

FERC & IPPAI Workshop

BG AMERICAS
& GLOBAL LNG



Public Good vs. Private Profit

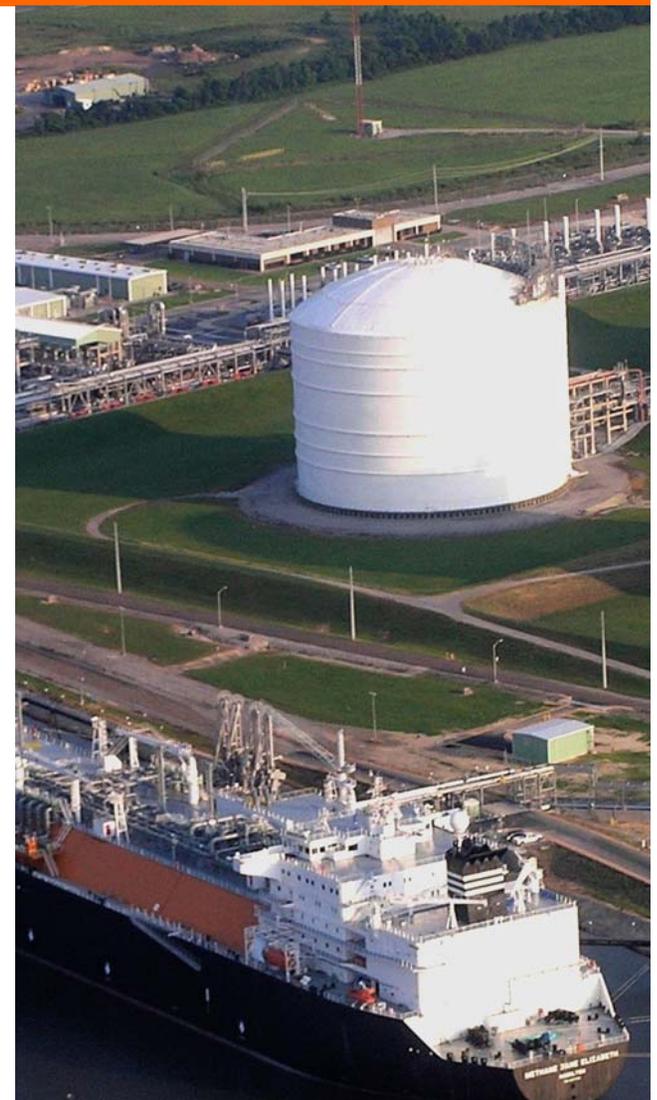
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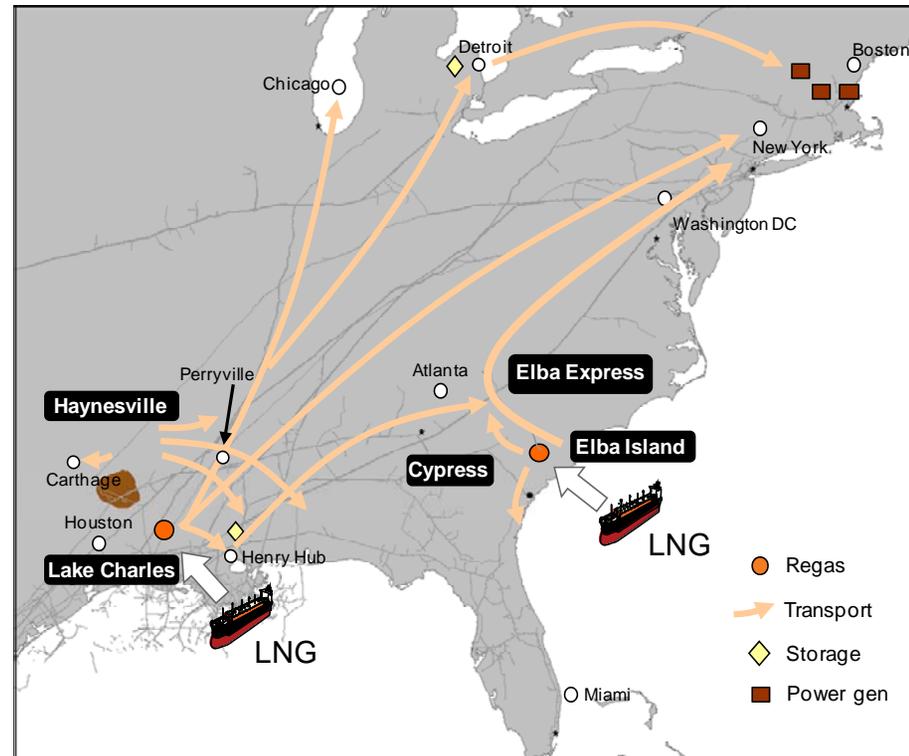
BG Group overview

- Integrated gas major
- Activities across the entire gas chain from source field to market
 - Exploration & Production
 - LNG
 - Transmission & Distribution
 - Power generation
- FTSE top 15 company
- Market capitalization
 - Over US \$59 billion
- Operates in over 27 countries



BG Group US footprint

- LNG regasification
 - Lake Charles
 - Elba
- US production
 - Haynesville shale
- Marketer
 - Midwest , Southeast and Northeast markets
- Storage
 - Production area
- Power
 - 1,200 MW of generation in New England



BG's interests in India

- BG Group has held a 30% interest in the mid and south Tapti gas fields and the Panna/Mukta oil and gas fields since 2002
- In 2006, BG Group acquired a 45% interest in an exploration block in the Krishna Godavari Basin off the east coast of India
- BG Group has a 65% controlling stake in Gujarat Gas Company Limited (GGCL), with the remaining 35% publicly owned
 - GGCL is India's largest private sector natural gas distribution company in terms of sales volume.
 - GGCL currently has more than 255 000 residential, commercial and industrial customers and fuels CNG to more than 95 000 NGVs
- BG Group and GAIL (India) each have a 49.75% stake in Mahanagar Gas Ltd (MGL), with the residual stake held by the government of Maharashtra
 - MGL is India's largest gas distribution company in terms of size of customer base

BG's experiences

- BG has assets in nascent markets like Nigeria and Kazakhstan to fully mature markets like the US and Australia
- Countries like India, Brazil, Singapore lie somewhere in between
- Even in regions like Europe, many challenges remain
 - Very difficult to achieve either public good or private profit when there is no central regulator, rules are unclear, incumbent utilities dominate the market
- BG's regulatory strategy
 - Share experiences among assets since there are always lessons to be learned
 - Engage early and often with regulators on policy matters
 - Think long-term

BG's experiences (cont'd)

- Australia
 - Engaging with the regulator to developing liquefaction plant and pipeline which will export CBM to countries like China
- UK
 - Put in operation LNG export terminal that has third party exemption but with UIOLI rules approved by ofgem
- Brazil
 - Recently completed major tariff review that preserved value for Comgas and its customers
- India
 - Working with PNGRB on natural gas policies
- Kazakhstan
 - Developing a gas master plan with local partners

Public good vs. private profit

- Not a matter of one or the other
- Governments and regulators
 - Define the public interest
 - Aim to provide consumers with access to safe, reliable energy supply at reasonable cost
 - Set the rules of the road for market participants
- Private companies
 - Have a fiduciary duty to shareholders
 - Provide customers with high quality product
 - Look for opportunities to increase value to both shareholders and customers

Public good AND private profit

- Competitive markets can produce both
 - Can provide consumers with adequate supply at reasonable price
 - Allow companies to grow business though there will be winners and losers
- Critical elements of competitive markets
 - Legislative and regulatory certainty
 - Regulator with clear authority
 - Clear and transparent rules
 - Third party access on transmission grid
 - Regional markets that provide for many buyers and sellers