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SECURING LONG-TERM INVESTMENT FOR THE INDUSTRY
Attracting New Capital in Challenging Times

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Most common traditional long-term investor model

- Fully long-term contracted infrastructure
- Regulated assets and “coupon” returns
- Limited / no market or commodity price risk

The challenges for the traditional model

Are regulated and contracted returns really still “low risk”?

Are there enough traditional model investment opportunities?

Are we attracting new sources of capital and investors?

Attracting new capital

- New Investors are open to

Increased risk appetite if there is a liberalized liquid market

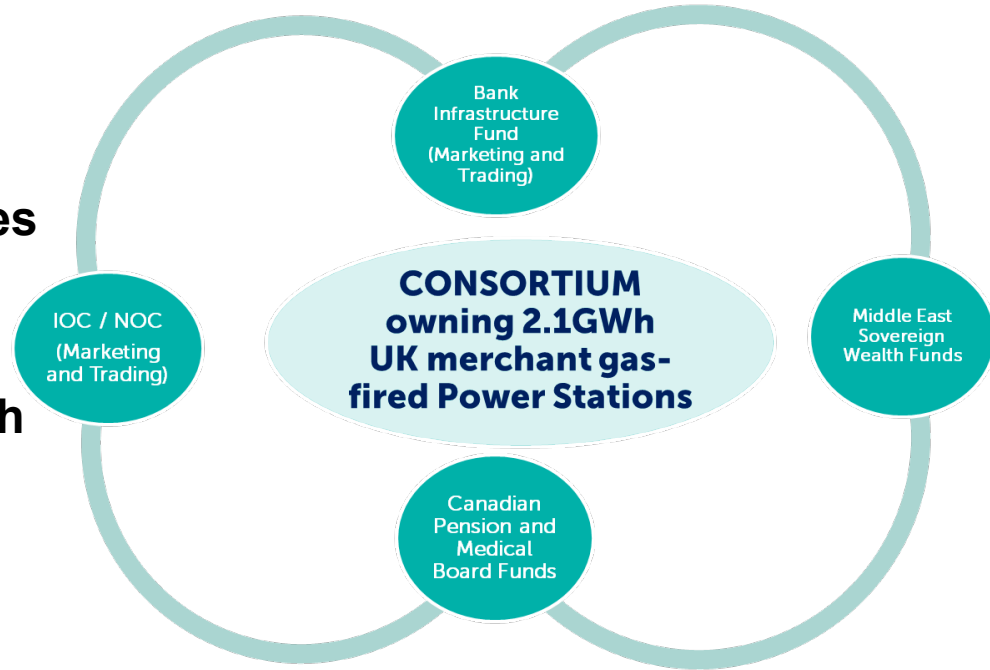
- Given regulatory uncertainty, unregulated merchant risk no longer looks so risky
- Shared Commodity Price Risks based on Fundamental Outlook
- But investors require more direct control to be comfortable

Getting Investors Comfortable with more Risk

- Unique diversification of investors
- Give investors more direct control and access
- Traders co-invest with passive investors on equal terms
- Equal terms = sharing of upside with all investors
- Rely on shared long-term fundamentals

Case Study

- **Shared Fundamental View**
- **Joint Risk Management Committees**
 - Investors control and decide on hedging and trading strategy
- Includes more than one **Investor with Marketing and Trading expertise**



Take-Aways

- Speeding up liberalization is key to allow to manage risks
 - Investors may prefer unregulated price risk over regulatory uncertainty
- Find diverse investors who share same fundamentals view
- Be open to share control as well as risk and reward
- Gas Industry needs to diversify its investment models to attract more non-traditional Capital