

## BACKGROUND INFORMATION

Ascend Energy Solutions offers solutions to operators who need to maximize their margins on feedstock and products. We develop feedstock supply and product offtake agreements as well as develop hedging strategies to secure investment financing. Our experienced team has successfully developed commodity strategies for more than 100 clients over the past three decades.



## ABOUT THE CLIENT

Our client is a petrochemical and polymers company experienced in the development, construction, and operation of world-class olefin and petrochemical facilities. Their process takes advantage of the abundance of natural gas liquids in the United States and produces high-value olefin and petrochemical products.

## THEIR CHALLENGE

Our client was pursuing an opportunity to acquire an existing plant and perform a capital expansion with outside financing. In a market with rapidly changing natural gas liquids and petrochemical prices, they needed a solution to minimize their feedstock costs and remove much of the variability in margins. This solution required a creative solution that could provide a predictable, low-cost, long-term feedstock supply.

They chose Ascend to develop their strategy due to our previous experience and success as marketers, operators, and developers. Our team has connections with upstream and midstream operators and understands the needs and goals of the counterparties. We also understand the logistics and transportation framework required to connect the barrels between supply and market.



## Feedstock Supply and Product Marketing Strategy Development

### OUR SOLUTION

Ascend approached the challenge in two ways to find an optimal solution. One was to develop a traditional hedging strategy that would be widely accepted by financial institutions. This strategy was developed through relationships with marketing companies, banks, and other lenders.

Ascend also developed several creative solutions to bypass some of the middle-men in the supply chain. By using our connections with producers and midstream companies, we developed a strategy to streamline the supply of feedstock and reduce the overall cost. We also worked with our client to identify the feedstock and product quality specifications to maximize margins.



### RESULTS

In a tight commodity market, the traditional hedging strategy is subject to many factors, including the requirement for multiple parties to protect their interests and derive value along the way. During the process, it became clear that this strategy would not produce the highest returns.

Ascend's strategies for alternative supply methods and feedstock specifications allowed our client to identify an uplift on margins producing additional returns of \$15 to \$100 million per year. This result achieved the goal of producing a feedstock supply option that both minimized costs and also removed variability.



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FEATURED PROJECT

