

PIA KEY PRICING HIGHLIGHTS

The Petroleum Industry Act (the “**PIA**”) sets out the applicable pricing regime for the three strategic sectors – the power sector, commercial sector, and gas-based industries. Below is a summary of the gas pricing regime provided in the PIA.

Summary of PIA Gas Pricing Regime

The Nigerian Midstream and Downstream Petroleum Regulatory Authority (the “**Authority**”) shall determine the domestic **base price** for each year in accordance with the National Gas Pricing Principles in the Third Schedule to the PIA see (s. 167(1) PIA). The table below sets out the pricing regime applicable to each strategic sector in respect of wholesale gas at the marketable delivery point (i.e., excluding tariffs for transportation and midstream processing):

Sector	Floor (per MMBtu)	Price (per MMBtu)	Ceiling (per MMBtu)	PIA Reference
Power Sector	-	base price	-	S. 167(5) PIA
Commercial Sector	-	base price + US\$0.50	-	S. 167(6) PIA
Gas-based industries (GBI)	US\$0.90	TBD based on formula in Fourth Schedule	base price	S. 168(1)- (5) and Fourth Schedule, PIA
<ul style="list-style-type: none"> • Ammonia • Urea • Methanol • Polypropylene 	<ul style="list-style-type: none"> • Low Sulphur Diesel (GTL) • Others as the Authority may add by regulation. 			

NB: Gas distributors¹ are not part of the strategic sectors, and the above regulated pricing regime does not apply to them. The PIA provides that gas distributors shall negotiate the supply and pricing of their natural gas directly, provided that the applicable price shall not exceed that of the commercial sector (s.167(7), PIA).

The PIA requires the Authority to determine the base price within three (3) months from the effective date of the Act, i.e., latest **15th November 2021** (para 1(d), Third Schedule, PIA).

What prices will apply in the interim?

Section 311(1) PIA preserves regulations, directives and orders preceding the PIA to the extent not inconsistent with the PIA. It follows, therefore, that pending determination of the base price by the Authority, pricing directives issued pursuant to the National Domestic Gas Supply and Pricing Regulations, 2008 will continue to apply in the interim.

¹ By virtue of Section 318 of the PIA, “gas distributor” (being holders of a “gas distribution licence”) refers to licensees who distribute natural gas through a low-pressure pipeline system in a specific geographical area. By this definition, virtual pipeline providers such as CNG/LNG suppliers do not qualify as gas distributors.