VIRTUAL ROUND TABLE

CORPORATE LiveWire

ENERGY & NATURAL RESOURCES 2014

MEET THE EXPERTS

Jochen Terpitz - Simmons & Simmons LLP
T: +49 69-90 74 54-51
E: jochen.terpitz@simmons-simmons.com

Jochen Terpitz is a corporate finance lawyer based in Frankfurt. He specialises in the energy and infrastructure sectors.

Jochen has handled a wide variety of energy and infrastructure related transactions for German and international clients, including M&A transactions and privatisations. He advises developers, investors and banks on power projects in many European countries and has expert know-how in particular with regard to the development, financing and acquisition of renewable energy projects. Jochen's practice also covers relevant regulatory aspects.

Raul Fernando Romero Fernandez - Rodriquez Davalos Associados
E: rromero@rdabogados.com.mx

Rodríguez Dávalos Asociados (RDA) is one of the fastest growing law firms in Mexico specialized in the energy sector, comprising oil, gas, electricity and renewables, as well as maritime projects; with more than 15 years of experience in this dynamic field.

RDA provides professional and personal services based on the broad experience that its lawyers have, advising domestic and foreign companies; including among others, local governments.

In RDA we have extensive experience helping our clients to handle successful business relationships with governmental institutions, such as: Ministry of Energy (SENER), Federal Commission of Electricity (CFE), Petróleos Mexicanos and its subsidiary entities and affiliates (PEMEX), the National Hydrocarbons Commission, and the Energy Regulatory Commission (CRE), among others.

RDA has also participated in several energy projects in Mexico (most of them "first of a kind" projects), such as Mexico's only cross-border LPG transportation pipeline, the negotiation and execution of the first interconnection agreement to the Pemex´ LP Gas pipeline, execution of NAESB agreements for power generation companies, IPPs and natural gas LDCs in northern Mexico, as well as the negotiation of the Transportation Services Agreement and Operating Balance Agreement for the first operative SWAP of natural gas in Mexico. Regarding renewable energy, RDA has been involved in the preparation and award of permits for Wind and Solar Power Generation Facilities, throughout Mexico. All of the abovementioned projects, among others, represent national and foreign investments for over USD$5.5bn.

Rogelio Lopez-Velarde - Lopez, Velarde, Heftye y Soria
T: +5255 3685 3334
E: rlopezv@lvhs.com.mx

Rogelio López-Velarde is an Attorney and Counselor-at-Law, admitted in Mexico in 1988, and in the State of New York in 1991. Mr. López-Velarde received his J.D. Degree, summa cum laude, from the Universidad Iberoamericana Law School in 1988, and earned his LL.M. degree from University of Houston Law Center in 1989.

Mr. López-Velarde held various positions at Pemex during 1988-1993, including In-House Counsel in Houston, Texas, In-House Counsel in New York, and Head of the International Legal Department of Pemex. He was honored with the "Most Distinguished Attorney Award" of Pemex for the period 1990-1991.

Mr. López-Velarde is the former Chairman of the Energy Committee of the Mexican Bar Association, the former President for the Latin America Chapter of the Association of International Petroleum Negotiators (AIPN).

MEET THE EXPERTS

Tom Flaherty - Booz & Co
T: +1 214 746 6553
E: tom.flaherty@booz.com

Tom Flaherty is a Senior Vice President and member of Booz & Company's Energy, Chemical & Utilities Practice. He has more than 39 years of experience in a wide range of consulting areas related to strategy development, corporate growth, organizational restructuring, business transformation, capital allocation and, regulatory strategy and assistance.

Paulina Riquelme - Eelaw Energy and Environment Legal advice
T: +56 2222 9567
E: priquelme@eelaw.cl

Founding partner at EeLaw Energy and Environment Legal Advice. Her legal practice concentrates on environmental law, natural resources, energy & mining, and national and international environmental regulations. She serves as counsel to a wide variety of industries, including mining, energy and aquaculture industries.

Mrs. Riquelme actively participates in the development of national environmental legislation and rulemaking on all aspects of environmental and natural resources law.

Attorney graduated from the Catholic University of Chile, suma cum laude. Energy and Environment LLM at Tulane University (New Orleans, LA) in 2001, with distinction. Fulbright Scholar.

Mrs. Riquelme worked as senior associate with Urenda, Rencoret, Orrego y Dörr law firm, from 2002 to 2007; where she developed the firms' practice in environmental law, natural resources, aquiculture, environmental corporate matters (i.e. due diligence, mergers and acquisitions, environmental provisions in corporate agreements), environmental permitting and environmental assessment, wastes, emissions offsets agreements, and environmental compliance, among others.

During 2002, Mrs. Riquelme participated together with Mr. Jorge Luis Varela in a research project requested by the Consejo de Defensa del Estado (Chilean Attorney General Office) regarding international environmental and maritime law, particularly in the regulations of various liability regimes applicable to oil spills, emergency response actions, clean up and compensation issues.

In addition to her professional career, Mrs. Riquelme teaches Environmental Law in graduate programs at several Law Schools in Chile.

Sumanto Basu - JSA Law
T: +91 124 4390 699
E: sumanto@jsalaw.com

Sumanto is chair of the Projects Practice at JSA. He focuses on the Energy sector.

He primarily advises on diverse Energy projects, such as LNG projects (including LNG sale & purchase agreements) upstream developments (including on Production sharing Contracts and Joint Operating Agreements), and product or gas off-take agreements. He advises multiple Indian and non-Indian Oil & Gas companies, including Energy majors.

Sumanto also works on Conventional Electricity and Renewable Energy Project development and Project Financings.

With regard to Power Projects, Sumanto has advised on the whole gamut of Project Development issues, including, Project tenders, Power Purchase Agreements (PPAs), Fuel Supply Agreements (both Coal & Gas), Engineering & Procurement contract (EPC) (including split EPC contracts); Operations & Maintenance Agreements (O&M), and land related issues (including Forest Land issues).

With regard to Renewable Energy, he has advised on establishment of multiple Wind Power, Hydro, Bio-mass and Solar Projects in India.

MEET THE EXPERTS

Sumanto has advised multiple International Energy (Electricity, Oil & Gas and Renewable Energy) companies on their Indian projects. He has advised many large Indian Oil & Gas companies with regard to their domestic as well as international investments.

Sumanto has various publications in Energy journals and has recently submitted a chapter on Oil & Gas Laws in a book to be published by the Oxford University Press.

Mohamed Idwan Ganie - Lubis Ganie Surowidjojo
T: +62 21 8315005
E: ganie@lgslaw.co.id

Dr. Ganie specializes in commercial transactions and commercial litigation, including alternative dispute resolution and has acted as an expert in a number court and arbitration proceedings.

His expertise covers general corporate/company law, mining law, investment law, acquisitions, infrastructure projects/project finance, antitrust law, and shipping/aviation law.

A particular focus of Dr. Ganie's practice is corporate governance and compliance. This includes legal compliance audits and legal ratings, which is a unique product of the firm.

Dr. Ganie is the Managing Partner of Lubis, Ganie & Surowidjojo. Under his management the firm has become Indonesia's largest law firm, and has obtained its ISO certifications for (1) quality management, (2) legal services and (3) environmental quality management system (all issued by UK based Lloyd's Register Quality Assurance) which has made LGS the only Indonesian law firm that has acquired and maintains such international quality standard certifications.

Dr. Ganie is an Independent Commissioner of P.T. Global Mediacom Tbk, the owner of Indonesia's largest media company (television, radio, online news and printed media).

Ali Ozan Karaduman - Mehmet Gun & Partners
T: +90 (212) 354 00 00
E: ozan.karaduman@gun.av.tr

Ozan is a senior associate in Corporate and Commercial Department of Mehmet Gun & Partners. He has been with the firm since 2007 and his practice focuses on M&A, preparation and negotiation of contracts, as well as telecommunication and energy law projects. He is a graduate of Galatasaray University in Istanbul and speaks English and French. He is a member of the Audit Board of the Galatasaray University Alumni Association.

Sergio Casinelli - Norton Rose Fulbright
T: +58 212.276.0021
E: sergio.casinelli@nortonrosefulbright.com

Sergio Casinelli practises primarily in the area of corporate and commercial law, with a focus on energy and natural resources.

Mr. Casinelli does a wide range of transactional and corporate work, including mergers, acquisitions, spin-offs and corporate restructurings. As part of his practice, he also regularly advises on the incorporation of new companies and formal corporate presences in Venezuela, as well as on the drafting and negotiation of routine corporate documents, including a wide range of contracts, and he conducts due diligence reviews.

Mr. Casinelli has broad experience in the national and international energy area. In particular, he has assisted in the review of Venezuelan regulatory matters for oil and gas companies, as well as in the review, drafting and negotiation of contracts relating to the incorporation of mixed companies for hydrocarbon projects in Venezuela, the drafting and review of several services contracts for oil and gas companies and related Venezuelan regulatory matters, including reviewing and assisting on contractual matters regarding former association agreements and services contracts executed in Venezuela.

Mr. Casinelli has also been actively involved in the energy regulatory framework of Mexico. In addition, he has advised telecommunications and dot-com companies on regulatory and corporate matters and has participated as an advisor in several international arbitration procedures for clients.

Edmond Grieger - Von Wobeser y Sierra, S.C
T: +52 (55) 5258-1016
E: egrieger@vwys.com.mx

Edmond Grieger is partner at Von Wobeser y Sierra, S.C., head of the Energy, Environment and Natural Resources practices of the firm. He provides legal counsel on environmental and energy matters and disputes. He obtained his law degree from the Universidad Anáhuac and a Masters in Law (LL.M.) specialising in environmental and energy law at the Johannes Gutenberg Universität Mainz, Germany. He is member of the Mexican Bar Association, the Environment and Energy Committee of the ICC, and the Environment and Energy Law Commissions of the IBA.

Practice Areas

Edmond Frederic Grieger is engaged in the following pratice areas:

Constitutional and Administrative Proceedings

Commercial Litigation

Energy Regulation and Projects

Environmental Protection

Energy & Natural Resources 2014

In this roundtable we spoke with 9 experts from around the world about the latest changes and developments in the Energy & Natural Resources sector. Our chosen experts discuss the latest regulatory changes and future developments. Other topics include a discussion on hydraulic fracturing, government incentives and "emerging" risks.

1. What regulatory changes or developments have emerged in the last 12 months?

Flaherty: In the United States, the climate change 'push' has surprisingly re-emerged after many thought this topic would remain dormant given the lack of broad-based business and public support. While political motivations largely underlie this rekindling of the broader debate, the executive branch enactment of stringent new source standards for future coal plants effectively ensures that coal development will not occur in the near-term. And, the impacts of hydraulic 'fracking' on water supply quality and safety began to receive greater attention at the Federal and state levels. Beyond these environmental issues, utilities also witnessed the emergence of a powerful solar lobby intent on influencing state regulatory policies in support of distributed generation at the expense of traditional generation and stable cost recovery. These developments all affected the ability of companies to effectively plan, understand risks and preserve financial integrity.

Basu: The following are some of the regulatory developments which have been proposed in the last 12 months:

- Increase in price for domestically produced natural gas. This is expected to lead to growth of the market. And, also move prices to the market determined mechanism, which has been the demand of the industry.

- Introduction of a Shale Gas Policy, which allows certain existing Production Sharing Contract holders, to explore and produce shale gas. Again, the expectation is a growth in domestic gas production, based on such.

Certain proposed amendments to the Electricity Act, 2003 by the Ministry of Power, such as:

- Cross-subsidising electricity has been a long standing problem. Mandatory time-bound reduction of cross subsidy provisions specified in the National Tariff Policy and the National Electricity Policy, are to be implemented.

- While generators were being made to wait too long to get their increasing fuel cost burden repaid. So, it is proposed that a variation in fuel and power procurement costs should be recovered on a monthly basis to address the issue of under-recovery of revenues in distribution.

Lopez-Velarde: Since President Enrique Peña Nieto took office back in December 2012, an important number of changes in the Mexican legislation have occurred, some of them historical. In 2013, the Mexican Congress had an intense activity and promoted amendments to the legal framework, some of such amendments will have a fundamental impact in the energy and natural resources arena. Such changes include among others: (i) the new Federal Law on Environmental Liability ("LFRA") published on 7 June 2013, and (ii) the Constitutional reforms concerning energy matters published on 20 December 2013 (the "Energy Reform").

(i) LFRA. This new statute defines the concept of environmental damage and provides the actions and procedures aimed at enforcing the liabilities resulting from any environmental damage caused by individuals or entities, directly or indirectly, as well as, the guidelines to determine the applicable remediation and compensation measures and penalties.

(ii) Energy Reform. In a historical move for the energy industry, in December 2013 the Mexican Congress approved a Constitutional reform to allow private participation in the oil and gas industry and the electric power industry which were exclusively reserved to the federal government to Pemex and CFE (Mexico's national utility company). Pemex vertically-integrated monopoly was abolished and now the whole industry will be open for competition. Despite that the secondary regulation is currently being prepared and will not be published until mid-2014, it is expected that the amendments approved to the Mexican constitution will have a significant impact in the economy and will foster competition and foreign investment. The main changes contemplated in the Energy Reform are (a) the possibility of executing risk contracts

for exploration and production of oil and gas; (b) the liberalisation midstream and downstream sector; (c) the creation of a new environmental agency specialised in the oil and gas industry; (d) with respect to natural gas pipelines, the creation of the National Center for Control of Natural Gas, as an independent operator of the current Pemex gas pipeline system; (e) concerning power, the full liberalisation of the power generation market, the separation of transmission and distribution through independent companies controlled by the State, and the creation of an independent system operator to dispatch the system on a technical and economical basis.

Ganie: The independent government contracting agency for oil and gas PSCs (Productions Sharing Contracts) (BP Migas) was recently found to be unconstitutional, and has subsequently been placed under the Ministry of Energy and Natural Resources (as SKK Migas). This has not affected the PSC framework, but will result in a new Oil and Gas Law having to be issued in the near term, which could more significantly change the regulatory environment.

Mining is currently undergoing the implementation of the 2009 Mining law which mandated divestment of 51% to Indonesian parties and is set to require domestic processing of minerals in the immediate future (unless the policy is reversed due to lack of domestic capacity, as appears possible).

Karaduman: 2013 was a very active year in terms of regulatory changes in the energy sector in Turkey. The regulatory framework of the electricity sector is reshaped by the Electricity Market Law No. 6446 dated 30 March 2013 ("EML") which brings a new mechanism called pre-license, creates EPİAŞ -a stock exchange which is specific to energy sector and makes amendments on license types and renewable energy resources ("RES") among other issues. Electricity Market Licensing Regulation issued on 2 November 2013, Regulation on Unlicensed Electricity Generation issued on 2 October 2013 and Regulation on Documentation and Supporting of Renewable Energy Sources issued on 1 October 2013 have been entered into force in order to clarify the implementation of the new EML. Additionally new Petroleum Law is enacted on 11 June 2013 in order to harmonise the Turkish petroleum regulation with EU laws and a draft law has been prepared for regulating the Natural Gas Market Law to facilitate the liberalisation process.

Casinelli: Latin America is a very dynamic jurisdiction. Although in previous years we noticed several countries leaning towards further regulations and restrictions on private participation in Energy projects, we can recently see how more countries are currently leaning towards a more pragmatic and modern approach in an attempt to lure private investment in Energy projects. Perhaps the most dramatic example is that of Mexico, which has recently approved a historic amendment to its Constitution, soon to be followed by amendments to its legal framework, in order to bolster private investment in upstream hydrocarbons development, as well as in electric power. Once the changes are implemented, national and foreign investors are expected to dramatically increase their participation in the exploration and production of hydrocarbons. This pragmatic approach may evidence that some countries are considering revisiting traditional views and positions regarding the industry in an attempt to adapt and adjust to modern and changing times.

Even countries that continue to have a strong State control and participation in Energy projects, such as Venezuela, have recently expressed the possibility of allowing private participants to have a more active role in certain project tasks in order to increase efficiency and attract a more active participation by the private sector in Energy projects.

The last 12 months have also seen further developments in the Energy industry of other Latin American countries, such as Argentina where its focus is in the field of shale hydrocarbons. When compared with other regions, Latin America may be considered to have fallen behind when it comes to enacting specific legislation regarding exploration and exploitation of unconventional hydrocarbons, but further interest in the sector has increased in recent months, as evidenced by the considerable interest generated by shale hydrocarbons deposits, such as Vaca Muerta in Argentina. The recent announcement of a settlement with Spain's Repsol will surely send a good message to investors focusing on Argentina.

Fernandez: The Constitutional Reform held in 2013 amended articles 25, 27 and 28 of the Mexican Constitution with the purpose of allowing private investment participation in the development of the gas and power industries. Even though oil and other underground solid, liquid and gaseous hydrocarbons are still owned by the

Nation, in order to obtain revenues for the State for a long run development, the exploration and extraction activities of oil and other hydrocarbons still has to be performed through assignments to productive companies of the State (Pemex & CFE) or through agreements executed with such companies or individuals, in accordance with the Regulatory Law. Nonetheless, every assignment shall contemplate that the ownership shall remain to the Nation. Regarding the electricity field, power production is now allowed to private companies for its commercialisation.

Terpitz: As one of the leaders in the transition from conventional fossil to more sustainable energy generation, Germany is also showcasing the challenges one may come across when the concepts of regulation do not meet the noble aims. Is it just the unlucky combination of an abundant market incentives system, a global recession, a dropping EUA price level? In fact the main point to me seems to be that none of us has been able to forecast the rapid developments in technological innovation (wind turbines for example, or grid technology), behaviour of people (in favour of PV on their roof tops, but against cross-country electrical lines) or prices in a globalised market (only think of natural gas or PV panels). Any governmentally implemented certificates system must become useless if based on incorrectly forecast assumptions; and the same applies to governmental subsidies for gigantesque power plants with a 10 year construction phase. My best guess is that energy regulation will have to adapt to unpredictability and "crowd intelligence" in a far more decentralised energy world.

Grieger: In December 2013, Mexican lawmakers gave an important step to boost Mexico's energy sector, by approving historic constitutional amendments to overhaul the oil, gas and electric sectors, which will open the market for national and foreign investors. All that remains is for the energy bill to be published in the federal official gazette in order to enter into force. The energy bill ends with a 75 year state monopoly in this sector.

The bill amends articles 25, 27 and 28 of the Constitution in relation to energy matters and includes 21 transitory articles which govern certain specific aspects that must be reflected by Congress through amendments to the existing legal framework within 120 calendar days from the entrance into force of the reform.

Riquelme: These past 12 months have been very interesting with respect to environmental enforcement and compliance in Chile. As a result of a 2010 amendment to the Chilean environmental framework law, a new scheme for environmental enforcement and compliance was incorporated. This new scheme involves: (i) the creation of a specialised enforcement agency called the "Superintendence of the Environment" with strong inspection and enforcement powers, (ii) a new statute for prosecuting non-compliances including the substantial increase of fines, and (iii) the creation of Environmental Courts as a special jurisdiction to review environmental cases.

The new enforcement agency has been in functions and operative since 28 December 2012, completing this past December its first year of operations. This first year has proven busy for the agency, which has been actively engaged in performing inspections and prosecuting environmental violations. The regulated community has experienced a major change in the way environmental compliance is viewed by the newly created agency and has struggled to adequately manage compliance. Consequently, all new regulatory developments in Chile over the past 12 months have related to environmental compliance and the implementation of a stricter environmental enforcement policy.

2. Have you witnessed any new or innovative strategies being employed by the energy & natural resources industry?

Flaherty: From a utilities industry perspective, smart companies have begun to rethink the adequacy of their business models in light of the challenges presented by distributed energy resources, i.e., storage, rooftop solar, micro-grids, etc. The emergence of these technologies has caused customers to consider alternatives to the traditional 'utility as provider' model and to seek greater control over their energy sources and decisions. This has caused utilities to reconsider their role in the energy value chain and in managing the customer interface. In combination with pursuing legislation and policies that will provide for a level playing field that does not further entice unwanted disintermediation, these utilities are redefining their business models to both restructure 'how' they think about customers and define 'where' they can build a sustained business presence, such as an active provider of alternatives to customers

as part of a revamped business model.

Basu: BESCOM (one of the four state-owned distribution utilities in Karnataka), in a project which is the first of its kind, aims to deploy smart meters based on an advanced technology to provide a high air data rate to enable remote reading of meters.

The major benefits of such meters would be that:

- consumers will be aware of the electricity they consume on a daily basis,
- consumers can accordingly plan and control their electricity consumption,
- consumers will be able to purchase electricity using phones and the internet,
- Consumers would have the flexibility to procure a specific amount of electricity, and remote connection and disconnection will also be made possible,
- Reduction in billing errors,
- Manpower cost savings for BESCOM, etc.

Ganie: Power plants are increasingly being developed under the Public Private Partnership (PPP) framework, with the relevant regulations being continuously adjusted to fit the realities of the market. This has resulted in projects benefiting from being able to, to an extent, customise the legislative environment, which presents opportunities for new approaches to be introduced prior to the regulatory framework reaching a more developed stage. Specifically, we have seen changes in how deadlines are legislated as a result of market concerns, and the development of an entirely new segment of regulations to accommodate mine-mouth power plant construction.

Karaduman: There are new strategies to be applied by both the Ministry of Energy and the private sector especially about renewable energy.

As the New EML increased the maximum capacity of unlicensed power generation from 500 kWh to 1 MW for renewable energy resources, some investors are now planning to use unlicensed power generation system as a commercial activity by establishing separate generation facilities each with a capacity of 1 MW.

The Ministry of Energy also makes plans to minimise the bureaucratic procedures related to the electricity production license by creating a single centre which will be responsible for the whole procedure.

Fernandez: Innovation is essential to fight global challenges, such as climate change and sustainable development. Addressing this challenge depends significantly on innovation in mitigation technologies. Even though innovation has been met through new green technology, further policy efforts are needed to ensure a sufficient response. According to the OECD more than 70 governments around the world have put in place targets and policies to support development of mitigation technologies such as renewable energy technologies. The green growth strategies of the OECD include regulatory frameworks that remove barriers to green investments and the enforcement of environmental taxes. Pursuant to the aforementioned, Mexico has been deeply committed with the renewal of the energy and natural resources industry through the enactment of the Constitutional Reform which opens the industry for private investment.

Terpitz: I would like to highlight power-to-gas as one area of new development which is fascinating to me because it would mean that electricity and gas become interchangeable. We have been converting (natural) gas to electricity in an efficient way for a number of decades. Now we are starting to convert electricity into hydrogen which can be fed into the natural gas network, be stored, transported and re-converted into electricity elsewhere. Current installations certainly are fairly small scale compared to the gas consumption of a standard gas fired power plant, but there should be lots of potential. If you look at the future of road traffic, this could also mean that an electric car's "battery" could easily be a gas fired "range extender".

Grieger: The Mexican energy bill approved by Congress in December 2013 provides for new and innovative contractual schemes that will be employed in the energy sector. The types of contracts that may be executed include services (which is the type currently used), profit or production sharing, license agreements, or a combination of all the above. In the profit sharing agreements, the contractor would make the investment in the works at its own risk while the State agrees to pay a percentage of the

profit as compensation. The shared production agreements, is ruled by similar principles as the profit sharing agreement, with the difference that the State pays a percentage of the production. Though, Mexico's state oil company Petroleos Mexicanos (PEMEX), would retain control over Mexico's underground hydrocarbons, solid, gas or liquid, and will issue licenses to foreign and national companies allowing them to drill and reap the benefits of what they produce.

3. At present there are large differences in regional energy prices. How will this affect industrial competitiveness?

Ganie: Indonesia subsidises both the consumption and the production side, with subsidies available for electricity and fuel consumers, and the state electricity company providing above-market feed in rates for certain energy producers (innovative and renewables). This has hugely benefited industry, both directly and indirectly (subcontractors will often use subsidised fuel for transport), but appears to be slowly coming to an end, with a reduction and restriction of the fuel subsidies and increasing electricity rates. Most recently, the natural gas prices have also been increased, gradually bringing Indonesia in line with the rest of the region. Nevertheless, fuel and energy prices remain amongst the lowest when compared with its peers.

Karaduman: Energy prices have a direct impact on industry because energy is the common key input in the whole industrial sector. As a result an increase in the energy prices will have a direct negative effect on industrial competitiveness, especially for countries the industries of which create demand thanks to their low prices. Of course certain specific sectors such as steel industry, which are more dependent on energy than others, will be affected more negatively than other industry branches in those countries. Taking this into consideration, Turkey puts serious efforts in bringing the energy prices down so that its industry sector remains competitive. The countries with industries distinguishing with their quality rather than the prices of the products are less affected by the differences in the energy prices.

Casinelli: Energy prices will always be a relevant issue to consider when it comes to industrial competitiveness. However, in my view there are a number of important aspects affecting competitiveness and, thus, I believe that competitiveness is an issue that is not only driven by price. Being such a varied region, in the case of Latin America competitiveness also must take into account aspects such as the geographical location of a country, its reserves, its production capacity, its infrastructure and facilities, its legal framework and aspects related to country risk, among others. These aspects will play an important role when it comes to deciding which jurisdictions are deemed to be more competitive. These factors are not solely related to energy prices and are important elements for private investors to consider. In my opinion, competitiveness relies on how each country exploits the specific elements that it has available to become more attractive to investors. A keen competitor will need to look at its strengths and weaknesses when compared to its peers, and attempt to smartly rely on those aspects that may prove more attractive to investors, in order for competitiveness not to be merely driven by price.

Terpitz: Energy prices are only one component in building competitive prices for industrial products. Certainly energy intensive industries may try and relocate their production sites to other world regions; however, they could then face higher transportation cost or potentially bigger delays in supplying their customers. Equally, a well-trained workforce might not be available in many countries with (currently) low energy prices, so any relocation could become a very challenging task. In addition I guess that national governments will reinforce their special offers to those industries which they believe to be in global competition. Nevertheless many industrial players are exploring possibilities for operating their own generation facilities, in order to be less dependent on the development of usual market prices.

Grieger: In Mexico, electricity prices are actually regulated by the State and electricity is one of the most expensive utilities. Electric tariffs are subject to an important state subsidy and even so, such tariffs are considerably higher than the rest of North and Latin American countries. Mexico's existing state-run electricity monopoly is being dismantled with the energy bill and the market shall push for more competition and private power generation in order to sell it more efficiently, therefore electricity rates could drop drastically in a couple of years and maybe as much as half.

4. What should companies look for when deciding on a location to invest?

Flaherty: Conventional wisdom would suggest that companies look for locations that provide the most advantageous economic incentives and deliver the best outcomes from a targeted investment. However, companies are now extending their investment criteria beyond economic or financial factors to include a view of how near-term investment supports the achievement of longer-term strategic objectives such as business stability, policy predictability and workforce development. These factors influence how a company views the 'quality' of an investment in terms of its advancement of a broader business agenda and positioning for long-term presence. Several other factors also come into play when assessing potential investment options, including the attractiveness of local policies, workforce capabilities, environmental restrictions and, legal transparency, among others. Deciding among investment location options in the future will reflect an emphasis on how to minimise risk, while preserving flexibility and mobility.

Basu: For any project to set up, the location of the project is of primary importance for the Project's viability and efficiency. While selecting the location, there are a number of factors which the investor may need to consider, such as:

- Type of project and the size of the project to be set up – Accordingly the investor would need to estimate the size of land needed and therefore the cost of such size of land in various parts of the region. In case the project is a renewable power project, the availability of the renewable resource would also determine the location. This is important and buying/getting land from the government is among the more complicated issues in infrastructure development in India.

- Transportation Network – easy access to transportation network is required, both at the construction stage of the project and the operational stage of the project, to supply raw materials, equipment and labour for construction of the project, and for the transportation of fuel (coal, gas, etc.,).

- Approvals required for the region – There are certain areas in the state where additional approvals and compliances are required. There are certain areas in various states which are demarcated as "controlled areas" where approvals under the Air Act, 1974 and the Water Act, 1974 are required.

- Availability of Skilled and unskilled labour, etc.

Lopez-Velarde: In general terms we believe that companies should mainly analyse the following: (i) availability to the raw materials required for their industrial processes (either directly in the location or through their importation), (ii) labour and energy costs, (iii) means of communication, and (iv) legal, antitrust and foreign investment restrictions.

In Mexico the main concerns may result when deciding the specific location of the site since an important portion of the land is agrarian which may complicate securing property and possession rights over the specific land. In addition to the above, labour and environmental matters are also important issues to be considered for a project to be developed in Mexico. On one hand, protectionist Mexican labour laws may result in an important labour liability if the corporate-labour structure of the company is not adequately planned. On the other hand, recently approved environmental liability provisions establish that all persons (individuals or entities) using, appointing or subcontracting others to carrying out the activity that caused the environmental damage, will be jointly liable with the latter.

Ganie: Availability of natural resources and demand are obvious factors to consider. However, possibly even more important is the availability of the physical (infrastructure) and legislative supporting frameworks. Although larger projects can construct their own infrastructure and operate largely independently from the local supporting structures, exploration and smaller operations benefit hugely from a developed supporting infrastructure. The same can be said of legislation, where larger project may have stronger negotiating positions with smaller states, this no longer appears to be the case in Indonesia, with even the largest projects being subject to a certain degree of legislative uncertainty.

Karaduman: It mainly depends on the energy resource type to be used. For instance, if it will be a wind or solar power plant, the investment must be made around one of the grid connection points announced by the TEİAS (national grid company of Turkey). If it will be a wind power plant and it will be constructed on a high mountain, the investors should

take into account whether there are available ways on that mountain which would allow the trucks to transfer the wind towers to the final destination. Investors willing to invest in unlicensed solar power plants must check whether the potential construction site involves any forest land as it is forbidden to establish unlicensed solar power plants on forest lands. Generally, the investors should examine the status of the potential construction site in order to determine if there is any legal obstacle to make energy investments on that site.

Casinelli: Countries that offer the best opportunities for investment are those in which investors are given a legitimate expectation that their investment will succeed and be profitable, together with the assurance that their investment will be subject to manageable risks and to less obstacles. In addition to this, investment conditions must preferably be coupled with certainty on the actual existence of opportunities and high-quality resources. Therefore, in my view the countries that are most attractive for investments are those that offer an adequate combination or balance of these elements, and that, consequently, offer access to resources that ensure a higher rate of success, but that at the same time provide certainty that such investment or success will face limited obstacles and can be cashed out and profited by investors.

Fernandez: There are several issues an investor must consider when deciding on a location to invest, as there are always apparent risks but also hidden risks. Among the apparent risks an investor should consider we may embrace: safety and security conditions; political stability; local law and possible legal restrictions, international law, such as treaties and conventions; market price and currency risk; trade restrictions, among others. However, the hidden risks may be the most threatening issues in some countries; among others, hidden risks may include unwritten regulation, or the future outlook of the political regime, national content preferences, invisible fees and taxes; restrictions on establishing an office; and the inability to finance projects. Nevertheless, in the case of Mexico, there are constitutional principles applicable within the Mexican jurisdiction to avoid or prevent hidden risks, such as the nullum tributum sine lege principle which establishes that no contribution or tax shall be paid unless it is specified in a legal precept.

Terpitz: Predictability of the cost of energy is an important aspect: securing a medium price level for the next couple of years is often more attractive than going to a place where you cannot foresee developments for the even not too distant future. To make it more complicated, many producers just cannot go for "cheap and dirty" energy: with supply chain management gaining ground, they are under pressure to prove they are applying energy efficiency or sustainability criteria. For many industrial players it may be a good idea to look for a combination of own generation (ideally as CHP or other highly efficient use of fuel), contracted renewable energies supplies and a connection to energy networks opening access to supplies at exchange prices.

Grieger: In order to decide the location to invest it is important of course that a solid and clear legal framework exists in such location; however economic, social and political aspects must be taken into consideration as well, in order to minimise any possible risks these factors could bring to the table. Companies should look to invest in developing markets where opportunities are arising, markets are flourishing and with adequate taxing and labour legal frameworks, no foreign investment barriers and/or actual or threatened privatisation politics.

Riquelme: The energy and natural resources industries are location-specific; the location of the energy source or the finding of a given resource that is economically viable to exploit is the first consideration for project developers. Within that first screen, the choice of a given location to invest will include a thorough analysis of the country, its political and financial stability, low corruption indicators, existence of a rule of law system and friendly policies towards foreign investment. The decision will focus in those jurisdictions that harbour energy sources or natural resources, meet the criteria for stability and rule of law and offers interesting incentives.

5. Does your jurisdiction offer any incentives to energy & natural resources investors?

Flaherty: The development of the renewables sector in the Unites States provides an example of how governmental policy has been supported by fiscal incentives. For years, new wind and solar power installations have been incentivised by a range of tax-based policies that have made credits available to developers and owners. These policies have provided

both production and investment tax credits, as well as governmental financing sources to encourage the rapid development of these alternative energy sources. While the efficacy of these subsidies remains an issue, particularly as both industries are well past the status of fledgling industries, it is clear that the presence of these incentives has provided a 'jumpstart' to their development. The challenge now for policy-makers is to reassess whether continued subsidisation is in the public's best interest or simply that of developers.

Basu: Some of the major initiatives taken by the Government of India to garner investments in the energy sector are as follows:

- Under the Union Budget 2013-14, the Government of India has approved a scheme for the financial restructuring of DISCOMS to restore the health of the energy sector in India. This will allow them to better pay for electricity generated.

- An income tax holiday for 10 years in the first 15 years of operation and waiver of capital goods' import duties on mega power projects, above 1,000 MW generation capacity, is provided as incentive for investing in power the sector.

- Capital goods imported for mining would qualify for concessional rates of customs duty subject to certain export obligations.

Lopez-Velarde: There are government incentives to encourage energy generation from clean natural resources. These incentives are mainly limited to (i) access to the network through Model Agreements issued by the Energy Regulatory Commission ("CRE") for the interconnection and provision of wheeling services, which entail more favourable conditions to access the transmission grid of the national electric system (ii) a banking system with CFE for 12 months where shortfalls and surpluses can be credited by CFE, (iii) tariffs for wheeling services provided to renewable energy projects are lower than those granted to projects using non-renewable energies based on a postage stamp scheme, and (iv) certain tax benefits.

Ganie: In the context of infrastructure development, which includes energy projects, with its typically larger and longer term investments, the government has sought to facilitate such ventures by developing a legal framework for structured guarantees that provide coverage for select commercial and political risks faced by the projects. Such guarantees are generally available to public private partnership (PPP) projects, under the state owned Indonesia Infrastructure Guarantee Fund (IIGF), and to select non-PPP projects under more specific schemes that are designed to encourage the development of the energy industry, through the Ministry of Finance.

Karaduman: There are several support mechanism instruments regulated under Turkish Law in order to promote the use of RES and increase the investments for the production of electricity. These are; feed in tariff that is paid for the energy produced by power plants generating electricity by RES, bonuses for the use of local products, priority in connection to grid and discounts on fees such as the payment of 1 per cent of the regular licensing fees and an exemption from the annual license fee for the first eight years of establishment. Moreover an 85 per cent of discount will be applied to the lease, easement and utilisation right of energy transfer lines for ten years in both investment and operating periods for the production facilities that start operating until the date of 31/12/2015. There are also certain types of incentives for other types of energy resources such as VAT exemption on procuring of investment equipment from domestic market or abroad and customs duty exemption on importing of machinery and equipment.

Casinelli: In the specific case of Venezuela, where I am currently based, perhaps the main incentive to energy and natural resources investors is the actual existence of considerable resources on which to invest. Indeed, Venezuela is the country with the largest proven reserves of hydrocarbons in the world and is a key supplier of crude oil to the United States, China and India, among other countries. Notwithstanding the changes and dynamics regarding energy projects in our country, private investors continue to express interest in pursuing exploration and production activities in Venezuela as minority shareholders through the incorporation of mixed companies with the Venezuelan State. A number of new projects have been announced over the past couple of years and new incentives have been discussed with the government, such as more independence in certain tasks for private investors, which can make projects more attractive.

Fernandez: Certain incentives are provided by the Mexican legal

framework to investments on energy and natural resources projects. For example, the Mexican Income Tax Law (LISR) considers different tax deduction incentives for all kind of investments. In this sense, among the aforementioned tax benefits, a 100% deduction of the investment performed for machinery and equipment for power production using renewables or for efficient electricity cogeneration systems. For such purposes, the Income Tax Law considers as renewable energies: solar, wind, hydraulic and geothermal energy and/or energy produced with biomass. It is worth mentioning that this and other benefits are subject to certain conditions.

Terpitz: Germany is proud of being the inventor of reliable feed-in tariffs for renewable energies and will soon be one of the first countries to get entirely rid of this type of incentives – why? Because of overly success and the difficulty to manage an incentives system which was designed to help a few marginal players grow, now that their combined market share has reached 30% or more. However, the new government after the September 2013 elections has promised to organise a smooth transition to a (to be proposed) new system and to protect investors' reasonable expectations throughout the investment phase.

Different types of incentives, including tax benefits, are equally available for highly efficient use of conventional fuels. Germany is also still paying a considerable amount of subsidies to the mining industry (mainly coal) although this is hardly available for a wider group of investors.

Grieger: With the energy bill passes by the Mexican Congress, the State will continue to be responsible for the public services of transmission and distribution of electricity. The generation and sale of electricity will be open to the private sector, which will sell its power through the transmission and distribution networks of the State. Under security and quality control standards, open and equitable access to the transmission and the distribution networks will be guaranteed. With the foregoing the generation and commercialisation of clean and renewable energy will be boosted as well. In connection with the renewable energy sector, we could mention some incentives such as, a virtual energy bank; net metering for small and medium scale electricity producers; and fixed transmission costs; accelerated depreciation for equipment used in renewable energy projects and Tariff "0" for the import and export of non-polluting or energy efficient equipment.

Riquelme: Chile is a country that offers political and financial stability, low corruption indicators and has in place a rule of law system. In addition, has a lot of potential for developing renewable energy projects, mainly solar energy. These factors together with the existence of a Law (called Law "20/25") that requires all traditional energy providers (Utilities) to obtain a certain percentage of the energy they commercialise from renewable sources (subject to very significant penalties if they fail to do so); are important incentives to promote investing in renewable energy projects in Chile.

6. What countries currently offer the best opportunities for foreign mining and exploration?

Fernandez: Australia has become a world leading mining nation with an investment pipeline of USD $430 billion; as such country has the world's largest reserves of brown coal, mineral sands (rutile and zircon), nickel, lead, silver, uranium, iron ore and zinc. Another country would be Peru, which is considered to have the world's largest reserves of silver (approximately 120,000 tons). On the other hand Chile, with a 61.4% of private participation, controls 36% of the global copper market and is considered as the country with the world's largest copper reserves in the world. According to the U.S. Geological Survey, it has reserves of approximately 190 million tons, which is 28% of known copper reserves in existence. Furthermore, China is considered to have the world's largest shale gas reserves with over 1,000 trillion cubic feet, though USA has the biggest production worldwide.

Grieger: Mexico has long been known as one of the world's premier silver havens, and known as well as major producer of copper, gold and zinc. This exploration has already yielded abundant benefits for investors, with Mexico's gold production up to an astonishing 263 per cent since 2001. The country's geological potential is still growing, attracting an important range of national and foreign companies starting new exploration projects, mainly in the northern states (Sonora, Zacatecas and Chihuahua) as well as with mineral mining activities in northwestern states such as Jalisco and Colima.

7. What natural resources are proving to be in high demand at present?

Basu: Coal continues to be a natural resource in very high demand. It is reported that India is overtaking Japan as the second largest importer of thermal coal in the world, second only to China.[1] This growth in imports is primarily driven by demand from the power sector, which accounts for around 75% of the total thermal coal imports.[2]

Although India has significant coal reserves, domestic production has lagged behind the demand, better quality imported coal has been preferred over low quality domestic coal and, therefore power producers have had to resort to imports. International coal prices have also been declining, thus offering the power producers a more efficient price for a better quality of coal. It is believed that another reason why coal imports have continued to increase is because of the producers are allowed to pass on the higher cost of imported coal to the consumers.

Lack of availability of gas has meant that it has slipped as the fuel of choice for generators. And, thus the emphasis on coal has become more than it was estimated in the last 5-7 years.

Lopez-Velarde: Due to environment considerations, Mexico's proximity to the U.S. shale gas fields and the low prices of natural gas, this commodity is having the highest demand in Mexico. In fact, the demand has increased constantly approximately 5.7 per cent on an annual basis during the period 2000-2011. This trend resulted on the need to increase natural gas imports from 3 per cent in 1997 to 44 per cent in 2012. As a result of the low prices in the natural gas and the ability to reduce the harmful emissions generated by oil and coal, CFE has replaced many fuel oil power plants to combined cycle power plants. In addition to the natural gas, based on Mexico's Climate Change Law which expects to generate 35 per cent of the energy required from clean energy sources by 2024, it is also expected that the demand of wind and solar resources will be increased.

Ganie: Indonesia's domestic demand for oil and gas as well as other resources continues to grow, while exploration and production have not kept pace over the recent past. This has resulted in concerns that domestic demand is not being sufficiently met, and has seen the introduction of domestic market obligations for certain commodities. Contributing to the shortages is the lack of domestic oil refining and gas pipeline capacity, which is currently a live issue due to on-going debates over the financing of refinery construction and the urgent need for gas pipelines.

Karaduman: In Turkey, natural gas is in high demand as it is used in households, in industry sector and also highly as a resource to produce electricity. Turkey is currently in negotiations with Iraq and Northern Iraq in order to purchase natural gas produced in Northern Iraq with a long-term contract for a reasonable price.

Casinelli: Within the Latin American region, oil certainly seems to be the natural resource that has the highest demand, and this trend may continue for at least some years to come. Natural gas also generates interest, particularly considering the possibilities offered by the Argentinean shale gas reserves, as well as the potential of other countries like Brazil, Bolivia and Venezuela. However, as time passes the interest for alternatives to the use of oil continues to increase, which may affect oil producing jurisdictions. Although activities on other natural resources (such as mining) are also carried out and attract investors, oil seems to continue to be at the top among natural resources with high demand. In a near future, however, a watchful eye must be placed on alternative energy sources that may shift this trend.

Fernandez: First world countries have been rapidly developing construction, infrastructure and manufacture activities; hence this has increased the demand of iron, aluminium, copper, (etc.). Consequently, the fast growth of this industry has contributed to impulse the oil and gas worldwide consumption.

In relation to the abovementioned, Mexico is currently going through a natural gas shortage besides the fact that its consumption is expected to increase by 27 per cent by 2025. Therefore, Mexico has almost become a net natural gas importer; however, considering the fact that import of natural gas in 2013 was of approximately 1,244,516 MMDCF, several infrastructure projects are being developed in order to satisfy the national demand.

Grieger: The Food and Agriculture Organization of the United Nations is predicting that by 2025, 1.8 billion people will be living in countries or regions with absolute water scarcity. Other natural resources that are proving to be in high demand at present are oil

and natural gas, phosphorus (essential for fertilisers), coal, scandium and terbium which are just two of the 17 rare earth minerals that are used in a vast range of products from powerful magnets in wind turbines to electronic circuits in smartphones.

Riquelme: The motivation for energy self-sufficiency has increased the interest in natural gas production, liquefied natural gas (LNG), and crude oil.

8. Are we any closer to discovering the true environmental impact caused by hydraulic fracturing?

Terpitz: The difficulty is with anything you are doing well below the ground that you simply might not know until a few generations later: in the middle of densely populated cities of the Ruhr area big holes can always open up due to coal exploration more than 100 years ago. The German "final" storage for nuclear materials in Asse, only a few decades old, maybe has to be emptied soon because some deep groundwaters entered the allegedly secure salt rock. We have to take risk and try new technologies, but we should never assume that we know all the truth. Public opinion also creates pressure on those interested in the exploration to offer better solutions and, maybe, a generation later we have the right means at hand for a clean fracturing.

Grieger: I consider that we are still some years behind from knowing the details and true side effects of the environmental impacts caused by fracking. There are important economic and political interests involved that may delay the revelation of the true environmental impacts, if known. Companies using fracking fluid have avoided disclosing the contents of fracking fluid, claiming the information is proprietary. What we know today is that hydraulic fracturing causes several important environmental impacts due to the high consumption of millions of gallons of water, contamination due to the use of fracking fluid, generation of toxic waste, among others, all of which contribute to soil and freshwater pollution, habitat fragmentation, among other unknown side effect.

9. How has climate change impacted the reinsurance industry?

Terpitz: My perception is that the reinsurance industry does see the need to mitigate the consequences of climate change in several ways. Not surprisingly they seem less decisive about what exactly their contribution should be and how to best proceed, but probably no-one really has got a better answer. We do see them investing into renewable energies, offering new products that are weather related or allowing risk sharing for big climate change related investments; and we see those implementing incentives for their clients taking better precautions in order to pay lower premiums.

10. Are there any new or "emerging" risks which need to be factored in (i.e. genetically modified crops and Arctic shipwrecks)?

Flaherty: A number of events in the last few years dramatically expanded the industry's view of what constitutes 'risk'. Events such as Fukushima, SuperStorm Sandy, the Arab Spring and Deepwater Horizon, among others, have given companies a broader appreciation for what can happen considering what was perceived as unthinkable in the past. The potential for these 'black swans' has moved from an academic interest to a boardroom concern. Boards of Directors are now facing a range of strategic, operational and financial risks that they never considered to be fathomable just a few years ago. As a result of the occurrence of these 'unknown unknowns', companies are being forced to consider outcomes that were ignored during periods of stability and prosperity. For example, companies now are assessing the risks associated with unexpected conditions such as continued economic stagnation, declining job creation, sustained political paralysis, spiralling third-world upheaval and, proliferating disease contagions.

Lopez-Velarde: The recent involvement of the indigenous people in the political and governmental decisions has in certain cases affected the development of new projects since some communities have been reluctant to accept the alteration of their environment. The convention

1 - http://www.energyglobal.com/news/coal/articles/salva_report_india_power_tariff_regulations_and_thermal_coal_demand_285.aspx#.UtjCI56SxqU

2 - Ibid

No. 169 of the International Labor Organization ratified by the Mexican government, aimed at guaranteeing the rights of indigenous people, recognised their right of being consulted in order to participate and/or provide opinions regarding administrative measures that affect communities directly.

The above results in an emerging risk for projects developed in certain areas of Mexico since the governmental omission to hold special consultation procedures had triggered legal claims based on the fact that this omission per se hindered the fundamental rights of indigenous people. The legal claims have followed the trend of challenging authorisations (as the governmental acts causing detriment), and the ruling have in some cases suspended certain pipeline and power plant projects.

Grieger: It has been recurrently stated by experts that glyphosate, a destroyer of plant's life building blocks have led to scientists to develop roundup-ready seeds which are genetically modified to resist the glyphosate. Farmers can now plant the genetically engineered crops and spray them with glyphosate, which is emerging as a new risk to humans, by having negative impacts manifesting slowly over time in humans, as inflammation damages in the cellular systems throughout the body. The environmental risks related to the use of large amounts of glyphosate in genetically modified crops are also evidencing environmental risks such as infertile soils, non-productive crops, and plants which are less nutritious. Experts say that Glyphosate also destroys the beneficial microorganism in the human gut, affecting the human immune system.

Riquelme: Water scarcity related to the loss of fresh water reserves is a risk that needs to be properly factored in, as competition for water is rapidly increasing the pressure to reduce its industrial use and favour human consumption. This challenge will trigger important regulatory changes aimed at ensuring priority access for human use and resource efficiency.

Another emerging risk is compliance management by multinational Companies particularly since countries have been enacting new regulations to ensure sustainability. As jurisdictions are becoming more active in introducing new environmental regulations, Companies struggle to keep track of the regulatory changes and ensuring compliance. This scenario poses a challenge to the Companies of maintaining consistency with their corporate policies worldwide and appropriate understanding of the regulatory amendments by their top decision-makers.

Lastly, social and economic inequality within a country is also a risk that needs to be properly assessed, as inequality triggers instability and pressure for impulsive changes.

11. What key trends do you expect to see over the coming year and in an ideal world what would you like to see implemented or changed?

Flaherty: The pace of technological innovation is increasing and promises to fundamentally change the traditional utility landscape over the next decade. While disruptive technology is not likely to bring broad, demonstrated economic parity until later this decade, its potential is already causing consternation in board rooms and among management teams. Even though this technology will not directly affect how the utilities industry does business in the near-term, its potential will manifest itself in the shape of policies that are developed to accommodate or constrain its availability. Ideally, the manner in which future policies are developed to encourage technology availability and adoption will be more the result of collaborative thinking on a future deployment model that benefits stakeholders and not the result of unfettered lobbying to accomplish a parochial outcome that dilutes the value of technology innovation and comes at the expense of societal benefits.

Lopez-Velarde: The recently enacted Energy Reform has generated a positive reaction and clear expectation for economic growth and development in Mexico. During the next two years, 24 federal laws are expected to be passed or amended as a result of the Energy Reform. Since the energy industry was monopolised by the government and now will be subject to competition, a new legal framework is required to be promulgated in order to promote competition and investment.

Ganie: The natural resources sector and certain aspects of other sectors have seen a number of policy changes that appear spurred on by populist sentiment, a trend that is expected to continue in the near future. A specific challenge this creates is that there appears to be something of a wait and see approach in certain parts of the industry as a result, which is further complicated by certain officials' reluctance to make any significant decisions in advance of the 2014 parliamentary

and presidential elections. Ultimately the issue is uncertain policy measures rather than bad policy, which at least could be planned around, and such climate is likely to persist until at least the second half of 2014, after both the new parliament and the new president are determined.

Karaduman: We expect to see intensive investments in nuclear energy. The nuclear energy construction in Mersin-Akkuyu is about to start and Turkey signed a new agreement with Japan for the second nuclear power plant to be constructed in Sinop. The ground-works/examinations for that power plant may be made in the coming year as well. Nuclear energy investments are crucial for creating the much needed supply of electricity in Turkey to respond to the continuously increasing demand.

In an ideal world, we would like to see more investment in the electricity grid so that it could handle more capacity of electricity produced by renewable energy, especially solar power. We would like to see more prioritisation in smart grid technologies and distributed energy systems.

Casinelli: During the coming year the increased levels of self-sufficiency of the United States will play an important role in the dynamics of the Energy sector. Regular producers may try to secure new markets to offset the decreased demand from the United States (most likely by continuing to target the Asian region as their customers) and implement steps to try to maintain oil prices at their current level and manage a downward tendency. In addition, further interest on shale gas and clean energy projects may also be expected.

In an ideal world these changes should be coupled with measures aimed at ensuring that the profits and benefits from energy projects are adequately distributed and invested in their corresponding regions to the benefit of society. Also, further awareness to avoid environmental impact would also be welcomed so that resources may be exploited for the benefit of each country's population, while at the same time reducing the potential impact in their surroundings.

Terpitz: I regard the integration of renewable energies into the "conventional" energy markets as a key requirement and therefore as a trend; more generally I expect to see a lot more decentralised generation / exploration, storage or buffer. In an ideal world, I would like to see governmental incentives being redirected towards innovative ideas around all sorts of new technologies in order to create much more of a private market and to overcome another current trend: the disadvantageous expansion of political / regulatory influence on the energy markets.

Grieger: The energy bill amending the Mexican constitution is a first step that must be complemented with the issuance of secondary legislation. In general terms it liberalises the petroleum, gas and electric power sector, which is sure to attract very significant investment and reflect an important economic development in the sector. There are some obvious contradictions between the text of articles 27 and 28 of the Constitution that were amended and the transitory articles. On the one hand, concessions in the area of hydrocarbons are prohibited but on the other hand the transitory articles make it possible to enter into "License" agreements. This conceptual contradiction is sure to give rise in the future to disputes before the Supreme Court of Justice for purposes of determining how to interpret the Constitution (and certainly the secondary laws that are issued as a result of the reform). We will start seeing the real benefits for the energy sector over a two year span, which is the period granted in the bill for the transformation of PEMEX and the Federal Electricity Commission (CFE) from public decentralised organisms to State productive entities operating under the provisions of the bill and the secondary legal framework.

Riquelme: In an ideal world, I would like to see a very well regulated emissions trading system implemented in Chile to control air pollution in some contaminated cities like Santiago. There is some fear or prejudice towards the implementation of a market-based approach. I believe that a marked-based approach implemented jointly with regular command-and-control measures could improve significantly air quality in urban areas.

With respect to environmental enforcement, after 12 months of empirical experience I believe that the new Chilean environmental compliance law needs some amendments to perfect it. In this context, self-reporting provisions should be amended to avoid some legal interpretations that unnecessarily restrict its use and render the tool almost useless. Also, I will like to see amendments to the regulations regarding compliance programs to

allow its use to include all sound measures aimed at protecting the environment and complying with the goal of the regulation breached by the defendant; rather than restricting its use and requirements.

booz&co.

Rodríguez Dávalos asociados
ABOGADOS

LVHS
López Velarde, Heftye y Soria

eelaw
Medio Ambiente y Energía
Asesorías Legales

Von Wobeser y Sierra

jsa
J. SAGAR ASSOCIATES
advocates & solicitors

Simmons & Simmons

NORTON ROSE FULBRIGHT

Gün Avukatlık Bürosu
Mehmet Gün & Partners

LUBIS • GANIE • SUROWIDJOJO