

May 2010

If You Could be Czar for a Day

Imagine you were the U.S. Energy Czar. How would you make sure our country became energy independent while not breaking the bank for energy-paying citizens? I spent some dream-time in the Czar's shoes recently and found it to be an eye opener.

Each week, I read about a new transmission project being considered. Whether lines are being updated for reliability, or added to take advantage of the abundance of untapped renewable energy in our country, the work seems endless. And these days, work is good.

Though, with all good things there is a price to be paid. To become energy independent, the average American will be expected to help foot the bill. In uncertain economic times, adding financial burden to families will not earn brownie points.

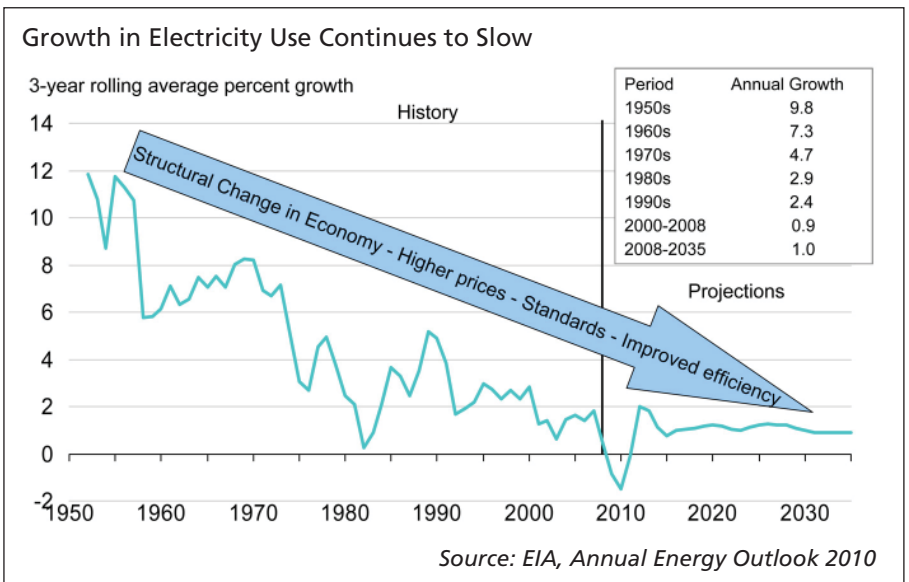
Just take into account:

Overall energy consumption is expected to decline 40% as the result of a continued shift from energy-intensive manufacturing to services, rising energy prices, and the adoption of policies that promote energy efficiency. As a result, energy needs increase at an average annual rate of 1% from 2008 to 2035 as energy used.¹

What impact will these statistics have on the average citizen? As the Energy Czar, what policy would you recommend?

We know that much of our electricity rates are determined by the price of natural gas. For years, the energy forecasts included the need for significant import of natural gas from foreign countries (See chart on following page). With the expansion of natural gas from shale, our reserves of natural gas are now estimated at 90+ years.

I can't help but wonder if these changes will alter our energy policy. Instead of developing new transmission lines to California, could natural gas pipelines provide adequate cost effective energy that is cleaner than coal?



¹ Energy Information Administration (EIA) 2010 Annual Energy Outlook – AEO2010 Early Release Overview

At the *RMEL Transmission Conference* in Denver, I was enlightened to hear speakers talk about where they see the electrical transmission market going today and in the future. Rich Halvey, Energy Program Director for the Western Governors' Association, gave an insightful presentation titled, *Searching for a Unified Theory of Transmission & Renewable Energy Development in the West* (See RMEL - Halvey PowerPoint). I was intrigued by the direction the western states are taking relative to renewable energy and transmission lines.

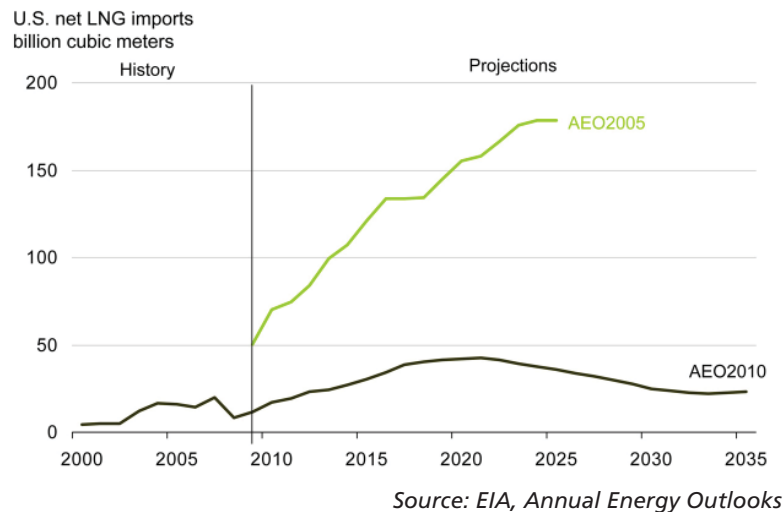
His presentation drove home the point that this complex issue requires direction from Washington, and collaboration between individual states and energy companies.

Interesting perspective Rich! Maybe you should be the Energy Czar.

With the effects of decreased natural gas prices and discussions taking place in Washington relative to a "carbon tax or greenhouse gas," what events will dictate our energy future? How do we explain to ratepayers that their energy bill will increase due to transmission line upgrades? I would bet that these concerns will influence Washington's decisions.

As the Energy Czar, I am sorry to say I have no silver bullet. Though, I know that we need renewable energy to become energy independent, reliable transmission to move the power, and an energy policy that will ensure we don't break the bank for our energy-paying citizens. Today's energy issues are complex. I think we all need to be the Energy Czar for a day. Collectively, we can ensure that our energy remains reliable for U.S. homes and businesses and continues to sustain our quality of life.

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