
National Capital Area Chapter

United States Association for
Energy Economics
January 2002

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news

Critical Energy Infrastructure: How Vulnerable is it?

Our Next Luncheon at Library of Congress

- WHEN:** Noon, Friday, January 18
- WHERE:** 6th Floor, Madison Building—Montpelier Dining Room
Library of Congress (enter from Independence Avenue)
1st Street & Independence Avenue, SE
Washington, DC
- SPEAKER:** Nancy Wong, Senior Executive
Critical Infrastructure Assurance Office (CIAO)

Even before the recent tragic events in New York and Washington raised our awareness about our domestic security, the vulnerability of our energy infrastructure to terrorist attack was questioned. Separate studies by a Presidential Commission, the National Petroleum Council (NPC) and the North American Electric Reliability Council (NERC) documented potential vulnerabilities in our energy infrastructure and identified actions to bolster our security and minimize potential disruptions to service. The economic cost of improving the security of critical energy systems pales in comparison with the economic costs of a major service interruption, but has to be factored by our perceptions of the risks of such an interruption. Obviously, our perception of those risks has just been significantly raised. It is time to rethink the level of our investments in security, and perhaps to look at energy infrastructure proposals from a new perspective: defensibility.

Our January 18th luncheon speaker is actively involved in helping to reduce our energy infrastructure vulnerabilities. Nancy Wong, Senior Executive at the Critical Infrastructure Assurance Office (CIAO) is responsible for National Outreach and Awareness. Prior to joining CIAO, Nancy had responsibilities for Pacific Gas & Electric Company's computer and telecommunications infrastructure operations. Her presentation will address overall Administration policy elements associated with mitigation plans, identify the challenges, document progress achieved and identify what more needs to be done.

Join us on Friday, January 18th at 12:00 pm for networking, with the lunch-line forming promptly at 12:30 and the presentation beginning at 1 pm so we are done by 2 pm.

COST: \$15.00 for members and \$20.00 for non-members—guests are always welcome. Make checks payable to NCAC-USAEE.

RSVP: By noon, TUESDAY, January 15, by phone to Pam Tomski on 202-861-2841. Cancellations after noon Thursday will be billed.

December Meeting Highlights

SPEAKER: Kathleen Cooper, Under Secretary for Economic Affairs, U.S. Department of Commerce *The Administration's Economic Response to the September 11 Crisis*

In contrasting her current responsibilities of advising Secretary Evans on the economic situation and improving timeliness of economic statistics with her previous position as chief economist at Exxon Mobil, Kathleen Cooper noted, "It would be enough to make your head spin if it weren't so interesting, exciting, and down-right fun."

The events of September 11 highlighted the close links between national security, economic security, and energy security.

National security: While the people of Central and South Asia and the Middle East taught the ancient world a great deal about trade, Cooper said their economies are now held hostage to politics. But, she said, Canada is playing an increasing role as a natural gas supplier, the Administration is encouraging infrastructure improvements and free markets in West Africa where oil and gas development is flourishing, and the Caspian region holds great potential depending on cooperation from neighboring countries and multinational companies.

Economic security: National security may be getting the media attention, but the economic battles are also real, Cooper said. The \$55 billion in emergency funding already spent for such things as aid for victims, investigations, and airport security has had general economic benefits as well. President Bush has called for an additional \$60 - \$75 billion in stimulus including tax reductions for low- and moderate-income households, partial expensing of capital expenditures, eliminating the corporate AMT, and extending unemployment benefits. Secretary Evans and the President's economic team have also begun to convene a series of economic roundtables.

In most postwar business cycles, the downturns in household spending have led business investment. The current downturn, by contrast, was led by business investment which weakened much sooner and more significantly than one would have expected.

Cooper said the government is committed to improving its data. There is particular attention on better measuring the "new economy" and the service sector. She was greatly encouraged by the House of Representatives vote earlier in the day to grant trade-promotion authority for the President.

Energy security: the National Energy Policy Vice President Cheney presented to President Bush this past spring included three principles: (1) increasing energy diversity, (2) increasing domestic production and enhancing efficiency and conservation, and (3) modernizing energy infrastructure. Though legislative priorities have changed since September 11, she argued that attention to improving energy security is still important to protect both long-term national and economic security.

Cooper noted that the possibility of opening a small part of the Arctic National Wildlife Refuge to exploration has received much attention in the media, but it is just one of more than 100 initiatives in the President's plan, which also includes funding for renewable energy and energy efficiency research, tax credits to promote fuel-efficient vehicles and alternative fuels, improvements in pipeline safety, improved coordination of federal permitting, and infrastructure improvements.

She said the U.S. economy and energy growth are strongly linked, and without an energy plan that increases energy diversity, enhances efficiency and conservation, and modernizes the infrastructure, the U.S. cannot have a vibrant, growing economy. Cooper said that, just as with winning the war on terrorism, it is difficult to say precisely when the economic turnaround will come. But she was confident that the strength, technological sophistication, and resilience of the U.S. economy would prevail.

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- **Immediate Past President**

Postings for Area Conferences and Meetings

NCAC will post energy conferences held locally at the request of individual members. For listings of national and international conferences, please visit the national organization's web site at www.usaee.org.

NCAC Monthly Lunches—Set your Calendar for the Year!

To help you plan for the coming year, the following dates have been reserved for the NCAC monthly lunch:

January 18
February 15
March 15
April 26
May 17
June 21
September 20
October 18
November 15

Please Renew for 2002 now! February deadline for Inclusion in Directory!

If you have not already renewed your membership in NCAC, please fill out the form below and either mail it or bring it to the next luncheon. We will need members to renew by January 28 if they are to be included in the 2002 Directory of NCAC members, which will be available in time for our annual spring policy conference.

**National Capital Area Chapter
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2002 MEMBERSHIP RENEWAL/REGISTRATION FORM

_____ Please check here for membership renewal.

_____ Please check here for new membership registration.

- Membership registration/renewal for the NCAC/USAEE are expected by the end of the preceding calendar year.
- Please return your registration form and check to Pamela Tomski-NCAC/USAEE 2001 Treasurer at Wampler Associates, 1130 17th Street, Suite 312, Washington, DC 20036 or e-mail the information below to ptomski@erols.com.
- Dues for 2002 are \$20.00. Please make checks payable to NCAC/USAEE.

Please Print Very Clearly

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TITLE _____

ORGANIZATION _____

MAILING ADDRESS* _____

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