

NIGERIAN NATIONAL ASSEMBLY PASSES THE PETROLEUM INDUSTRY GOVERNANCE BILL

Almost 2 years after its first presentation to the Nigerian Senate, the Nigerian National Assembly¹ has passed the Petroleum Industry Governance Bill (“PIGB” or the “Bill”). The PIGB was first introduced to the Nigerian Senate on 13 April 2016 and passed by the Senate on 25 May 2017. In accordance with the Nigerian legislative process, the Bill was forwarded to the House of Representatives (the lower house of the National Assembly) for concurrence and was passed by the House of Representatives on 17 January 2018. The Bill was thereafter harmonised and passed by the National Assembly on 28 March 2018.

The PIGB is expected to create efficient and effective governing institutions with clear and separate roles within the Nigerian petroleum industry. It is also expected to deal with the governance and institutional framework for the Nigerian petroleum industry and when it finally becomes law, it will overhaul the governance structure of the Nigerian petroleum industry.

The following are the major highlights of the PIGB:

- The establishment of a sole regulator – the Nigerian Petroleum Regulatory Commission- which will be vested with the roles, rights, assets, liabilities and obligations of the existing Department of Petroleum Resources, the Petroleum Products Pricing and Regulatory Agency and the Petroleum Inspectorate, under any subsisting contract, instrument, law or equitable principle.
- The Minister of Petroleum Resources will exercise mainly, a policy supervisory role and oversee the coordination of all matters within the Nigerian petroleum industry.
- Reorganization of the Nigerian National Petroleum Corporation (“NNPC”) and establishment of four separate entities namely; the Ministry of Petroleum Incorporated, the National Petroleum Company, Nigerian Petroleum Assets Management Company and the Nigeria Petroleum Liability Management Company.
- The establishment of the Petroleum Equalisation Fund into which shall be paid, among others, 5% fuel levy in respect of all fuel sold and distributed within the Federation, which shall be charged subject to the approval of the Minister of Petroleum Resources.

¹ Comprising the Senate and the House of Representatives.

- The immediate repeal of the Petroleum Products Pricing Regulatory Agency (Establishment) Act, and the Petroleum Equalisation Fund (Management Board, ETC.) Act.
- The NNPC Act will be deemed repealed on the date the Minister of Petroleum Resources signifies, by legal notice, in the Federal Gazette that the assets and liabilities of the NNPC are fully vested in successor entities.
- All other extant laws are not repealed but their provisions, to the extent that they deal with matters provided for in the PIGB, shall be read with such modifications as to bring them into conformity with the provisions of the PIGB.

It has been the long-time intention of the Nigerian Government to reform the Nigerian petroleum industry pursuant to which the Petroleum Industry Bill (“PIB”) was first introduced in 2008. Due to the difficulty in passing the PIB in its original form, the Nigerian Government decided to split the PIB into different parts to facilitate its expeditious consideration and passage into law. The PIGB is the first of such proposed legislation. Other segments of the PIB, which are currently being considered by the National Assembly include the Petroleum Industry Administration Bill, the Petroleum Host Community Fund Bill and the Petroleum Industry Fiscal Bill.

The PIGB will now be presented to the President for his assent before the same becomes law.

Qualifications

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