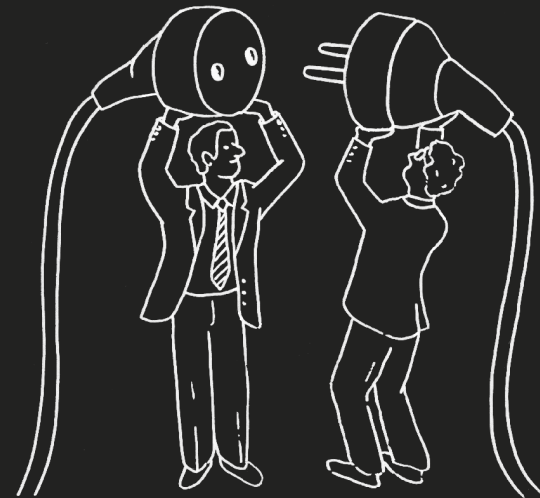


ceg

COMPETITION  
DISPUTES  
REGULATION

Asia-Pacific | Europe | North America

# Energy Practice



# CEG is a leading economic consultancy providing expert advice in disputes and commercial issues for the energy sector

The energy sector is transforming radically and faces numerous challenges primarily arising from environmental constraints, and the need for an increasing share of renewables in generation, following the COP 21 Paris agreement signed in 2015.

At the same time, natural gas markets around the world have been transformed by US shale gas, global LNG trades, new uses in bunkering and trucks, and the development of hub pricing. In the future, natural gas share in the energy mix is expected to increase, replacing coal and oil, thanks to its lower carbon emissions.

Electricity markets have been transformed by the rapid emergence of decentralised generation, public opposition to nuclear and fossil fuel, and the development of electric cars. Demand for electricity will increase, requiring more renewable power to meet stricter emissions targets. In the short-term, gas-fired power generation will be required as back-up to address any shortfalls resulting from the inherent intermittency of renewables. In the longer-term,

electricity storage is expected to become viable, once technical and economic constraints are overcome.

Future increases in the number of electric cars in use, the use of LNG in bunkering, and environmental constraints will affect the oil market. However, when and by how much remains uncertain.

CEG applies economic theory, modelling and valuation skills together with sector expertise and commercial insight to offer dependable advice on the key issues in this fluid environment.

Our experts have many years of industry experience ranging from project management to marketing and trading, and disputes across the whole value chain of the energy sector.

CEG regularly provides expert reports and testimony in support of large and complex disputes. Our experts also give advice on competition, regulatory, financial and valuation issues to support clients in their decision making.

# Disputes

CEG experts have been appointed in some of the largest and most complex energy disputes in recent years, providing reports and testimony to courts and arbitration tribunals.

CEG experts have successfully applied their economic and financial analytical skills in numerous cases – to assess both the question of liability and to estimate the quantum of damages incurred.

Our team of economists and financial professionals has the necessary expertise and experience to estimate all types of damages based on business valuation, cost of capital, economics, finance, financial and cost accounting, marketing, project management, and econometric and statistical modelling.

## REPRESENTATIVE ENGAGEMENTS

- UNCITRAL arbitration involving Hungarian gas and oil company MOL and the valuation of domestic gas production under a JOA
- LCIA arbitration involving a Middle-Eastern government against investors over the failed development of gas fields, for a multi-billion claim by investors
- UNCITRAL arbitration involving PGNiG against Gazprom in a price review process resulting in a substantial reduction in the price paid by PGNiG for natural gas
- ICC arbitration involving a major LNG supplier in a price review against a major European midstreamer
- ECT claim between Czech energy group CEZ and the Republic of Albania concerning electricity assets
- Valuation of assets for the purpose of calculating compensation in ECT / BIT cases involving expropriation
- ICC arbitration involving a North-African state-owned oil and gas company over the delayed upgrade of a refinery against the EPC contractor
- VIAC case involving Alpiq Ltd against PGE Polska Grupa Energetyczna Spolka Akcyjna over a breach of contract on the electricity market
- UNCITRAL arbitration for the theft of trade secrets, false advertising and breach of contract for Mecnizados Solares, S.L.v. ET Solar Group Corp. Included damages analysis and estimation of a reasonable royalty
- Advice to a Turkish power provider in an arbitration case relating to a power purchasing contract
- ICC Arbitration for breach of contract. Valuation of oil, gas and condensate reserves and of lost profits due to delay of development plans in Egypt

# Competition

CEG economists have substantial experience in applying economics to Article 101 and 102 cases (and their national equivalents) before the European Commission, and national competition authorities and courts.

By applying economic theory and empirical techniques, CEG experts assess whether firms have substantial market power, whether there is an abuse of dominant position, whether competition is being harmed, and whether state aid constitutes a distortion of competition. If required, our experts quantify expected concentration efficiencies.

CEG has also advised on a number of major cartel and restrictive agreement investigations brought by the European Commission.

## REPRESENTATIVE ENGAGEMENTS

- Petrol price information sharing proceedings brought by the ACCC against Informed Sources and BP Australia, Caltex, Woolworths and 7-Eleven
- Advice to the Australian Energy Market Commission on barriers to entry in power generation
- Compatibility assessment of state aid for a solar glass manufacturer in the energy sector
- A MEO test of public sector support to a large energy infrastructure project in Ireland
- Phase I GE / LM wind turbine transaction before EC; economic advice to intervenor
- EC Phase II investigation of E.ON acquisition of MOL gas business; economic advice and analysis for Hungarian oil and gas group MOL in successful completion of transaction involving sale of MOL's gas distribution business in Hungary
- EC Phase II investigation of DONG / ELSAM merger (for a complainant)
- Phase II investigation of Nuon / Essent transaction before NMA (for a complainant)
- Advice on the potential acquisition of British Energy for one of the world's leading electricity utilities

# Valuation/Financial Advice

In our role as advisors, CEG professionals provide independent valuations of complex financial and energy products for dispute, litigation, and commercial decision support.

Some decisions require advisers to complete a full valuation, while others require only a key element of the valuation, such as the estimation of the cost of capital. The cost of capital is the key hurdle rate that must be met in any financial decision. Moreover, its relevance extends beyond transactions; it can be a critical component of regulatory and competitive reviews.

Our advice covers: the valuation of mergers and acquisitions; the valuation of assets (physical or contractual); and the financing of energy companies, including their restructuring when required.

## REPRESENTATIVE ENGAGEMENTS

- Valuation of embedded derivatives in gas contracts in the context of an acquisition of a US energy group. These included storage, transportation, marketing as well as other optionality features
- Valuation of a mining group acquired by a large global mining player
- Quarterly valuations of commodities (including metals), biofuels, and energy assets for financial reporting purposes for a major US hedge fund
- Valuation of a number of power plants for restructuring purposes in emerging markets
- Advice to a fund investing in commodity assets through both unleveraged, direct investments and leveraged contracts with exotic and complex payoffs, such as embedded optionality or contingent cashflows
- Advice on the valuation of LNG contracts
- Advice to the Australian Energy Networks Association on cost of capital issues
- Model build of a portfolio of clean energy assets in Europe and the US
- Model validation of embedded derivatives for an energy distribution group in the UK
- Cost of capital and performance analysis for a global energy player across three business lines (generation, transmission, and telecoms) across 40 jurisdictions
- Cost of capital analysis for an energy group restructuring its power generation and transmission portfolio in emerging markets
- Cost of capital analysis for several power generators in the UK as part of their regulatory reviews

# Regulation/Transaction

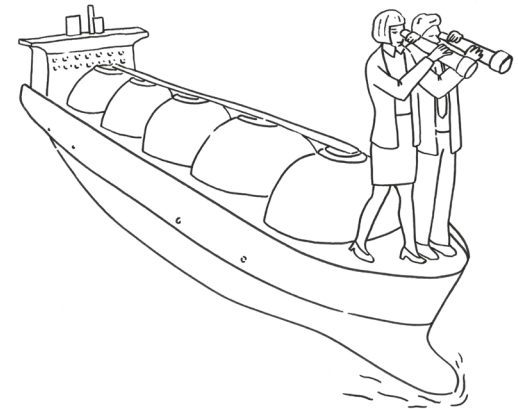
CEG brings together senior experts with experience in leading energy companies and in leading competition and regulatory agencies.

In an evolving economic and regulatory environment, CEG experts help companies minimise risks and identify and evaluate opportunities on the market. CEG experts support clients in their regulatory strategy, their investment strategy and the development of their trading and marketing activities.

CEG experts apply economic theory in combination with sector knowledge, commercial insights and experience, to provide independent, insightful and dependable advice to our clients.

## REPRESENTATIVE ENGAGEMENTS

- Economic advice to Cooper Cameron regarding proposed transactions in North Sea Oil services
- Advice to Hungarian energy group MVM in negotiations on the Shah Deniz project (bringing gas to the Hungarian market)
- Advice on the tariff structure for transit gas pipeline to liquefaction plant in Africa
- Model of the UK gas market to derive optimal pricing policies
- Valuation of gas fields in Africa for a major Asian Group
- Valuation of an oil refinery in Eastern Europe in view of its acquisition by a European energy group
- Multiple valuations of oil and gas reserves and production facilities, and determination of control premiums, and marketability discounts for various companies in the U.S.
- Advice on a request for third party access exemption in Europe
- Expert evidence on regulatory reform to the approach for setting cost of debt allowances for the Australian Energy Networks Association
- Advice to the New Zealand Electricity Networks Association on a range of issues related to a review of the New Zealand input methodologies



# CEG brings together experts from leading consulting firms, competition and regulatory agencies, academia and industry

Patrick Hébréard

Director, CEG Europe  
E / phebreard@ceg-europe.com

Nils von Hinten-Reed

Managing Director, CEG Europe  
E / nvhr@ceg-europe.com

Thierry Bros

Senior Consultant, CEG Europe E /  
tbros@ceg-europe.com

Radoslaw Dudzinski

Senior Consultant, CEG Europe  
E / rdudzinski@ceg-europe.com

Michael Dunbar

President, CEG North America  
E / mdunbar@ceg-northamerica.com

Dr Tom Hird

Managing Director, CEG Asia-Pacific  
E / tom.hird@ceg-ap.com

Dr Ewa Mendys-Kamphorst

Senior Adviser, CEG Europe  
E / emendys@ceg-europe.com

Jason Ockerby

Managing Director, CEG Asia Pacific  
E / jason.ockerby@ceg-ap.com

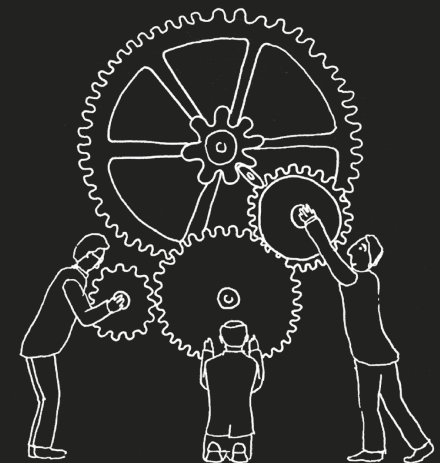
Dr Barbara Veronese

Director, CEG Europe  
E / bveronese@ceg-europe.com

Dr Fred Wandschneider

Senior Adviser, CEG Europe  
E / fwandschneider@ceg-europe.com

Go to [CEG's website](#)  
to view full profiles



# CEG offices work across different time zones

## ASIA-PACIFIC

### SYDNEY

234 George Street  
Sydney NSW 2000  
Australia  
Tel: +61 2 9881 5750

## EUROPE

### BRUSSELS

Avenue Louise 367  
B-1050 Brussels  
Belgium  
Tel: +32 2 642 0017

### DÜSSELDORF

Königsallee 92a  
40212 Düsseldorf  
Germany  
Tel: +49 211 5403 9850

### LONDON

Amadeus House  
27B Floral Street  
London WC2E 9DP  
United Kingdom  
Tel: +44 20 3908 7010

### MILAN

Piazzale Biancamano 8  
20121 Milan  
Italy  
Tel: +39 02 6203 2178

### PARIS

54 avenue Hoche  
75008 Paris  
France  
Tel: +33 1 56 60 50 74

### ROTTERDAM

Weena 290, 10th Floor,  
3012 NJ Rotterdam  
Netherlands  
Tel: +31 10 282 1264

## NORTH AMERICA

### SAN FRANCISCO

1937 Chestnut Street  
San Francisco CA 94123  
United States  
Tel: +1 650 995 3481

[www.ceg-global.com](http://www.ceg-global.com)

