



**KEYNOTE ADDRESS BY THE COMMISSION CHIEF
EXECUTIVE (NUPRC)**

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Protocols

The President, PENGASSAN
Top Management of PENGASSAN
PENGASSAN Members, NUPRC,
Other PENGASSAN Members Nationwide
Members of the Press,
Distinguished Ladies and Gentlemen,

I am thankful to the organisers of the Maiden PENGASSAN Annual Conference: Energy and Labour Summit for organizing this conference and inviting me to share my perspective regarding “**Energy Transition and its Effects on the Nigerian Workforce**”.

As we all know, the oil and gas industry in Nigeria has contributed immensely to the economic growth of Nigeria for over five decades. Through this period, the industry metamorphosed from one dominated solely by international Operators, to an industry with many indigenous players pulling their weight positively across operations in the petroleum value chain. The success and growth witnessed in the industry over this period can be hinged on robust government policies (for example, Nigerian Oil and Gas Industry Content Development Act and Petroleum Industry Act 2021 and other regulations etc), Investment and a competent workforce.

Firstly, before I delve into the crux of today's topic, it is important to highlight the fact that the Buhari administration achieved a huge milestone in the oil and gas space via the passage of the PIA in 2021. We all agree that the passage of the PIA brought about clarity and investors' confidence to oil and gas business in Nigeria, considering the fact that

it took about two decades before it was signed into law. Furthermore, it is remarkable that the PIA via Chapter 5, Section 314 guaranteed that no staff of the defunct DPR, PEF and PPPRA would lose his or her job as a result of the transition to the Commission and Authority. This policy as enshrined in the PIA resulted in the first major interagency reform that resulted in a 100% job retainment of all staff by the government. Evidently, the PIA aims to facilitate more jobs within the oil and gas sector via new policy thrusts that shall drive investment and create value for two hundred million Nigerians.

Interestingly, the topic for this address is germane, as fossil fuel-based companies have been targeted as the main culprit causing environmental pollution and stalling the move towards clean energy or zero carbon emission. However, you will agree with me that in recent times, the clamour for clean energy has altered the world's energy landscape and caused huge investment deprioritisation towards fossil fuels as the dominant fuel of choice. Historically, it is important to note that the policy drivers of previous energy transitions were developed after the technology had proved to be both efficient and economical; these factors caused a natural transition towards the new energy technology based on the fulfilment of simple techno-economic principles. However, the current energy transition which has been largely driven first by- Policies- suffered various setbacks because of techno-economic flaws (such as storage concerns due to intermittency of solar and wind energy and price of energy from clean sources) which does not support a natural transition towards the new energy technology by the larger part of the world at this time. This concern coupled with other critical social externalities such as world geopolitics, energy security and energy access have the potential to stall the justification for

“fast energy transition” to cleaner energy sources due to the socio-economic imbalance that this may cause around the world. Moreover, I believe that energy transition towards low carbon emission is valid, however considering the fact that developing nations contribute a negligible amount to global carbon emission, they should be allowed to produce fossil fuels in a sustainable manner and utilise the proceeds to catalyse economic growth and shared prosperity based on the principle of a just energy transition. Evidently, it is based on this premise that the Federal Government declared Gas as our transition fuel towards a low-carbon future, which further re-enforced the fact that Nigeria is more of a gas rich than an oil rich nation.

Having made this point clear, it is important to re-iterate that the speed of the energy transition is uncertain, its ultimate aim is towards a low-carbon future. As you know, during COP 26 more than 150 countries have put forward new or updated emissions targets, with several African countries including Nigeria, making various commitments to restrict methane emissions, halt, and reverse forest loss, phase out coal, and end international financing for fossil fuels. Nigeria committed to net zero by 2060. Undoubtedly, these commitments pose a challenge to the oil industry, but there-in lies huge opportunities that can be leveraged upon to position ourselves strongly in the new energy landscape. The picture is not a totally gloomy situation as projections show that over the next two decades, **rapid population growth and industrialization are expected to drive strong energy demand growth across Nigeria and Africa**—including for fossil fuels, which will result in an increase in job opportunities. Estimates show that the energy demand across Africa in 2040 could be around 30 percent higher than it is today, compared with a 10 percent increase in global energy demand. This fact signals an

opportunity for the oil industry in Nigeria to focus on meeting future hydrocarbon energy demand in a sustainable manner. In the light of this reality, it is projected that various jobs will be created via the implementation of these gas-centric policies of government:

- 1) The Natural Gas Expansion Programme (NGEP)
- 2) Midstream and Downstream Gas Infrastructure Fund
- 3) Domestic Gas Delivery Obligation

It is believed that these policies shall spur investment to expand the critical gas infrastructure that will entrench Nigeria as a gas hub in-Country, across Africa and eventually Europe. Some major in-Country projects include: the 614km Ajaokuta-Kaduna-Kano pipeline will supply gas for power, domestic use, and industrialisation along the Northern corridor, the Escravos to Lagos Pipeline-2 will supply gas for power, domestic use, and industrialisation along the South-West corridor, the Obiafu-Obrikom-Oben (OB3) pipeline will supply gas for power, domestic use, and industrialisation along the South-South corridor. LNG Train 7, the OCP-NSIA ammonia plant in Akwa Ibom State and Nigeria-Morocco pipeline aim to utilise the nation's rich gas resources to meet customer demands across Africa and Europe, this will invariably lead to the creation of more jobs in-Country.

Having identified rapid population growth and the need for industrialisation as the enablers that will drive demand for energy across Nigeria and Africa, it is important to share my perspective on another enabler that will be affected by the energy transition - which is **access to capital pools**. Innovative approaches will have to be developed to attract investment to the oil and gas industry during this time of energy transition. What is paramount at this time, is for the nation to weigh her options and strengthen the resilience and sustainability of our resource base in order to build robust positions in the new energy businesses of the future. Consequently, our position on the hydrocarbon cost curve is very important as this is a pointer to the competitiveness of our supply given the global nature of oil and gas demand and supply dynamics. Equally, our local content regulations must aim to strike an appropriate balance between building local-industry capacity and reducing costs. Fortunately, the PIA 2021 provided new fiscal terms that would act as a lever to strengthen and optimise cost competitiveness in Nigeria. Still, we need to address sources of cost premium (for example, insecurity), and improve the ease of doing business including streamlining the permitting processes and strengthening contract enforcement. Nigeria could further strengthen the resilience of our resources by considering initiatives to decarbonize existing oil and gas operations and continue to encourage investment in lower-carbon energy infrastructure such as gas pipelines as this could reduce the risk of stranded gas resources. As stated earlier, it is expected that gas reserves would be a more resilient energy source under a range of energy transition scenarios. The Natural Gas Flare Commercialisation Programme (NGFCP), National Policy on Decade of Gas which is hinged on the Natural Gas Expansion Programme (NGEP), Natural Gas Flare Elimination and Monetisation Plan, Guideline for Management of Fugitive Methane and Greenhouse Gases Emissions in the Upstream Oil and Gas Operations in Nigeria and the inclusion of Gas

Infrastructure Fund in the PIA are robust regulatory enablers to facilitate these energy resilience approaches that will make our hydrocarbon projects low carbon emitters and more attractive to investors. We must begin to develop local innovative financing solutions to develop our huge gas resources as the number of international traditional investors have dropped drastically. To this end, the Africa Export Import bank (Afrexim) and Africa Petroleum Producers Organisation (APPO) have decided to set up an Africa Energy Bank to provide capital for oil and gas projects in Africa.

Another critical enabler that can affect the Nigerian workforce during this time of energy transition phase is **Just Transition**. The “just transition” philosophy ensures environmental sustainability as well as decent work, social inclusion, and poverty eradication. Given that Nigeria has a high poverty rate, the importance of foregrounding just transition principles cannot be overemphasized. The Host Communities Development Trust (HCDT) and the Local Content Act have the potential to guarantee longevity of the oil and gas industry during these changing times. To stay competitive and relevant the Nigerian worker will have to upskill in this regard.

As Nigeria and other African economies look to industrialize to meet the needs of rapidly growing and urbanizing populations, a rise in energy demand could leave many countries facing energy supply challenges. Hidden in the challenges that have been highlighted through the course of this address, are significant opportunities. Nigeria has the chance to leverage the energy transition to lead in the creation of renewable-energy businesses that will help to meet the growing energy demand on the continent and create new revenue streams and jobs.

Fundamentally, it is important to note that within the next few years most **IOCs shall divest** from onshore oil and gas assets due to poor return on investment as a result of crude theft. This may come with job losses. However, it is expected that indigenous players would leverage on this to recruit experienced professionals who will in turn grow local capacity, in addition indigenous players are urged to take advantage of the predictable licencing rounds as enshrined in the PIA and relevant regulations to form big mega companies that will grow in-Country capacity and also expand outside the shores of Nigeria.

In conclusion, energy transition is valid, however the timing is uncertain. We are very aware that energy transition may threaten jobs and stifle investment in the Nigerian oil and gas industry. However, I align fully with the policy of government which is hinged on ensuring that we utilise our huge Gas resources as a transition fuel towards cleaner energy sources. For the government, we must utilise our hydrocarbon resource for industrialisation and economic growth. The PIA , its corresponding regulations and government policies have the capacity to build a resilient and sustainable oil and gas industry that will latch onto critical socio-economic factors across the world to increase gas production, build a robust gas infrastructure that will entrench Nigeria as a gas hub across Africa and Europe all these will in turn create more jobs and attract investment across the petroleum value chain for the benefit of the Nigerian workforce. Ultimately, as the Energy transition draws closer, the government will develop robust Just transition policies that will provide guidelines on how oil and gas professionals can leverage on their core technical expertise to pivot to other clean energy sources.

Ladies and Gentlemen, thank you for your rapt attention. Solidarity Forever.