
National Capital Area Chapter

United States Association for

Energy Economics

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news

“Prospects for Caspian Sea Oil and Gas”

Speaker:

Professor Maureen Crandall
Industrial College of the Armed Forces
National Defense University

WHEN: 12:00 PM, May 16, 2008
WHERE: Chinatown Garden
618 H St NW
Washington DC 20001
Gallery Place-Chinatown Metro Stop

At our May luncheon, Maureen Crandall, Professor of Economics at the National Defense University and past President of the National Capital Area Chapter, will address the shorter and longer term prospects for Caspian Sea Oil and Gas. Professor Crandall recently has authored a book on the topic entitled *Energy, Economics, and Politics in the Caspian Region: Dreams and Realities*, and has studied the area from an energy perspective for many years. Energy development in the Caspian Sea region has important effects on world oil and gas markets, and hence this talk will offer a key perspective for how these markets are likely to evolve through time.

Please join us on Friday, May 16, at 12 noon at the Chinatown Garden restaurant for this opportunity to hear what are dreams and what are realities concerning Caspian Sea oil and gas. 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: Any Chapter member bringing a student attending for the first time pays only the student rate – \$5.

RSVP: By COB Wednesday, May 14, to Mark Lively, Chapter Treasurer, by phone at (301) 428-3618 or by e-mail at mbelively@aol.com.

LUNCHEON VENUE: For now, we meet at the Chinatown Garden. We continue to investigate alternatives.

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 for \$20) to Mark Lively, Chapter Treasurer.

MARCH 2008 LUNCHEON: Approximately 30 members attended the March luncheon to hear Luke Popovich's presentation on "*Coal: America's Power.*" Mr. Popovich is Vice President-Communications for the National Mining Association, and has extensive experience with the coal industry and in the area of environmental policy.

Mr. Popovich said that abundant coal reserves are widely scattered around the U.S. According to EIA statistics, coal accounts for 50% of U.S. power generation, compared to 20% from natural gas, 19% from nuclear and 7% from hydropower. EIA projects that, under current policy, U.S. coal production will increase by 50% in 2030, with the share of coal use for electricity generation increasing to around 54% as natural gas becomes relatively more expensive.

The significance of coal use is reflected by the fact that 24 coal-based plants/units are under construction in the U.S. The 24 comprise 14 gigawatts of additional capacity, at an investment cost of \$23 billion. An additional 10 gigawatts of capacity are nearing construction or already permitted. In fact, coal-based generation capacity expansion was stronger in 2007 than in any year since the decade began.

U.S. net coal exports grew from 13 to 47 million tons between 2006 and 2008 due to rapid increases in Chinese and European demand, a weak U.S. dollar, and reduced coal imports. Thus, coal has been one means of reducing the trade deficit.

Coal's price is relatively low and stable compared with other kinds of energy. Because of this, states that use coal as a primary source of electricity generation enjoy relatively low electricity prices. For example, in Missouri 85% of power generation comes from coal, and its electricity rates average 6.5 cents/kilowatt-hour. On the other hand, California generates only 1% of its power from coal, and its average rate of 12.7 cents/kilowatt-hour is nearly twice as high as Missouri's.

There are four major challenges for future coal development: transportation, manpower, the environment, and safety. A greater effort must be made towards meeting these challenges, especially the environmental concern, which is centered on global warming.

Global greenhouse gas emissions will rise inexorably by 2030, as China and India double their coal consumption without significant regard to emissions. China will surpass the U.S. CO₂ emission rate by 2009, so obviously the U.S. alone cannot solve this issue. The best alternative is to invest heavily in technology development to be able to utilize the resource on a worldwide basis. Carbon capture and sequestration (CCS) technology is probably the most promising option to address this issue and its development and deployment should be accelerated through public and private sector cooperation and funding. Although there clearly are many challenges for coal, the benefits of using it are so great that it is worth investing a great deal to enable the U.S. and others to take advantage of it well into the future.

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.

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Please list topics or speakers you would be interested in:

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