

## Africa Energy Update

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*The latest news on legal and regulatory developments in Africa's energy sector. This first Africa energy update focuses on East Africa, a region of growing potential for sector participants. Future updates will focus on other regions as we seek to provide clients and contacts doing business in Africa with current updates on what is a fast-changing market.*

### BRACEWELL ALERTS AND PUBLICATIONS

#### [The New Petroleum Law in Mozambique](#)

*Petroleum Law Review. October 2014*

On the 14th of August, the Parliament of the Republic of Mozambique approved a revised version of the Petroleum Law that revoked the existing Law nr. 3/2001, of 21 February. In the context of the significant discoveries and rapid growth of the Mozambican oil and gas industry, the emphasis of the new Petroleum Law has been to ensure that Mozambique and its population benefit from the exploration and production of these discoveries.

#### [International Pipeline Projects – Key Considerations for East Africa](#)

*Energy Legal Blog®. 31 October 2014*

The majority of landlocked Uganda's estimated 6.5 billion barrels of crude oil reserves are destined to be pumped to the East African coast for export (potentially linking up with supplies from Kenya, South Sudan and Ethiopia along the way). While preferred export routes continue to be debated, it is likely that multiple pipelines stretching across the East Africa region will be developed in the near future. The development of such infrastructure will be heavily dependent on project finance. In this article, we consider some key issues affecting international pipeline projects that sponsors and host governments in the East Africa region will encounter.

#### [East Africa Licensing Update – Q4 2014](#)

*Energy Legal Blog®. 30 October 2014*

With Tanzania in the final stages of evaluating bids for oil and gas blocks offered in its latest bidding round which closed in Q2 2014, it was Mozambique's turn to announce its latest round in London on 23 October. Uganda and Kenya are also expected to embark on fresh licensing next year to complete a busy period for East African block auctions.

#### [Kenya's Lake Turkana Wind Power Project Lights the Way for the East African Power Market](#)

*Energy Legal Blog®. 29 October 2014*

Kenya is East Africa's largest economy, yet it faces a power supply crisis. Per capita, it generates barely 4% of the power generated by South Africa. Only 18% of the population has access to electricity and, even for this fortunate minority, rationing and blackouts remain a daily reality.

## **EVENTS**

### **Join us in Cape Town**

Africa Oil week is here! We invite you to connect with Bracewell partners [Olivia Caddy](#) while in Cape Town.

### **Round Tables**

Bracewell hosts regular breakfast roundtable discussions for energy companies, financiers and advisers to share thoughts and experiences on getting deals done in emerging markets.

## **IN THE NEWS**

### **Reports**

#### **[Tanzania Power Report Q4 2014](#)**

*Business Monitor International Ltd. 20 October 2014*

Tanzania's population and economy is growing rapidly, ensuring a steady increase in demand for electricity over the forecast period. The country is relatively stable by African standards, and the institutions are fairly strong and legitimate. The government is committed to doubling electricity production over the next four years and has developed a 25-year plan for the development of the energy sector.

#### **[Uganda Power Report Q4 2014](#)**

*Business Monitor International Ltd. 20 October 2014*

The outlook for Uganda's power sector is good. The country is investing in both thermal and renewable energy and generation will double over the next decade. Demand for electricity will also double as the economy and population grows, and as investment in the electricity grid gives more people access to power. However, market opportunities are limited by a hazardous investment environment.

#### **[Kenya Power Report Q4 2014](#)**

*Business Monitor International Ltd. 20 October 2014*

The government is committed to market-based macroeconomic reforms that will underpin rapid growth in one of Africa's largest economies. Kenya's population is growing and urbanising rapidly, ensuring a steady increase in demand for electricity over the forecast period. The government is committed to expanding the capacity of the power sector, and ensuring that everyone in the country has access to electricity.

### **Kenya Q1 2015 Renewables Report**

*Business Monitor International Ltd. 16 October 2014*

The regulatory environment for the renewables industry is relatively promising, with attractive subsidies on offer to renewable energy developers. Positive demographic fundamentals and rural electrification programmes are driving demand in electricity consumption. The Kenyan renewables industry is receiving significant support from development banks and international financial institutions, which are playing an important role in minimising financing risks for projects.

### **The Deloitte Guide to Oil and Gas in East Africa**

*Deloitte. March 2014*

In the twelve months since our first edition, East Africa has continued to hit the industry headlines and it seems safe to predict that this will continue for the rest of 2014. September 2013 saw Uganda issue its first production licence (for the Kingfisher field) with the expectation that others will follow in 2014, along with finalisation of plans for a new oil refinery at Hoima. In Tanzania continuing exploration has added to the country's offshore gas reserves and a new licensing round was launched in October. Mozambique is expecting FID for its huge offshore gas reserves during 2014 with plans to construct a 4 train LNG plant with a 20 million tonne per year capacity. Kenya has seen further exploration success with Tullow indicating total oil reserves of approximately 600 million barrels in its onshore blocks in Northern Kenya and further offshore drilling is planned for Kenya's exclusive economic zone in 2014.

Our new edition updates the information provided last year but also adds a new country: Ethiopia. Whilst Ethiopia has enjoyed only limited exploration success it does have potentially commercial gas reserves and promising geology. We expect interest in this country to increase in the coming months.

## **Oil and Gas**

### **Mozambique Fifth License Round Launch Materials**

*Instituto Nacional de Petróleo. 23 October 2014*

### **Madagascar Licensing Round**

*Business Monitor International Ltd. 21 October 2014*

Interest in Madagascar's 2015 licensing round will remain modest: mediocre fiscal terms, the frontier nature of the acreage and continued uncertainty over political reform could see several companies remain cautious of operating in the country.

### **Dodoma's Slow Approach Could Limit Tanzania's LNG Success**

*Interfax Ltd. 20 October 2014*

The gas finds just keep on coming in Tanzania – BG Group and Statoil both announced successful wells this month – but the government is moving slowly on key policy decisions for an LNG export project.

### **Tanzania to Pick Winners of Oil, Gas Bids Before Year-End**

*Reuters. 17 October 2014*

Tanzania is in final stages of evaluating bids for oil and gas blocks it offered in its latest bidding round and plans to pick the winners before the end of this year, its upstream regulator said on Friday.

### **[Uganda to Take Mineral Ownership from Landowners](#)**

*Federal Information and News Dispatch, Inc. 13 October 2014*

In Uganda, the mineral sector is beginning to boom and along with it, contentious issues about land value and fair resettlement packages. Some are warning that these rifts could cause instability. However, the government says it is offering fair reimbursement.

### **[Uganda to Auction New Oil Blocks December](#)**

*Reuters. 10 October 2014*

Uganda will auction new oil exploration acreage by December and compensate land owners at the site of a planned crude oil refinery, a government official said on Friday. Investor interest in Uganda's hydrocarbons potential has been growing since the east African country discovered commercial crude reserves in 2006, now estimated by government geologists at 6.5 billion barrels.

### **[Update on Kenya Finance Bill](#)**

*Market News Publishing, Inc. 25 September 2014*

Africa Oil Corp. confirms that the Kenya Finance Bill 2014 has been passed by the Kenyan Parliament and assented to by President Kenyatta. Publication of the bill is expected imminently. The majority of the legislation included in the Bill applicable to the oil and gas industry will be effective on January 1, 2015. The Bill covers a wide range of issues important for the economic development of Kenya. In terms of its impact upon the oil and gas sector the picture is mixed.

### **[Kenyan Petroleum Law Faces Further Delays, Exposing Investors to Risk of Bribe Demands and Unclear Legislative Framework](#)**

*HIS Global Insight. 24 July 2014*

Kenya's cabinet secretary for energy and petroleum, Davis Chirchir, said on 1 July a revised petroleum law would be presented to parliament for approval by October.

### **[Independent Institutions to Oversee Uganda's...](#)**

*The Economist Intelligence Unit Ltd. 15 July 2014*

The president, Yoweri Museveni, has nominated the members of the boards for the new Petroleum Authority of Uganda and the National Oil Company.

## **Power and Renewables**

### **[Africa Pushing Ahead with Gas-to-Power Reforms](#)**

*Business Monitor International Ltd. 17 October 2014*

Africa's under used gas reserves either exported or burnt away into the sky are set to play a big

role in stemming the continent's crippling electricity void a shift that should boost economies and small-cap energy firms.

## **AWARDS**

### **African Legal Awards**

Bracewell & Giuliani has won Energy and Natural Resources Team of the Year at the [\*\*African Legal Awards 2014\*\*](#).

### **Legal 500 U.K.**

Bracewell & Giuliani's London office has been recognized by [\*\*The Legal 500 U.K. Awards 2014\*\*](#) as Firm (specialism) of the year: Projects, energy and natural resources – Oil and gas.

## **OUR TEAM**

Our

Our oil and gas experience includes advising on all segments of the industry, from upstream exploration and production, to midstream pipelines, transportation and storage, including LNG, and downstream refining and marketing.

Our experience in the power industry includes acting on some of the world's largest and most innovative conventional power projects and also comprises deep knowledge of the renewables sector, including solar, wind, hydro and thermal.