
National Capital Area Chapter

United States Association for

Energy Economics

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news

Recent Political/Energy Developments in Russia: What Does it All Mean?

Presented by: Lucian Pugliaresi

President, Energy Policy Research Foundation, Inc. (EPRINC)

Our Next Luncheon at the Library of Congress

WHEN: Noon, Friday, March 16, 2007

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

Lucian Pugliaresi is President of EPRINC. From 1989 to 2007, he was founder and president of LPI Consulting, Inc., which provided research, representation and advisory services for domestic and multinational corporations. Mr. Pugliaresi previously served as an adjunct fellow at the Center for Strategic and International Studies and as Washington representative for the Moscow International Petroleum Club.

Prior to beginning private practice, Mr. Pugliaresi served at the U.S. Departments of Interior and Energy, Environmental Protection Agency, U.S. Department of State, and as Director for International Economic Affairs and as Director of International Technology Affairs at the National Security Council between 1984 and 1987. Policy experience includes work on offshore leasing, energy security issues, crude and product decontrol, nuclear non-proliferation, and a wide range of domestic and international issues. He holds an A.B. (with Great Distinction) in Economics from the University of California at Berkeley, and has pursued graduate study in economics at both Berkeley and George Washington University.

Join us on Friday, March 16, at noon for networking with the lunch-line forming promptly at 12:25 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-USAEE.

RSVP: By COB Wednesday, March 14 to Mark Lively by phone at (301) 428-3618 or email at

News from the February 16, 2007 Luncheon Meeting

The guest speaker at the February NCAC luncheon was Linda Stuntz, Former Deputy Secretary of Energy. She spoke on the topic “Energy Policy Prospects in the New Congress.” Ms. Stuntz began with the prediction that it would be rather unlikely for Congress to pass legislation making the U.S. energy independent in the near future and pointed out that climate change is still a major issue for the U.S. to overcome. She noted that there are a lot of issues relating to climate change that need to be considered; however, the pace of progress is rather slow, reflecting the limited number of legislators in Congress who really understand the details and consequences of the issues. In addition, with the change in majority control of both houses of Congress, significant staff changes also took place, contributing to inexperience with climate issues.

Concerning policy approaches to addressing climate change, she noted that there is on-going debate about the pros and cons of different policies. This is evident, for example, in the academic arena, where discussions encompass actions ranging from Cap and Trade to a Carbon Tax to a Low Carbon Emission Standard to policies that are economy-wide versus utility-sector only. Other discussions revolve around:

- what targets and timeframe;
- whether any offsets should be national, sectoral, regional, etc.;
- financing issues such as whether credits should be full or partial and whether to have a “safety valve” to control costs of a plan;
- the scope of any plan, including whether there should be an economy-wide carbon standard or something more like a renewable portfolio standard

Stuntz also addressed concerns for taking an international perspective, noting that China already burns more coal than the U.S., E.U. and Japan combined. Every ten days China adds a new coal-fired power plant to its system with the capacity to serve Dallas and San Diego. Moreover, an estimated five million new cars were sold in China last year, intensifying carbon emissions by China. Therefore, we urgently need a mechanism that deals with climate change on a global, multilateral basis.

Stuntz explained that Congressional action will inevitably be entangled with budget politics, which can be as much regional as partisan. For example, 80 percent of coop-owned generation in 2005 was coal-fired, relative to 50 percent of total capacity. Where these coops are located and whether Democrats or Republicans dominate those areas are likely to add complexity to Congressional climate debate.

State pre-emption is another complicating factor. If you do not preempt state programs, how can the national program take place? But she still hopes that there will be some progress in sensible national carbon policy.

She also discussed on the current prospect of U.S. alternative fuels. She addressed her concern about the ethanol boom and whether we are reaching limits of fuel derived from the food cycle, or whether this is just a temporary strain in which two fundamentally different cycles of food and fuels intersect in a new way. Even with devoting 20% of our corn crop to ethanol, we get only about 5% of our motor fuel demand. Cellulosic ethanol is clearly the new key, but the technical and infrastructure challenges are enormous. However, she still hopes that these technical problems can be resolved with financial resources and time. But the more interesting question is how to develop infrastructure and vehicles for fuels that are yet to be identified such as biodiesel, biobutanol and cellulosic ethanol.

Ms. Stuntz also commented on four other energy issues, including CAFÉ standards, energy efficiency, renewable portfolio standards (RPS), and electricity. In her view, there seems to be a growing consensus to make changes in CAFÉ, but how fast these will occur depends on the decision-making and implementing processes involved. On energy efficiency, Congress seems to be active and is likely to direct states to do more on real time metering and retail rate design. She expects lots of discussion on RPS. On electricity, she noted that there are some political conflicts on nuclear issues, with Republicans supporting, and Democrats against, nuclear power. Low carbon emission standards are also an alternative policy. She does not expect new electricity legislation to pass soon, but the battle over competitive markets is raging and some states are rolling such markets back. Electricity prices continue to rise and we continue to struggle to build new infrastructure. If there is a problem of supply adequacy in the near future, that will pressure Congress to do something.

Upcoming all-day annual Washington Energy Policy Conference, at Johns Hopkins School of Advanced International Studies, April 20

April 20 **“Toward a Lower Carbon Energy Future: Technology, Economics and Policy”**
1740 Massachusetts Avenue, NW, Washington, D.C. 20036 (DuPont Circle metro)

The conference begins at 8:30 a.m., and will conclude with a reception at 5:15 p.m. The planning group, made up of Wil Kohl, Glen Sweetnam, R. Omar Cabrales, Michael Canes, Vito Stagliano, Peri Ulrey, and Shree Vikas, is hard at work. The NCAC/USAEE and the International Energy and Environment Program (IEEP) of the Johns Hopkins University jointly sponsor this conference.

Key sessions include consideration of nuclear and coal electricity generation with carbon capture, renewable power generation, reducing carbon emissions from transportation, and policy options. Detailed program to follow.

Costs for attending this conference are \$130 for members and \$150 for nonmembers. Students may attend for free, but will pay \$20 for lunch if they choose to eat.

RSVP and PREPAY: By COB Monday, April 16, to Mark Lively at mbelively@comcast.net, (301) 428-3618. Make check payable to NCAC-USAEE, and mail to Mark Lively at 19012 High Point Drive, Gaithersburg, MD 20879-3402

Upcoming Lunch Speakers, Always Third Friday at Library of Congress, 12:00

May 18 Dr. Lawrence E. Jones, Account Executive, AREVA T&D Inc., speaking on Africa's energy sector, with a look at energy security, sustainability, and investment opportunities

Student Scholarships

NCAC will provide travel and hotel scholarships of \$500 each for up to three students to participate in the USAEE conference in Houston, September 16 – 19, 2007. To qualify for the NCAC scholarship, send a letter by August 1 to Maureen Crandall (1) stating that you were a student NCAC member for 2006 and 2007; (2) showing you have applied for and received the student waiver of the conference fee; and (3) describing your interests in energy economics. To the extent that more than three students apply for the scholarship, the council shall use the description of interest to select among the applicants or may decide to award additional scholarships. We provided a comparable scholarship on an impromptu basis to the February 2007 IAEE conference in Wellington, New Zealand, to Sharath Rao, of Delaware.

2007 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.

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 **Mark Lively** — NCAC-USAEE Treasurer at: **Utility Economic Engineers, 19012 High Point Dr., Gaithersburg, MD 20879.**
Phone: 301-428-3618. Email: MbeLively@comcast.net

Full membership dues for 2007 are \$20.00 (students \$10.00). Please make checks payable to NCAC-USAEE.

Please print clearly.

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Would you be interested in becoming more involved in NCAC-USAEE by serving on the Council or as an officer of the Chapter? Yes ___ No ___

Please list topics or speakers you would be interested in:

* For DOE, please provide complete routing address.

** Provide the **best e-mail address** to receive the newsletter.