

Africa Energy Insights, August 2026

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Theme	Implication
Offshore investment accelerates	Twenty-two proposed offshore projects and more than US\$57 billion in approved Field Development Plans support Nigeria’s investment narrative.
Gas production strengthens	Rising non-associated gas output reinforces the commercial case for dedicated gas development and domestic utilization.
Fiscal and regulatory reform advances	The deep-offshore tax-remission framework and the proposed NMDPRA competition rules, reshape projects and market decisions.
Power investment meets structural constraints	Embedded generation, mini-grids and grid financing advanced, even as revenue mop up remains a challenge.
Africa remains relevant	Upstream interest across Angola, Libya and the wider continent provides useful context for Nigeria’s competitive position.

INTRODUCTION

August 2026 underscored Africa’s growing strategic importance in an increasingly uncertain global energy landscape. As geopolitical tensions, energy security concerns and shifting capital flows continued to reshape global markets, African governments intensified efforts to attract investment through fiscal reforms, regulatory innovation, gas commercialisation initiatives and major infrastructure projects. Across the continent, the competition for energy capital is increasingly being driven by policy certainty as much as by resource potential.

Within this broader continental story, Nigeria emerged as a focal point of investment activity.

Major developments included the introduction of the Deep Offshore Oil and Gas Projects Incentives (Tax Remission) Order 2026, proposed competition regulations for the midstream and downstream sector, continued growth in gas production, and progress on significant offshore developments. Collectively, these developments reflect a deliberate effort to strengthen Nigeria’s competitiveness as a destination for long-term energy investment while advancing broader energy security and economic development objectives. This edition examines the key legal, regulatory, commercial and geopolitical developments shaping Africa’s energy sector in August 2026, and considers their implications for investors, operators, lenders, regulators and other industry stakeholders



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COVER STORY

Nigeria's Offshore Investment Pipeline Moves into Focus

The Nigeria Upstream Regulatory Commission (NUPRC) reported that 22 major offshore projects expected between 2026 and 2030 could attract between US\$30 billion and US\$50 billion. It also stated that more than US\$57 billion in Field Development Plans had been approved since 2024, with some progressing to final investment decisions¹

The Nigerian opportunity sits within a reported African pipeline exceeding US\$221 billion across more than 800

oil and gas production, pipeline and terminal projects. Government and industry representatives also continued to discuss a national production objective of three million barrels per day by 2030.

Why it matters

The investment pipeline reinforces Nigeria's position as a major African upstream market. The commercial test is whether fiscal terms, security, infrastructure and regulatory implementation support timely project sanction and delivery.

¹ <https://punchng.com/fg-targets-50bn-offshore-oil-investments-nuprc/>
² Nigeria's H1 Gas Output Jumps 18.36% as NAG Surges 40.42% – THISDAYLIVE

NIGERIA SPOTLIGHT

Gas Production and Commercialization Gains Momentum

Nigeria's gross natural-gas production increased by 18.36 per cent between H1 2024 and H1 2026, reaching 1,426,237.86 MMSCF. Non-associated gas reached 717,539.64 MMSCF and represented 50.31 per cent of output in H1 2026.²

This shift strengthens the role of dedicated gas fields within the Decade of Gas programme. August also brought renewed attention to domestic utilisation, including reported plans for NNPC Limited to supply

100mmscf/d to the Dangote Refinery and a presidential call for Nigeria LNG to convert flared gas into economic value.

Commercial angle

Dedicated gas production remains a critical part of the Nigerian Energy Puzzle as it can support power, fertilizer, petrochemicals, cleaner cooking, transport fuels and exports. This will however be possible where processing, transportation, pricing and credit arrangements are commercially workable.



REGULATORY DESK

Fiscal Incentives and New Petroleum Rules

Regulating Price while protecting competitiveness
The Nigeria Midstream and Downstream Petroleum Regulation Authority (NMDPRA) has published the proposed Midstream and Downstream Petroleum Prevention of Anti-Competitive Practices and Behaviour Regulations, 2026 for consultation under section 216(1) of the Petroleum Industry Act 2021. The draft targets coordinated pump and ex-depot pricing, market allocation, bid rigging, collective supply restrictions, artificial scarcity, price signalling and exchanges of commercially sensitive information. Stakeholders were invited to comment within 21 days of the 6 August notice, with a consultation forum scheduled for 22 September 2026 in Abuja.³

Incentivizing Deep Water Exploration

August's most consequential fiscal development was the Deep Offshore Oil and Gas Projects Incentives (Tax Remission) Order, 2026,⁴ signed on 6 August 2026. The Order establishes a structured fiscal framework aimed at enhancing the commercial viability of deep offshore projects through the introduction of Standard Production Tax Credits, Supplementary Production Tax Credits and a Profit Oil Reset mechanism⁵

For existing deep-offshore leases, the Standard Production Tax Credit applies where a Final Investment

Decision is made from the effective date to 31 December 2029, subject to the Order's conditions. Supplementary Production Tax Credits and the Profit Oil Reset are also tied to qualifying greenfield projects reaching FID on or before 31 December 2029. Access requires approval by the Nigeria Revenue Service, compliance with Nigerian content conditions and remains subject to claw-back in defined circumstances. The Order's production-tax-credit provisions take effect from 28 February 2024, while its administrative, approval and enforcement provisions apply from 6 August 2026.⁶

The fiscal reform is intended to replace project-by-project negotiation with published eligibility criteria and approval processes. Internal August reporting described it as capable of unlocking up to US\$50 billion in deep-offshore investment, beginning with the approximately US\$10 billion Bonga South West project, and as supporting faster Final Investment Decisions and production growth.⁷

LEGAL AND COMMERCIAL Action Points for Operators

Deep-offshore project teams should test FID timing, eligibility, Nigerian content, approval and claw-back requirements against project economics. Midstream and downstream participants should review pricing communications, supply arrangements, information exchange, tenders and trade-association activity.

3 NMDPRA proposes ban on fuel price fixing in new anti-competitive regulations – Nairametrics

4 E:\ADEX\Regulations\REG KK\Deep 5 Nigeria's Deep Offshore Tax Incentives Order 2026: Eligibility, Credits And Conditions – Corporate Tax – Nigeria

6 ibid

7 ibid

8 NNPC, Shell, 2 others seal \$21bn deepwater Bonga investment deal | APAnews – African Press Agency

9 Sahara Power Begins Construction of 12MW Plant in Lagos

10 FG flags-off 13.92MWp interconnected mini-grid projects in Yobe – Vanguard News

INVESTMENT DESK

NNPCL, Shell, 2 others seal \$21bn deepwater Bonga investment deal

One of the most significant upstream developments in August was the execution of the Addendum to the OML 118 Production Sharing Contract (PSC) and the Addendum to the Dispute Settlement Agreement (DSA) by NNPC Ltd. and the OML 118 Contractor Parties, comprising Shell Nigeria Exploration and Production Company (SNEPCo), Esso Exploration and Production Nigeria (Deepwater) Limited and Nigerian Agip Exploration Limited. The agreements are expected to give effect to the fiscal and commercial framework

supporting the development of the Bonga Southwest/Aparo (BSWAp) project and represent a major step towards Final Investment Decision (FID).⁸

Power and Infrastructure

Sahara Power commenced construction of a US\$12 million, 12 MW gas-fired independent power plant at the Ogba Undertaking of Ikeja Electric in Lagos.⁹ The Federal Government also launched 13.92 MWp of interconnected mini-grid projects in Yobe and advanced a framework intended to electrify 30 per cent of health facilities by 2027.¹⁰

GLOBAL ENERGY WATCH

Geopolitical uncertainty keeps prices elevated

Energy prices rose sharply in July as geopolitical tensions intensified, particularly following the collapse of the Iran US ceasefire and renewed conflict linked to proposed restrictions on transit through the Strait of Hormuz. Russian attacks on Ukrainian gas and electricity infrastructure added further supply concerns, increasing Ukraine’s reliance on neighbouring countries and international support.

By the end of July, forward prices were around 20% above the levels seen shortly after the conflict began, with limited sustained downward movement. This pattern continued into August. By the month’s end, they were reaching levels circa 20% greater than this point, showing volatility but not much downward momentum at all.¹¹

11 August energy market update – geopolitical uncertainty keeps prices elevated | NFU Energy
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<https://www.gasforafrica.org/blog/tanzania-advances-lng-ambitions-as-licensing-round-opens-new-opportunities>

AFRICA ENERGY TRANSITION WATCH

Energy Security Remains the Organizing Principle

Africa continued to favour a pragmatic transition model built around energy access, industrialisation and emissions management. Nigeria’s energy-addition narrative reflects a wider continental preference for combining gas, responsible oil production, renewables and electricity expansion.

Outside Nigeria, August reporting highlighted renewed

upstream interest across Africa, gas commercialisation in Angola, Libya’s investment campaign and progress on Tanzanian LNG discussions¹²

TRANSITION IMPLICATION

Africa’s transition will remain development-led. Capital allocation will favour projects that combine affordability, reliability, governance, local value and credible emissions management.

DEALS, REGULATORY FRAMEWORK & PROJECTS TO WATCH

Nigeria upstream	Movement of the 22-project offshore pipeline toward FID; deepwater security and evacuation reliability; progress toward the three million bpd objective.
Nigeria gas & LNG	Non-associated gas growth; domestic utilisation; NNPC supply to the Dangote Refinery
Regulation	Finalization of the anti-competitive-practices framework; proposed fees amendments; implementation of the 2026 decommissioning regime.
Wider Africa	Angola gas commercialisation; Libya’s investment plan; Tanzanian LNG and regional refining developments.

Key Takeaways

- Nigeria remains Africa’s leading energy investment story, but execution will determine whether the August pipeline produces durable value.
- Gas is the clearest bridge between resource development, industrialisation and energy access.
- Competition regulation is becoming a material downstream commercial issue, particularly for pricing, supply, information exchange and tenders.
- Infrastructure weaknesses continue to constrain the value of generation and production growth.
- Regulatory certainty, technical capability and governance are now integral to investment competitiveness.
- Africa’s transition remains pragmatic, development-led and sensitive to energy-security needs.

This newsletter is intended as a sector review and thought-leadership briefing. Figures and project descriptions should be verified against final company/regulatory announcements before external publication or legal reliance.

CLOSING NOTE

August 2026 may be remembered as a month in which Nigeria’s energy opportunity became clearer and its execution challenge more urgent. The convergence of offshore investment, rising dedicated gas production, proposed competition rules, decommissioning reform and new power projects points to a sector entering a more demanding phase. Nigeria’s success will depend on converting resource scale and policy ambition into bankable projects, reliable infrastructure, competitive markets and measurable domestic value.

