
National Capital Area Chapter

United States Association for
Energy Economics

April 2004

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news

Energy Alarmism or Energy Realism? *Robert Bradley, Jr., Institute for Energy Research*

Our Next Luncheon at the Library of Congress

WHEN: Noon, Friday, April 16

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

SPEAKERS: Robert Bradley, Jr., Institute for Energy Research, Houston.

Depletion, pollution, import dependence, climate change--the carbon-based energy economy is unsustainable and must be phased down by enlightened government policy, right? Wrong, according to our next speaker. Rob Bradley argues that the statistical trends are positive for oil, gas and coal, despite recurring short-term challenges, and a moderately warmer wetter world, natural or anthropogenic, enhanced by CO2 fertilization is a net positive. The major threat to energy sustainability in his view is government intervention, whether price controls on energy, systemic access restrictions, or carbon-dioxide rationing.

Rob Bradley's latest book, Climate Alarmism Reconsidered (London: Institute of Economic Affairs, 2003), with print runs for both sides of the Atlantic, is a leading contribution to the contra-energy alarmism literature. A limited number of copies of the book will be available at the author's cost of \$5 per copy (regularly \$15) following the presentation.

Robert Bradley, Jr. is president of the Institute for Energy Research in Houston, senior research fellow of the University of Houston, and an adjunct scholar of the Cato Institute. He is author of four books on energy, including a two-volume treatise, Oil, Gas, and Government: The U.S. Experience (1996) Formerly director of public policy analysis at Enron Corp., Bradley's current book project is titled, Political Capitalism: Insull, Enron & Beyond (2005).

Join us on Friday, April 16 at noon 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: \$20.00 for members and their guests (\$5.00 for student members) and \$25.00 for non-members and their guests. Make checks payable to NCAC-USAE. **RSVP:** By COB Tuesday, April 13 to Leslie Coleman by phone (202/463-9780) or email (lcoleman@nma.org). Cancellations after noon Wednesday will be billed.

Highlights of the March Evening Energy Briefing

SPEAKERS: LNG: Promises and Pitfalls
Dr. Ben Schlesinger, BSA Inc.

LNG Storage: Today's Market Solution
Michael McCall, Conversion Gas Imports, L.P.

Dr. Ben Schlesinger, one of North America's leading independent energy consultants, presented issues and opportunities for liquefied natural gas. United States gas markets will increasingly rely on outreach gas and LNG. The United States is the world's largest gas importer. Five nations hold 62% of world gas reserves: Russia, Iran, Qatar, Saudi Arabia, and the United Arab Emirates. Generally, these reserves must be transported by ship. The largest gas exporters are Russia and Canada. Dr. Schlesinger observed that imported LNG will compete with North American gas resources.

The economic and policy outlook is positive for the LNG industry. In the Hackberry decision, the Federal Energy Regulatory Commission adopted a progressive LNG policy. Dr. Schlesinger noted that Hackberry recognizes LNG's important role in future gas supplies for the United States. He discussed the location of LNG terminals in the United States and whether FERC has the authority to merge them. A question was raised on the probability of a project being built in New England in view of political concerns there.

Political pressure concerning fears of earthquakes halted the development of an LNG terminal in California. But Dr. Schlesinger noted that Japan, another region susceptible to earthquakes, has thirteen LNG terminals. Another concern in the development of the LNG industry is obtaining credit to build necessary infrastructure. Dr. Schlesinger noted that scandals such as Enron and California still ice the business, but FERC is playing a positive role through its actions regarding price surveys. He expects two to four new receiving terminals for the import of LNG in North America by 2010.

Next **Michael McCall**, a logistician from Conversion Gas Imports, explained the operation of salt cavern based LNG receiving terminals. Salt cavern terminals can provide offshore mooring for LNG carriers and underground storage of LNG. These features make salt caverns less intrusive on coast lines than tank based LNG terminals. Additionally, underground storage provides maximum security for the inventory. Capital and operating costs could be half that of tank based terminals.

A salt cavern terminal would take less than two years to build, McCall explained. Opportunities in North America for the development of the terminals are located in the Gulf of Mexico (U.S. and Mexico) and Canadian Atlantic. Global opportunities are presented in Europe and China. Technical validations of the process are proceeding and government and industry are defining potential onshore and offshore sites for development. Natural gas storage in man made salt caverns is widely practiced onshore but policy and regulatory issues for sites in federal waters offshore are not fully developed.

Presently, McCall is continuing a joint research effort on the patented Bishop Process™, salt cavern based receiving terminals with the Department of Energy and more than two dozen industry cost sharing participants. Findings from this research in 2003 indicate that the salt cavern terminals will work and can be built quickly. Additionally, they will be lower in cost to build and operate than tank based terminals and will have scale and deliverability advantages over conventional terminals. Research objectives for 2004 are to field test equipment, define onshore and offshore facilities, answer skeptics, and accelerate commercial applications.

Upcoming NCAC Events

We've lined up an exciting list of events for this spring. Please be sure to put these luncheon meetings on your calendar!

Friday, May 21 Vijay V. Vaitheeswaran, Global Environment & Energy Correspondent,
The Economist
“Power to the People: How the Coming Energy Revolution will Transform
An Industry, Change Our Lives, and Maybe Even Save the Planet”

And don't forget the USAEE Annual Conference, July 8-10 at the Capitol Hilton in Washington!

2004 OFFICERS and COUNCIL MEMBERS

Name	Phone	Fax	E-Mail
David South President	703-690-2737 Technology & Market Solutions, LLC	703-690-2736	david@t-msolutions.com
Ron Planting Vice President	202-682-8509 American Petroleum Institute	202-962-4730	Planting@api.org
Sarah McKinley Secretary	202-502-8368 Federal Energy Regulatory Commission	202-208-0500	sarah.mckinley@ferc.gov
Leslie Coleman Treasurer	202-463-9780 National Mining Association	202-463-2614	lcoleman@nma.org
Sara Banaszak	202-721-0302 or 872-1199 PFC Energy	202-872-1219	sbanaszak@pfcenergy.com
Stephanie Battles	202-586-7237 Energy Information Administration	202-586-0018	stephanie.battles@eia.doe.gov
John Felmy	202-682-8530 American Petroleum Institute	202-682-8408	felmyj@api.org
John Jimison	202-728-9049 Attorney-at-Law	202-544-0043	john@jwj-llc.com
Fred Joutz	202-994-4899 George Washington University	202-994-6147	fjoutz@attglobal.net
Wil Kohl	202-663-5725 Director, IEEP, SAIS	202-663-5769	wkohl@jhu.edu
Len Levine	202-965-2788 Energy Consultant		len.levinegr@verizon.net
Shirley Neff	202-361-5434 Goldwyn International Strategies, LLC		sneff@goldwyn.org
Carol Rendall	301-229-8978 Energy Consultant	301-229-8978	carolwrendall@msn.com
Anne Roland	410-455-8457 Maryland Institute for Policy Analysis and Research		anne@umbc.edu
Cyndy Wilson	202-502-8941 Federal Energy Regulatory Commission.		Cynthia.Wilson@ferc.gov

2004 MEMBERSHIP RENEWAL/REGISTRATION FORM

National Capital Area Chapter U.S. Association for Energy Economics

- Please check here for membership renewal.
- Please check here for new membership registration.
- Please check here for student membership registration.

Membership registration/renewal for the NCAC/USAEE is expected by the end of the preceding calendar year.

Please return your registration form and check to **Leslie Coleman**—NCAC/USAEE 2003 Treasurer at: **National Mining Association, 101 Constitution Ave., Suite 500 East, NW, Washington, DC 20001**. Phone: 202/463-9780. Email: lcoleman@nma.org.

Full membership dues for 2003 are \$20.00 (students \$10.00). Please make checks payable to NCAC/USAEE.

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