Nigeria holds the ninth largest proven natural gas reserves in the world. The Federal Government has made it a priority to unlock this resource potential to increase domestic and industrial power supply, raise living standards and support sustainable economic growth.

**Why gas?**
Natural gas is the cleanest burning fossil fuel and is abundantly available in Nigeria. The country has about six gigawatts (GW) of installed electricity capacity but only about four GW of that is currently in operation. In 2010, the government launched the Power Road Map with a target to increase power generation to 40 GW by 2020. Also in 2011 the government launched the Gas Revolution agenda which seeks to establish Nigeria as a regional hub for gas-based industries such as fertiliser, petrochemicals and methanol.

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**Potential**

6 GW
installed electricity generation capacity in Nigeria

4 GW
current electricity generation capacity in operation

40 GW
government target for power generation by 2020

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**Power**

14-20%
of Nigeria’s current grid-connected electricity supplied by SPDC Afam VI power plant

9th
Nigeria has 9th largest proven natural gas reserves in the world and the largest in Africa*

40
Shell has delivered Nigerian gas to domestic consumers and export markets for 40 years (Source: US Energy Information Administration)
Shell's pioneering role

The Shell group of companies have long played a major role in the development and utilisation of gas in Nigeria, pioneering the production and delivery of gas to domestic consumers and export markets for over 40 years. Shell remains the only international oil company that has set up a local gas distribution business in Nigeria. The Shell group has an industry-leading integrated gas portfolio and has been a key part of Nigeria's emergence as a global player in liquefied natural gas (LNG).

In the 1960s SPDC began supplying gas to industrial customers in the Niger Delta and until the late 1990s was the sole supplier of gas in the country. In 1998, Shell set up a wholly-owned downstream gas sales and local distribution company – Shell Nigeria Gas Limited (SNG) – to supply industrial customers in the south-western and eastern parts of the country. The 1990s also saw Shell play a key role in the development of the Nigeria LNG plant on Bonny Island, which now supplies LNG to customers around the world.

Gas to power

The Shell Companies in Nigeria (SCiN)’s market share in domestic gas has reduced following a series of divestments in 2011/12, which have enabled indigenous companies to play a greater role.

SCiN nonetheless remain a crucial part of the overall gas energy mix, with SPDC’s Afam VI power plant alone contributing 14-20% of Nigeria’s grid-connected electricity generation. Afam is an example of the integration of new technology in domestic power generation. It uses 40% less gas than plants using older technologies and has the potential to reduce greenhouse gas emissions substantially.

Afam is supplied by the SPDC-operated Okoloma gas plant, which additionally supplies gas directly to the domestic market in the eastern part of the country. Okoloma has the capacity to process 240 million cubic feet of gas per day.

In 2010 SPDC began producing from the Gbaran Ubie integrated oil and gas plant in Bayelsa state. Gbaran Ubie is designed to process one billion standard cubic feet of gas per day. In addition to supplying gas to NLNG, it also supplies the Bayelsa state power plant at Limiringi. It will be the sole supplier of a new 225 megawatt power plant being built in Gbaran by the Federal Government under the Nigeria Integrated Power Project. The Gbaran Ubie plant is also helping to reduce continuous flaring of associated gas from nearby fields, contributing to SPDC’s wider flares reduction programme.

The Gbaran Ubie project has created a legacy of skills and capacity in complex integrated gas projects, which will be vital in meeting Nigeria’s electricity supply challenges in the years ahead.

Gas for industry

SNG meanwhile continues to supply natural gas to be used as fuel for various industrial processes and power generation in the Niger Delta. In 2013, SNG distributed an average of 32 million standard cubic feet a day of natural gas to industries and factories in its areas of operation.

SNG also supplies natural gas to private companies that specialise in the delivery of compressed natural gas (CNG) to industries located far from existing pipelines. Consequently, CNG has further extended natural gas utilisation to customers within a 100km radius of the compression plant.

SNG carries out its operations with an all-Nigerian staff and engages the services of a range of Nigerian companies as contractors. By attracting companies and encouraging their expansion in its distribution zone it has helped to drive economic growth and generate employment locally.

THE NIGERIAN GOVERNMENT HAS MADE IT A PRIORITY TO UNLOCK THIS RESOURCE POTENTIAL TO INCREASE POWER SUPPLY, RAISE LIVING STANDARDS AND SUPPORT SUSTAINABLE ECONOMIC GROWTH.

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