



## *Advent of the Nigerian Gas Flare Commercialization Programme;*

### *7 Things every Discerning Investor Should Note about Gas Flare Commercialization in Nigeria ...*

President Muhammadu Buhari has approved the **Flare Gas (Prevention of Waste and Pollution) Regulations 2018**, to be used for the implementation of the **Nigerian Gas Flare Commercialisation Programme (NGFCP)**.

The NGFCP Programme Manager, Justice Derefaka, disclosed this.

The NGFCP Programme Manager, Justice Derefaka, had disclosed that Nigeria loses approximately \$1 billion of revenue to gas flaring. **He mentioned plans to announce the first bid round for the flare gas to the public within Quarter (Q) 3, 2018.**

Nigeria had earlier on ratified the Paris Climate Change Agreement, and is a signatory to the Global Gas Flaring Partnership (GGFR) principles for global flare-out by 2030 whilst committing to a national flare-out target by year 2020.

Flared gas can be harnessed to stimulate economic growth, drive investments and provide jobs in oil producing communities and indeed for Nigerians through the utilization of widely available innovative technologies, the Federal Executive Council (Nigeria's cabinet) has approved the Nigerian Gas Flare Commercialisation Programme ("NGFCP"). This programme was launched by the Minister of State for Petroleum Resources ("Minister") on December 13, 2016.

#### **Proposed solutions to monetize Flare Gas may include, but are not limited to:**

- Conversion of flare gas for gas-to-liquid (GTL) and gas-to-solid (GTS)
- Conversion of flare gas to petrochemical industry feedstock
- Processing flare gas as liquefied natural gas (LNG) or liquefied petroleum gas (LPG) and distribution via truck, barge, rail or even exporting via tankers
- Processing flare gas as feedstock for gas to animal feed

One of the ways in which flare gas can be monetized is through the use of **Small Scale LNG**.

#### **Uses of Small Scale LNG**

Small Scale LNG plants supply LNG to end-users in places where traditional infrastructure like pipelines do not reach, or to consumers requiring LNG.



There are three major end uses for Small Scale LNG: marine fuel (bunkering), fuel for heavy road transport, and power generation in off-grid locations.

### Factors favoring Growth of Small Scale LNG

Small Scale LNG offers investors quicker returns in the medium term. Small Scale LNG involves lower investment requirements and accelerated commissioning schedules. And that leads to reduced uncertainty on the project execution timing, a factor that has plagued multiple pending LNG projects in Nigeria.

Small Scale LNG is scalable; it is a great way to meet short term fluctuations in demand.

Small Scale LNG will help jump start the market for domestic use of LNG which NLNG was not formed to serve. It remains to be seen if NLNG will consider the domestic supply of LNG too.

### Possible Small Scale LNG market forecast

However, 7 (Seven) factors may drive the Small Scale LNG market in the next 10 (ten) years:

- Accessing new users
- Reaching new markets
- Emergence of Scale-able technology
- Slow or Quick economic growth
- Increasing energy efficiency
- Growing Domestic demand for LNG supply
- Development of indigenous LNG liquefaction technology

### Conclusion

The Nigerian Gas Flare Commercialization Programme is a step in the right direction, which will eventually eliminate the environmental nuisance of gas flaring, while creating value and jobs through the monetisation of gas. to monetize its abundant gas resources.

*We are advising clients on opportunities and risks in the Nigerian Gas Flare Commercialisation Programme.*

*We will also review on request, the Flare Gas (Prevention of Waste and Pollution) Regulations 2018.*

*Please get in touch, via [Olufola@olufolawusu.com](mailto:Olufola@olufolawusu.com) if this is a service, that you require.*



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Olufola Wusu is noted for his “dynamic practice” and “commercial acumen”. He is praised for his “first-rate skills” in assisting clients