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Energy Outlook: The Leaders

10 Energy Executives To Watch

By Brian Wingfield, Electronically reprinted from September 26, 2007

Ah, the American energy industry: Irate customers fuming about fuel prices; an aging electric grid in constant need of upgrades; Congress thinking of capping greenhouse-gas emissions and requiring a minimum use of renewable fuels and "clean tech" investments that will cost millions, if not billions, of dollars. In short, it's a tough place to be in charge.

"There haven't been any peaceful times since I've been a CEO," says John Rowe, chief executive of Chicago-based **Exelon**, who has been running electric utilities since 1984. In the past, his businesses had to deal with the challenges of moving to competitive markets and finding greener fuel sources, such as nuclear power. (Exelon is the country's largest nuclear producer.) "The problems of the hour change, but the CEO's task in coping with them doesn't change all that much," he says.

But still: The United States energy market is changing at an unprecedented rate. In some places, like Maryland and Illinois, the combination of rising fuel costs and the expiration of rate caps has caused a furor over soaring electricity prices.

In 2005, gas was over $3 a gallon. Private equity and merger and acquisitions have stormed the business. Congress passed a major energy bill that included subsidies for alternative and renewable fuels, loan guarantees for clean tech and reliability standards for utility companies. Two years later, more energy legislation is in the works.

That's not all. A new generation of nuclear reactors will likely be built in the U.S. within the next 10 years, with the first full application filed by **NRG Energy** this week. The Bush administration called for a nearly 500% increase in biofuel production over the initial 2012 target, and with crude-oil prices currently above $80 per barrel, the ethanol industry is booming.

Duke Energy (nyse: DUK) CEO Jim Rogers has famously said, "If you're not at the table when these negotiations are going on, you're going to be on the menu."

Granted, the energy sector is highly diverse--utility companies, oil and natural gas businesses and ethanol producers are distant cousins at best. But most firms are trying to get ahead of the curve. Earlier this year, dozens of businesses and environmental groups signed on to the United States Climate Action Partnership, an organization calling for a so-called "cap-and-trade" system to limit carbon emissions. Its members include Duke, Exelon, NRG, **PNM Resources, FPL Group, ConocoPhillips** and **BP America.**

Individually, many companies are investing in energy efficiency, notably "demand response" technologies that allow consumers to cut back on their energy use when power is most expensive. Subsidiaries of **PG&E** and **Constellation Energy Group**, as well as **Pepco Holdings Inc.**, are piloting or planning to roll out "smart meters" that more accurately gauge electricity consumption.

Sempra Energy is building new liquefied natural gas terminals in Louisiana and off the coast of Baja, Calif., in Mexico. The company has also teamed up with ConocoPhillips and pipeline owner KinderMorgan on a separate project to bring natural gas from the Rocky Mountains to Ohio.

"As a country, we are consuming more natural gas than we are finding," says Sempra Chief Don Felsinger, adding that more infrastructure will help lower the cost of the fuel that typically sets electricity prices.

Ohio-based **American Electric Power**, the largest consumer of coal in the U.S., is trying to build the country's first super-efficient commercial-scale coal gasification plant. The company is also exploring ways to capture carbon for underground storage, and it has proposed a massive 550-mile power line spanning from West Virginia to New Jersey to help alleviate the region's power needs.

However, none of this is going to be cheap. AEP's gasification plant alone could run more than $2 billion. Opponents of a Congressional plan to mandate a minimum amount of renewable energy for most utility companies say it will increase the cost of power in states where wind power is not prevalent. Exelon's Rowe estimates that electricity prices will increase by at least 15 cents per kilowatt-hour, due to upward pressure on the need for new capacity, fuel prices and capital and labor costs. If people "just throw money at everything that sounds green," this figure could double, he says.

While many firms are responding to these new challenges, we've identified 10 energy chief executives that are worth watching. Some have built major companies from the ground up, others are considered visionaries by their peers, most have attracted controversy.

And all are likely to shake things up.

In Pictures: 10 Energy Executives to Watch

James Rogers

Chairman, President and Chief Executive Officer, Duke Energy

Rogers might just be environmentalists' best friend in the utility world--despite the fact that Duke Energy gets about 70% of its power from burning coal. In favor of a "cap-and-trade" system to limit carbon emissions, Rogers refers to energy efficiency as the "fifth fuel," behind coal, natural gas, nuclear and renewable power. In June, Rogers told a Congressional panel: "[I]f we are not serious about building more nuclear generation in this country, then we are not serious about climate change."