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## National Capital Area Chapter

United States Association for

# Energy Economics

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# news

### ***“Views on Federal Energy Regulatory Policies in the Current Environment”***

**Speaker:**

**Susan J. Court**  
**Director, Office of Enforcement**  
**Federal Energy Regulatory Commission (FERC)**

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**WHEN:** 12:00 PM, May 15, 2009  
**WHERE:** Chinatown Garden  
618 H St NW  
Washington DC 20001  
Gallery Place-Chinatown Metro Stop

In her 27-year tenure with the FERC, Susan Court has worked in every area of its jurisdiction (natural gas, electric, oil, and hydropower). She served as a commissioner's assistant and executive assistant to the chairman before becoming a senior agency manager in 1986, when she was appointed Associate General Counsel for Gas and Oil, leading the Commission's legal staff responsible for developing and implementing the agency's natural gas open access program. Ms. Court subsequently served as Deputy Solicitor, Associate General Counsel for General and Administrative Law, Designated Agency Ethics Official, and Chief of Staff. Immediately before her appointment as OE Director, she was on assignment in the European Union. A Kentucky native, Ms. Court has a B.A. in History from Thomas More College, Ft. Mitchell, Kentucky, an M.A. in European History from the University of Cincinnati, Cincinnati, Ohio, and a J.D. from Chase College of Law, Northern Kentucky University, Highland Heights, Kentucky.

***Please join us on Friday, May 15, at 12 noon at the Chinatown Garden restaurant for this opportunity to gain a perspective of the FERC's policies and direction***

*from the inside. We'll 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 is \$20.00 for members and their guests (\$5.00 for student members and their NCAC hosts!) and \$25.00 for non-members and their guests. Make checks payable to NCAC-USAAE.*

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

### LOOKING AHEAD...

- **HOLD THIS DATE: WEDNESDAY, JUNE 17.** NCAC'S final luncheon of this season will take place on the 3<sup>rd</sup> Wednesday of June, not the 3<sup>rd</sup> Friday, in order to accommodate our speaker, Jeremy Symons of the National Wildlife Federation.
- **IT'S NOT TOO LATE TO REGISTER FOR THE 32nd IAEE International Conference – Energy, Economy, Environment – The Global View, June 21-24, 2009, at the Grand Hyatt in beautiful San Francisco.** International energy and climate issues are critical as trading infrastructure development for all energy forms continues, and fuel prices, although temporarily eased, remain of principal concern. This year's IAEE International Conference will bring together leading economists from around the nation and the world – don't miss a chance to be there! Visit <http://www.usaee.org/USAEE2009/> to view program details, and sign up!
- **DRAKE WELL TURNS 150 YEARS OLD!** Join with the founders of the NCAC in this nostalgic overnight field trip to America's first oil well, and visit the Drake Well Museum, Titusville, Pithole City, and more – watch this space for dates in August. Contact Mark Lively at [mbelively@aol.com](mailto:mbelively@aol.com).

### STUDENTS!

- **NCAC'S STUDENT DISCOUNT EXTENDS TO HOSTING MEMBERS TOO!** Any Chapter member bringing a student attending for the first time pays only the student rate – \$5 instead of the regular \$20.
- **PIZZA AFTERNOONS:** For more information about holding a career pizza discussion at your school or university, please contact Sheila Moynihan at [sheila.moynihan@gmail.com](mailto:sheila.moynihan@gmail.com).

**TWO GREAT NCAC EVENTS: THE APRIL 27 ANNUAL SAIS-NCAC DC POLICY CONFERENCE, AND MIKE ECKHART'S MARCH 20 LUNCHEON SPEECH...**

The 2009 Annual Washington Energy Policy Conference was a great success, and covered a wide range of issues relating to the effect of the recession on energy policy. Highlights:

Keynote speaker Jason Grumet, Executive Director of National Commission on Energy Policy, noted an intensifying push domestically and internationally to find common ground regarding carbon legislation. Despite current economic challenges, the House is likely to pass carbon legislation fall, but prospects in the Senate aren't as clear. The Congress is unlikely to enact carbon legislation before the Copenhagen round, which will leave the U.S. some negotiating room to deal with price containment mechanisms, allocation (i.e., money) issues, and the emerging state programs, e.g., the Northeast's 10-state Regional Greenhouse Gas Initiative (RGGI) and the Western Climate Initiative (WCI). The Waxman-Markey bill would put a 6-year hiatus on these state programs, with the understanding that if the Federal program doesn't achieve the stated results the states could then re-instate their local programs.

Panel discussions addressed oil, natural gas, electric generation, transportation, and climate change:

- Adam Sieminski of Deutsche Bank pointed to today's abundance of oil left by recession economics, which portends lower prices and, soon, higher demand – these will frustrate carbon reduction goals.
- Michelle Patron of PIRA outlined risks for producing countries if oil prices remain low for an extended period, including domestic instability, in turn, raising foreign policy concerns.
- David Goldwyn of Goldwyn International Strategies listed real opportunities for the U.S. created by low price cycles.
- Sue Gander of the Center for Best Practices looked at the current situation from the states perspective, with huge budget gaps – the need to create jobs has raised energy facilities, efficiency and grid infrastructure development to the top of the list.
- Jonathan McClelland of MJ Beck listed states with Renewable Portfolio Standards (RPS) programs, with targets ranging from 10-40% by 2020-2025 in most cases – the challenge at the federal level will be how to integrate numerous state RPS standards into any new legislation.
- Lisa Wood of the Institute for Energy Efficiency pointed out that we spend only 3.5 cents per kwh of energy saved. Barbara Tyran of the Electric Power Research Institute (EPRI) projected energy demand will grow 30% by 2030 with the large influx of new electronic devices, thus necessitating all energy supply technologies available – the smart grid will be key to meeting these challenges, but it must be compatible across platforms.
- Reid Heffner of Booz Allen & Hamilton predicted a gradual change from internal combustion to electric vehicles, with a 28% electric fleet by 2020 and 70% by 2030. Adoption of new technology is not linear but slow in the beginning before becoming mainstream. We may also see great improvement in conventional engines.

- Tara Billingsley of the Senate Energy and Natural Resources Committee stated the automotive fleet is not expected to change much in the next 10-20 years because policies are not in place to support an accelerated growth rate in electric type vehicles. We may see an increase use in biofuels, especially as we move to 2<sup>nd</sup> and 3<sup>rd</sup> tier fuels, but these fuels will also need government support towards infrastructure and towards financing, specifically in the form of loan guarantees to spur investment.
- John German of the International Council for Clean Transportation pointed to increased efficiency in internal combustion engines likely in the near future, including clean diesel.
- Reid Harvey of the EPA reviewed regulatory initiatives on the endangerment finding and greenhouse gases reporting. EPA's analysis of the Waxman-Markey Discussion Draft found that cap and trade policy has a relatively modest impact on U.S. consumers assuming the bulk of the revenues from the program are returned to customers.
- Veronique Bugnion of PointCarbon expects carbon prices in the \$10 to \$40 range, based on their recent survey, which also showed a long-term faith in the carbon markets.
- Nigel Purvis of Point Carbon reviewed challenges on the way to an international climate agreement such as the two-thirds requirement for U.S. Senate approval and economic costs that are losing substantial resources to developing countries. His recommendations: Be clear on what we expect from other countries and what we are prepared to do; be willing to say no to an agreement that has no political support at home; internationalize domestic legislation; and fundamentally change the way we negotiate international agreements.

### **Notes from the March 20, 2009 NCAC USAEE Luncheon**

Mike Eckhart, founding President of the American Council On Renewable Energy (ACORE), surveyed the outlook for renewable energy at home and abroad. ACORE is an organization of organizations – it includes over 650 member entities dedicated to rallying key players around the growth of the renewable energy industry. The substance of ACORE's program is a series of conferences where government representatives and financial players come and listen to the members' ideas.

ACORE sees renewable energy as an engine of economic growth – wind can provide up to 10-20% of US power supplies. Solar photovoltaic, although small today in the US, has grown significantly in other countries (but suffered a setback in Spain after a period of overheated growth). Concentrated solar is especially promising, with approximately \$10 billion in the development pipeline. Geothermal awaits a \$3 billion/year in DOE R&D money. Significant amounts of energy can potential be harvested from tidal and wave technologies. Finally, there is also great potential for biomass, and farm communities could be our next great energy producer.

Eckart pointed out that this is politically a great time for renewable energy, with strong support from the new President, although moving forward requires the renewable

industry not overplay its hand, and make sure it can deliver on promise. The stimulus bill enacted this year set aside substantial capital for green initiatives such as grid development, R&D projects, transportation and training. Tax benefits cover all renewable technologies. These will move the nation from a natural resources cost-basis structure to a technology & value based price system, with the playing field leveled by political determinations.

In summary, in order to reach a goal of 20% renewables worldwide, capital investments totaling \$350 to \$550 billion will be needed annually, which is three to four times the current rate of investment in renewables.

#### Questions and answers:

Question: As of now not a single one of these technologies can stand without massive government assistance. Can you address this?

Answer: All other energy technologies receive some types of incentives. Nuclear in federal insurance, coal in health care coverage costs, oil in global military support. For renewables the subsidies should not be arbitrary, and as society learns to value its benefits, we may get to a point in the future where subsidies are not required.

Question: How much hinges on carbon cap and trade?

Answer: Politics can be a benefit to the industry, but ACORE wants to slow down the process to make sure any system that is put in place leads to the right outcome.

Question: How do you solve the issue of scaling up and storage?

Answer: The way to do it is to not think about storage in its current form, but to use technology and microprocessors to create a system that in part “works around” conventional storage requirements.

2009 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 2009 are \$20.00 (students \$10.00). Please make checks payable to NCAC-USAE.

*Please print clearly.*

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**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:**

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\* For DOE, please provide complete routing address.

\*\* Provide the **best e-mail address** to receive the newsletter.

