



BLACK & VEATCH

Creating value for clients through excellence in project performance

World Energy interviews Ron Wood, President of Black & Veatch's Energy Engineering & Construction Division



As the global energy market emerges from an extended period of slow growth, the Energy Engineering & Construction (EE&C) division of Black & Veatch has recently recorded a number of project wins. EE&C President Ron Wood elaborates on the reasons for new assignments as well as current market opportunities for the division.

World Energy: Black & Veatch seems poised to seize the opportunities that are emerging in the energy market. Please explain why.

Wood: For the past few years, we have focused on our project-execution capabilities and have implemented improvements in our processes. In particular, we consolidated and refined all the standard practices, tools and guides that control how we do our work, and have made it all available on a Web-based framework, enabling easy access for all of our professionals. These refinements complement our adoption of Six Sigma as our continuous improvement program. As a result, our operations are clearer and our professionals are more productive. Additionally, we have focused on developing extraordinary teams of people who are dedicated to working together and achieving significant results for our clients.

World Energy: So these internal improvements are having a positive impact externally?

Wood: They are enabling us to deliver solutions that create value for our clients and stakeholders. For example, in consortium with GAMA, a major construction contractor in Turkey, Black & Veatch was recently awarded a contract to build a 300 megawatt combined-cycle power plant in Jordan. This is for the Central Electricity Generating Company (CEGCO), the power generation part of Jordan's electric utility system. Although the competition was strong, we prevailed thanks to an innovative solution for the client that we developed as part of the proposal. Additionally, we received excellent support from the respective governments.

World Energy: Your emphasis seems to be on solutions that drive client satisfaction.

Wood: Absolutely. Over the past 40 years, we have earned our clients' trust on complex power-generation projects worldwide, including coal, nuclear, combined- and simple-cycle gas turbine, air-quality control systems and renewables. We have a legacy of meeting any challenge to help our clients achieve their goals, and perhaps nothing has served us better than our excellent project results.

For example, Florida Power & Light recently awarded to Black & Veatch and our Black & Veatch/Zachry Construction Corporation Joint Venture a 4-on-1 combined-cycle assignment. I believe this award can be attributed to our history of projects, which have yielded positive results for all organizations. Another example I would mention is the Port Westward project for Portland General Electric.



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The project is a combined-cycle one-on-one plant that incorporates Mitsubishi Heavy Industries (MHI) combustion turbine, G-class technology – the most advanced technology that MHI offers. In this instance, I believe our technical capability coupled with a strong client relationship and a great sales and proposal effort by our team allowed us to win the Port Westward project.

World Energy: In terms of your market, where do you see future opportunities emerging?

Wood: The opportunities are global. We have had good success in China and recently won a project there based on our competence in creating value for our clients. We are also evaluating and pursuing opportunities in Indonesia, Thailand and Vietnam. In the Middle East, in addition to Jordan, we see opportunities in Saudi Arabia, Kuwait and Libya.

I believe that we have also seen the bottom of our U.S. market and the prospects ahead appear significant. The focus is on coal as a fuel, with nearly 100 opportunities where companies are looking at very large coal-fired power plants. Beginning in 2005, I believe there will be several coal-fired projects awarded each year for a period of a few years.

World Energy: What are the challenges?

Wood: In our industry, uncertainty is a driving force. The marketplace changes fast. Relationships with regulators can be challenging. Capital spending priorities are often unclear. For example, there are a number of complex regulatory requirements that may be imposed on coal-fired plants, all of which impact how we would apply coal-based technologies. If the rules that emerge are reasonable, I believe we can satisfy a substantial portion of the nation's energy needs with coal. If they are not so reasonable, it will become more difficult. Intertwined with this, of course, is the significant influence that the cost and availability of natural gas has in the energy equation. To meet these challenges, organizations will need to develop or find the capability to manage the strategic as well as the technical challenges they face.

About Black & Veatch

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Black & Veatch is a leading global engineering, consulting and construction company specializing in infrastructure development in the fields of energy, water and information. Working from more than 90 offices worldwide, the company provides conceptual and preliminary engineering services, engineering design, procurement, construction, financial management, asset management, information technology, environmental, security design and consulting, and management consulting services. Founded in 1915, Black & Veatch is an employee-owned company and is ranked on the Forbes "500 Largest Private Companies in the U.S." listing for 2003. The company's Web site address is www.bv.com.

A global powerhouse, the Energy Engineering & Construction (EE&C) division of Black & Veatch provides life cycle engineering, procurement and construction solutions for the power generation industry and the customers it serves. With experience that reaches around the world and across all fuel types, EE&C solves clients' most complex power-generation challenges with solutions that are cost-effective, reliable and unique.



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