

Financing the Scale-Up of CNG - Bankable Models, Risk Mitigation and PPPs

February 2026



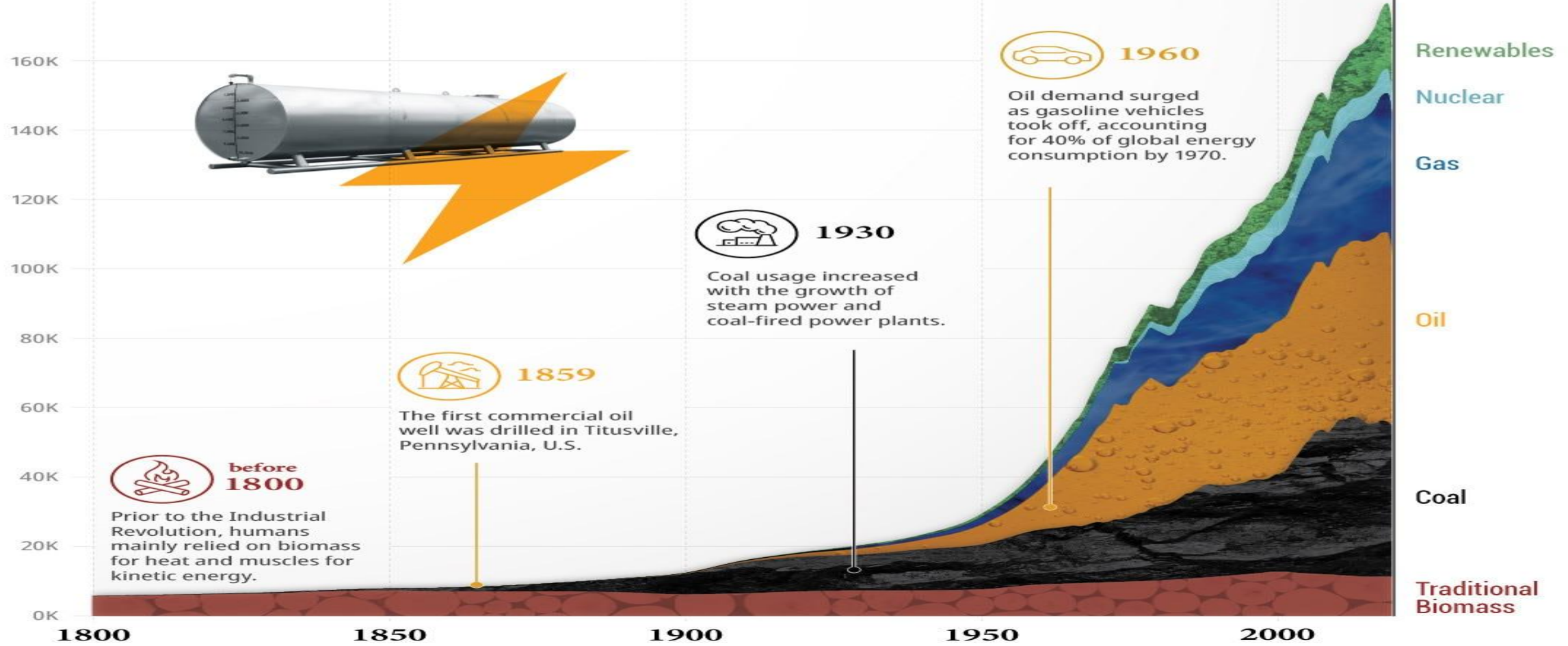
THE HISTORY OF Energy Transitions

The economic and technological advances over the last 200 years have transformed how we produce and consume energy.

Here's how the global energy mix has evolved since 1800.

Global Primary Energy Consumption by Source 1800-2020

180K Terrawatt-hours (TWh)



2020

Fossil fuels accounted for 78% of the global energy mix in 2020.

Source: Vaclav Smil (2017), BP Statistical Review of World Energy via Our World in Data

Nigeria's Gas Transition | Recent Reforms

Recent reforms are gradually improving investor confidence and enabling long-term capital mobilisation



- Nigeria's vast proven gas reserves (over 210 Tcf)
- Unproven reserves (600 Tcf+)
- Nigeria is more a gas rich country
- Cleaner fossil fuel
- More affordable source of energy
- Powers 70%+ of the Power Plants supplying the Grid
- Gas is therefore a cornerstone of economic diversification and energy security



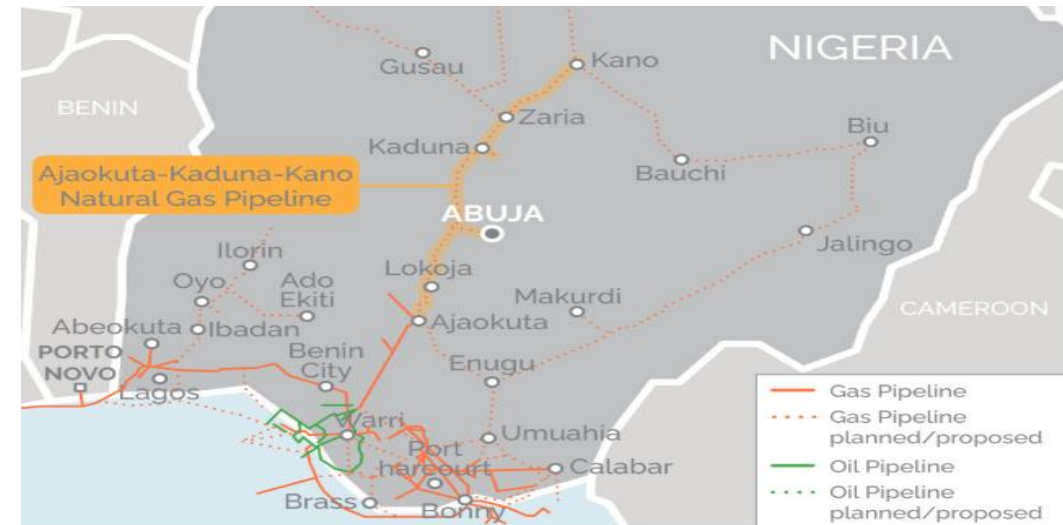
Government Reforms, Policies, and Initiatives

- The Petroleum Industry Act (PIA), 2021
- NUPRC, NMDPRA formed (previously DPR)
- Decade of Gas Programme, 2021
- Fuel Subsidy removal, market deregulation, 2023
- Presidential Initiative on CNG (PiCNG), 2023
- MDGIF managed by NMDPRA



Gas Pipelines Across Nigeria

- Ajaokuta–Kaduna–Kano (AKK) Gas Pipeline – Under Construction
- Obiafu–Obrikom–Oben Gas Pipeline (OB3) – Under Construction
- Escravos–Lagos Pipeline System (ELPS) - Functional
- Trans Niger Pipeline (TNP) - Functional



InfraCredit At A Glance

Unlocking Long Term Local Currency Infrastructure Finance in Nigeria

INFACREDIT AT A GLANCE



InfraCredit is a specialised financial guarantor established in 2017 by the Nigeria Sovereign Investment Authority in collaboration with GuarantCo to provide guarantees to enhance the credit quality of local currency debt instruments issued to finance eligible infrastructure-related assets in Nigeria. InfraCredit's Anti-Bribery Management System is certified as ISO 37001 compliant.



Credit Rating



AAA^(NG)
June 2025



AAA^(NG)
July 2025



AAA^(NGA)
July 2025



Capital Providers

SOVEREIGN
WEALTH FUND
& DFIs



DOMESTIC
INSTITUTIONAL
INVESTORS



Eligibility Criteria

- Naira Denominated Debt Issue
- Eligible Infrastructure Activity
- Debt Tenor of up to 20 years

- Greenfield & Brownfield Asset
- Acceptable Credit Profile
- Pension (PENCOM) Compliant

- Minimum BBB- Credit Rating
- Adequate Security Package
- Environmental & Social Standards



Development Partners



Risk Sharing Partners



Certifications



ISO 37001:2016
Anti-Bribery Management
Systems



InfraCredit At A Glance | Gas Sector Experience

NGN32.4 Billion

Construction of a 200,000 scm/day liquefaction plant

Ogun State



NGN5.0 Billion

To finance dual-fuel engines and propane logistics for 14 Union Bank branches under a PPA


Lagos State



NGN15.0 Billion

Construction of 10,000MT LPG depot and dedicated jetty

Lagos State



NGN5.0 Billion

Construction of a 3,000MT propane-rated liquefied petroleum gas (LPG) terminal

Rivers State



NGN10.0 Billion

CNG-fired plant to power residential and commercial business district in Ogun and Lagos State


Lagos and Ogun State



NGN13.0 Billion

To finance a 72MW gas-fired generator for a major National Asset


Rivers State



NGN26.0 Billion

A 20MW Gas-fired generator to improve power supply to commercial users leveraging on embedded structure


Lagos State



NGN20.0 Billion

Construction of Autogas refueling stations across Nigeria by a leading LNG provider in Nigeria

Enugu, Nasarawa, Kaduna, Ogun, Lagos State



Bankability Model | Key Requirements



Technical Due Diligence (TDD)

- ✓ Track record of EPC, OEM, and O&M Contractor
- ✓ Engineering designs and safety standards
- ✓ Gas logistics infrastructure



Commercial Due Diligence

- ✓ Demand validation and market penetration strategy
- ✓ GSPAs - pricing strategy, pass-through, take or pay clauses
- ✓ Off-taker quality and contract structure



Financial Due Diligence

- ✓ Revenue, EBITDA and Debt service capacity
- ✓ Capex, Foreign Exchange, Cost Overruns
- ✓ Equity, including shareholders' loan



Legal Due Diligence

- ✓ Licenses, permits, and land rights
- ✓ Gas supply and transportation agreements
- ✓ Contract enforceability



Environmental and Social Due Diligence (ESDD)

- ✓ Environmental footprint - reduction in carbon emissions
- ✓ Impact on labour – job creation
- ✓ Health, safety, and community engagement



Insurance Due Diligence

- ✓ Coverage adequacy across: Construction, Operations, Business interruption, Delay-in-Startup, Marine Insurance
- ✓ Risk transfer and resilience

Key Market Challenges - Risks

Allocating Risks adequately is critical to the success of every Infrastructure Project



Construction and Completion Risk

- EPC delivery and cost overruns
- Technology performance and integration
- Equity contribution



Construction and Completion Risks Mitigant

- Turnkey EPC contracts with performance guarantees
- OEM-backed equipment and delivery
- Equity contribution from Sponsor, clear line of sight for equity and debt
- Performance Guarantees/ Bonds, Liquidated Damages



Supply/ Feedstock Risk

- Gas sourcing reliability
- Supplier concentration and/ or potential supply disruptions



Supply and Feedstock Mitigant

- Long-term gas supply agreements with reliable counterparties
- Diversification of supply sources
- Strong pipeline connectivity and proximity to infrastructure



Offtake and Market Risk

- Demand ramp-up uncertainty
- Customer concentration and weak credit quality



Offtake and Market Mitigant

- Active demand aggregation and fleet partnerships
- Long-term GSPAs with take-or-pay and inflation pass-through clauses
- Bank Guarantee for a period of offtake and termination protections



Financial and Currency Risk

- FX volatility and macroeconomic shocks
- Debt service capacity during early ramp-up

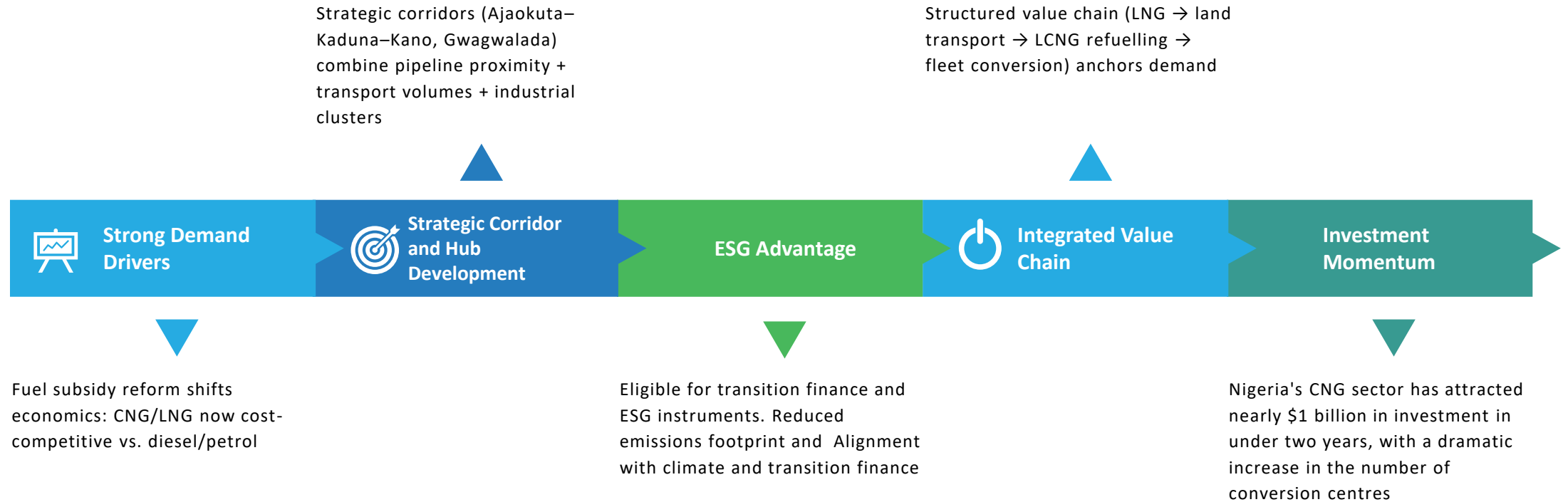


Financial and Currency Mitigant

- Local currency financing to reduce FX mismatch
- Structured reserve accounts and liquidity buffers
- Inflation-indexed pricing mechanisms

Opportunity – A Scalable and Investable Sector

Why Now: Market Catalysts & Demand Growth



Financing Options – Bankable Models

The Solution – Financing Models & Capital Mobilization



Sponsor's Equity

Core risk capital provided by the project. It demonstrates alignment of interest and long-term commitment, typically funds early development, permits, and initial capex, enhances lender confidence and improves leverage capacity and sets the foundation for financial close and institutional participation.



Vendor Financing

Deferred payment structures from equipment suppliers and EPC contractors. It reduces upfront capex burden, aligns equipment repayment with project cashflows and is particularly suitable for compression units, cryogenic tanks, and refuelling systems. This financing can also improve IRR and shorten the equity payback period.



Debt Financing

Senior and structured debt to optimise capital structure. Potential sources include: Bank of Industry, Private Corporate Bond/Debt Note, Debt Capital Market and Blended finance structures. Debt is typically ring-fenced at the SPV level, structured with reserve accounts and covenants and supported by credit enhancement where required.



Shareholder's Loan (Subordinated Capital)

Quasi-equity instrument provided by sponsors. It is structured as subordinated debt with flexible repayment terms. Improving the project gearing without diluting ownership. Cash sweep or back-ended repayment aligned with ramp-up. Enhances senior lender comfort by strengthening the capital base.



MDGIF (Midstream & Downstream Gas Infrastructure Fund)

Government-backed catalytic funding mechanism. It provides concessional capital to accelerate gas infrastructure rollout, de-risks early-stage projects, enhances bankability and supports strategic assets aligned with Nigeria's gas-to-power and gas-to-transport agenda. MDGIF can be structured as mezzanine, subordinated debt, or blended capital.

ESG Impact – Emissions Reduction and Sustainable Transition

Natural gas delivers the lowest carbon emissions per unit of energy among fossil fuels due to its higher hydrogen-to-carbon ratio

Petrol → Natural Gas:



~18–25%
reduction* in CO₂
emissions

~0.24–0.25
kg CO₂/kWh

~0.18–0.20
kg CO₂/kWh

Diesel → Natural Gas:



~25–33%
reduction in CO₂
emissions

~0.24–0.25
kg CO₂/kWh

~0.18–0.20
kg CO₂/kWh



Planet

- Reduction in greenhouse gas emissions
- Lower particulate matter and black carbon
- Enables cleaner urban transport ecosystems



People

- Improved air quality and public health
- Job creation across the gas and logistics value chain



Profit

- Strong cost competitiveness versus diesel and PMS, 30% - 40% in cost reduction

THANK YOU



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