

# Hedging under high uncertainties

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# HORVÁTH – 40 years of business consulting with strong footprint in energy, oil & chemicals



Est. 1981

Revenue 2022 >250 MEUR

## Industry expertise

Energy, Oil, Chemicals, Automotive, Consumer Goods, Financial Industries, High Tech, Industrial Goods, Logistics, Media, Pharmaceuticals, Public Sector, Retail, Telecom, Transportation, Travel

## Values

Entrepreneurship  
Competence  
Innovation  
Openness  
Trust



Over 1,200 employees

## Global presence

Germany, Austria, Switzerland, Hungary, Romania, Italy, Denmark, UAE, KSA, USA

Member of Cordence Worldwide Alliance

## Our client footprint (selection)



## Awards



**BEST OF CONSULTING 2022**

ORGANISATION  
Übersicht  
**1. PLATZ**  
HORVÁTH

**WirtschaftsWoche**

**Handelsblatt TOP Beratung**

Digitalisierung  
2022  
**HORVÁTH**

In Kooperation mit:  
Handelsblatt Research Institute  
Handelsblatt - 26.07.2022

**Handelsblatt TOP Beratung**

ESG & Nachhaltigkeit  
2022  
**HORVÁTH**

In Kooperation mit:  
Handelsblatt Research Institute  
Handelsblatt - 26.07.2022

**Handelsblatt TOP Beratung**

Regulatorik, Compliance & Risk-Management  
2022  
**HORVÁTH**

In Kooperation mit:  
Handelsblatt Research Institute  
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brandeins/thema **b**

**2022** Heft 22

Beste Unternehmensberater

**Forbes 2022**

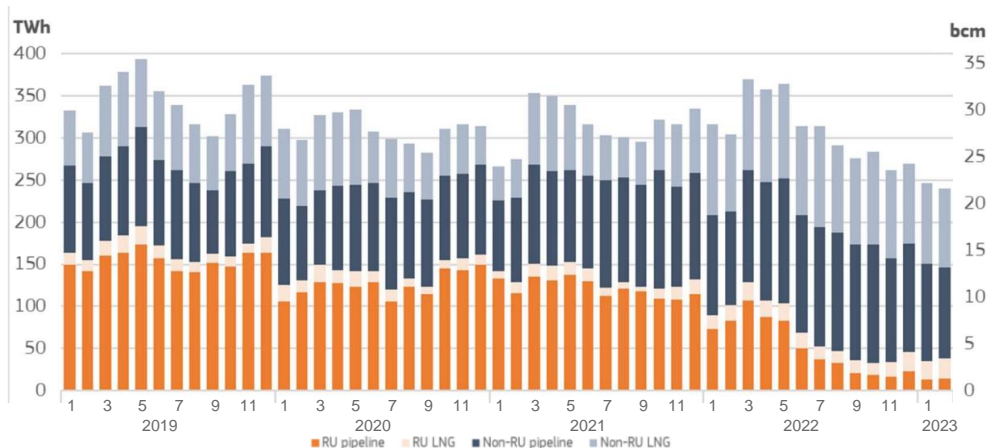
**WORLD'S BEST MANAGEMENT CONSULTING FIRMS**

POWERED BY STATISTA

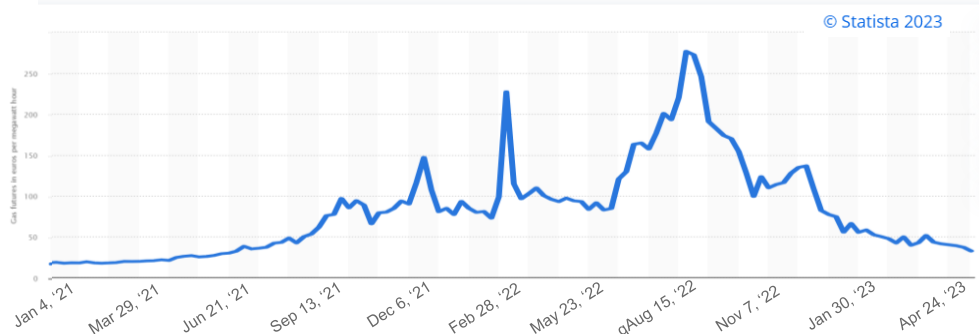
# Recent developments in the gas markets and how it impacted our clients

## Monthly pipeline and LNG imports

Source: 4th Quarterly report 2022 On European gas markets



## Monthly TTF future prices



High supply and balancing costs

Decline of demand

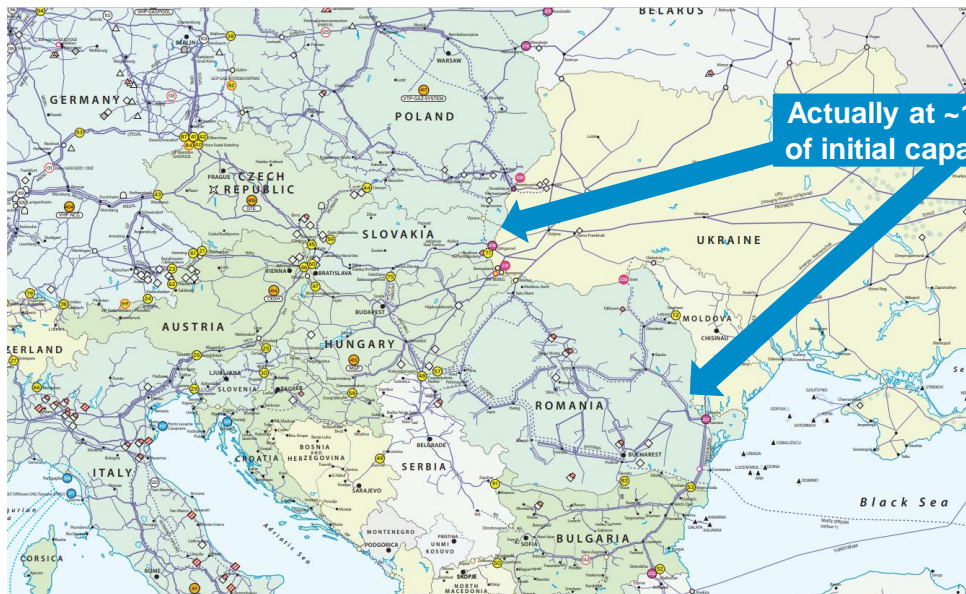
Reduction of trading counterparties

Security of supply issues

Liquidity issues

Suspension of sales activities

# What might still to come regarding the actual situation and what impact could it have?



Source: THE EUROPEAN NATURAL GAS NETWORK 2021, entsog

Elimination of an established supply source

Threat of premature gas shortage

Regulatory uncertainties

# Strict EU guidelines propose a need for adaptation by participants of the gas market

## Decarbonization Targets

- The overall EU target for 2050 is to be **climate neutral**
- The EU-Commissions' target plan includes a **55%** reduction of greenhouse gas emissions by 2030 (compared to 1990)
- Long term contracts for unabated fossil gases must not run beyond the year **2049**



## Efficiency Targets

- Compared to reference scenario 2007, the energy efficiency target is **32.5%** by 2030
- In absolute numbers:
  - No more primary energy consumption than **1128 Mtoe**
  - No more final energy consumption than **846 Mtoe**



## Renewable Targets

- The new 2030 target for the EU is **42.5%** of renewable energies
- Increase of use of renewable energy is also aiming at further gaining independence from Russia as a gas provider



## Hydrogen market development

- EU Commission proposed to produce **10 Million tonnes** of renewable hydrogen by 2030
- A further **10 Million tonnes** should be imported by 2030
- The EU also launched and promotes industrial, funding and innovation initiatives (e.g. clean hydrogen partnership)



Total sales on gas expected to decline over time

Decarbonization of the gas portfolio

Supply and cost uncertainties

Increased risk of investments

# Following a portfolio analysis, customers conceptualize and implement adaptations in four dimensions

## Liquidity Management

- Improvement of existing steering processes
- Optimization of reporting for more accurate forecast of future liquidity needs



## Risk Management

- implementation of changes in risk strategy to allow flexible gas portfolio management
- Adaptation of: risk manual, systems and reporting



## Implementation

### Conception

Liquidity Management

Strategy

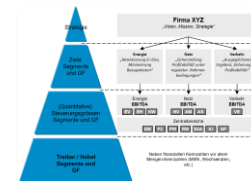
Portfolio Analysis

Risk Management

Contracts

## Strategy

- Development of strategic measures incl. financial assessment of options
- Adaptation of portfolio strategy by choosing the appropriate strategic measures

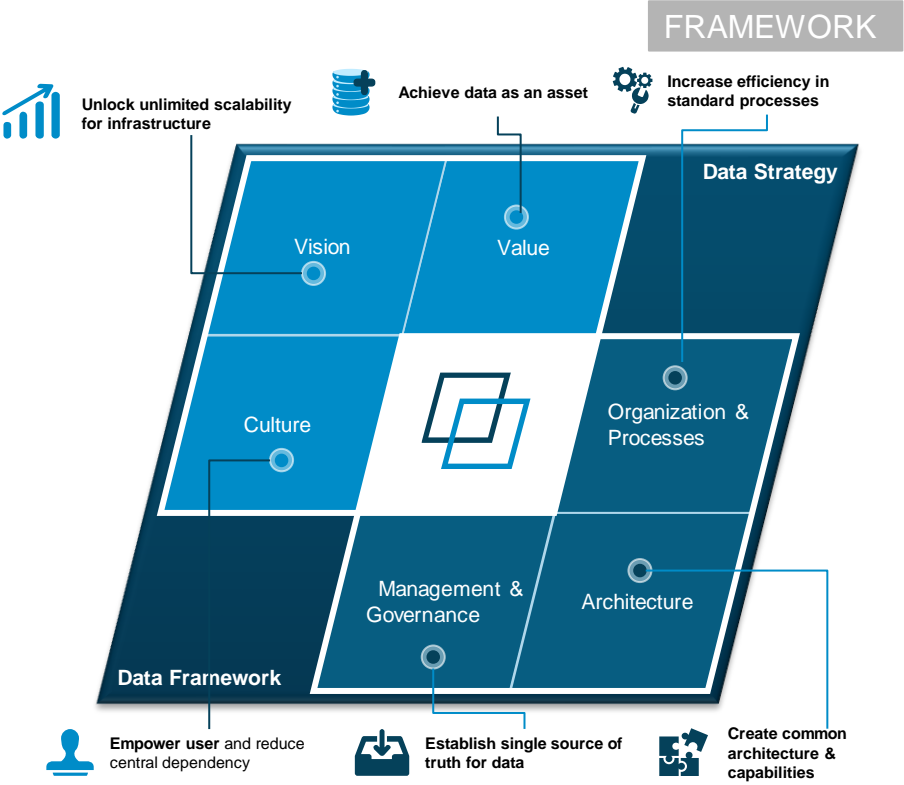


## Contracts

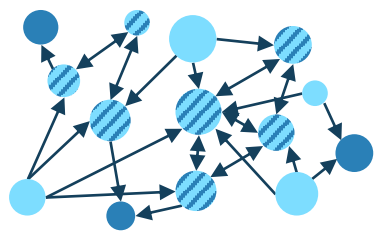
- Contract negotiations with storage provider companies (capacities, pricing, delivery)
  - Participation in auctions
  - KYC process



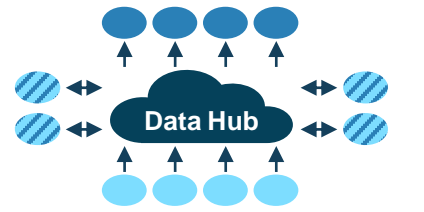
# Data driven decision making enables companies to increase flexibility and improve business decisions



## Today's System Landscape



## Future System Landscape



● Providing System  
● Consuming System  
● Providing & Consuming System

## USE CASE

Large German Energy supplier  
 02/2020 – 03/2023  
 Timeline

### Project Scope

- data as the central component of IT architecture
- Strategic data model for standardization
- Workstream management and business analysis

### Key Aspects & Realized Benefits

- Single point of truth for data
  - High scalable IT system architecture
  - Reduced time-to-market
  - Standardized and more efficient processes
  - Increased flexibility and agility
- Improved Business Decisions

## Main Take-aways

Life is uncertain

Align strategy and operations

Create optionalities and avoid lock-in effects

Enable transparency and efficiency



