

September 15, 2011

An Interview with Barry Worthington, Executive Director of the United States Energy Association



The United States Energy Association (USEA) is the U.S. Member Committee of the World Energy Council (WEC). USEA is an association of public and private energy-related organisations, corporations and government agencies. USEA represents the broad interests of the U.S. energy sector by increasing the understanding of energy issues, both domestically and internationally.

WHAT ARE THE KEY DRIVERS FACING THE U.S. ENERGY SECTOR?

Uncertainty of government policy is a major cause of concern affecting all sectors of the U.S. energy industry and for that matter, perhaps the entire U.S. economy as it struggles out of a deep recession. Tax policy, environmental and labor regulations, slowness in issuing permits, even revocating permits, uneven subsidies, and a hostile political climate are making investment decisions risky. Federal budget deficits will restrict resources for research, development, demonstration and deployment. Technologies not quite commercial are unlikely to see federal spending in the next few years match that of the past few years. For example, renewable tax credits expire in 2012 and are unlikely to be continued. On the positive side, domestic production of oil and gas are reducing imports of both fuels improving energy security and trade balances. However, domestic production of oil and gas can be dramatically increased if federal policies are modified to encourage rather than discourage these investments. An issue of the moment is the federal approval of the Keystone XL pipeline, a massive investment that will bring crude from the Alberta, Canada oil sands to refineries in Texas. While just one project, this decision on whether to approve or deny the federal permits will speak loudly about if the United States is serious about reducing our dependence on oil imported from less stable countries.

WEC Debrief

Conseil Français de l'Energie: "Energy Economics" 9 September 2011, Paris, France.

The Conseil Français de l'Energie, the WEC French Committee, organized a session on energy economics during the congress of the French Association of Economic Sciences in Paris. This session was chaired by Marcel Boiteux, a member of the French Institute, honorary Chair of EDF and honorary president of the CME who is also a renowned economist. Marcel Boiteux stressed that economic approaches must be both focused and specific, because we cannot target all forms of energy in the same way, for example a barrel of oil, or a kWh. Concerning the economic tools in the fight against climate change, he said his preference would be for a CO2 tax on primary energies; a simple and effective solution compared to other tools. He encouraged economists to be pragmatic. Regretting the simplification of basic energy issues and the focus of research on the details, he compared the economic research on energy to the work of refined decor of a room in a building whose foundations are crumbling. Two professors came after him, Anna Creti who made a serious analysis of how markets CO2 run and François Lévêque on the new French regulation of electricity market which he described as anti-economic.

The 8th Energy Conference, 24-25 May 2011, Tehran, Iran.

The 8th Energy Conference took place in the Islamic Republic of Iran on 24th and 25th May 2011. The theme of the conference was: "**Management, Creativity and Innovation in the Energy Sector: Needed Today, Required Tomorrow**"; organized by the National Energy Committee of the Islamic Republic of Iran in cooperation with the Ministry of Energy, Research institutions and academic entities. For more details please follow the link below:

<http://www.worldenergy.org/documents/iranenergy.pdf>

WHAT HAS BEEN THE IMPACT OF SHALE GAS?

Development of shale gas plays is truly a game changer in many respects. Dan Yergin, in his new book, "The Quest", refers to "The Shale Gale" and indicates that in 2000, shale gas was one percent of U.S. natural gas supply; grew to 25 percent by this year and could reach up to 50 percent by 2030. Shale gas development is providing jobs, and domestic energy and affordable feedstock for industries such as chemicals. We are seeing signs of natural gas fueling resurgence in manufacturing. Low prices relative to prior predictions aid residential and commercial consumers, freeing up dollars for other purposes.

Discussions are well underway to consider exporting natural gas in the form of LNG. Export permits have been issued and others are pending. Only a few years ago it was presumed that we would be substantially relying on LNG imports. Today, gas imports are less than ten years ago.

Concerns over environmental impacts of shale development are being thoroughly discussed and as larger corporations enter the field they are bringing world class technology and knowhow to this rapidly evolving good news story.

WHAT EVENTS ARE NEXT ON THE AGENDA FOR NORTH AMERICA?

The next event will be the World Energy Council Business Forum. Delegates from up to 20 countries will gather in Houston, Texas on October 31 and November 1, 2011 to discuss the critical issues from a business perspective that impact the globally integrated energy business. Shale gas, the future of nuclear, coal and renewables, smart grid, cleaner fossil fuels, investment risk and innovative financing are major considerations that will be discussed by corporate executives and senior government officials.

The World Energy Council Houston Business Forum will feature a combination of plenary and dialogue sessions. WEC work programs such as energy scenarios, policy assessment, mobility, rules of energy trade and other topics will be highlighted. While formally this is a North American regional event, delegates are currently registered from Europe, Asia, Africa and South America.

Please visit USEA to register for the **Houston Business Forum**

WEC Agenda - We invite our members to attend the following events:

October 18 2011 Carbon Capture and Storage. Legal Framework Development and Supply Chain Perspectives

Venue: Rome, Italy
Organised by: WEC Italy, AIDIC, Gruppo Italia Energia
Contact: giovanna.ruggeri@wec-italia.org

November 1 2011 World Energy Leaders' Roundtable Event by invitation as part of the Houston Business Forum regional meeting.

WEC London Office
+44 207 734 5996
info@worldenergy.org

October 31 - November 2 2011, Houston, Texas, USA Houston Business Forum

'The Global Integrated Energy Business'

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WEC Executive Assembly, Oran (Algeria)

November 20-24 2011

Secretary General: Mr. Smaïl Moussi
Email: cae2011@sonelgaz.dz

Further details can be found on WEC [Events Page...](#)

**** MEDIA ANNOUNCEMENT ****

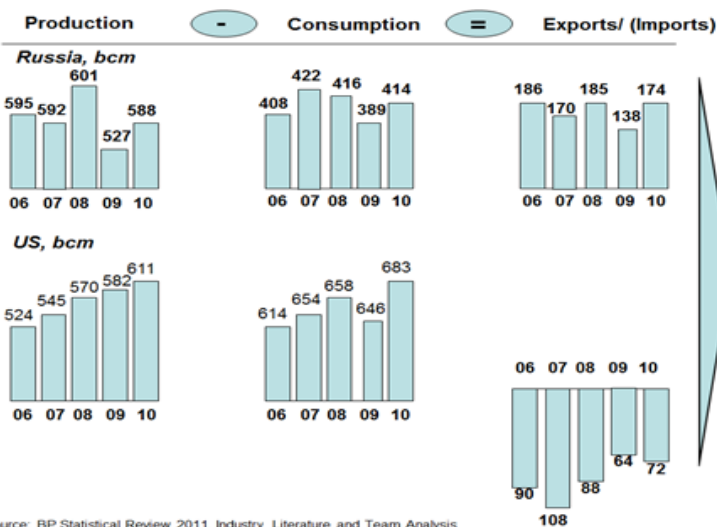
On 16th of November 2011 at 9am GMT, a press conference will be held in London to launch the "2011 Policies for the future: A review of country energy policies and practices 2011"...

In order to make this launch a truly global event, the press conference will be webcast live and will offer a Q&A opportunity. We encourage all member committees to use this occasion to host their own event by inviting national media and/or local members to follow the live conference together. Inviting national press and energy leaders to attend a major international launch and offering them a chance for closer interaction with WEC will help support the promotion of your local activities. If you are interested in organising a local event, please contact Clare Cooper.

Inside Insight

...Continued development of shale gas in North America and other countries with significant resources will have an impact on the global gas markets. However, this impact is expected to remain moderate in the short to medium term. In mid-2011, natural gas prices in North America were about 72% less than at the heights of 2008. These low prices can be directly attributed to the real impact shale gas has had on the US market. This impact will be extremely difficult to emulate elsewhere.

GEOPOLITICAL IMPLICATIONS TOO ARE BECOMING PALPABLE



- US gas production has overtaken Russian gas for first time in history in 2009 and for two consecutive years now.
- US gas transitioning from import dependency-to self sufficiency-to potential surplus.
- This is attributable largely to Shale gas flows (now some 25% of US production)
- US exports of gas or shale expertise to other regions expected to have game changing consequences.

Source: BP Statistical Review 2011, Industry Literature and Team Analysis

Introduction to WEC Daegu 2013 Congress Organizing Committee

At the World Energy Council Executive Assembly, held in Mexico City in November, 2008, Korea was voted to host the 22th World Energy Congress in City of Daegu in 2013. Accordingly, WEC Daegu 2013 Organizing Committee was established with Chairman Mr. Heon Cheol SHIN and a dozen of staff members in July 2009. The Organizing Committee has expanded and now three office/teams are in operation; Program, Planning & Operating and General Affairs. The Program office is in charge of developing the Congress program, Marketing, and External Relations. The Planning & Operating team holds responsibility for Logistics, Exhibition & Sponsorship Management and finally the General Affairs team supports both teams and works closely with contracted PCO and exhibition sales agencies, not to mention WEC London with which the OC set up the Congress Planning Group to discuss Congress preparation regularly via a biweekly conference call. Additionally central and local government has been fully supporting Congress preparation activities. In addition, the Vice-Mayor of Daegu, Mr. Yon Chang Kim, has set up a task force to specifically support this World Energy Council Congress.

**Christoph Frei, Secretary General
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