

# Leading Natural Gas INFRASTRUCTURES

A successful global energy player, Spanish company Enagás operates as the best in class, while working in collaboration with its strategic business partners.

Images courtesy of Enagás

Since its foundation in 1972, Enagás has grown exponentially in Spain, and lately to other European and international markets to offer a high level of technical expertise, namely Mexico, Chile, Peru, Greece, Albania, Italy, and Sweden. *The CEO Magazine* spoke to Marcelino Oreja, CEO of Enagás, about the company's strategy for internationalisation, the relationships it has developed over the years, the future of the gas sector, and sustainability efforts.

***The CEO Magazine:* How has the company grown and expanded over its existence, particularly internationally?**

**Marcelino:** I arrived at Enagás in 2012, when the process of internationalisation had already started, with projects underway in Mexico and Chile. Enagás has since assessed more than 200 international projects in 63 different countries. The main driver behind these projects is having the leverage of experience as the transmission system operator and developer of natural gas infrastructures in different markets.

In recent years, the position of Enagás as a global specialist in LNG regasification has gone from strength to strength, while partnerships with local groups with complementary skills remain stable,

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- Marcelino Oreja

thereby easing predictable cash flows with attractive returns. As a result, Enagás has become, in four years, an international midstream company present in eight countries.

**What sets Enagás apart from its competitors?**

Over the course of its more than 45-year history, Enagás has developed the key infrastructures for the Spanish gas system, transforming it into a benchmark for security and diversification of supply. The company is the main carrier of natural gas in Spain, with more than 11,000 kilometres of pipelines, and is also the technical system manager. Furthermore, Enagás is accredited as an independent transmission system operator by the European Union.

We are a leading global liquefied natural gas [LNG] company—first by number of LNG regasification terminals in the world, and third by regasification volume. This situation sets Enagás apart from its competitors. Very few companies have such an expertise and can compete with Enagás.

**Enagás has a big emphasis on sustainability. Why is this important and what does the company do to ensure the energy business is sustainable?**

Yes, indeed, sustainability is at the heart of how Enagás conducts its

business activities, and strengthening this commitment is a strategic priority. Sustainability enables us to identify the key themes in the medium and long term in advance. Furthermore, it helps us to develop the capacities and resources required to maintain our operational excellence.

Our sustainable management model, based on innovation and ongoing improvement, has led to our inclusion in the world's most prestigious rankings, such as the Dow Jones Sustainability Index, for eight years in a row. We understand that sustainability is the framework for the development of our business. This is the reason why we have included sustainability in our Strategic Plan since 2013 and as one of the four strategic drivers in our Strategic Update 2015–2017.

In the environmental sphere, CO2 emission reduction and energy efficiency are our priorities in order to tackle climate change. Our energy-efficiency plan has led to more than 100,000 tonnes of CO2 emissions avoided in 2014. Our commitment in this field is so high that we have endorsed CDP Road to Paris Climate Change initiative, prior to COP Paris 2015. We understand that embedding sustainability into how we do business is essential. We are pursuing goals that go far beyond earlier concern for reputation >






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Fluxys as a gas infrastructure company seeks to foster the integration of the European gas market through the development of a cross-border infrastructure backbone linking gas sources to markets, bridging the markets and gas trading places, and providing security of supply.

Fluxys is convinced that gas and gas infrastructure will continue to feature as core components of an affordable energy mix for tomorrow's low-carbon economy.

- Gas is the cleanest fossil fuel with the lowest carbon footprint and the lowest emissions impacting health.
- Gas infrastructure and gas-fired power plants provide the flexibility required to complement variable power generation from renewable sources.
- Gas infrastructure is a highly versatile asset for transmission and storage of large quantities of energy at low cost. New technologies such as power-to-gas will make the gas system even more flexible in the future energy landscape.

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- Marcelino Oreja

management; for example, saving energy. This helps the company capture value through growth and return on capital.

**What are some of the challenges you have experienced at Enagás and how have you overcome them?**

Enagás' business model and challenges in the last years have been mainly to integrate innovation and internationalisation within our management model. To overcome these challenges we have gone through important changes within the company. Our core business is the same; however, it is now present in eight countries. Various cultural changes were necessary within the company in order to ensure that its management structure and philosophy were both aligned with the change in strategy. Our new approach involves a growing international network, modernisation, and supporting productive internal collaboration. As a consequence, teamwork, mobility, working in global environments, and transversality are implemented in our working life.

Our employees now have experience of operating in international markets, and have worked extensively with the world's leading gas companies. In order to provide the best industry expertise to our customers, we have expanded the prospects for internal career development and our ability to attract new talent.

**What are the key values of the company and how do you instil them in staff?**

Enagás has revised its mission, vision, and values in line with its strategic plan and the new challenges within an international environment.

Enagás' mission is to develop and manage gas infrastructures in a

secure, efficient, and environmentally responsible manner; complying with prevailing legislation and helping guarantee supply, particularly in our role as the technical system manager in Spain. In addition, we are offering our experience, knowledge, and best practices to create value for our stakeholders.

Our vision is to be a national and international standard bearer in the development and management of gas infrastructures, promoting their use by offering innovative services that contribute to sustainable development.

In order to achieve our mission and vision, Enagás' values guide our work on a daily basis. These values are: efficiency—optimising the use of available resources to achieve the Enagás objectives; transparency—providing reliable information to all our stakeholders; innovation—constantly brainstorming in order to develop new ideas that allow us to improve our services; integrity—behaving ethically and responsibly; sustainability—creating value taking into account economic, social, and environmental criteria; security—taking into account our facilities, employees, and environment, and their wellbeing; teamwork—working collaboratively with staff and also other stakeholders or partners in order to achieve our goals.

**How do you work with suppliers and partners to achieve success?**

Our suppliers and partners are now diversified and, in many cases, international, as a consequence of our internationalisation process. In the case of our suppliers, Enagás has an accreditation process so they can become part of the tender and purchasing processes. On the other hand, within our five strategic criteria for international investments, one of them is partners. Our partners are local groups or international companies with capabilities that dovetail with ours. We look for long-term alliances with our partners that respond to our investment strategy, dependent on the useful life of the infrastructure we will be developing together. Probably this

criteria differentiates us from other financial investors. We identify partnerships involving companies that have some coincidences with our values and also with Enagás' ethical behaviour.

**What does the future hold for Enagás and what opportunities do you think are present?**

Industry experts predict that, for the next 25 years, natural gas will continue to play a key role in the global energy supply. Given the fast growth of energy consumption in non-OECD economies, we envisage that global gas demand will increase by more than 2 per cent annually through to 2020.

Taking into account that this major demand increase will occur in regions that are not self-sufficient, expanding infrastructure capacity will be necessary in order to meet both production and demand. As such, Enagás is well positioned to play a leading role in infrastructure development and operations, as it is independent from both production and consumption interests and so acts as an enabler for harmonising the world's gas needs.

Enagás' strategy is future-oriented and well anchored. Three areas stand out to me as of particular importance. On the Spanish side, we will continue to consolidate our regulated business and our key role as technical system manager, in order to keep ensuring the continuity and security of supply. Internationally, we will invest where we can create material and profitable positions. We will also strengthen our efforts in competitiveness and sustainability that are of critical importance, through a strengthened efficiency and improvement agenda.

During these years, the gas industry and the company are facing demanding challenges. Enagás is well positioned for the future. We have a solid financial structure, and are a highly competent organisation. Enagás started the work to improve competitiveness and international incursions. We are well prepared to tackle these challenging times. •

*“Fluxys shares with Enagás a thoroughly international approach to the gas infrastructure business. Mutual trust and transparency are the key values that make our cooperation tick and we build on each other's expertise to fuel our partnerships and explore new ventures.” - Walter Peeraer, Managing Director and CEO, Fluxys*