



A COMMUNIQUÉ ISSUED AT THE END OF THE NIGERIAN GAS ASSOCIATION (NGA) 10TH INTERNATIONAL GAS CONFERENCE & EXHIBITION, HELD AT TRANSCORP HILTON HOTEL ABUJA FROM MONDAY OCTOBER 31, 2016 TO TUESDAY NOVEMBER 1, 2016.

THEME: NIGERIAN GAS ROAD MAP AND ITS POTENTIAL FOR REGIONAL AND GLOBAL INFLUENCE

From 30th October to 2nd November 2016, the Nigerian Gas Association (NGA), a Chartered member of the International Gas Union (IGU) organized the 10th edition of the Bi-Annual International Gas Conference and Exhibition at the Transcorp Hilton, Abuja Nigeria. The theme of the conference was **"Nigerian Gas Roadmap and Its Potential for Regional and Global Influence: Its Implementation, Challenges, Opportunities and New Way Forward"**

The event completed the 2 year cycle of the NGA Executive Council of 2014-2016 led by Mr. Bolaji Osunsanya and the commencement of Engr. Dada Thomas' presidency of the new Council for 2016-2018.

Those present during the conference include: the Minister of State for Petroleum Resources, Dr. Ibe Kachukwu; Group Managing Director of Nigerian National Petroleum Corporation, Dr. Maikanti K. Baru; Mr. Clay Neff, Chairman of OPTS/Managing Director, Chevron Nigeria; Dr. Jackson Gaius-Obaseki, former GMD of NNPC; and other key management staff of national, international and indigenous producing and service companies. Industry professionals, the academia and the media were also in attendance.

The event, which attracted more than 600 delegates, provided an opportunity for high-level government representatives and industry leaders to share knowledge, raise awareness and discuss strategic options that natural gas offers for sustainable access to energy, social and economic development. Speakers included experts from the energy industry; both local and global companies; government officials; international organizations; and the NNPC.

Many of the participants and speakers had long experience from other nations and regions that have gone through similar gas industry developments. The presentations and discussions pointed to the tremendous opportunities, but also challenges that exist.

The focus areas at the conference were the following;

- Gas Policy
- Gas to Power
- Gas Finance and Investment
- Nigerian Content and Gas Opportunity

At the end of the deliberations, the following conclusions were reached.

1.0 Gas Policy

- The conference recognized the role of the NGA in creating sustained awareness about issues and the opportunities within the gas sector.
- The conference posited that the association should continue to work with Government and all stakeholders to harness gas as a catalyst for sustained economic development which requires the right regulation and policies.
- The emerging gas roadmap by Government is a welcome development that could provide much needed clarity on the issues of ownership, infrastructure development, gas gathering and pricing.
- The association will mobilize the sector to do a proactive review of the Draft Gas Policy to provide a win-win document that will attract the required investment for the sector. The intent would be the reduction of lead-time between policy formulation, legislation and implementation to enhance the competitiveness of Nigeria as a preferred gas investment destination.

2.0 Gas to Power

- The conference recognized that Nigeria's gas production at current levels can deliver 32 GW of power if the gas supply sector issues are addressed.
- In the light of the above, the conference pointed the need to fix urgently the dysfunctional gas to power value chain to attract the required investment in the sector especially legacy debts and the mismatch in the investment and revenue currency as well as the sanctity of contracts and agreements.
- The illiquidity of the Power market requires urgent attention. We suggest a rethink of the quality and capitalization of current players and a readjustment of the tariff structure may be required. Without doubt, there is need for creative securitization mechanisms that improve bankability.

3.0 Gas Producers Forum

- Conference recognized the need to nurture the willing-buyer-willing-seller commercial model that will encourage and sustain the gas value chain from the reservoir to the consumer.

- Conference saw the need to encourage investment in exploration for gas to increase national proven reserves and facilitate access to such reserves by competent operators.
- The conference recognized the threat of security in the Niger Delta and acknowledges the progress being made to address the menace. To this end, the sector must join hands with Government to support intelligence based security arrangements.
- NNPC JV funding continues to constrain rapid development. Thus, conference is in support of efforts towards finding alternative funding mechanisms.
- There is slow decision making by policy makers and regulators and conference strongly recommends a collaborative model to find fast track processes and solutions that achieve the desire for Nigeria to be a gas based industrialized hub meeting both local and export demands.

4.0 Gas Investment and Gas Infrastructure Financing

- Conference believes that financing is possible if the right conditions for success such as fixing the gaps in the value chain, avoiding policy summersault, honoring sanctity of contracts, stabilization of the exchange rate, long term view of fiscal policies are in place.
- There exists the need for approximately \$51 billion in investment in the sector to cover gas exploration, processing, transportation and general infrastructure. Whilst acknowledging the funding constraints of Government at this time, conference still agree that such investments must be Government-led. It might require creative schemes to leverage the existing assets and infrastructure.
- The need to establish a Gas Promotion Council that will address investment opportunities in the sector was raised. The NGA puts itself forward to midwife same if it finds Government's interest.

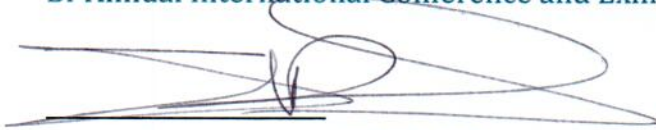
5.0 Nigerian Content and Gas Opportunity

- The Nigerian Content Board must introduce speed, simplicity and collaboration with the industry whilst focusing on in-country value addition.
- Local Content must become a strategic resource that ceases to be an excuse but one capable of ultimately reducing costs in our sector. The emphasis must shift to developing competent operators that are encouraged to work collaboratively for the industry. There must be strong commitment by all stakeholders to train and build real capacity in the local industry.
- The conference acknowledged the first \$100 million drawdown of the NCDMB fund in conjunction with the Bank of Industry but calls for more transparent and widely reported draw-downs going forward. There was also a call to establish an Insurance Scheme to protect fledgling but serious local operators and contractors.

- NCDMB and other Associations such as NGA and PETAN were urged to review and update their community content strategy as an integral part of enhancing sustainable Nigerian Content delivery.
- The conference also highlighted the need for collaboration on R&D between stakeholders such as the academia, service companies, oil and gas producers and NCDMB to enhance, align and maximize the impact of local capacity development.

6.0 Conclusion

In closing, the Nigerian Gas Association expressed profound gratitude to the Federal Ministry of Petroleum Resources and the Nigerian National Petroleum Corporation (NNPC) for their support. The Conference also specially expressed its gratitude to sponsors, exhibitors and the media for the successful hosting of the 10th edition of the Bi-Annual International Conference and Exhibition.



Engr. Dada Thomas MNSE, P.Eng
President NGA