

POLICY RELEASE ON DECARBONISATION AND ENERGY SUSTAINABILITY IN NIGERIAN UPSTREAM OIL AND GAS OPERATIONS: ISSUANCE OF UPSTREAM PETROLEUM DECARBONISATION TEMPLATE (UPDT)

The purpose of this Policy Statement by the Nigerian Upstream Petroleum Regulatory Commission ("Commission") is to strengthen the Decarbonisation and Sustainability Agenda of Nigeria's Upstream Oil & Gas operations to enhance its global competitiveness and foster investment attractiveness of the sector, amidst global energy transition imperatives.

The Commission, in keeping with its mandate for technical, commercial, and operational monitoring of Upstream Oil and Gas Operations in Nigeria, has issued the **Upstream Petroleum Decarbonisation Template (UPDT)** to the industry as a Regulatory Tool. This Template is one of the measures to promote energy sustainability and environmental stewardship in Nigeria's upstream operations in alignment with Nigeria's commitment to net zero emissions and the imperatives for global energy transition. By this, the Commission is deepening its efforts to align the upstream petroleum industry with national priorities and international climate goals while ensuring sustainable value creation from oil & gas resources for Nigeria's energy security and economic development.

Recall that in 2023, the NUPRC introduced the "*Regulatory Framework for Energy Transition, Decarbonisation, and Carbon Monetisation in the Nigerian Upstream Oil and Gas Sector,*" to signal the direction to the industry to enable sustained (and improved) competitiveness in global energy markets. The Regulatory Framework and its implementation architecture were rolled out to operationalise high-impact actions around Seven (7) Pillars, amongst which is

the introduction of the Upstream Petroleum Decarbonisation Template (UPDT).

The UPDT is premised on Section 6 (d),(g),(h),(i),(j),& (k) of the Petroleum Industry Act, 2021 (PIA), and similar provisions which mandate the Commission to promote sustainability measures and enforce environmental stewardship in upstream activities.

To this end, UPDT requires licensees and lessees to reduce greenhouse gas emissions, adopt low-carbon technologies, implement energy efficiency measures, and incorporate renewables in their operations. By implementing these, the Commission ensures compliance with Nigeria's broader climate objectives, including its commitment to Net Zero by 2060.

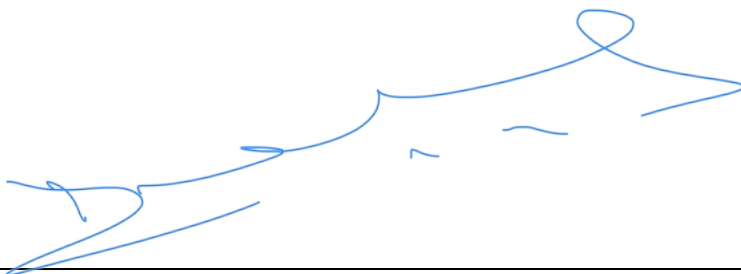
Against the foregoing, this Template will become a mandatory component of applications for licences, permits, and approvals across upstream activities, commencing in January 2025. The UPDT mandates the integration of decarbonisation strategies/plans into upstream operations including Field Development Plans (FDPs), wells, drilling & rig operations, and project/facility engineering. Operators would therefore establish measurable and time-bound greenhouse gas reduction goals aligned with national targets. Companies are also required to demonstrate compliance with the Gas Flaring, Venting, and Methane Emissions Regulations, 2023, and related Guidelines, to eliminate routine flaring and venting in their operations. Additionally, operators must implement methane management programmes such as leak detection and repair, optimise operations using energy-efficient technologies, and integrate renewable energy sources into their projects and operations. The UPDT also stipulates the development of carbon management and monetisation initiatives, including Carbon Capture and Storage (CCS), nature-based solutions, carbon offset projects, etc.

Rather than constituting a regulatory hurdle, these measures are designed to enhance Nigeria's upstream sector's environmental credentials, attract

sustainable energy investments, and ensure alignment with international Environmental, Social, and Governance (ESG) standards. By embedding sustainability at the core of upstream operations, the Commission aims to **enable** continued access to funding for projects amidst the global shift towards low-carbon energy solutions.

The Commission therefore calls on stakeholders to adopt these measures as a pathway to achieving long-term sustainability, operational excellence, and regulatory compliance whilst mitigating defunding and financing challenges. In addition to technical guidance, the Commission will provide capacity-building programmes and other support mechanisms to facilitate seamless implementation, commencing with an Industry-Wide Decarbonisation Workshop in Quarter 1 2025.

With these efforts, the Commission reaffirms its business-enabling posture and commitment to ensuring that Nigeria's upstream oil and gas industry thrives in the evolving global energy landscape. By prioritising sustainability, the Commission seeks to secure Nigeria's position as a leader in global energy while contributing meaningfully to international climate action in a just, equitable, and balanced manner.



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