
National Capital Area Chapter

United States Association for

Energy Economics

www.ncac-usaee.org

news

"Smart Grid: Green Jobs, Energy Independence and Climate Protection"

Speaker:

Harry Wingo

**Vice President for Government & Regulatory Affairs
The Current Group**

WHEN: 12:00 PM, June 20, 2008
WHERE: Chinatown Garden
618 H St NW
Washington DC 20001
Gallery Place-Chinatown Metro Stop

The June luncheon will be our last monthly meeting of this season. At the luncheon, our guest speaker will be Harry Wingo, Vice President of the Current Group, who will speak on the subject of smart grids. Mr. Wingo's company supplies the communications backbone for the world's largest smart grid, located in Dallas, TX, and is actively helping to create smart grids elsewhere. Smart grids appear to be a leading means to more efficiently allocate resources in the power sector, and Mr. Wingo is well informed on what is involved in realizing this potential. His background includes service on the staff of the Federal Communications Commission, the Senate Commerce Committee and the US Navy, where he was a Navy SEAL.

Please join us on Friday, June 20, at 12 noon at the Chinatown Garden restaurant for this opportunity to hear Harry Wingo. 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, June 18, to Mark Lively, Chapter Treasurer, by phone at (301) 428-3618 or by e-mail at mbelively@aol.com.

STUDENT SCHOLARSHIPS: The Chapter is offering scholarship help to students planning to attend the North American meetings of the USAEE in New Orleans this December 3-5. Up to three scholarships of \$750 each will be awarded to students who are attending Universities in this area and who are members of the local chapter. Preference will be given to students who will be presenting papers at the New Orleans meetings. Interested students should contact Glen Sweetnam (glen.sweetnam@eia.doe.gov) to apply. Please indicate whether you will be presenting at the meetings and some background information on your activities as a student of energy economics. This year's scholarships are being offered in memory of the late Vito Stagliano, who was a valued member of the Chapter for many years.

CHAPTER DONATION TO USAEE MEETINGS: The Capital Area Chapter will make a one-time general donation of \$750 to the North American meetings of the USAEE, again in memory of Vito Stagliano. Donors are entitled to mention in the Conference program and we intend that mention of our Chapter also recall the memory of Vito.

WIL KOHL RETIREMENT: A special note of thanks to Professor Wil Kohl of the SAIS program at Johns Hopkins University, who will be retiring after this academic year. Professor Kohl has been a leading force in organizing the annual Policy Conferences co-sponsored by the Chapter and by SAIS. We wish Professor Kohl a long and grand retirement.

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.

May 2008 LUNCHEON: About 40 members attended the May NCAC-USAEE luncheon at the Chinatown Garden, where Dr. Maureen Crandall spoke on "Prospects for Caspian Sea Oil & Gas". Dr. Crandall is Professor of Economics at the National Defense University's Industrial College of the Armed Forces. She also is the NCAC's immediate past President and serves on the current NCAC Council as an ex-officio member.

Dr. Crandall began her presentation with a geographic overview of the Caspian Sea area, noting that it is the largest body of inland water in the world and if superimposed on a U.S. map would cover an area from Northern Ohio to Southern Georgia. Although estimates for oil and natural gas reserves there have been greatly overstated in the past, the area has substantial proven reserves. However, there is substantial risk for developing this potential, as the countries that lay claim to these resources have authoritarian governments who are vying for rights over them.

Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan have territorial claims over the Caspian, but years of negotiations have failed to produce a definite agreement on borders, which creates uncertainty and makes it difficult for governments and private industry to enter into definitive contracts. Despite these obstacles, production of Caspian oil and gas has significantly increased over the past 10 years, raising the issue of how to move the product into international markets. Russia and Iran both want to see major infrastructure initiatives go through their respective countries, but many in the West would prefer to see these countries bypassed.

Turkmenistan is currently the biggest player with regards to natural gas, but contracts and development projects there have moved at a much slower than anticipated pace due to the country's extensive internal bureaucracy. Despite this, the potential is so great that several major international companies are competing for business there.

The Tengiz field in Kazakhstan is the largest producing area in the Caspian. Currently Chevron manages the field and pipelines transport the output through Russia, but as production rises in Tengiz and the rest of the region the lack of pipeline capacity is becoming an ever more important issue.

Several options are being considered to increase transport capacity, but each has its own political, geographical, or economic obstacles. For example, transport of product to the Black Sea and then shipment to the Mediterranean Sea is constrained by the treacherous and narrow Bosphorus straits and by Turkey's desire to maintain tight control over shipping in the straits. Proposals for pipelines that end in Europe are constrained by the politics of the many countries the structures would have to transverse, by concerns over earthquake prone regions, and by the daunting economics of funding these costly projects in politically unstable areas.

Internal governance issues in the five Caspian countries are also a factor in oil and gas development. There is widespread corruption and graft, a number of human rights issues, and a set of governments led by dictatorships with no succession plans. Also, a lack of transparency creates a weak business climate in which oil revenues are not properly accounted for and contract terms are changed arbitrarily. Finally, there is the issue of environmental destruction from past and present projects.

U.S. policy for the region has somewhat contradictory goals. It includes ensuring that new pipelines bypass Russia and Iran but also finding a way to placate Russia in order to maintain a good relationship; achieving consistent supplies; and improving Caspian countries' economies in order to encourage democracy and stability in the area.

After the presentation Dr. Crandall answered questions from the audience, and autographed copies of her new book, *“Energy, Economics, and Politics in the Caspian Region: Dreams and Realities.”*

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-USAE is expected by the end of the preceding calendar year.

Please return your registration form and check to **Mark Lively** — NCAC-USAE 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-USAE.

Please print clearly.

NAME _____
TITLE _____
ORGANIZATION _____
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E-MAIL ADDRESS ** _____

Would you be interested in becoming more involved in NCAC-USAE 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.