PLATTS
McGRAW HILL FINANCIAL

INDUSTRY LEADERS SHARE INSIGHTS
GLOBAL ENERGY AWARDS FINALISTS ASSESS THE LANDSCAPE

Charting course for a global energy company is never easy, but today's shifting landscape is challenging even the most seasoned of executives. The shale revolution continues to send shock waves through markets as the United States this year becomes a net exporter of oil for the first time since 1995. Renewable power sources keep coming online despite recent bumps in the road. Midstream and downstream operators are making bold maneuvers to satisfy users who're increasingly switching to different fuels. To hear how leading companies are assessing today's challenges, Platts reached out to seven finalists in the 2013 Platts Global Energy Awards. Here's what they're saying:
Questions and answers have been edited for clarity and brevity.

Q: Can renewables compete with cheap, abundant natural gas to become a bigger staple of the US energy mix?
Kevin Smith, CEO of SolarReserve: In 2012, almost 50% of all new power generation in the US was from renewables. As a percentage of new projects, renewables are the only thing competing with natural gas right now in the US. Nuclear and coal really can't compete either on a cost basis or on an ability to get projects permitted.

Q: How is solar storage technology affecting international interest in solar?
Kevin Smith, CEO of SolarReserve: It definitely is a game changer. At our flagship project in Nevada, which will go into commercial operation next year, solar with energy storage can operate just like conventional power. We can turn it off and turn it on when we want. We're seeing a huge amount of interest in that storage technology internationally. We've probably had 30 different countries visit our Nevada facility in the past 18 months.

Q: Where are midstream and downstream companies filling gaps in transportation infrastructure to address shifting trends in energy consumption?
Graham Sharp, Chairman of Puma Energy: There's much greater need in developing countries for infrastructure, whether it's in terminals, logistics supply or even gas stations. So we've been investing across that sector quite heavily and building that infrastructure to first-world standards. Some of Puma's expansion has been through the acquisition of assets, such as Exxon Central America, which we purchased in 2012, or BP Southern Africa, which we purchased in 2011.

Q: Why are refineries closing? And how is that affecting midstream investments in infrastructure?
Graham Sharp, Chairman of Puma Energy: In Europe, most refineries were built to produce the maximum amount of gasoline, but the demand there today is for diesel. Same in Australia: all the demand growth is in diesel. There, refineries are closing one by one, so the amount of imported petroleum products is greater. There's a need for more infrastructure, so we're building a large terminal up in Queensland.

Q: How are fuel consumption trends affecting strategic decisions at upstream firms?
Chris Faulkner, CEO of Breitling Oil and Gas: Climate gurus are squabbling over whether nuclear should play a role after Fukushima. Germany, spooked by that nuclear disaster, is getting wistful over coal again; Poland is digging its heels in on coal; and Japan and Australia are backpedaling on their Kyoto commitments. All of this furor will result in a brighter outlook for global gas consumption. We prefer an oil-weighted portfolio of low-risk development assets for the next few years.

Q: Which strategic steps of recent years are paying biggest dividends for upstream North American operations?
Chris Faulker, CEO of Breitling Oil and Gas: Companies that recognized the shift in drilling focus to oilier plays or who already had a good mix in their portfolio were able to better weather the transition from natural gas and NGLs to crude oil and condensate. Add to that a focus on keeping capex closer to cash flow, or at least keeping debt service within reason, and those are the companies thriving today.

Q: What does the shale revolution mean for companies worldwide in the exploration & production space?
Al Walker, President, CEO & Chairman of Anadarko: We're excited about the opportunities this may create to take the expertise and technology that has been developed in the United States and apply it internationally. We're still very early in the process of evaluating international shale opportunities. We are optimistic it can become a longer-term option for developing regions and established economies.

Q: Large-scale fuel purchasers are making new types of decisions in today's shifting energy landscape. More, for example, are using natural gas for power plants. How are shifting demand trends impacting upstream strategies and operations?
Al Walker, President, CEO & Chairman of Anadarko: Until demand catches up with this newfound supply, we do see commodity prices for natural gas being range-bound, and we're actively managing that within our portfolio. Anadarko's in the fortunate position of having assets that offer higher liquid yields in the US onshore where we can efficiently deploy capital and generate higher rates of return, while maintaining the option of increasing activity in more natural-gas prone plays as commodity prices adjust.

Q: What needs to happen downstream in order to more effectively bridge the US shale boom?
Rick Bott, President and Chief Operating Officer at Continental Resources: There's only one Bakken. The light, sweet crude produced in the Bakken has numerous qualities attractive to refiners – very low sulfur, consistent API gravity and high quality refining yields to name a few. Bakken can be delivered to all three coasts, the Midcontinent and Canada. Refiners have taken notice and are investing in additional light, sweet processing capacity to run more Bakken outright or as blendstock for heavy-sour crudes. The demand for Bakken extends globally. Were the US to remove export barriers, our trading partners in Asia, South America and Europe would be able to efficiently refine Bakken crude and deliver refined products back to the United States.

Q: How are power industry players using new tools to help them manage emergent risks?
Paul Cusenza, CEO and Chairman of Nodal Exchange: Power industry executives are looking at many questions around shale gas, renewables, nuclear and coal. With all these unknowns, how do you know what your revenues will be in 2014? If you want to remove the price risk, we help with that by enabling entities to hedge that risk. You can do that now at your pricing node on the electric grid with a granular futures contract on Nodal Exchange where all contracts are cleared to address the credit risk as well.

Q: Where are marketplace innovations removing roadblocks to help executives make better decisions?
Paul Cusenza, CEO and Chairman of Nodal Exchange: In the past, cleared power contracts were only offered at the hubs. It didn't really meet the needs of power companies. They were still exposed to significant price risk at their locational node. Prior to the creation of Nodal Exchange, nobody cleared nodal contracts.

Q: How are upstream and midstream firms exploiting more abundant natural gas supplies?
Kristian Rix, deputy director for international communication at Repsol: The conversion from coal to natural gas in power plants told us that gas was going to be more in demand. LNG technology was allowing you to transport it from one continent to another. So we've built up a position on both sides of the Atlantic and also on the Pacific. We built a terminal in Peru, which was key to supplying Japan when its nukes were shut down after the earthquake.

Q: What strategic steps are smaller exploration-and-production companies taking to generate cash for capital-intensive exploration projects?
Kristian Rix, deputy director for international communication at Repsol: We have the highest exploration spend, per barrel produced, amongst integrated oil and gas companies in the industry. We're generating that cash by bringing projects online, such as the big Brazilian offshore fields and Bolivian fields. We also upgraded all of our refining system in Spain by investing around $5 billion. So we've increased our capacity to provide high-value fuels in Europe, which is very diesel-hungry.

CNOOC

In the past year, CNOOC Limited made significant progress in all aspects of business and maintained a good performance. In addition, the Company is committed to enhancing the capability for sustainable development. The nomination of Platts Global Energy Award is undoubtedly a prestigious recognition to CNOOC Limited as well as a great motivation to drive its future growth. The Company will work even harder in the future to maintain its high standard of corporate governance and leadership practice. Looking ahead into 2014, with the continuous support from stakeholders, CNOOC Limited will dedicate more efforts to transform itself into a global energy company, supply more energy to the world, and make greater contributions to the communities and society.

KOSPO

Our vision is to become one of the world`s leading power generation companies. Korea Southern Power, Ltd. is ready to run at full speed in a future race to the world. We will strengthen differentiated competitiveness to realize tomorrow`s vision today. And this moment, executives and employees in our company try to change ahead and always try renovation. First of all, we take opportunity in the market by competitive preference of production, sales, technology. Then we will become a blue chip company that leads market standards with efficiency, responsibility, profitability and competitive corporate culture. This is our ambition.