
National Capital Area Chapter

United States Association for

Energy Economics

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news

“The Outlook for Energy”

Speaker:

Don Gardner
Global Refining & Supply Plant Computing Advisor

ExxonMobil Corp.

WHEN: 12:00 PM, February 15, 2008
WHERE: **Note change of venue**
Chinatown Garden
618 H St NW
Washington DC 20001
Gallery Place-Chinatown Metro Stop

At our February luncheon, Don Gardner of ExxonMobil Corp. will present his company's view of the world outlook for energy. ExxonMobil publishes an annual forecast and Mr. Gardner will be speaking to the 2008 version. He is responsible for overseeing the use of computing technology within ExxonMobil's refining and supply business, having previously been responsible within the Corporate Planning Department for assessing the impact of technology on long-term energy supply and demand.

Please join us on Friday, February 15, at 12 noon at the Chinatown Garden restaurant for this opportunity to hear ExxonMobil's views on the world energy outlook. We will begin networking at noon, with the lunch served promptly at 12:30 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.

STUDENT SUBSIDY CONTINUES: As noted previously, 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 attending for the first time to themselves pay only the student rate – i.e., \$5.

RSVP: By COB Wednesday, February 13, to Mark Lively, Chapter Treasurer, by phone at (301) 428-3618 or by e-mail at mbelively@aol.com.

PAPERS WANTED FOR PUBLICATION!: Gurcan Gulen, Editor of *Dialogue*, the USAEE's newsletter, is putting together a special issue on energy security in memory of Vito Stagliano. He is asking for quick-turnaround papers on the subject, to be submitted to him no later than February 18, 2008. The papers are limited to no more than 3000 words in length. This is an opportunity to publish something quickly, pretty much on an energy matter of your choice. Gulen can be contacted at gurcan.gulen@beg.utexas.edu.

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.

JANUARY 2008 DINNER MEETING: The local chapter's annual dinner was held at the City Club of Washington at Franklin Square on Wednesday, January 30th. The guest speaker, Mr. James Woolsey, delivered an informative and delightful speech entitled "Tree Huggers and Hawks: Climate Change, Terrorism and Energy." Mr. Woolsey, former Director of the Central Intelligence Agency and Under Secretary of the Navy, is a member of the National Commission on Energy Policy and founding member of the Set America Free Foundation. He is currently Vice-President for Global Strategic Security at Booz Allen Hamilton. Approximately 85 members and guests attended this year's dinner.

Mr. Woolsey began his presentation by recalling the mood of the country in the early 1990's. The cold war had ended, and there was a feeling that there were no major threats left. The CIA would no longer be needed since our main enemy had been defeated.

As the decade progressed we became aware of the difficulty and complexity of dealing with multiple threats. Some of those threats are malignant and some malevolent, but they can both have a profound effect on our society. Of the threats we currently face, the largest are Islamic extremism and climate change.

Islamic extremism has been a threat since 1979, but only in the past few years has it been recognized as such by most Americans. Climate change is also widely recognized as a major threat now. Based on current evidence we should at least agree that human beings have introduced variables into a complex climate system that may lead to serious localized problems. Some of these phenomena can behave exponentially. For example, the breaking-up of the ice shelf in Greenland may cause sea levels to rise, which may accelerate further breaking of the ice and yet further sea level rise. Similarly, thawing of the tundra may release huge amounts of carbon into the atmosphere and cause carbon levels to rise so much that we will be unable to reverse the effects.

A problem in the climate debate is that we are often presented with two extreme choices. Either global warming is a completely natural phenomenon, or it is completely the result of everything we do. The third choice should be that there is potential climate change in the making that nobody wants, and we may be contributing to it. Unlike terrorism, which is a malevolent influence, climate change is a malignant phenomenon that can be managed.

As much as we would like it to be otherwise, terrorism is not manageable. The U.S. energy infrastructure is particularly vulnerable, as both our electric grid and oil

distribution systems are impossible to completely secure. However, we can better manage our electric facilities because they are here in the country. Oil facilities on the other hand are not, as 2/3 of our oil is imported, and a similar percentage is processed abroad, which increases vulnerability and decreases our ability to manage it.

Our dependence on foreign oil increases our vulnerability to terrorism, because of the huge sums of money flowing into areas where there are political concerns. In Saudi Arabia for example, King Abdullah is old and ailing. A prime candidate to succeed him is Prince Nayef, the current Interior Minister and a known Islamic fanatic. Then there is the nuclear threat in the area. Despite the recently released National Intelligence Estimate, Iran has a viable nuclear weapons program, and there are now 7-8 Sunni Arab states that are starting nuclear programs purportedly for electricity production. In Mr. Woolsey's view, we could be witnessing the start of a nuclear race between Shiites and Sunnis. The high prices of oil allow these governments to pursue such policies without checks and balances, as their citizens are content to go along so long as there is plenty of wealth to go around. Oil also allows governments such as Putin's Russia and Chavez' Venezuela to pursue policies that are not in our best interests. The U.S. currently borrows approximately one billion dollars per day to pay for imported oil. This borrowing curtails our policy freedom and enriches nations that fund Islamic extremism throughout the world.

We have a problem with malignant and malevolent influences, and energy is in the middle. However, opposing sides don't seem to be able to agree on issues, because instead of listening to each other's arguments they talk past each other. To environmentalists the issue is carbon, and terrorism is part of the right wing conspiracy. To conservatives terrorism is the overarching issue, and global warming is nonsense dreamed up by liberals. If the tree huggers and the hawks actually sat and listened to each other, they might find common ground.

At this point Mr. Woolsey played out a theoretical conversation between (the ghosts of) General George Patton and John Muir. In this conversation, General Patton listens to Mr. Muir's arguments for pursuing an environmental agenda, and in the process discovers that some of these proposals also are advantageous to the economy and to national security, and can diminish the ability of our adversaries to affect us. Aggressively pursuing energy efficiency in areas such as waste heat to electricity generation, solar roofs on private homes and businesses, new technologies for biodiesel production, power plants that use clean coal and carbon sequestration technologies, nuclear electricity generation, and the use of electricity to power a large percentage of our driving needs could put the U.S. in a position where our energy needs shift from imported oil to domestic electricity. This would have the effect of drastically reducing the role of oil in the world, cause oil prices to fall, and reduce funds now available to Islamic terrorists.

To summarize Woolsey's central point, if we listened more closely to each other's arguments, we can find common ground and work together towards meeting both energy security and environmental goals. Mr. Woolsey provided the Chapter several of his writings on these topics. One brief such writing, on turning oil into salt, is forwarded along with this Newsletter.

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.

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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.