



•••BATES•WHITE•••

ENERGY PRACTICE

NATURAL GAS AND FUELS MARKETS

ABOUT BATES WHITE

BATES WHITE IS A CONSULTING FIRM OFFERING SERVICES IN ECONOMICS, FINANCE, AND BUSINESS STRATEGY TO LEADING LAW FIRMS, FORTUNE 500 COMPANIES, AND GOVERNMENT AGENCIES.

BATES WHITE HAS OFFICES IN WASHINGTON, DC AND SAN DIEGO, CA

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HIGHLY SKILLED AND EXPERIENCED TEAM

Our experts apply extensive industry experience, rigorous economic training, and state-of-the-art analytical capabilities to assess natural gas and fuels markets. We provide unbiased analysis, key insights, and expert testimony so clients can make and support optimal investment and operational decisions.

LITIGATION SUPPORT

Because we deliver supportable analyses and conclusions, firms litigating issues that involve natural gas, liquefied natural gas (LNG), and other fuels in domestic and international markets approach their cases with added confidence and perform more effectively. We devise and execute highly complex analyses, deliver results in plain language, and provide expert testimony. Our experts have advised on contract disputes and re-openers, as well as energy trading disputes; analyzed prices and price levels; determined prices in competitive markets; analyzed market power issues in regulated markets; and evaluated complex commodity transactions.

REGULATORY SUPPORT

From cost of capital to cost of service, from rate design to tariff development, Bates White helps clients develop and defend their proposals and analyses in the regulated energy environment. Our clients include both regulated companies and regulators. We deliver objective expert advice and support services. Our experts have provided these services in numerous regulatory contexts, including rate cases, merger analyses, tariff disputes, and asset transactions.

STRATEGIC NATURAL GAS ANALYSES

Whether providing high-level assessments of natural gas markets or detailed price and basis analyses, Bates White contributes key insights to commercial and strategic decisions. Using proven models to evaluate and simulate dynamic natural gas markets, we identify likely price indifference points across natural gas markets and develop robust estimates of potential market penetration. We also assist in identifying segments of the logistics chain that are likely to maintain the greatest potential margins.

REAL OPTIONS ANALYSES

Contractual provisions in natural gas and fuel transactions often contain choices that can create valuable options. To capitalize on these opportunities, firms need accurate assessments of the value of these options. Many of these physical, or real, options are too complex to be valued using standard methods. Our clients get the information they need through our advanced probabilistic simulation models, which estimate the expected value, and the likely distribution of the value, of these real options.

CONTRACT VALUATION

Over time, and as commodity values change, the associated value of a contract will also change. Regulated rates protect margins or costs for some period of time, but regulation does not necessarily protect long-term value. Clients rely on our systematic approach to better understand long-term value. We marry our knowledge of the physical movement of commodities with the uncertainty of commodity prices to estimate the expected value of contracts, and distribution of that value, over time.

DEMAND FORECASTING

Whether broad estimates of potential demand or detailed econometric analyses of end-use consumption, forecasts of natural gas and fuel demand are critical to our clients' business planning processes. Our econometricians and subject matter experts in natural gas and fuels markets assist by developing reliable demand forecasts that are theoretically rigorous and supported by the available data.

RISK MANAGEMENT

The success of any risk management activity rests squarely on the development of a risk management policy. We develop appropriate policies that (1) identify the real risks faced by the organization, (2) are designed to avoid the influence of any individual or group, (3) contain the appropriate checks and balances, (4) specify key metrics, and (5) clearly state all reporting obligations. We also model risk management strategies to help our clients understand the range and likelihood of potential outcomes.

LEAST-COST PLANNING

Regulated utilities often must demonstrate that their plans for purchasing and managing natural gas and other fuels will result in the lowest expected cost to customers. Bates White analyses contribute to reasoned and supportable portfolio management decisions. Properly specifying the problem is paramount, and Monte Carlo techniques can further enhance solutions by identifying not only the lowest expected cost, but also the potential variation.