2025 indicate a measurable rebound in activity. The national oil rig count serves as a primary signal of market responsiveness; NUPRC data confirms that the rig count climbed to 46 as of July 2025, compared to 33 in the same period in 2024, and reached over 60 by the end of the year. Much of this activity has been concentrated in deep offshore and brownfield assets, which are less susceptible to the crude theft and pipeline vandalism that continue to plague onshore operations.

Crude oil production reached a significant peak of 1.71 mbpd in July 2025, meeting the OPEC quota for the third time during the year. However, consistency remains an issue, as output dipped to 1.4 mbpd in October 2025, reflecting the continued fragility of the production chain. Despite these fluctuations, the approval of 46 new Field Development Plans in 2025 represents a substantial pipeline of production growth potential for 2026.

vi. The Decade of Gas and Infrastructure Monetization

The year 2025 solidified natural gas as the central pillar of Nigeria's industrialization and energy transition strategy. With proven reserves of 210.54 trillion cubic feet (TCF) the largest in Africa, the government has accelerated the Decade of Gas initiative to transition the economy from an oil-based to a gas-based model.

A major financial catalyst was the September 2025 MoU between the MDGIF and Afreximbank, aiming to mobilize \$500 million for midstream and downstream infrastructure. This partnership focuses on constructing gas processing plants, distribution pipelines, and export terminals near major industrial corridors. The initiative also includes project preparatory support, funding feasibility studies to ensure that gas projects are "bankable" before being presented to private financiers.

Simultaneously, the Nigerian Gas Flare Commercialization Programme (NGFCP) transitioned from planning to execution. In 2025, final permits were issued to 28 companies to capture flared gas across 49 sites. These projects aim to eliminate routine gas flaring by 2030 and could reduce annual emissions by 6 to 7 million tonnes of CO₂ equivalent. The captured gas is slated for power generation (nearly 3 GW potential) and the production of Liquefied Petroleum Gas (LPG) for clean cooking, addressing both energy poverty and environmental targets.

vii. Local Content and Supply Chain Streamlining

The Nigerian Content Development and Monitoring Board (NCDMB) issued updated guidelines in 2024/2025 to reduce the bottlenecks in the industry contracting process. The directive aimed to shorten the contracting cycle to 180 days by introducing a 5-point action flow, a significant reduction from the previous 9-point system.

This streamlining signals a maturing regulatory ecosystem where the focus has shifted toward localizing the supply chain, while maintaining global operational speeds. The NCDMB has also prioritized the involvement of indigenous personnel in renewable energy installations, linking local content requirements with the nation's broader climate goals.

Sectoral Developments in the Power Space (2025 Review)

The Nigerian power sector in 2025 underwent a fundamental structural transformation, characterized by the unbundling of the national grid operator and the decentralization of regulatory oversight to the state level.

i. Unbundling of TCN and the Establishment of NISO

A critical milestone in the power sector was the functional separation of the Transmission Company of Nigeria (TCN). In 2024/2025, the Nigerian Independent System Operator (NISO) was established to manage real-time grid operations, system control, and market settlement. The TCN was retained as the Transmission Service Provider (TSP), focusing exclusively on the maintenance and expansion of the physical infrastructure.

This unbundling was necessary to address systemic weaknesses in grid reliability. To support this new structure, NERC issued a two-year Performance Improvement Plan (PIP) in July 2025, providing a roadmap for targeted capital investments. The PIP addressed the severe funding gaps of the previous year, where less than half of the expected funding was disbursed due to penalties for grid collapses and deviations from the targeted Transmission Loss Factor (TLF).

ii. Innovative Financing: The Transmission Infrastructure Fund (TIF)

To resolve the historical problem of inadequate project financing, NERC established the "Transmission Infrastructure Fund" (TIF) through the Multi-Year Tariff Order (MYTO) 2025. Effective 15 May, 2025, a charge of N2.17/kWh is applied to energy delivered to all grid off-takers, including DisCos, export customers, and independent networks. The TIF is centrally managed and used to securitize vendor financing and other Public-Private Partnership (PPP) arrangements, specifically targeting the completion of the long-delayed SCADA system.

iii. Grid Stability: SCADA and Free Governor Control (FGC)

In 2025, NERC transitioned from a role of oversight to one of aggressive enforcement regarding grid stability. Two major directives were issued to prevent the cascading failures that led to 12 grid collapses in 2024.

First, the "Order on Mandatory Implementation of Free Governor Control" (NERC/2025/094) took effect on 1 September, 2025. It requires all GenCos with units above 10 MW to operate in "droop mode" with an automatic feature that adjusts power output instantly as the grid frequency deviates from the 50 Hz standard. This automation serves as a

"cruise control" for the grid, reducing the chances of blackouts caused by manual adjustment lags. Non-compliance attracts a penalty of 10% of the unit's monthly invoice and risks grid disconnection after 90 days.

Second, NERC mandated the full integration of all generating units into the Supervisory Control and Data Acquisition (SCADA) and Energy Management System (EMS) by 31 December, 2025. The completion of the SCADA project is essential for real-time monitoring of active/reactive power, frequency, and circuit breaker status. Any GenCo failing to integrate by the deadline faces a penalty of 1% of its total monthly energy invoice.

iv. Decentralization and State Electricity Markets (SEMs)

The Electricity Act 2023 was actively implemented in 2025, as NERC began transferring regulatory oversight to the applicable states. This shift allows states to establish their own State Electricity Regulatory Commissions (SERCs) and operate independent electricity trading mechanisms, provided they do not interfere with the National Wholesale Electricity Market (NWEM).

This restructuring represents a fundamental shift toward "energy autonomy," allowing states to attract investments for localized mini-grids and tailor tariffs to their specific demographic and industrial needs. However, this transition requires complex legal work to clarify states' rights to equity allotments in existing DisCos and the transfer of associated assets and liabilities.

Enugu State Electricity Regulatory Commission (EERC)

Enugu State was the first sub-national entity in Nigeria and Africa to establish its own electricity market under the Enugu State Electricity Law 2023. Oversight was formally transferred on 22 April, 2024 (Order NERC/2024/039), leading to the incorporation of MainPower Electricity Distribution Limited on 22 October, 2024, to assume distribution responsibilities from the legacy EEDC. Key 2025 developments in Enugu include:

- **Generation Licensing:** EERC issued interim generation licenses to Fedikore Limited (10 MW gas turbine) and Tempo Power Solutions Ltd (5 MW gas-fired plant). The state further plans to harness its coal reserves for up to 1,000 MW of generation.
- **Renewable Energy:** The Renewable Energy Project Development (REDSEM) initiative was launched in mid-2025 to invite solar mini-grid developers for rural electrification.
- **Tariff Dispute:** On 18 July, 2025, EERC issued Tariff Order No. EERC/2025/003, slashing the Band A tariff from N209/kWh to N160.40/kWh. NERC faulted the decision on 24 July, arguing EERC lacked authority to set tariffs for power supplied from the national grid without a state-backed subsidy. Following an EERC rejoinder on 28 July, MainPower filed a formal petition on 7 September seeking a review to avoid a projected monthly

revenue shortfall of N1.3 billion. A public hearing was convened on 16 October, 2025, and deliberations remain ongoing.

- **Consumer Rights:** EERC resolved over 60 customer complaints and, in June 2025, ordered MainPower to refund over 20,000 customers for wrongful estimated billing.

Lagos State Electricity Regulatory Commission (LASERC)

Lagos domesticated the Electricity Act via the Lagos State Electricity Law signed on 3 December, 2024, setting a 1 MW minimum licensing threshold for all electricity activities. LASERC assumed full regulatory control in July 2025 following Order No. LASERC ORDER/001/2025. Critical milestones in 2025 included:

- **License Issuance and Corporate Restructuring:** On October 2, 2025, LASERC issued inaugural distribution licenses to IE Energy Lagos Limited (subsidiary of Ikeja Electric) and Excel Distribution Company Limited (subsidiary of Eko Electricity Distribution Plc). Under Section 230(4a) of the Electricity Act, Eko DisCo and Ikeja Electric transmuted into holding companies, with their subsidiaries assuming all operational distribution responsibilities within Lagos.
- **Territorial and Infrastructure Matters:** The transition involved a complex territorial matter regarding boundary encroachment, particularly as Eko DisCo's legacy operations span both Lagos and Ogun States. Experts have noted that despite regulatory autonomy, the market remains reliant on outdated national infrastructure.
- **Board Dissolution:** In late 2025, the LASERC Board was dissolved. While official reasons were not immediately disclosed, reports suggest gaps between legislative intent and the operational reality of managing a state-level market contributed to the transition.

Other Emerging State Markets

Other states advanced their regulatory frameworks throughout 2025. Oyo State (OSERC) completed its transfer on 6 August, 2024, with IBEDC incorporating IBEDC Energy Solutions Ltd to manage intrastate supply. Edo State (ESERC) signed its own Electricity Law in 2025, establishing an Independent Transmission Company alongside the regulatory commission. Ondo State (OSERB) issued an interim license to BEDC Electricity Ondo Limited in October 2024 and proposed an Open Access model in July 2025 to break distribution monopolies.

v. Commercial Reforms and Revenue Assurance

To address persistent revenue leakages, NERC issued the "Guidelines on Registration and Engagement of Third-party Collection Service Providers" effective 1 November, 2025. The guidelines standardized the use of Collection Service Partners (CSPs), requiring them to hold valid CBN licenses and maintain API integration with the Nigeria Inter-Bank Settlement System (NIBSS).

The commission also instituted a strict commission structure to prevent arbitrary charges to consumers:

- **USSD Transactions:** Flat fees of N20 for transactions \leq N5,000 and N50 for $>$ N5,000.
- **Banking/Switching:** 0.75% to 1.25% of the amount, capped at N2,000 per transaction.
- **Mobile Payments:** 1.10% to 1.50%, capped at N2,000.
- **Rural Services:** Highest commission of 3.25%, recognizing the logistics costs in remote areas.

Crucially, payments from Maximum Demand (MD) customers (the largest commercial and industrial users) are prohibited from being contracted to agents. These customers must pay via direct lodgment to DisCo bank accounts, effectively isolating high-value revenue streams from third-party risk. All existing collection contracts must be regularized to these guidelines by 31 December, 2025, or they become invalid.

vi. Operational and Commercial Performance (Q1-Q4 2025)

Performance metrics in 2025 showed a modest improvement in available capacity but continued challenges in demand offtake. In late 2024, average available generation was 5,296.89 MW, which increased by 11% quarter-on-quarter in Q1 2025 to reach 10,304.47 GWh of total energy generated. However, the Aggregate Technical, Commercial, and Collection (ATC&C) loss remained a major burden, standing at 39.61% in Q1 2025, significantly higher than the MYTO target of 20.54%.

Metering progress remained slow but accelerated in the second half of the year. By the end of Q2 2025, over 225,631 new meters were installed, a 20.55% increase from the previous quarter. Despite this, the metering gap persists at over 53%, with fewer than 7 million out of 13.5 million registered customers currently metered.

Sectoral Developments in the Renewable Energy Space (2025 Review)

Renewable energy in 2025 transitioned from an auxiliary sector to a centerpiece of the national fiscal and sustainability agenda.

i. **The National Public Sector Solarisation Initiative (NPSSI)**

Launched in August 2025, the NPSSI represents the government's largest single commitment to clean energy deployment. The initiative aims to provide clean, reliable power to critical public infrastructure, thereby reducing governance costs and reliance on expensive diesel generators.

The NPSSI framework includes the establishment of Solarge Nigeria Limited, a joint venture between the REA (25%), InfraCorp (26%), and Solarge BV (49%) to build a 1GW solar panel factory in Nigeria. To de-risk private investment, the REA has committed to purchasing a significant portion of the factory's output for its decentralized energy projects. Furthermore, a N100 billion loan facility was launched in June 2025 through a partnership between the REA and FCMB, catalysed by \$750 million in World Bank DARES funding, to provide credit to private renewable energy developers.

ii. **Policy Foundations: NIEP 2025 and the ETP**

The Federal Executive Council approved the National Integrated Electricity Policy (NIEP) on 5 May, 2025. Replacing the outdated 2001 policy, the NIEP 2025 establishes a statutory framework for integrating renewable energy into the national grid and aligning the power sector with Nigeria's commitment to net-zero emissions by 2060.

The policy prioritizes universal access by 2030 and advocates for Renewable Energy Feed-in Tariffs (REFIT), net metering, and green energy purchase obligations. It also mandates the development of national and sub-national Integrated Resource Plans (IRPs), ensuring that energy investments are data-driven rather than ad-hoc. These IRPs serve as the basis for the Strategic Implementation Plan (SIP) that accompanies the NIEP, outlining how Nigeria will mobilize the \$1.9 trillion required for its long-term Energy Transition Plan (ETP).

iii. **Draft Net Billing Regulations 2025**

On 4 September, 2025, NERC released the Draft Net Billing Regulations, a significant step toward transforming consumers into "prosumers". The regulation applies to renewable energy systems (wind and solar) with an installed capacity between 50 kWp and 5 MWp per user. Key provisions include:

- **Surplus Export:** Prosumers can sell excess power back to the distribution grid under a credit-based billing system.
- **Technical Standards:** Systems must operate in parallel with the distribution network and include anti-islanding and synchronization devices to prevent back-feeding during outages.
- **Metering:** Requirement for revenue-grade dual-register smart meters to separately record imported and exported energy.

This framework is expected to stimulate rooftop solar investment by providing a clear compensation mechanism, while simultaneously improving grid reliability by alleviating strain on central power plants during peak hours.

iv. **Carbon Markets and Clean Cooking**

The Carbon Market Activation Policy, finalized in April 2025, positions Nigeria to attract up to \$2.5 billion in high-integrity carbon credit investments by 2030. The national carbon registry now tracks methane reduction projects and renewable mini-grids in alignment with Article 6 of the Paris Agreement.

In the household sector, the 2025 Clean Cooking initiative signed an MoU to distribute 80 million clean cookstoves across Nigeria. This project aims to address the 95,000 annual deaths attributed to kitchen smoke and reduce indoor air pollution while promoting the transition to LPG and electric cooking sources. The initiative is projected to create 35 million green jobs across the manufacturing and distribution value chain.



Challenges and Headwinds

Despite the comprehensive reforms of 2025, the energy landscape faces deep-seated structural and macroeconomic headwinds that threaten the long-term sustainability of these gains.

i. Financial Liquidity and Debt Overhang

The energy sector remains caught in a liquidity trap. The legacy debt of N4 trillion owed by the federal government to GenCos and gas suppliers continues to hinder investment in new generation capacity. While a N4 trillion bond has been approved to clear these verified debts, the root causes like low collection efficiency and non-cost-reflective tariffs persist.

In the distribution segment, the shortfall in revenue collection is staggering. In Q1 2025, DisCos billed N744.27 billion, but only received N553.60 billion, reflecting a significant billing and collection efficiency gap. The federal government continues to spend over N200 billion monthly on electricity subsidies, much of which benefits the wealthiest 25% of Nigerians, creating a fiscal strain that prevents the implementation of a more targeted pro-poor subsidy model.

ii. Infrastructure Insecurity and Vandalism

Physical insecurity remains the primary deterrent to stable energy delivery. In the Power sector, the national grid relies heavily on natural gas for 80% of thermal generation. Frequent vandalism of upstream gas pipelines has led to scaling back output at several stations, plunging large parts of the country into darkness, as seen in the 10 September 2025 grid collapse.

In the Oil sector, while crude theft losses reached a historic low of 9,600 bpd in mid-2025, this success is attributed to controversial, high-value security contracts with private entities. The long-term sustainability of relying on non-state actors for sovereign infrastructure protection is a major concern. Furthermore, the aging pipeline network with 63% of pipes over 30 years old suffers from a \$12 billion maintenance backlog, leading to frequent leaks and operational downtime.

iii. Macroeconomic Pressures and Revenue Shortfalls

The 2025 Budget of Restoration faced severe fiscal arithmetic challenges. While the budget assumed an oil production target of 2.06 mbpd at \$75 per barrel, actual

production averaged only 1.7 mbpd. By October 2025, global prices fell below \$60 per barrel, further magnifying the revenue gap.

This revenue crisis resulted in a N30 trillion shortfall for the 2025 fiscal year, forcing more than 70% of the 2025 capital budget to be rolled over to 2026.

iv. Human Resource and Capability Gaps

The NESI faces a talent drain and a severe technical skill gap. Many licensees lack the internal capacity to operationalize complex governance evaluations or manage sophisticated risk frameworks required by the NERC Code of Corporate Governance. The transition to SCADA and automated grid control also requires a specialized workforce that is currently in short supply, necessitating urgent investment in facilities like the National Power Training Institute of Nigeria (NAPTIN).

2026 Outlook

The outlook for 2026 is defined by a strategic shift toward conservative fiscal planning and the maturation of decentralized energy models.

i. **Oil and Gas Sector: Macroeconomic Benchmarks (MTEF 2026-2028)**

The Nigerian Senate has approved the 2026-2028 Medium-Term Expenditure Framework (MTEF), adjusting macroeconomic assumptions to reflect the volatility of the global oil market.

- **Crude Oil Benchmark Price:** Reduced to \$60 per barrel for 2026, a more realistic target given the projected global supply glut. Benchmarks for 2027 and 2028 were set at \$65 and \$70 respectively.
- **Oil Production Target:** Sustained at 1.84 mbpd for 2026, with a targeted increase to 1.92 mbpd by 2028. NNPC and NUPRC aim to hit over 2 mbpd through the Project 1 Million Barrels initiative.
- **Exchange Rate Assumption:** N1,512 to \$1 for 2026, with expectations for the naira to stabilize within the N1,450 to N1,500 band supported by higher export earnings.
- **GDP Growth:** Forecasted to rise to 4.68% in 2026, driven by manufacturing, ICT, and increased domestic refining capacity.

Upstream Resurgence and Mergers & Acquisitions (M&A)

The upstream landscape in 2026 will be characterized by the rise of Indigenous Majors. As IOCs complete their divestments from onshore and shallow-water assets, players like Seplat Energy and Oando are positioned for dominant roles. Seplat Energy plans to invest \$3 billion between 2026 and 2030, aiming to double its output to 200,000 bpd and commission three new gas projects.

The 2025 licensing round will conclude in 2026, with technical bid evaluations scheduled for March-July and final awards by October 2026. This round is expected to secure high-value positions for new entrants in frontier basins, particularly in natural gas exploration.

ii. **Power Sector: Regional Integration and Grid Completion**

By June 2026, Nigeria aims for full grid synchronization with the West African Power Pool (WAPP). This integration is supported by the completion of the North Core

Project, linking Nigeria to Niger, Burkina Faso, and Benin, which is designed to cut wholesale electricity costs by 40% through regional power trade.

Domestically, the Presidential Power Initiative (PPI) in partnership with Siemens Energy is on track to complete two of its five Phase 1 substations by December 2026. These upgrades in Abeokuta, Offa, Ayede-Ibadan, Sokoto, and Onitsha will add significant operational capacity to the national grid. Furthermore, the REA plans to install 4 million smart meters in 2026, a critical step in reducing DisCo technical losses and improving market remittance.

iii. Renewable Energy and Technological Convergence

The renewable energy sector will enter its most aggressive growth phase in 2026 through the scaling of the NPSSI. The REA is expected to push for N500 billion in market-led financing by early 2026, leveraging performance data from the 2025 Phase 0 installations to attract pension funds and local financial institutions.

The technological convergence of 2026 will see the expansion of Distributed Energy Resources (DERs). As the cost of lithium-ion batteries continues to fall, energy storage will transition from an experimental add-on to a core enabler for large-scale solar projects. This is particularly relevant for the nascent data center industry in Lagos, which will increasingly look to hybrid gas-solar solutions to provide the 24/7 reliability required for hyper scale computing.

Conclusion

The review of 2025 and the outlook for 2026 reveal a Nigeria that is successfully transitioning from a policy-led reform era to an implementation-focused era. The structural reset achieved in 2025 has created a more predictable regulatory and fiscal environment, evidenced by the transparency of the 2025 Licensing Round and the innovative financing of the Transmission Infrastructure Fund. However, the success of this landscape remains contingent on the government's ability to manage the delicate balance between commercial viability and social equity.

Sustaining the current momentum will require three critical actions in 2026 like the completion of the national SCADA system to eliminate grid instability, the resolution of the legacy debt crisis in the power value chain through market-led guarantees, and the translation of offshore oil recovery into sustainable onshore development through inclusive community engagement. If these pillars are maintained, Nigeria is well-positioned to leverage its resource endowment as a catalyst for broader economic transformation, positioning itself as a regional hub for both traditional and renewable energy in the decade to come.



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