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Argus Consulting: Building a coal supplier portfolio



Challenge faced

This northeast Asian utility was building a three-year strategic plan, including the design of a procurement portfolio. To do this, it needed to assess the risks associated with potential suppliers.

The utility required a profile for the supplying firms, based in Indonesia and Russia, and an independent assessment of each in order to build a procurement plan that best mitigated supply and price risks. It sought an independent and knowledgeable partner to be able to provide well-researched, trusted third-party insight.

Solution provided by Argus Consulting

The client approached Argus Consulting to undertake this project owing to our deep macroeconomic understanding of the thermal coal markets as well as the industry microstructure.

We conducted several stages of analysis to inform our assessments of each firm and ultimately delivered the optimal portfolio of suppliers for the utility to work with.

Our analysis covered:

- Macro analysis of thermal coal markets in Indonesia and Russia
- Price formation of key benchmarks, including Indonesian and Russian prices
- Supply and price dynamics
- Policy and regulatory risk
- Logistical risk

Outcome

Using the findings of our detailed analysis, Argus Consulting developed a screening mechanism to rank the firms and devise the optimal supply portfolio for the client.

Safe in the knowledge that the suppliers had been thoroughly assessed, the client was able to incorporate the findings into its wider strategic plan to reduce price and quantity risks.

For more detailed information on this case study and similar projects completed by Argus Consulting, please [contact us](#).

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Coal
illuminating the markets

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