



Corporate Strategy and Development for the Energy Industry



ICF's energy practice supports private- and public-sector clients by providing economic and technical services and policy analyses that enhance our clients' ability to make timely and financially sound strategic and corporate development decisions. We provide strategy and corporate development consulting services in the areas of:

- Business and Market Strategy
- Portfolio Management and Asset Optimization
- Merger, Acquisition, and Divestiture Due Diligence
- Competitive and Competitor Analysis
- Emerging Business Strategy
- Enterprise-wide Risk Management
- E-Commerce and E-Business Strategy
- Business Planning and Implementation

Today's volatile financial markets require energy executives to address the question: **How do we increase real value on a sustainable basis so that the financial markets will support and reward us?** The industry is in transition regarding the development of successful market and regulatory models. These uncertainties require critical analysis of your company's short-, medium-, and long-term strategy. The current retrenchment evident in the energy industry is only a temporary measure and does not address the larger question: **How can we create growth through sustainable real risk-adjusted value for shareholders and key stakeholders?**

Your company's **strategy** requires a view of the changing energy markets based on solid, unbiased intelligence, and a position on how that view relates to your firm's competitive advantages. However, most consultants ignore the importance of market intelligence in laying the foundation for effective strategy. ICF International applies an integrated approach that balances quantitative method, business theory, and practical business acumen to develop solutions that are creative, cost-effective, and can be implemented. Our ability to deploy interdisciplinary teams rapidly allows us to provide responsive, thoughtful, and analytically sound solutions to our clients' business challenges.

We assist our clients in **corporate development** advisory services as well. This includes identifying and valuing energy assets and businesses in support of development, mergers, acquisitions, and divestitures. Our firm was founded more than 30 years ago as a venture capital firm and we build on that legacy by providing experience in private and public finance due diligence, market research, financial analysis, and business planning through engagements with nearly every utility, major producer, marketer, and generation firm in North America, as well as consulting engagements throughout the world. ICF has an extensive network of relationships in the energy and Wall Street communities that allow us to bring unique perspectives to our advisory services to meet your corporate development objectives.

Featured Projects

Corporate Strategy and Implementation

ICF provided and integrated a team of experts, planners, and analysts to help a global energy company craft a clear vision of the unregulated energy market and realign its unregulated mission and operations. ICF played an integral role in the development of the retail energy business plan and the business re-engineering required to consolidate the existing five disparate business units into a cohesive national retail energy services organization. ICF also supported the identification and due diligence of several early acquisition targets.

Evaluating and Developing Transmission Strategy

ICF supported the investment decisions of a large investor owned utility (IOU) with qualitative and quantitative analyses to identify markets where transmission had value to guarantee a desired minimum after-tax rate of return on equity. ICF helped this IOU to consider the optimal transmission investment capacity, the interconnection locations, and the expected revenues from energy and capacity transfers. ICF used a multi-model approach for the quantitative aspects of the analysis; its proprietary Integrated Planning Model (IPM[®]), as well as the PowerWorld[®] transmission model and the GE-MAPST[™] model.

PowerWorld[®] transmission model is a registered trademark of PowerWorld Corporation. GE-MAPST[™] model is a trademark of General Electric Power System Energy Consulting.

Utility Asset Divestiture

ICF facilitated the successful divestiture of a large demand response program from a regulated Texas distribution utility to a Northeast-based unregulated technology firm. ICF provided advisory and facilitation services through the development of a prospectus, initial asset valuation, marketing, proposal evaluation, and negotiations. ICF also provided critical support for the transaction through successful intervention with Texas regulators and ERCOT market design and the identification of third-party retail energy provider partners for the technology firm. This engagement required ICF's integrated analytics, business acumen, and market intelligence and network to actively support the successful close to this transaction.

Distribution Asset Acquisition

ICF has provided integrated teams of strategists, planners, engineers, and analysts to conduct due diligence of utility distribution assets for acquisition. ICF teams provided financial valuation, estimated costs of required system improvements, and developed revenue models and alternative rate structures. ICF also supported the negotiation of the purchase agreement. In this work, ICF has pioneered the adaptation of activity-based costing methodology to distribution utility rate design.

Market Assessment of New Pipeline Development

ICF was retained by a consortium of banks to provide a market assessment for financing the construction of the \$1 billion Maritimes and Northeast Pipeline System (M&N) between Nova Scotia and New England. Staff analyzed the long-term potential, viability, and economics of gas supply from the Western Canadian Sedimentary Basin (WCSB), reviewed long-term gas demand forecasts, and assessed relative competitive positions of fuel suppliers and pipelines delivering into the New York and New England markets. We reviewed relative economics of supplies from other basins that could compete to serve the Northeast markets targeted for the M&N Project.

Merchant Power Plant Financings

ICF provided the analytical underpinning for a first-of-its-kind financing transaction for a merchant coal-fired power plant financed by a 144A bond offering. Staff provided the analytical support for the first new peaking-plant financing in the Midwest and supported the first project-financed merchant plant in Canada. We supported numerous bank syndication and capital market transactions in North America, including New England, PJM, MAIN, ECAR, the Rockies, VACAR, ERCOT, Entergy, Southern, TVA, and Alberta. This included forecasting market prices, characterizing market uncertainties, and analyzing market risk and wholesale power revenues and fuel costs. ICF also assisted in the marketing efforts for the bond offerings and in obtaining investment-grade ratings from Moody's, S&P, and Fitch.

Financial Assessment and Plan for Transmission Assets

ICF helped a large unregulated utility affiliate to identify least-cost options to upgrade existing transmission facilities in the WSCC interconnected network to boost transfer capability across regional market boundaries to facilitate commercial transactions and to provide a required minimum return on equity. ICF also worked with the client to identify and optimally size a merchant transmission investment that would return a minimum of 14 percent after-tax return on equity under various scenarios of uncertainty.

GENCo Portfolio Valuation

ICF provided a valuation of a GENCo portfolio as well as a framework for evaluating markets and risk associated with unregulated operation of these assets for a large global energy firm. The results were presented to Wall Street and rating agencies, and were well received by Moody's, S&P, and Fitch. Staff analyzed coal assets targeted for GENCo operations, and assessed potential retirements, environmental factors, and competitive market conditions.

About ICF International

ICF International (NASDAQ: ICFI) partners with government and commercial clients to deliver consulting services and technology solutions in the energy, climate change, environment, transportation, social programs, health, defense, and emergency management markets. The firm combines passion for its work with industry expertise and innovative analytics to produce compelling results throughout the entire program life cycle, from analysis and design through implementation and improvement. Since 1969, ICF has been serving government at all levels, major corporations, and multilateral institutions. More than 2,500 employees serve these clients worldwide. ICF's Web site is www.icfi.com.

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