
National Capital Area Chapter

United States Association for

Energy Economics

www.ncac-usaee.org

news

Nuclear Energy Renaissance: Realistic Expectation or Fanciful Chimera?

Presented by:

Paul Genoa

Director for Policy Development

Nuclear Energy Institute

Our Next Luncheon at the Library of Congress

WHEN: Noon, Friday, November 16

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

Mr. Genoa will speak to the issues surrounding a renaissance of nuclear power in the United States and what will have to happen to make it a reality. His talk will distinguish between the optimism expressed by some that more nuclear energy is already a foregone conclusion and the pessimism of others that too many obstacles exist for this to happen. Mr Genoa is particularly well suited to discuss these issues, having worked for over 25 years in the nuclear industry, including the past 12 at the Nuclear Energy Institute. He is experienced in the regulatory and political issues surrounding nuclear power, as well as some of the practical aspects of operating plants.

Please join us on Friday, November 16, at noon for this key opportunity to hear NEI's views on the near-term future of nuclear power in the United States. 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-USAEE.

Note: As noted in previous newsletters, 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, November 14 to Mark Lively, Chapter Treasurer, by phone at (301) 428-3618 or by e-mail at mbelively@aol.com.

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 (with a check) to Mark Lively, Chapter Treasurer (address shown on the sheet).

October 2007 LUNCHEON MEETING: Approximately 55 members attended the October luncheon to hear Guy Caruso's presentation on EIA's 2007-08 Winter Fuels Outlook. Guy is the Administrator of EIA, a member of our chapter, and a charter member of the IAEE.

He began by telling us that tight global oil market conditions are expected to continue through 2008 due to OPEC production decisions and other factors. Moreover, low surplus production capacity of 2 to 3 million barrels per day, concentrated in Saudi Arabia, weakens the market's ability to respond to supply disruptions with the result that oil prices are likely to remain relatively high at least through 2008. EIA forecasts that OPEC surplus production capacity will average 2.5 million barrels per day. Of this, Saudi Arabia will represent 2.3 million barrels per day. Low levels of OPEC surplus capacity also cause higher price volatility; if investors perceive that OPEC surplus capacity levels are low, then geopolitical events or small oil supply changes can have large impacts on daily prices.

As oil prices have risen over the past 5 years, the value of the dollar has fallen compared to other major currencies, especially the Euro. Oil exporting countries have seen the value of their revenues decrease as the dollar falls because many of their imports come from non-dollar economies. Conversely, consumers in countries whose currencies have appreciated relative to the dollar have not experienced oil price increases anywhere near those experienced in the United States. A related issue is the maintenance of product price controls and fuel subsidies by many countries, such as China. In these countries, governments have insulated domestic consumers from higher world oil prices and subsidized domestic consumption. Both the subsidy and dollar devaluation issues have led to higher consumption growth than would otherwise be the case.

For this winter season, EIA projects that the WTI spot price will average almost \$76 per barrel, compared to \$59 last winter. The fall in oil prices in the second half of last year prompted OPEC to cut production, which led to a large decline in OECD commercial stocks. This stock reduction has supported rising oil prices.

Energy consumption is projected to be higher this winter than last because it is expected to be about 4 percent colder. In the residential sector, people who use heating oil are expected to experience the greatest increase in winter bills because of the rise in crude oil prices.

Weather has a large impact on natural gas prices because of its impact on demand. Henry Hub prices are projected to average \$8.71 per thousand cubic feet under the EIA cold-weather case, but only \$7.05 in its warm-weather case.

Last winter's warmer than usual weather and the absence of any significant hurricane impact on production this year have led to ample gas inventories at the start of this

heating season. Currently, storage is close to 3.4 trillion cubic feet, which is high relative to recent years and puts downward pressure on natural gas prices. Nationwide, about 58 percent of all U.S. households rely on natural gas as their primary heating fuel. The average household is expected to consume about 3 percent more natural gas this winter than last.

Guy concluded by forecasting that on average, U.S. households will pay about \$88, or 10 percent, more to heat their homes this winter. Under the baseline forecast, natural gas expenditures will be about \$78, or 10 percent higher; heating oil expenditures will be about \$319, or 22 percent higher; and electricity expenditures will be \$32, or 4 percent higher. A colder than normal winter would increase estimated expenditures somewhat from those of the baseline case.

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.