

ENERGY

Solving local fuel scarcity with Kachikwu's refineries' revamping model?

By Daniel Adugbo

The abysmal state of the country's refineries was a major concern for President Muhammadu Buhari when he took office in 2015.

The refining capacities at the time were less than 10 per cent but after the government managed to elevate the plant's performance to 15 per cent of their installed capacities, the plants have substantially remained at that level.

The poor performance meant more import of refined petroleum products resulting in higher pump prices and the huge under recovery or petrol subsidy being recorded by the Nigeria National Petroleum Corporation (NNPC).

The interventions

Speaking in a podcast on the refineries last week, the Minister of State for Petroleum Resources Dr. Ibe Kachikwu said the government decided to intervene in four areas that included revamping the existing refineries, incentivizing modular and green field (new) refineries, and the immediate review of crude oil swap arrangements.

On the progress level of the refineries' revamp, Kachikwu said President Buhari's approved third party financiers to work with NNPC on a joint operational model and optimise them from 10 to 90 per cent performance capacity.

Another challenge was identifying what needed to be fixed in the refineries. There had

been no comprehensive and structural re-kit and re-evaluation on them until the present administration did that. The minister said while in-house engineers had diagnosed them, private consultants were contracted to re-check.

"That process is almost largely done and we are hoping that by the end of October we should be in the position to have signed all the requisite agreement and be able to get people to move in to begin to work," he said.

Government also considered modular refinery where it recorded success than revamping the refineries. Kachikwu said 40 new ones were registered: 10 are progressing with financing conclusions and engineering finalizations.

Findings showed that two of them, OPAC Refinery in Umuseti, Kwale in Delta State and the Niger Delta Petroleum Resources Refinery, Ogbelle in Rivers State have a combined 17000 barrels per day (bpd) capacity are at an advanced stage. The other eight are expected to be delivered by 2019 or year 2020.

Data also show that government has initiated some greenfield possibilities including the Niger/Nigeria refining relationship. Nigeria is almost concluding a pact with Niger Republic to build a pipeline to carry Niger crude to a 100,000 bpd refinery to be sited at the border of both countries.

Government and the private sector is

working on the 650,000 bpd Dangote refinery greenfield project expected on stream around June 2020.

"If we succeed in getting the Dangote refinery, it will capture close to about 70 per cent of what our consumption today is. If we then succeed in revamping our own 450,000 bpd refineries, Nigeria would have met 100 per cent supply of refined products and begin to look to an export model," Kachikwu said.

The Minister had also visited the headquarters of Agip in Italy who have agreed to build a 150,000 bpd refinery in Bayelsa state. It will be the first multinational oil exploration firm to build a local refinery.

Challenges abound

In spite of the giant leap, there are still some hurdles with the refineries' revamp model. There is uncertainty on the funds availability to fix the plants at the end of the negotiation processes.

"We have spent one-and-a-half years since this approval was given just going through very elaborate processes. Some of those processes we have had to answer the National Assembly, NNPC Board," Kachikwu said highlight the bureaucracies involved.

Hopefully, when the refineries come on stream, the petroleum refining landscape in Nigeria would have changed. Government will be saving 30-40 per cent of foreign exchange consumption on importation of products.

BPE writes NERC, seeks 14 days over Ibadan DisCo loan issues

By Simon Echewofun Sunday

The Bureau of Public Enterprises (BPE) has written to the Nigerian Electricity Regulatory Commission (NERC) seeking 14 days to resolve issues on the repayment of the CBN loan that Ibadan DisCo gave to its core investors.

In a letter dated June 20, 2018 with reference number BPE/LSCS/NERC/2018/26, BPE sought amicable resolution of the issue, appealing that NERC cancelled the order suspending Ibadan Electricity Distribution

Company (IBEDC) issued last week.

In the letter titled, "Re: Order No: NERC/181/2018: In the Matter of an Application of the Enforcement Regulation for the Nigerian Electricity Supply Industry Pursuant to the Electric Power Sector Reform Act", and signed by the Director General of BPE, Alex Okoh, and sighted by *Daily Trust*, the bureau said NERC did its job but raised some salient issues.

It said the effects on the Federal Government were because BPE

holds 40 per cent of the DisCo's share for government and due to the pacts entered into between BPE, Ministry of Finance (MOFI), Integrated Energy Distribution and Marketing Limited (IEDML), the core investor in IBEDC.

"We request that the commission gives the bureau two weeks to resolve the matter amicably. Accordingly, we urge the chairman to reconsider the commission's order as to accommodate the bureau's concerns," Okoh said in the letter.

CORPORATE IMAGES



■ Regional Head, Abuja & North, First City Monument Bank (FCMB), Mr Lukman Mustapha (middle), flanked on his immediate right by Team Lead, CSR & Sustainability of the bank, Mr. Omoniyi Iyanda; Zonal Head, Kaduna, Mr. Gambo Wuryo (immediate left) and secondary school students from Kaduna State, during the donation of solar-powered reading lanterns to the schools by FCMB in Kaduna recently.



■ From left: Chief Technology Officer, Custodian Investment Plc, Esomchi Nwofor; CEO, Custodian Social Responsibility Foundation, Olubunmi Aderemi; Executive Director, Operations, Custodian Life Assurance Ltd, Ngozi Nlebemuo; Head of Strategy, Custodian & Allied Insurance Ltd, Bisola Ajibola, and Head, Retail Division, Custodian & Allied Insurance Ltd, Oladele Akinsanya, during the launch of Max, Nigerian's first digital advisor for the non-banking financial sector in Lagos



■ Senior Vice President, Aiteo Eastern Exploration & Production Limited receives Guardian Oil and Gas Company of the Year award from Professor Wale Omole, Chairman, Editorial Board, Guardian Newspapers at the 2018 Guardian Oil & Gas Roundtable and Awards in Lagos last weekend.



■ From left: Principal, Fazil Omar High School Yaba, Alhaji Rasheed Ipaye; Executive Director, Corporate Banking, FirstBank, Dr. Remi Oni; Assistant Head Boy of the school, Saheed Babarinde; Vice Principal, Mr Olabamiji Fapojuwo; and the Head, Corporate Responsibility/Sustainability, FirstBank, Ismail Omengebe at the career counselling session of the school in Lagos recently

Photo: Firstbank