



STEPHEN THOMPSON

Senior Consultant

Ph.D., Chemical Engineering
in Synthetic Fuels
Monash University

M.E.Sc., Chemical Engineering
in Mineralogy
Monash University

B.E., Chemical Engineering
Monash University

www.oakleygreenwood.com.au

Stephen Thompson, an energy industry expert with more than 25 years of experience, has developed specialist skills in market design, its operation and its associated regulation. Stephen also has a considerable background in Synthetic Fuels and Solar Energy (through the 10 years he spent at BHP Research), LNG Projects (through a 2 year secondment from BHP Petroleum to the North West Shelf Project) and Power Generation (through the 12 years he spent with BHP Petroleum, United Energy and EdgeCap, an energy merchant company formed through a joint venture between United Energy, Shell and Woodside).

Energy Market Design and Market Regulation Experience

Stephen has either managed or overseen the day to day operations in the Victorian Gas Market since the market commenced in 1999.

- Initially for United Energy (post the acquisition of Ikon and at market start-up);
- then for Pulse (under a service agreement between Pulse and EdgeCap);
- then for AGL (post AGL's acquisition of Pulse and EdgeCap); and for
- International Power (2007, when the market was converted from a daily ex-post market to a four hourly ex-anti market and which substantially increased volatility and hence potential for enormous losses).

Throughout this period Stephen also represented Ikon, then Pulse, then AGL, and then Simply Energy/International Power on the Victorian Gas Market Consultative Committee (1999 to 2009). And it is through this experience that he has been able to take an active role in pursuing necessary changes to the operation of the Market after winter 2007, which came into effect prior to winter 2008.

He has represented Simply Energy/International Power on the South Australian Gas Market committees (BLAST and Rule Change Committees).

More recently, he has been representing the Second Tier retailers (Simply Energy, Country Energy, Energy Australia, Victoria Electricity, Australian Power and Gas and TRU Energy) on the Steering Committee overseeing the design of the new National Gas Market or otherwise known as the Short Term Trading Market (STTM). The STTM is scheduled to commence operating pre winter 2010. Working for International Power he represented Simply Energy and International Power on the STTM Working Group and this involvement enabled him to successfully lobby for a position for the Second Tier retailers on the Steering Committee (up until then only First Tier Retailers, AGL and Origin, were represented).

Commercial Experience (Negotiating and Management of Gas Contracts)

Along with his operational expertise, Stephen has negotiated/managed or has been commercially involved with numerous gas contracts. These include, but not limited to:

- Negotiating a Gas Supply Contract with Esso Australia/BHP Billiton on behalf of International Power for the supply of gas into Victoria at the Longford Injection Point;
- Represented the Energy Partnership, then Pulse and then AGL (AGL acquired Pulse) on the GASCOR Management Committee, including playing a key role in the privatisation of GASCOR (GASCOR was purchased by AGL, Origin and TRU Energy);
- Provided support to the lead negotiators for 2 GASCOR Price Reviews;
- On behalf of Parties injecting gas into the Victorian System at Longford, negotiated the Longford Market Allocation Agreement between those Parties and VENCORP. This Market Allocation Agreement has now become the standard Allocation Agreement used by VENCORP for other Victorian Gas Market Injection Points;
- On behalf of AGL negotiated a Swing Gas Contract between AGL and Terra Gas Trader and then between AGL and TRU Energy prior to start up of the South Australia Swing Gas Market;
- On behalf of Pulse (and subsequently AGL), managed the Gas Supply Agreement between Pulse and Valley Power (Valley Power was initially owned by Edison Mission, then International Power and then Snowy Hydro);
- On behalf of AGL, negotiated a Gas Swap between AGL and International Power as a joint effort to assist EAPL to conduct maintenance on the Moomba to Sydney Gas Pipeline (Santos and Epic were also involved);
- Negotiated additional LNG Storage for AGL under the Pulse Contract with GasNet. This additional LNG Storage was critical for AGL during winter 2007 and November 2008;
- Managed the GasNet LNG tender process for International Power during 2008. International purchased LNG storage capacity from GasNet. Again, LNG was critical during November 2008;
- On behalf of International Power negotiated the Brumby Injection Point Allocation Agreement on the Seagas Pipeline;
- On behalf of AGL negotiated with Duke Energy for amendments to Duke's Master Gas Trading Terms Agreement for use at Vic Hub;

- Managed the Underground Gas Storage Agreement between TXU and Pulse, on behalf of Pulse and then AGL;
- Represented AGL on a Gas Industry Working Group to develop a Gas ISDA (with AFMA);
- Working for BHP Petroleum provided modelling support and participated in the Ethane feedstock price renegotiations between BHP Petroleum and Kemcor (now Qenos) and between BHP Petroleum and Huntsman Chemicals;
- Represented the Project Coordination Group (PCG) on the North West Shelf Domestic Gas Contract with SECWA. PCG was set up as an independent senior management team (reporting to the Managing Director of Woodside) to oversee joint venture management teams (amongst the joint venture participants: Woodside, BP, Chevron, Mitsubishi, Mitsui, Shell & BHP Petroleum);

Asset Acquisition and Business Development Experience

In addition to his operational, commercial and market regulation activities, Stephen has also participated in a number of business development projects, including acquisitions and the development of several power plants and entrepreneurial interconnects. These include, but not limited to:

- Energy Partnership's successful bid to acquire Multinet and Ikon, a gas distribution/retail business in Victoria (provided advice on the modelling, gas contracts, and regulation);
- Creation of a joint venture between United Energy, Shell and Woodside to create an Australian joint venture in energy retailing, Pulse, and merchant trading services, EdgeCap (involved in initial discussions and then later working for EdgeCap);
- Queensland Power Generation Project to be located at Dalby (represented United Energy, which was assisting Utilicorp, Power New Zealand and Itochu to tender for a peaking plant. Acted as the lead negotiator for a Gas Supply Agreement with Santos);
- Laverton Power Generation Project for EdgeCap (EdgeCap was acting as the preferred power off-taker under an arrangement with Singapore Power International);
- Kemcor and Maryvale Cogeneration projects for United Energy (involved in the negotiating of an off-take price);
- Developed business cases for 2 Entrepreneurial Interconnects, South Australia/Victoria Interconnect and NSW/Victoria Interconnect, in a joint arrangement between Singapore Power International and EdgeCap (project leader from EdgeCap);
- Maryvale Cogeneration in a joint venture between Genesis and EdgeCap (project managed the tender to Maryvale);
- Conducted the financial modelling on 2 power generation projects for BHP Petroleum in Western Australia in a joint venture between Southern Electric International and BHP Petroleum (the first plant was to be placed at the end of the Gold Fields pipeline at Kalgoolie and the second was to purchase Pinjar from SECWA). Stephen's forecast modelling, when presented to the Western Australian Government, brought forward the start-up date for the Collie Power Station;

- Investigated potential sites for a small LNG Plant, together with Storage, to provide an alternative to GasNet's LNG Storage at Dandenong (also involved in the valuation of the GasNet LNG Storage using Trowbridge as the financial advisor).

Asset Regulation Experience

- Lead negotiator for United Energy (with Duke Energy) for accessing Ikon gas to Tasmania (this was part of the negotiation United Energy was having with the Tasmanian Government for the development of a gas distribution network in Tasmania, also involved in these negotiations);
- Project managed the Operational Audit of United Energy Distribution Network;
- Negotiation of Distribution Code and Service Level Agreements with the Office of the Regulator General (represented United Energy).
- Coordinated/developed United Energy's position on Bypass. This was a major issue for United Energy, particularly in light of the Docklands decision (considerable public consultation was made by the Office of the Regulator General in relation to this decision).
- Coordinated/developed Distributed Generation/Inset Network business plan.
- Coordinated/developed Gas business plan (prior to purchase of Ikon/Multinet).
- Commenced negotiations with gas producers for the supply of gas into NSW and South Australia.
- Conducted the initial economic analysis for the Kemcor Co-generation project, which United Energy pursued as an inset network opportunity. Also, conducted the initial negotiation of energy off-take for the co-generation plant when Fletcher Challenge was the developer (when Fletcher Challenge dropped out United Energy took over in a JV with Westcoast Energy).

CHRONOLOGY OF POSITIONS WITH ORGANISATIONS

- 2007–2009 Gas Specialist, International Power (contract position)
- 2002–2007 Commercial Manager Victoria, AGL
- 1999–2002 Manager Market Operations and Regulation, EdgeCap
- 1995–1999 Manager Distribution Regulation, United Energy
- 1992–1995 Marketing Analyst, BHP Petroleum
- 1990–1992 Senior Analyst, Project Coordination Group North West Shelf Project
- 1985–1991 Hydro-cracking Fischer-Tropsch Wax, Part-time PhD at Monash University

- 1983–1990** Research Officer for Gas Conversion, BHP Research
- 1982–1983** Research Officer for Coal Conversion, BHP Research
- 1980–1982** Research Officer for Solar Energy, BHP Research