



South East
Governors Forum



South East Region Economic
Development Company

SOUTH EAST GAS TRANSMISSION SYSTEM

A Presentation at the South East Economic Summit

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Presentation Objectives

SOUTH EAST GAS TRANSMISSION SYSTEM

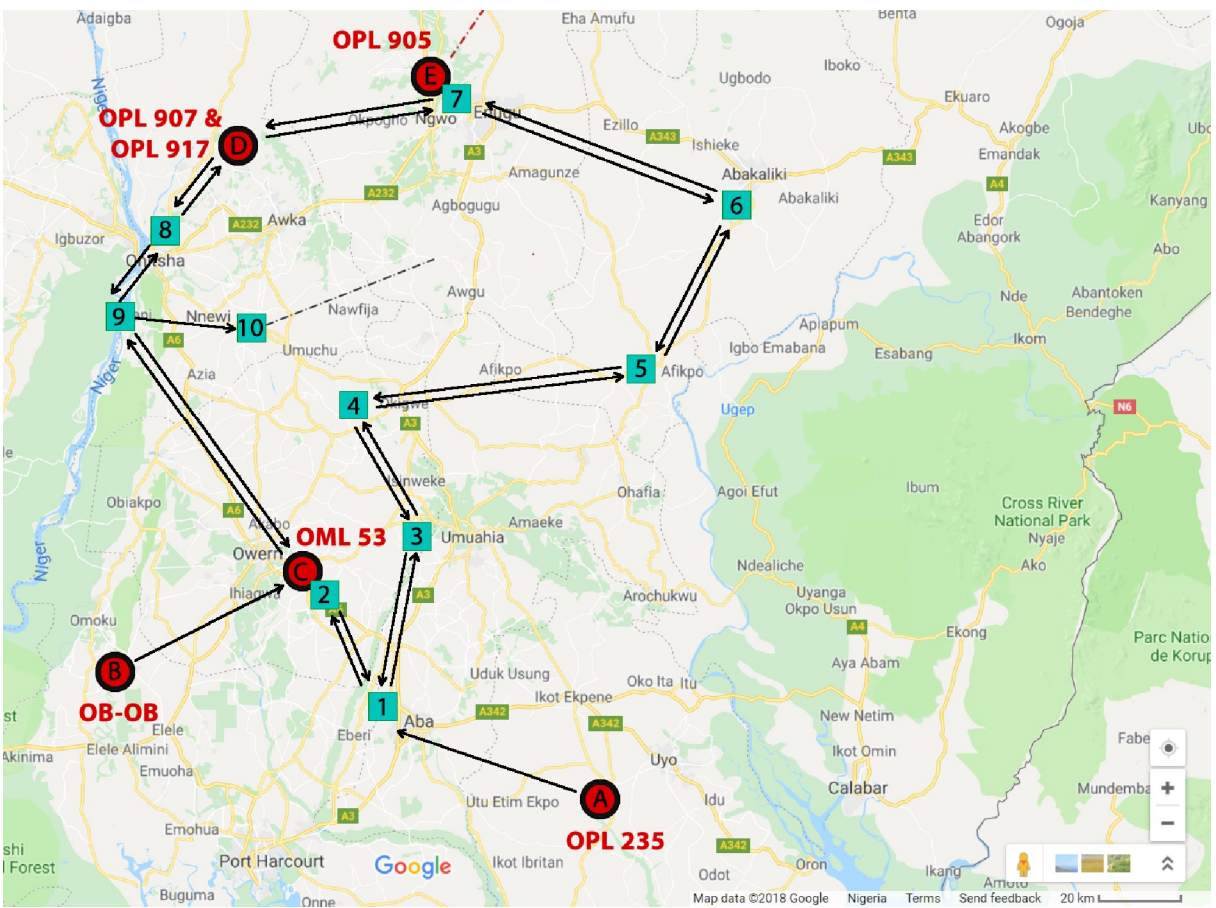
- **Project Overview**
- **Benefits**
 - **To South East Region**
 - **To Investors**
- **Elicit Financial Participation**



Gas Pipeline Network

SOUTH EAST NETWORK COVERAGE

REF	DESCRIPTION
1	Aba
2	Ohaji
3	Umuahia
4	Okigwe
5	Afikpo
6	Abakiliki
7	Enugu
8	Onitsha
9	Okija
10	Nnewi
A	OPL 235
B	OB-OB
C	OML 53
D	OPL 907 & 917
E	OPL 905



Key Project Concepts

OVERVIEW

SCOPE	INVESTMENT STRUCTURE
<ul style="list-style-type: none">• Loop design for flexibility of gas supply of between 1 Billion SCFD to 2 Billion SCFD gas transmission capacity.• Approximately 800km of large and medium diameter pipeline.• Phased development with similar gas spec and pressure regime of ELPS.• Booster stations with gas Injection Nodes at Ohaji, Aba, Enugu/9th Mile and Anambra west.• 10 Gas Off-take Manifolds for supply of processed natural gas to consumers.	<ul style="list-style-type: none">• Route selection is designed to enable the South East region to develop and evacuate its natural gas resources and support regional industrialization e.g. IPs and EPZs.• US\$1.2 Billion to US\$1.5 billion capital required with debt/equity ratio potentially 70/30.• Gas agreements with preferably 20 - 25 years tenure.• FDI to be developed considering USA, Middle East and Chinese Private Equity investors.• Opportunity for local parties as Anchor equity Investors, gas sellers and gas off-takers.



Project Strategic Features

SOUTH EAST GAS TRANSMISSION SYSTEM

INVESTORS

- Private Investor led, though a PPP initiative, with potential role for Nigerian Sovereign Investment Authority.
- State Governments and relevant community's equity stake, primarily for land easement and for regulatory approvals and permits
- International investors placed, with technical teams to give assurance to overseas investors.

IMPLEMENTATION

- GSA will provisionally be in the following mix: 50% to Power Generation; 30% to Commercial Feedstock; 20% to City supply Franchises.
- Phased Implementation to commence with gas supplies to high demand such as Nnewi/Onitsha axis and Aba/Ohaji/Umuahia axis, subsequently expanding north and east towards Enugu/Abakiliki.
- Project quality control and assurance to be delivered by reputable international firm(s) commencing from project feasibility stage.



Project Benefits (South East Region)

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PROJECT BENEFITS

- **Self-sufficiency in Power Generation (2,000 – 4,000)MW.**
- **The region could easily become the petrochemical Hub.**
- **Generation of at least 200,000 direct and indirect jobs.**
- **Proximity and affordability of finished goods.**
- **Accelerated infrastructural development.**
- **Mitigates environmental concerns caused by using diesel, HPFO etc.**
- **Enhance development of oil and gas assets in the region.**
- **Create access to gas value chain and major scope for quality of life improvements in the region.**



Project Benefits (For the Investor)

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On Equity in the Infrastructure

- [5%] development fee will go to the developers.
- [5%] is for SE Governments and relevant communities for Right of Way and all the required permits for the project development and realisation.
- [90%] will be purchased by investors based on the value of the infrastructure project at financial close.

Early Investors With Development Finance

Funds Invested (US\$)	Value @ Financial Close*
500,000	1,500,000
1,000,000	3,000,000
2,000,000	6,000,000

* Will form part of the 90% equity.



Key Project Risks & Mitigation

SOUTH EAST GAS TRANSMISSION SYSTEM

- ❖ **Difficulty securing Right of Way (RoW):** Especially in densely populated areas of South East Nigeria. South East Region Economic Development Company (SEREDEC) in conjunction with South East Governors Forum (SEGF) together will ensure access to land easement with minimum delays.
- ❖ **Funding Challenge:** An SPV has been formed to conduct feasibility study, form development, financing and execution as well as raise seed capital. Also, an appropriate gas pricing and transportation tariff framework will be integrated into the project economics.
- ❖ **Forex availability & Rate fluctuation:** Foreign currency income from gas products sold will be the preferred option to mitigate this risk in addition to deploying a hedging strategy.
- ❖ **Slow Government approvals:** The influence of SEGF, SEREDEC and appropriate project sponsors will be deployed early to speed up regulatory approvals and consents.
- ❖ **Community Requirements:** Community buy-in will be incorporated during the feasibility study stage with the support of SEGF and SEREDEC. Communities will benefit from the equity stage due to land easement. Additionally, during project execution, local labour will be the preferred human resource, where feasible



Progress

SOUTH EAST GAS TRANSMISSION SYSTEM

- Project Information memorandum/teaser developed and sent out to potential investors. (*Available on SEREDEC Website*)
- Expression of Interest submissions received.
- ILF Group selected to carry out a bankable feasibility study.
- Pre-Feasibility Study on-going by Executive Edge



Pre-Feasibility Study - Ongoing

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Activities	November				December		January			February	
	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11
Market Analysis	Active										
Technical and Financial Analysis				Active							
Regulatory and legal requirements			Active								
Socio-economic & environment issues, risks and mitigation								Active			
Participation, funding and economic model									Active		
Submit Pre-Feasibility Report (Feb, 2019)											Active



Next Steps

SOUTH EAST GAS TRANSMISSION SYSTEM

1. Conclude Pre-Feasibility Study & Submit Report
2. Collate and Engage proposed Investors
3. Commit ILF and commission Feasibility Studies

Interested Investors (private & corporate) should send enquiries to:

Email: gaspipeline@southeast.ng





Thank You

