

# Fuel Management Services to the Energy Industry

## Providing Clients with Insight to Make Complex Decisions and the Support to Implement those Decisions

From heating homes to powering industry to fueling electric generation, fossil fuels play a prominent and critical role in the North American economy. The seasonal demand, the need for continuous exploration and production, and vigorous trading activity contribute to highly uncertain and volatile markets. This uncertainty affects procurement strategies, resource management decisions, investment decisions, and risk management activities across a wide range of industries, particularly for the purchase and sale of natural gas, and the acquisition of fuel for electric generation facilities. All of these activities are conducted within the framework of contracts, pipeline transportation, storage operations, cash and futures markets, and the logistical realities of managing transactions across North America.

Navigant Consulting has provided natural gas and energy-related consulting services to its clients for over 20 years. These services include competitive market assessments and forecasts, fuel procurement and risk management strategies, fuel resource portfolio optimization, contracting and operational support, and expert litigation and regulatory support. The following sections highlight our capabilities.

### Competitive Market Assessments

Significant capital expenditures require an appropriate level of analytical support. The size and timing of capacity changes in the markets can have material effects on prices and the success of capital projects. We provide our clients with the market insight needed to support their complex decisions.

- » Detailed market studies to support capacity expansions
- » Energy demand forecasts for end-use sectors
- » Analytical frameworks and support for capital acquisitions and divestitures
- » Expert testimony in regulatory and commercial proceedings

### Hallmarks of Our Services

- » A "client-first" approach to all assignments
- » Consulting approach based on industry operating experience
- » Staff with senior energy management and public utility experience
- » Extensive background in regulatory and litigation support
- » Reputation for innovative and unique solutions to complex problems

### Electric Generation Services

The development and management of electric generation facilities requires a solid understanding of fuel markets, the dynamic nature of these markets, and the potential effects of market changes on fuel prices and availability. Our hands-on experience in fuel markets and transportation systems enables us to assist clients in developing practical plans and actions that implement their investment and gas resource strategies.

- » Provide support in permitting and operating electric generation facilities
- » Develop and implement strategies around fuel supply, transportation, and storage
- » Provide due diligence support for the development of new electric generation, and the sale and acquisition of existing generation facilities
- » Support integrated fuel procurement and power marketing activities

### Gas Procurement and Risk Management

Local distribution companies and large industrial users seek to minimize the delivered cost of gas and other fuels consistent with their respective risk management objectives and operating constraints. Our approach helps clients develop programs that reflect their unique market position.

- » Evaluate and develop gas resource portfolio and procurement plans
- » Develop least-cost plans and integrated resource plans that consider DSM as a supply source
- » Analyze and design appropriate planning criteria to support resource acquisition and management activities
- » Support the analysis and negotiation of gas commodity, transportation, and storage contracts

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## Representative Assignments

- » Competitive Market Assessments – provided support to due diligence efforts for gas pipeline acquisitions in the Northwest, Southwest, and Midwest.
- » Electric Generation Services – designed and received approval of a gas acquisition and all-in transportation plan to support the permitting and operation of the Wellton Mohawk Generating Facility.
- » Gas Procurement and Risk Management – provided support to gas LDC's in the development of Integrated Resource Plans and evaluation of risk management programs.
- » Price Forecasts – developed project-specific fuel price forecasts to support due diligence efforts in generation acquisition and new development.
- » Litigation and Regulatory Support – provided independent analyses and expert testimony regarding the transportation of natural gas under a number of pre-paid, forward contracts.

## About Navigant Consulting

Navigant Consulting, Inc. (NYSE: NCI) is a specialized independent consulting firm that assists clients in addressing the critical challenges of litigation, regulation, risk and business model change. We offer law firms, major corporations and government agencies independent and objective advice supported by advanced technical skills, proven complex case competence and in-depth industry knowledge.



## Price Forecasts

Gas and fuel price forecasts are often the starting point for analyzing investment decisions, supporting fuel resource acquisitions, and developing forward price and risk assessments. We provide our clients with price forecasts tailored to address specific markets, and customized to meet their analytical requirements. More importantly, we believe that understanding the business response to changes in prices is as important as a timely forecast. We offer our clients:

- » Market price forecasts built up to reflect load-specific costs and cost structures
- » Analyses of transportation and “basis” differentials across geographic markets
- » Descriptions of the effect of uncertainty on likely price outcomes
- » Application of our fuels market knowledge to enhance your business decisions

## Litigation and Regulatory Support

Commercial disputes involving natural gas contracts, prices, and transportation services often require the assistance of outside experts to reach resolution. For our clients involved in disputes or regulatory proceedings, we bring our practical operational experience and a North American perspective to bear on their issues, backed by our independent perspective and deep energy industry experience.

- » Conduct independent reviews of resource procurement and management activities
- » Provide expert analyses and testimony for regulatory proceedings and commercial litigation
- » Assist in dispute resolution and arbitration proceedings

## Representative Clients

- » ArcLight Capital
- » California Department of Water Resources
- » City of Chula Vista, CA
- » City of Colton, CA
- » City of Palo Alto, CA
- » Duke Energy
- » Enbridge Gas Distribution
- » Foster Wheeler Corporation
- » JP Morgan Chase
- » Kern River Gas Transmission
- » KRCD Community Choice Power Plant
- » Long Island Power Authority
- » Mackenzie Valley Gas Producers
- » Maritimes & Northeast Pipeline
- » New England Gas Company
- » Peoples' Energy
- » Puget Sound Energy
- » Terasen Gas
- » TransCanada Pipeline
- » United Cogen Inc.
- » Wellton Mohawk Generating Facility
- » Woodside LNG

## About Navigant Consulting's Energy Services

Navigant Consulting is the leading management consulting firm in North America concentrating on the restructuring energy and electric power industries. Our professionals understand the industry's market dynamics and underlying business fundamentals: the regulatory process, pricing, supply and demand dynamics, market design, customer strategies, fuel sourcing, financing and all aspects of operations. As senior advisors with deep industry expertise and advanced technical skills, we bring our clients independent analysis, insight, and innovative yet practical solutions.

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