Nigeria Power - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Report description:

The Nigeria Power Market size in terms of Equal-4.28 is expected to grow from USD 391.69 million in 2024 to USD 483 million by 2029, at a CAGR of 4.28% during the forecast period (2024-2029).

Key Highlights
-Over the medium term, the increasing energy demand due to increasing industrialization and urbanization activities and penetration of renewable energy is expected to drive the market during the forecasted period.
-However, the cost associated with the increasing infrastructure for power generation facilities is expected to hinder the growth of the power market.
-Nevertheless, Distributed Power Generation (DPG) presents significant opportunities for the Nigerian power market.

Nigeria Power Market Trends

Thermal Power Is Expected to Dominate the Market

- Thermal energy generating sources are one of the major electricity generation sources in the country. The country's significant gas potential is expected to aid in the growth of thermal energy sources during the medium term.
- Nigeria has significant reserves of natural gas, which serves as a primary fuel for thermal power generation. The country's natural gas reserves are among the largest in the world. This abundance of fuel resources makes thermal power generation a reliable and readily available option for meeting the country's growing electricity demand.

- Moreover, Nigeria already has an established infrastructure for thermal power generation, including power plants, pipelines, and gas supply networks. This infrastructure provides a foundation for the continued dominance of thermal power generation. It enables efficient fuel supply, transmission, and distribution, making operating and expanding thermal power plants cost-effective.
- According to the Nigerian Electricity Regulatory Commission, the thermal power generation capacity increased by almost 8% between the first and second quarter of 2022, signifying the heavy reliance of the country's power sector on thermal power sources.
- Moreover, utilizing domestic fuel resources, such as natural gas, for thermal power generation enhances energy security for Nigeria. By relying on indigenous fuel sources, the country can reduce its dependence on imported energy and mitigate the risks associated with fluctuating international fuel prices or supply disruptions.
- For instance, in March 2023, a 50 MW gas-fired power plant was commissioned in the Maiduguri region to provide access to electricity to the people living in the region.
- Therefore, due to the abovementioned points, the thermal segment is expected to dominate during the forecasted period.

Increasing Adaption of Renewable Energy to Drive the Market

- Nigeria, one of the most populous African countries, plans to diversify its energy mix by shifting toward renewable energy sources, such as solar and wind energy, to reduce the dependence on gas power generation in the country. The country has abundant renewable energy resources, particularly solar, wind, biomass, and small hydropower (SHP).
- Moreover, the widespread adoption of renewable energy sources will expand power generation capacity in Nigeria. By harnessing the country's abundant renewable resources, the power market can increase its overall capacity, addressing the growing electricity demand and enabling access to electricity for more communities. This expansion can be achieved by constructing utility-scale solar and wind farms, small hydropower plants, and biomass energy projects.
- Additionally, renewable energy technologies offer an excellent opportunity for rural electrification in Nigeria. Many remote and off-grid areas currently underserved by the traditional power grid can benefit from decentralized renewable energy solutions. Off-grid solar systems, mini-grids, and other distributed renewable energy technologies can provide reliable and affordable electricity to these communities, improving their standard of living and supporting economic development.
- According to the International Renewable Energy Agency, solar energy installation in the country has been observing steady growth in recent years. In 2022, the installed solar energy capacity in the country was 37 MW, an increase of 12% compared to 2021.
- In February 2023, Rensource Energy, one of Nigeria's fastest-growing off-grid renewable energy EPC companies, revealed the signing of several projects in the nation, including 1.4 MW of solar energy. Resource intends to build on the new projects as soon as possible this year. The projects will include battery energy storage systems and vary in size from 300 kWp to 700 kWp. This reflects a strong demand for sustainable and affordable electricity in Nigeria.
- Therefore, due to the points mentioned above, the adoption of renewable energy is expected to increase the power market in the country.

Nigeria Power Industry Overview

The Nigerian power market is semi-consolidated. Some of the major companies (in no particular order) include First Independent Power Ltd., Mainstream Energy Solutions Limited, Transcorp Power Limited, Sapele Power Plc (SPP), and The Transmission Company of Nigeria, among others.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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