
National Capital Area Chapter

United States Association for

Energy Economics

www.ncac-usaee.org

news

EIA's 2007-2008 Winter Fuels Outlook

Presented by:

**Guy F. Caruso, Administrator
Energy Information Administration**

Our Next Luncheon at the Library of Congress

WHEN: Noon, Friday, October 19

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

Guy Caruso will present the agency's near-term price outlook and expectations regarding residential heating bills this winter. His discussion will focus on key factors that have made energy markets so volatile in the recent past and on the outlook for those factors this winter. His presentation will provide EIA's best estimates of what to expect in oil markets and other energy markets over the next few months.

President Bush nominated Guy F. Caruso to the position of Administrator of EIA in February 2002. Mr. Caruso had earlier served within DOE as the Director of the Office of Market Analysis; Director, Office of Oil and Natural Gas Policy, Office of Domestic and International Energy Policy; and Director, Office of Energy Emergency Policy Evaluation. Prior to joining DOE, Mr. Caruso worked at the Central Intelligence Agency as an International Energy Economist in the Office of Economic Research.

Mr. Caruso previously worked at the Paris-based International Energy Agency (IEA), first as the Head of the Oil Industry Division and later as Director of the Office of non-member Countries. Mr. Caruso holds a B.S. in Business Administration and an M.S. in Economics from the University of Connecticut, and a Masters of Public Administration from Harvard University. He is a charter member of the International Association of Energy Economics, having joined when it was first established in 1977.

Please join us on Friday, October 19, at noon for this key opportunity to hear EIA's thinking on oil prices first hand, and to probe what assumptions lie behind that thinking. As in the past, we will begin networking at noon, with the lunch-line forming promptly at 12:25 and the presentation beginning at 1 pm. The meeting will end no later than 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-USAAE.

Note: As noted in last months' newsletter, we are making a special effort to attract more students to our luncheons this year. For this purpose, the Chapter's governing Council has agreed to allow any Chapter member bringing a student who is attending for the first time to themselves pay only the student rate – i.e., \$5. This extends to members bringing student interns to a first meeting as well as fulltime students.

RSVP: By COB Wednesday, October 15 to Mark Lively, Chapter Treasurer, by phone at (301) 428-3618 or by e-mail at mbelively@aol.com.

NCAC/IAEE WEBSITE: The Chapter website address is www.ncac-usaee.org . Summaries of the last two years of luncheon presentations can be found on the site. Kevin Book, our guest speaker in September, did not make a power point presentation, so there is no posting for his talk. However, this newsletter contains a summary of what occurred at the September meeting of the Chapter, including Mr. Book's talk. (see below). When there is a power point presentation, we will make every effort to put it up on the site shortly after it is given at the monthly luncheon meeting.

2008 MEMBERSHIP RENEWAL/REGISTRATION: The attached sheet provides a registration form for new members for 2008 or a renewal form for existing members. Please fill out and send to Mark Lively, Chapter Treasurer (address shown on the sheet).

SEPTEMBER 2007 LUNCHEON MEETING: Approximately 50 members attended the September luncheon to hear Kevin Book's presentation on "*The 21st Century Energy Crisis: 1970's Redux?*" Mr. Book is a Senior Vice President, Senior Analyst, at Friedman, Billings, Ramsey and Co, Inc.

Before introducing the speaker, Michal Canes, 2007-2008 NCAC President, provided a brief chapter status report:

- He introduced the Council's officers for 2007-2008
- Said NCAC has about 175 members and is financially strong
- Announced January 30, 2008 as the date for the annual dinner, with R. James Woolsey as the speaker
- Presented a \$500 scholarship to student member Poonpat Leesombatpiboon, to defray the cost of attending the annual USAEE conference in Houston
- Gave a brief review of the USAEE meetings in Houston, announced that Joe Dukert is conference chairman for next year's meetings in New Orleans, and said that he will be on the ballot as USAEE President-elect for 2009.

Mr. Book's presentation focused on US energy policy, with an emphasis on the politics of oil and alternative energy. His key observations were that:

- 1) The majority party in Congress is not favorably disposed towards conventional fossil fuels. Elected officials in Washington typically advocate the fuels or resources found in the greatest abundance in their home states. The makeup of

the current Democratic leadership points to a final law that favors corn, coal, and cars and also tax credits for power generation from renewable sources.

- 2) There is heightened disruption risk in the near term for Middle East production due to increased pressure for military or economic escalation against Iran. An alternative to conflict could be a Middle Eastern nuclear arms race that could substantially stall hydrocarbon extraction and refining investment, setting up the prospect of an enduring era of scarcity.
- 3) Climate Change is another important issue in Congress. Carbon dioxide equivalent could become a second benchmark currency of international industrial production with virtually none of the protocols that stabilize dollar-denominated instruments, potentially setting up the biggest mispricing in the modern history of global markets. Sovereign application of carbon taxes and duties to rebalance international trade relationships could provide a possible alternative to a global cap-and-trade scheme.

Mr. Book concluded that oil prices are likely to remain high, there are significant constraints to access to natural gas, and the cost of carbon dioxide emissions will be increased in a way that will shift consumption patterns. Also, U.S. ethanol production will be constrained by roadblocks that include transportation and availability of water for irrigation. In coming years alternative sources such as fuel cells will provide options, but oil and gas will remain mainstays of our energy sources.

After the presentation Mr. Book responded to several questions, many of which were on the feasibility of alternative sources of energy. His general view is that although some of these options show promise, they are several years away from becoming commercially feasible and are dependent on oil prices remaining high.

2008 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 2008 are \$20.00 (students \$10.00). Please make checks payable to NCAC-USAEE.

Please print clearly.

NAME _____
TITLE _____
ORGANIZATION _____
MAILING ADDRESS * _____

TELEPHONE NUMBER _____
FAX NUMBER _____
E-MAIL ADDRESS ** _____

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.