



NIGERIAN MIDSTREAM & DOWNSTREAM PETROLEUM REGULATORY AUTHORITY
(NMDPRA)

ANNOUNCEMENT: ESTABLISHMENT OF DOMESTIC BASE PRICE (DBP) AND APPLICABLE WHOLESALE PRICE OF GAS FOR THE STRATEGIC SECTORS

The Petroleum Industry Act (PIA) 2021 assented to by the President on the 16th of August 2021 with gazette on the 27th of August 2021 provides a clear regulatory framework for the determination of a Market-based Pricing Regime for the domestic Gas market in Nigeria.

In line with Section 167, the Third and Fourth Schedule of the Act, the Nigerian Midstream & Downstream Petroleum Regulatory Authority (NMDPRA) is obligated to determine the Domestic Base Price and the marketable wholesale price of natural gas supplied to the strategic sectors of the Nigerian gas sector as defined below:

Sector	Floor Price USD /MMBTU	Price USD/MMBTU	Ceiling USD/MMBTU
Power	-	Domestic Base Price	-
Commercial	-	Domestic Base Price + USD 0.5	-
Gas Base Industries (Ammonia, Urea, Methanol, Polypropylene, Low Sulphur Diesel and Others as the Authority may add by Regulations)	0.9	As calculated from Formula in the 4 th Schedule	Domestic Base Price

The Domestic Base Price at the marketable gas delivery point under section 167(1) and other provisions of PIA shall be determined based on regulations which incorporates among such other matters the following principles:

- The price must be of a level to bring forward sufficient natural gas supplies for the domestic market on a voluntary basis by the Upstream
- The price shall not be higher than the average of similar natural gas prices in major emerging countries that are significant producers of natural gas
- Lowest cost of gas supply based on three tier cost of supply framework
- Market related prices tied to International Benchmarks

Accordingly, the NMDPRA implemented the following towards the establishment of the DBP and applicable price for gas-based Industries:

- Conducted stakeholder engagement for review and establishment of the Gas Pricing and domestic demand regulations.
- Approved and Gazetted the Gas pricing and domestic demand regulations
- Established DBP in line with provisions of the PIA.
- Established applicable price for gas-based industries.
- Collation and analysing of strategic stakeholder consultations on the DBP and applicable prices of natural gas, for emplacement of a fair market-based pricing regime for the strategic sector.

In-view of the above, the NMDPRA hereby notifies all stakeholders, that while wider consultations and necessary efforts are being expedited towards emplacing the PIA prescribed strategic sector pricing framework, the extant price regime applicable to the domestic strategic sector, still applies.

We thank and appreciate all Investors in the Domestic Gas Market 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 new regulatory framework.

Signed:

Corporate Communications & Stakeholder Management
Nigerian Midstream and Downstream Petroleum Regulatory Authority