
National Capital Area Chapter

United States Association for
Energy Economics

December 2002

www.ncac-usaee.org

news

The Oil Market: Between Iraq and a Hard Place

Our Next Luncheon at Library of Congress

WHEN: Noon, **Wednesday, December 18**

WHERE: 6th Floor, Madison Building—Montpelier Dining Room
Library of Congress (enter from Independence Avenue)
1st Street & Independence Avenue, SE
Washington, DC

SPEAKER: Dr. Robert Ebel, Energy Program Director, Center for Strategic International Studies

Our December speaker, on **Wednesday, December 18 (an exception to our normal schedule of luncheons on third Fridays)** is **Dr. Robert Ebel** of the Center for Strategic International Studies, who will review several oil market scenarios for coming months as a function of potential military intervention to enforce the disarmament of Iraq. He will pay special attention to the potential role in the Middle East region and in the market of Russia, both as a political presence and as another major producer of oil for international markets from Central Asia.

Dr. Ebel is the director of the CSIS Energy Program, and co-led the USAEE energy policy project in 2001. Formerly vice president for international affairs and Enserch, he has also held positions with the CIA, the Department of Interior and the Federal Energy Agency. He is a widely known expert on the energy circumstances of countries of the former Soviet Union and the author of three books and multiple papers on energy matters.

Join us on Wednesday, December 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 COB Monday, December 16 to Ron Planting by phone (202/682-8509) or email (planting@api.org). Cancellations after noon Tuesday will be billed.

NCAC Annual Dinner—January 14!

January 14—**Annual Dinner** (January 8, 2003, location tbd)

Speaker: Ian Johnson, Vice President for Environmental and Sustainable Development, World Bank

NCAC Ballot for 2003 officers included in this newsletter!

November Meeting Highlights

SPEAKER: Shirley Neff, Staff Economist, Senate Energy and Natural Resources Committee

Energy Bill, Energy Bill: Where Art Thou, Energy Bill!

Neff began by noting that when a bill is complicated and controversial it often winds up being shelved at the end of the Congressional session, and that is what happened this time with the energy bill. She said that Congress ultimately came to closure on most issues except for electricity, climate change, and a few others. Many weeks were spent on negotiations on the electricity issues, and though Republicans seemed to accept that if a bill passed there would be a renewable portfolio standard, there were still discussions on how to make it more flexible. To those who say that the next Congress will pick up the energy bill where it was left off, she says “No way!”

Neff said that although some Republicans complained that Sen. Daschle had violated the standard procedure whereby a bill is reported out of committee then taken to the floor, an alternative method is not unprecedented. Though not desirable from a policy perspective, a bill could not otherwise have been reported from the Energy Committee with an electricity title. She believed it would be even more difficult in the next Congress to report out an electricity title, and in fact does not expect any kind of major energy bill coming out of the next Congress.

The Senate spent six weeks working on a compromise on electricity, and, she said, one can appreciate how complicated it is to amend a statute that has been in place as long as the Federal Power Act, and which has given rise to a substantial amount of case law. Neff observed that it is not an easy process to have members of Congress trying to make important decisions about one of the most important parts of our national infrastructure while at the same time dealing with homeland security, terrorism insurance and other major issues.

Though the bill was shelved, there will most likely be a budget reconciliation bill at the beginning of the next Congress. That is a process where the Budget Committee and the authorizing committees try to rationalize spending at the various agencies. But it is also an opportunity to legislate. In 1995, for example, a budget resolution bill included a provision to open ANWR, though the final compromise resolution did not include it.

She expressed considerable frustration with the role of the environmental community during the process. They got exactly what they wanted, Neff said, in that ANWR was not opened for exploration while the groups raised substantial amounts of money in their campaigns. She believes they also succeeded in irritating nearly every member of the Senate with such tactics as scorecards that gave some Democratic Senators D minuses for votes on fossil energy measures. She felt the focus among such groups has shifted from content to overly-specific ideology, though some industry groups have also gone that direction, she said.

She said she has become increasingly dismayed with the whole process. She contrasted the present effort with the Energy Policy Act debate in 1991-92 when members of Congress actually debated the specifics of pipeline rate design. This time, Neff said, the level of discourse for the most part has shifted to a more superficial, ideological level, making it difficult to come to any sort of rational policy consensus. She said that tax incentives such as for electricity production from various renewable sources (Section 45) and tax credits for unconventional oil and gas (Section 29) became more political than analytical issues.

She encouraged those present to look at such issues as the tax credits from a policy standpoint and informally work to increase the level of economic analysis that enters the debate. There will certainly be efforts to enact the various tax provisions next year. She noted that with a constrained budget, any incentives in the energy area will have to be offset with cuts elsewhere. Neff said the focus should be on the minimum needed to achieve the policy goal, not simply endorsing the trade association wish lists.

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- **Immediate Past President**

**This is the BALLOT for
2003 Officers and Directors for the
National Capital Area Chapter of the U.S. Association for Energy Economics**

Instructions: Each NCAC Member (those in good standing have received this ballot by email or by fax) should indicate either their support for the nominated candidate by putting a check in the blank in front of the name, or their preference for another candidate by writing in the person's name in the blank underneath the nominated person's name or the names of nominees as Directors. *Completed ballots should be sent to David South by EMAIL (david@tmsolutions.com) or MAIL (7904 Hollington Place, Fairfax Station, VA 22039-3161). They must be received for tabulation by not later than December 15, 2003, so that the elected slate of officers can be announced at the December 18th lunch meeting. Ballots should not be signed, but should be mailed in an envelope with the member's name in the return address.*

For President: Sarah McKinley, Federal Energy Regulatory Commission
Write-in candidate: _____

For Vice-President: Ron Planting, American Petroleum Institute
Write-in candidate: _____

For Secretary: Sara Banaszak, Energy Information Administration
Write-in candidate: _____

For Treasurer: Leslie Coleman, National Mining Association
Write-in candidate: _____

For Directors: Stephanie Battles, Energy Information Administration
 John Felmy, American Petroleum Institute
 John Jimison, Attorney at Law
 Fred Joutz, George Washington University
 Wil Kohl, School of Advanced International Studies – JHU
 Mark Lively, Consultant
 Shirley Neff, U.S. Senate Energy Committee
 Len Levine, Leonard B. Levine & Associates
 Carol Rendall, Consultant
 Anne Roland, Maryland People's Counsel
 Cyndy Wilson, Catalytics, Inc.
Write-in candidate: _____
Write-in candidate: _____
Write-in candidate: _____
Write-in candidate: _____

Note: David South, Technology & Market Solutions, LLC, is automatically a Director as Immediate Past President