

# Global energy industry remains steady

*Encouraging levels of new projects are emerging across the global energy industry, according to EIC Monitor, a quarterly report from the EIC, the leading trade association for UK companies that supply goods and services to the energy industries worldwide.*

**E**IC Monitor reports newly announced projects across the global energy supply chain. The 3Q2010 (July–September 2010) report reveals that the power and renewables sectors are holding their strong position as the dominant sectors of the industry, accounting for over two thirds of all new projects and investment potential in the period. The upstream and downstream sectors have both seen a decrease in new project numbers since the previous quarter, while the midstream sector has shown a rise in activity.

The report tracks over 8,000 active and future projects in the global energy industry and provides an industry barometer, broken down into oil and gas (downstream, midstream, upstream), nuclear and conventional power, and the renewables sectors. Data is analysed by the number and value of new, active and proposed projects recorded by the EIC each quarter.

### Key highlights

Overall this quarter, the total number of new projects has remained virtually static since the previous quarter and is still slightly lower on the same quarter in 2009. Potential investment value has fallen by around 17% since the same quarter last year. In 3Q2010 there were 413 new projects across the global energy supply chain with an estimated total value of \$301bn, compared to 414 in 2Q2010 totalling \$300bn and 473 new projects in 3Q2009 worth \$364bn.

In the power sector, there has been an increase in the number of projects, together with an increase in the total investment value, up by 13%. In the renewable sector the number of new projects has dropped slightly from the previous quarter, although the value of these has dropped more sharply.

The upstream sector continues to decline, with a 28% drop in both the number of new projects, although total project value remains similar to the previous quarter. Meanwhile, the

midstream sector has seen a further small growth in the number of projects, albeit with a significant 64% increase in project value since 2Q2010. In the downstream sector, the number of new quarterly projects has decreased further, although the total investment has only fallen slightly since 2Q2010.

In nearly all cases newly proposed projects must first undergo various planning and consent approvals which may take several years. Also, early stage proposals do not necessarily have financing agreed and in place. Thus there will always be a proportion of projects that do not gain consent and/or finance.

Commenting on the EIC Monitor, Mike Major, CEO of the EIC said: 'It is encouraging to see that the EIC Monitor is showing that the global energy industry is remaining steady despite the ongoing harsh economic climate. China, India and the US have some of the largest projects this quarter, but we continue to see a wide variety of new projects globally, with the power and renewables sectors accounting for the lion's share of investment potential.'

### Summary of new projects

Figure 1 and Figure 2 show the total number and value of new projects across the global energy supply chain for 3Q2010 and the previous four quarters.

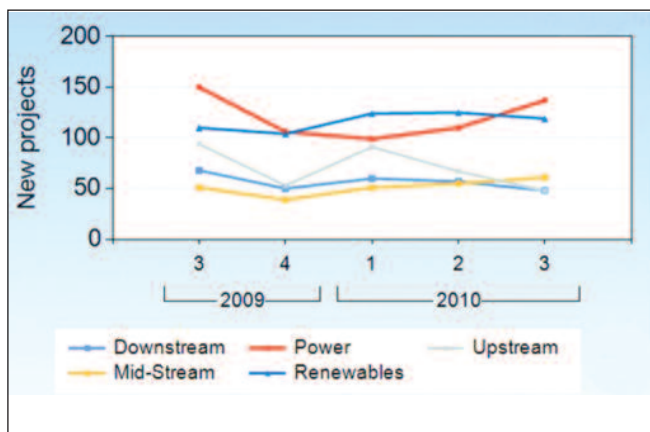


Figure 1: Number of new projects added to EICDataStream

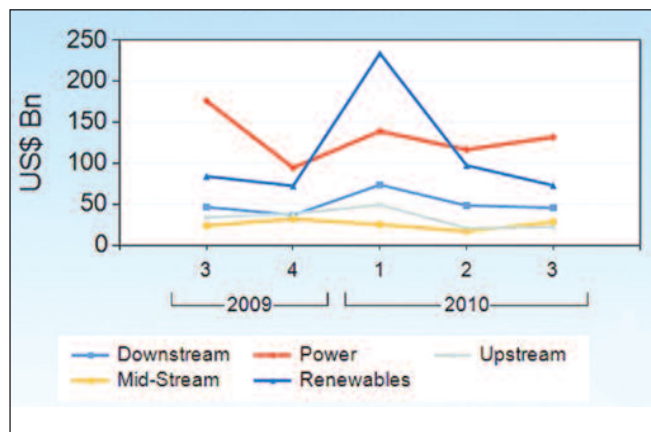


Figure 2: Value of new projects added to EICDataStream

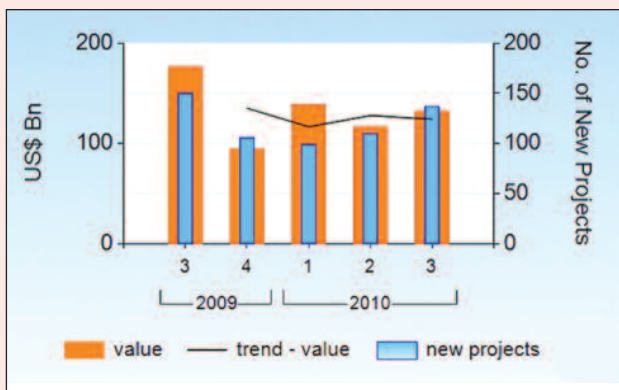


Figure 3: Renewables

There have been 119 new projects in the renewables sector (see Figure 3), totalling \$72.9bn in 3Q2010. In comparison there were 125 new projects totalling \$97.4bn in 2Q2010 and 110 new projects totalling \$84bn in 3Q2009.

The most significant new projects this quarter are five US-based offshore wind farms. The largest developments are the Nantucket Island, Mustang Island and Rio Grande projects totalling \$18.5bn.

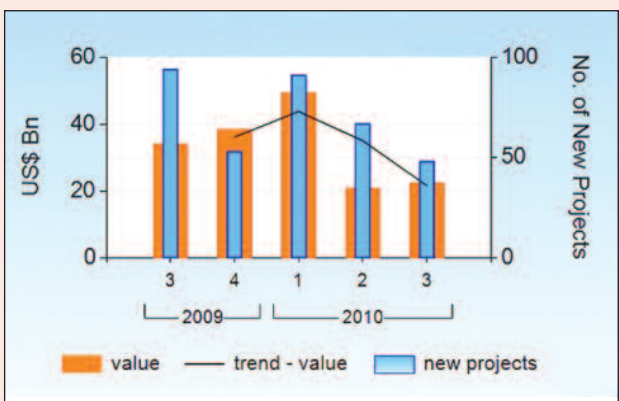


Figure 5: Upstream sector

There have been 48 new projects in the upstream sector (see Figure 5) totalling \$22.35bn in 3Q2010. In comparison, there were 67 new projects totalling \$20.85bn in 2Q2010 and 94 new projects totalling \$34bn in 3Q2009. The largest single new project is the \$10bn Common Seawater Injection Scheme in Iraq, which aims to sustain pressure in the Rumaila, West Qurna, Zubair and Majnoon oil fields.



Figure 7: Downstream sector

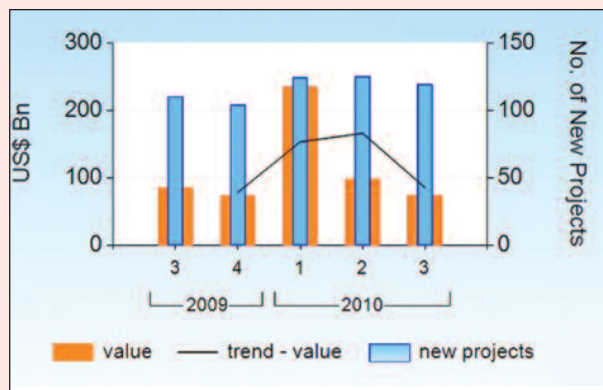


Figure 4: Power sector

There have been 137 new projects in the power sector (see Figure 4) totalling \$132bn in 3Q2010. In comparison there were 110 new projects totalling \$117bn in 2Q2010 and 150 new projects totalling \$176bn in 3Q2009.

India and China again feature heavily in the number of new projects, accounting for 43 new projects, almost all thermal plants. The largest new project is the 8,000 MWe Gujarat gas-fired power plant, representing a capital investment of \$8.6bn. An increasing number of smaller energy from waste and biomass based power plants are emerging, particularly within Europe.

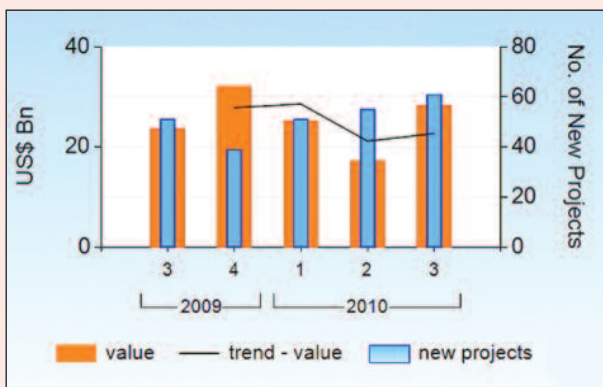


Figure 6: Midstream sector

There have been 61 new projects in the midstream sector (see Figure 6) totalling \$28.3bn in 3Q2010. In comparison, there were 55 new projects totalling \$17.2bn in 2Q 2010 and 51 new projects totalling \$23.7bn in 3Q2009.

New projects are well distributed around the globe. The largest of these are the \$4.2bn Bicentenario crude oil pipeline in Colombia and the \$2.54bn Guangxi Beihai LNG terminal in China. Once again, China and the US have the largest number of new projects, with the latter proposing eight new pipeline projects.

There have been 48 new projects in the downstream sector (see Figure 7) totalling \$45.6bn in 3Q2010. In comparison, there were 57 new projects totalling \$48.5bn in 2Q2010 and 68 new projects totalling \$46.6bn in 3Q2009.

New projects are widespread, although Nigeria has announced three new refinery projects at Kogi, Bayelsa and Zamfara with a combined total investment of \$18bn. China, India and the Middle East account for half of the new projects.

All figures supplied by EIC