



REGULATORS RESPONSE TO CORONAVIRUS PANDEMIC ('COVID-19') – (OIL & GAS AND ENERGY SECTOR)

COVID-19 Newsletter from Jackson, Etti and Edu
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The importance of the oil and gas sector cannot be overemphasized with Nigeria being a major oil-producing country deriving a chunk of its foreign exchange earnings from the sale of crude. The current shave in oil prices has far-reaching implications on major economic activities in the country. The availability of petroleum and allied products for local consumption, sustained crude production and price regulation, skilled labour mobility have all come to fore in the consideration of the impact of the COVID-19. Industry regulators are responding to these challenges with strategies to ensure some stability and profitability in the face of the challenges posed to the sector.



PETROLEUM PRICE REGULATORY AGENCY

The Petroleum Price Regulatory Agency under the Ministry of Petroleum Resources announced the introduction of a price regulatory regime for petroleum products which saw a reduction in the price of premium motor spirits (PMS) from ₦153 to ₦123 per litre for the month of April 2020. This followed the Minister of State for Petroleum's announcement of the introduction of a monthly price regime which will be reflective of the actual cost and landing price of petroleum products in the international market, signalling the final removal of fuel subsidy.

For the month of May 2020, the recommended retail price was reduced from ₦123 to ₦112 naira. The challenge of compliance is the next concern, as many retailers insist that the monthly pricing regime does not factor the reality of the Covid-19 pandemic. This is because some retailers maintain stock which they are unable to exhaust within a monthly calendar period due to the recent restrictions in human or vehicular movements and closure of businesses in a 5-week lockdown of

major cities as part of measures introduced to flatten the curve of the spread of the virus. However, with the gradual ease of the movement restrictions, it is expected that the retailers will comply with this pricing regime, and the regulatory agencies like the Department of Petroleum Resources (a sister agency to the PPRA) will be able to enforce the pricing regime, while ensuring the availability of products for consumption purposes across the country.



DEPARTMENT OF PETROLEUM RESOURCES ('DPR')

To ensure business continuity in the Nigerian petroleum industry despite the COVID-19 pandemic, the DPR in several press releases outlined the following measures to be complied by oil and gas operators as well as their contractors and service providers (**Stakeholders**):

1. All travelers to and from offshore/remote locations should strictly comply with the guidelines and procedure for travel to such locations and obtainment of offshore safety permit of 2019.



2. Only staff on essential duties should be nominated and permitted to travel to offshore/remote locations. Non-essential staff currently at offshore/remote locations should be withdrawn with immediate effect.
3. Staff are required to stay a minimum of 28 days at locations, per rotation.
4. Stakeholders are to ensure strict compliance with relevant Government directives and limit the number of personnel at project/construction sites accordingly.
5. There should be demobilization of personnel from sites to the extent required to satisfy the above requirements.
6. Stakeholders are advised to adopt relevant measures in their offices and areas of operations to assist in containing the scourge.
7. Representation by government agencies at the offshore/remote locations will be limited to a maximum of one person, by rotation.
8. The current pandemic is considered “force majeure” to ensure the safety and welfare of all personnel and to contain the spread of COVID-19.
9. The DPR will ensure continuous support to stakeholders’ operations through communication channels including video conferencing, online meetings, use of emails, phone calls, etc. Stakeholders can transmit their correspondences to the DPR through the e-mail address: dpr@dpr.gov.ng.



**NIGERIAN CONTENT DEVELOPMENT
AND MONITORING BOARD (NCDMB)**
Business Continuity Support

In a press release, NCDMB on April 6, 2020 assured members of the public particularly stakeholders of the oil and gas industry of continuity in operations and services offered by the

Board. The NCDMB highlighted the setting up of a Crisis Management Team to handle urgent matters and provide services to the public despite the need to reduce physical contact and scale down the size of its operating staff in compliance with physical distancing regulations, while ensuring business continuity within this period.

Postponement of Major Oil & Gas Industry Events

The NCDMB announced that some of its events earlier scheduled for April and May 2020 respectively will be rescheduled. These events include the 10th anniversary of the enactment of the Nigerian Oil and Gas Industry Content Development (NOGICD) Act 2010 and the establishment of the Nigerian Content Development and Monitoring Board scheduled for April 22, 2020. The Biannual Oil and Gas Research and Development (R & D) fair organized by NCDMB earlier scheduled for May 2020 has also been suspended.

Abuse of Manpower Supply Permits

In a joint memorandum issued by the **Nigerian Content Development and Monitoring Board (“NCDMB”)**, **Federal Ministry of Interior (“FMI”)** and **Department of Petroleum Resources (“DPR”)**, the Board addressed the reported cases of abuse of Manpower Supply Permits. The Manpower Supply Permits are issued by the DPR to local outsourcing firms to supply local and ancillary manpower to the O&G industry. These permits though intended for local manpower are being abused to supply expatriates to oil and gas companies without recourse to the NCDMB and FMI’s extant quota requirements and contrary to the standard procedures as required by the NCDMB Act 2010. This is a clear breach of section 33 of the Act and can attract penal sanctions, both to the affected expatriates and their hosts. The Board and the sister agencies reiterated the need to ensure that expatriates have the required work authorizations and are placed on valid quota approvals issued by the FMI and approved by the NCDMB.



For entities receiving manpower seconded to its' operations by third party oil servicing companies, they are to ensure that outsourcing companies provide the required quota approval from the NCDMB and FMI respectively for expatriate staff with the corresponding work authorizations (TWP and CERPAC) by which the nature of work and length of stay of the expatriate is duly authorized.



NIGERIAN ELECTRICITY REGULATORY COMMISSION (NERC)

The Nigerian Electricity Regulatory Commission (“the Commission”), plays a pivotal role in ensuring the supply of electricity and sustaining the wellbeing of the nation as well as powering critical infrastructure. The Commission, through its guideline published recently - directed all operators in the electric industry to ensure continuity of service during this challenging period. The guideline provides thus:

1. Areas Covered by the Continuity Plan

The commission directed that all operators in the Nigerian Electric Supply Industry activate their Business Continuity Plan to contain the following:

- Minimum manpower requirements to maintain business operations.
- Contingency plans for accommodating essential staff on site.
- Health and isolation facilities for localized outbreak of COVID -19.
- Provision of essential resources including food, medical supplies, etc.
- Plans for sourcing of essential spare parts and consumables.
- Plans for monitoring of assets and equipment.
- Continuity arrangement for clearance of faults and.
- Alternative channels for engaging with customers.

Meetings

The Commission provides in its guideline that formal meetings are to be conducted over any of the available technology platforms in compliance with social distancing. Operators in the electricity supply industry are however required to comply with social distancing to the extent allowed by the operating environment.

Office Operations

- a) Only essential staff of all operators in the electricity supply industry are expected to be in offices at working times.
- b) The Management of utilities are advised to provide essential accommodation for operators who may work longer shifts. This is to reduce the risk of exposure during commuting.
- c) To ensure early restoration of faults and resolution of technical issues, operators are to deploy enough technical management and resolution methodologies as well as adopting a decentralized network management system.
- d) System Operator is required to ensure that generating units not available to provide energy and capacity are reported to both NBET and MO to prepare the monthly market statement

The Commission stated that all its licensees are to ensure sustained communication with the regulator for a timely report of contingency events that may require urgent attention.

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