New Chapter for Siemens Energy Begins Now

a Siemens Energy interview for mexico-business.news/oilandgas
What changes has the company experienced this year?

A: Siemens Energy was spun off from Siemens and listed on the Frankfurt Stock Exchange on September 28th, 2020, and is now a fully integrated energy company. Siemens Energy consists of two reporting elements: Gas and Power, which comprises the four divisions Generation, Industrial Applications, Transmission, and New Energy Business, and Siemens Gamesa Renewable Energy, in which Siemens Energy holds the majority stake. Despite the disruption from COVID-19, we have kept on track in terms of developing Siemens Energy. The work separating every legal entity in each country was tremendous, and Mexico was no exception to this.

COVID-19 was obviously the other significant change we witnessed this year and had to be managed alongside our customers to ensure that our projects continued. The oil price drop is another consequence of COVID-19 and we need to wait and see what mid- and long-term impacts the pandemic will have on the industry, particularly in Mexico. Clearly, we are not at the end of the crisis and no one knows when that end will be, but interestingly enough, it has forced all employees regardless of their level in the company to work differently. Things that seemed impossible before have suddenly become possible. This was perhaps the biggest lesson we learned. We had to adapt ourselves in the business’s best interest and the energy policy in each country where we operate, including Mexico.

What practical changes will result from spinning off Siemens Energy?

A: As an independent company, we now have the entrepreneurial flexibility we need to help shape the global transformation of the energy markets in a sustainable and economically successful manner. In September, Siemens Energy put on a virtual roadshow to explain its post-spin-off strategy and to showcase its portfolio that covers almost the entire energy value chain – from power generation and transmission to storage.

As a separate and independent company, Siemens Energy will help drive the global transition of energy systems toward renewable energies with even greater flexibility, speed, and resolve. As a separate company, we’re able to adjust our strategy, structure, and processes to the requirements of our customers and markets in a more focused manner and thus lay an even stronger foundation for our future success.

How have Siemens Energy’s projects in Mexico advanced over the last 12 months?

A: The SGT-750 turbines we delivered to Fermaca are now operational, and gas is flowing at El Encino. The COVID-19 pandemic presented obstacles to the project, but these were overcome by having both
companies work together. This was one of the major projects we had in Mexico in the last 12 months, though we are still working with Fermaca on others. These other projects are in the commissioning phase.

On the offshore side, we have been involved in Eni’s Area 1 project. We delivered the power generation units for the FPSO to MODEC, the EPC. We have not seen any projects materializing, although we have been working on several studies. Many discussions are going on regarding field developments and potential bidding rounds – but offshore has been slow up to this point. Because of this slowdown, our focus has been on pipelines, where operators still see opportunities to bring cheap gas from the US to feed power plants in Mexico. LNG export is another possibility.

Q: How well-positioned is Siemens Energy to adapt to the changes wrought by the pandemic?
A: When travel was restricted, we had to turn to remote installation and commissioning with limited resources. We had to deliver services with the personnel we had on the ground, under the guidance of an engineer working remotely in the factories being connected to the equipment so that projects were not slowed down. Siemens Energy already had the technology to carry this out, but it did not systematically happen until it became necessary. Now, we see that remote working is viable, and in Mexico, as in many other countries, it may become the standard. The pandemic has caused many adverse effects, but also some positive results.

Q: Will COVID-19 see oil and gas rid itself of its reputation as a slow adopter of technology?
A: In my personal opinion, the oil and gas industry does not always demonstrate the advantages of technologies; nevertheless, some technologies provide excellent benefits for stakeholders. For example, there are advanced technologies for intrusion and leak detection in pipelines, which can detect immediately and with very high accuracy the location of the intrusion/leak via fiber optics. These technologies are available, but there is still a reluctance to be the first company to apply them as they do not want to be “the first.” Therefore, pilot programs are essential to demonstrate technologies on a small scale and then, once proven, deploy them more broadly. To

Gas is now flowing at the El Encino site, with the help of SGT-750 gas turbine technology.
me, the industry does not have a technology issue but, rather, an acceptance issue. We must do a better job and demonstrate that the risk is close to zero for implementing those technologies and that these technologies reduce significantly any operating risk the customers do have.

Q: How would you describe Siemens Energy’s commitment to Mexico?
A: We have a long-term commitment because Mexico is a key energy country. Companies must be present in Mexico because of the amount of energy the country can produce and the amount the country needs. Mexico tends to export oil and import gas, and Siemens Energy plays a role in both. Not recognizing Mexico as a critical oil producer and a gas importer would be a mistake as an OEM.

Our goal is to commit ourselves to Mexico in an environmentally friendly way. When we implemented the SGT-750 in the country, we did this to provide a large powerblock to a pipeline and provide the greenest single-digit NOX large power block turbine on the market. We want to contribute to moving gas molecules in an affordable and environmentally responsible way for the population. This is our responsibility.

Siemens Energy is a spin-off from Siemens created in 2020. It is listed on the Frankfurt Stock Exchange and focuses on four main areas: power generation, industrial applications, power transmission and renewables.