

IA INTERNATIONAL ASSOCIATION FOR ENERGY ECONOMICS  
EE  
*Newsletter*

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S U M M E R 1 9 9 2

### President's message

The International Conference in Tours was a great success as you who participated will know and you who didn't will read about in this issue. We are all indebted to our French colleagues for the splendid organization and the never ending hospitality. I was especially glad to see so many students among the participants. These are our potential members of tomorrow who will bring enthusiasm and new ideas to the Association.

The Council also met in Tours and let me recount the key issues discussed and the main decisions taken at the meeting. The move of the Head Office from Washington to Cleveland has gone smoothly and all IAEE business will now be run out of the new office. David Williams as the new Executive Director is rapidly familiarizing himself with the international aspects of the IAEE. Joan Walsh Cassedy's office will continue to take on special tasks for the Association and, for example, is responsible for the technical organization of the 1992 North American Conference in New Orleans.

The membership has grown and as of May 1992 the count was 1 132 individual members and 1 829 affiliate members making a total of 2 961. This is an increase of 300 from October 1991. The growth lies mainly in the affiliates - and there are still affiliates where not all the members have been captured. The Council also approved the applications from the new affiliates in St Petersburg and Ukraine. The total number of affiliates is now 35 and in addition there are 16 chapters in the USA.

The finances of the Association improved in

1991. It started the year with a deficit of \$3 000 and ended with a surplus of \$23,000. As the total budget was around \$245 000, the reserves are still very small and we shall continue to have to manage our affairs more carefully. The positive result last year was largely due to an exceptional profit from the 1991 International Conference in Hawaii and savings on administration. I am particularly glad to see *The Energy Journal* is selling so well outside the IAEE and that it creates a valuable revenue to the Association.

The total membership dues contribute almost one-half of the total revenue. With the improvement in the financial situation the parity dues level, decided in Chicago and effective from next year, have been frozen for the three-year period 1993-95.

Fund raising and external financing are additional sources of income actively pursued. The European initiative to set up a foundation to support IAEE activities in Europe, especially Eastern Europe, was welcome. The Council looks forward to similar efforts in other parts of the world, and I invite you to put forward ideas and suggestions. It is my hope that the integration of members around the world can be improved. It just takes a little bit of action from all of us.

I wish all of you a pleasant summer holiday and look forward to seeing you at some of the many interesting IAEE events in the autumn.

*Ulf Hansen President, IAEE*

### Farewell Joan and thank you

Joan Walsh Cassedy is leaving her position as Executive Director of the Association - a position she has held for a hectic and expansionist eight years. She was one of the original 100 members who signed up at the American Association to express an interest in an international association. The transition to an international association with some 3 000 members covering so many countries and languages represented a major challenge to which Joan responded magnificently. As Dorethea El Mallakh pointed out, Joan represented the Association's 'memory' and continuity in a time of rapid change - a vital role for which a succession of Presidents and Council members were deeply grateful.

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Joan Walsh Cassedy

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Some of the 550 conference delegates outside Tours Town Hall before attending a reception held by Jean Royer, Mayor of Tours (photograph: R. Lubin)

## Highlights from Tours 15th International Conference 18-20 May 1992, Tours, France

The 15th International Annual Conference of the IAEE 'Coping with the Energy Future: Markets and Regulations', attracted a record number of delegates - some 550 of whom 325 were from overseas from about 50 different countries. The former USSR, in particular, was well represented with about 50 participants from the CIS and the Baltic States.

The great many experts and specialists on energy matters who attended included Jean Claude Guibal, EEC Director of Energy Policy, Gérard Malabouche from the French Ministry for Industry and Foreign Trade, Helga Steeg, Executive Director of the International Energy Agency, Sergey Titov from Tiumenftegas, and Sheikh Yamani, former Oil Minister of Saudi Arabia. The papers presented and the discussions covered a variety of topics, such as Energy and Economics Development, Environment and Energy, Energy Conservation and Regulation, Energy Issues in Eastern Europe, and Energy and the Single European Market.

His Excellency Sheikh Ahmed Zaki Yamani, the first keynote speaker of the conference, focused on the interactions between politics and economics in the field of energy. A review of the events of the past decade shows the strength of these relationships and their impact worldwide. Among many other topics, we have noted that G. Malabouche stressed the necessary role of the State in organizing competition in the field of energy, since perfect competition found in economic theory does not exist in practice. S. Titov assessed the oil and gas prospects in the Tiumen region created by a liberalization of energy prices. J.C. Guibal presented the Commission's proposals to achieve the stabilization of CO<sub>2</sub> emissions by the year 2000 in the Community by fiscal and non-fiscal measures. Finally, H. Steeg, the last keynote speaker, defined the challenges of the future as the completion of international cooperation to cope with increased energy demand, in a more open and liberalized energy trade, with a realistic commitment (without new trade restrictions) to reduce CO<sub>2</sub> emissions.

On a more regional basis, the Plenary Session, chaired by Oliver Appert, was devoted to Regulation and Deregulation, with a number of references to the UK. W. Hogan (Harvard University) analysed the characteristics of a contract network framework, with the creation of a financial market for transmission capacity rights. J. Jonson emphasized the specific aspects of the gas sector which make it impossible to draw up a general rule that can be applied worldwide. The complex American system cannot necessarily be applied elsewhere. C. Robinson considered the privatization of the British energy sector to be a modification of regulatory structures rather than a genuine deregulation. Nevertheless, there is some evidence of competition, particularly in the natural gas sector. C. Destival (Electricité de France) drew attention to the characteristics of the electric power sector, ie, the preponderance of production in the cost and the very long lifetime of investments, which requires a form of vertical integration. In view of these characteristics, costs have to be optimized by coordinating production facilities and interconnecting consumer zones. In his opinion, a gradual change in the existing regulatory framework is the best means of introducing competi-



Sheikh Ahmed Zaki Yamani, a keynote speaker, and Jean Masseron

tion into the electricity sector.

The second Plenary Session, chaired by Ulf Hansen, dealt with the interaction between energy and economic development. J.M. Bourdair (Total) demonstrated the very strong relationship between global energy consumption and economic growth since the 1970s. He also illustrated the need to take into account the phenomenon of industrial relocation by OECD countries in the developing countries when analysing regional energy consumption. In South Eastern Asia, as stated by D. O'Brien (Caltex), the growing consumption of petroleum products could temporarily lead to pressure on the products market and should result in the construction of new refining facilities thanks to the financing capacity of the region. On the other hand, M. Faid (Sonatrach) and J. Ferriter (International Energy Agency) considered respectively that the huge invest-

ments required by the upstream sector of the oil industry and by the reduction of pollutant emissions should necessarily lead to cooperation between producers and consumers, and between OECD and non-OECD countries.

The Plenary Session chaired by Jean Masseron (Institut Français du Pétrole) was mainly an analysis of the 'potential' markets of fossil fuels and electricity. D. Ellerman (Charles River Associates) demonstrated that the US have played the part of swing producer on the international coal market and that world coal prices depend on prices on the US Market, which are themselves determined by marginal production costs. Therefore, any gain in productivity related to improved technology could lead to a decrease in coal prices.

According to G. Dolven (Statoil) and M. Baudino (SNAM) respectively, the oil and gas industries showed a trend toward increased consumption up to the year 2010. World oil consumption could increase from 66 million bbl/day in 1991 to around 80 million bbl/day in 2010 and this growth in consumption could be covered mainly by an increase in OPEC production, since non-OPEC production will increase slightly up to 2000 and then start to decline. Mr Donati (Electricité de

France) considered that from the long-term standpoint nuclear-derived electricity is absolutely essential if we are to meet double the worldwide demand for energy and at the same time reduce CO<sub>2</sub> emissions. However, if it is to develop, the nuclear power industry has to overcome the following obstacles: mastering the problem of waste, safety and confidence of the public, internationalization (through association between constructors and internationalization of regulations) and lastly competitiveness if it is to provide about 60% of OECD electricity by 2040.

Environmental problems were covered in a session chaired by F. Fesharaki (East-West Center). M. Mousel (ADEME, Agence de l'Environnement et de la Maîtrise de l'Énergie) and Mr Pengueli Rosa, (COPPE) both emphasized the particular difficulties of developing countries, and asked the essential question: can the development of these

countries, with the strong associated growth of energy consumption, and the intention of reducing CO<sub>2</sub> emissions, be considered compatible targets? According to Mousel, since the development of nuclear power does not seem to provide the solution in combatting CO<sub>2</sub> emissions, energy conservation policies in the industrialized countries, a training policy suited to the developing countries, and moderate State intervention appear to be possible answers to this question. The other speakers N. Holmin (Vattenfall), and F. Giraud (Elf Aquitaine) stressed the role of industrial firms. They demonstrate that energy utilizations and environmental concern can be compatible goals if certain measures are taken - for instance organiza-

tional measures (setting up an Environment Department), managerial measures (increase in energy conservation investments), or strategic measures.

In addition to the plenary sessions, about 40 concurrent sessions were held. The speakers who took part in these sessions were too numerous to mention here, but in view of their participation and their involvement this part of the Conference was able to focus on the following topics: Energy Networks and Deregulation, Energy Policy, Energy in Eastern Europe, Energy in Developing Countries, Electricity Economics, Oil

Markets, Coal Economics, the Environment, Energy Modelling and Energy-Economy Interactions.

Mention must also be made of the other highlights of the conference, which were the cocktail party at the Tours City Hall on the Monday evening, followed by a successful modern ballet 'Casse Noisette Circus', a creation of the Compagnie Jean-Christophe Maillot, and especially the Gala dinner on Tuesday evening, held at the ancient Grange de Meslay and prepared under the supervision of Jean Bardet, Maître Cuisinier de France. The dinner was preceded by a ceremony in which 15 Congress participants were introduced into the Confrérie de la Chantepleure (a society for connoisseurs of Vouvray wine).

They then proceeded to do all honour to the dinner in their new role as defenders of the qualities of Vouvray wine!

Jean-Philippe  
Cueille  
AEE



The Plenary session 'Energy and economic development', with John Ferriter, International Energy Agency, addressing the conference (photograph: R. Lubin)



All the presidents' men . . . from left, Jean Masseron, Conference Chairman, Denny Ellerman, Past President, Campbell Watkins, Immediate Past President, and Ulf Hansen, IAEE President, outside the Ecole Supérieure de Commerce (photograph: R. Lubin)

### Publication of conference proceedings

Copies of conference proceedings for the 15th International Annual Conference in Tours may be obtained through IAEE Head Office: 28790 Chagrin Boulevard, Suite 300, Cleveland, Ohio 44122, USA. Fax: (216) 464 5365.



Peter Odell

### Award to Peter Odell

During the international conference at Tours, Peter Odell was presented with the 1991 Award for Outstanding Contribution to the Profession of Energy Economics and to its literature. Peter Odell, until December 1990 Director of the Centre for International Energy Studies at Erasmus University, Rotterdam, thanked the Association for the award and went on to give his acceptance address. Peter outlined his

thoughts on the concepts of scarcity of resources - in particular oil - widely embraced by energy economists and which has, in his view, led to 'one of the largest-ever self-inflicted wounds on the fabric of Western society'. This fear of oil resource scarcity is still present in much of the analysis of supply prospects and is based on misconceptions. Odell pointed to three main reasons for why fears for either oil scarcity or dependence on OPEC/Middle East oil are misguided: first, additional oil supply from OECD-producing countries (except USA) with North Sea oil the most important; the strong growth rate in non-OPEC developing world oil production; and, last, the effective exploitation of the under- and undeveloped resources of Russia and other Republics of the former USSR. Supply-side competition on an intensifying scale for most parts of the world was the essence of Peter's argument. This would depend on the maintenance of oil prices (at present levels) through the solidarity of OPEC. However, competition could produce difficulties for that solidarity - and hence could lead to OPEC's demise and a consequential fall in price.

### Efficiency in former CPEs IAEE East European conference Kaunas, Lithuania, 19-21 October 1992

The theme for the Kaunas conference, held at the University of Vytautas Magnus, is 'Improved energy efficiency in former centrally-planned economies'. Among the speakers are: Clive Jones, DGXII, EC; Leonas Amantas, Minister of Energy, Lithuania; Sven Lalander, SwedPower AB, Sweden; Alan Crane, OTA, Washington; Kurt Lekaas, Swedish Energy Development Corporation, and, Eugeny Senchuk, Byelorussian Polytechnical Academy. This is a great opportunity to meet with colleagues from East Europe including Poland, Lithuania, Estonia, (East) Germany, Byelorussia, Russia, Latvia and Ukraine, to discuss one of the most important issues facing these countries.

Kaunas is an attractive old town with many churches and various museums and a full programme will be arranged for accompanying persons. Among the technical tours is a visit to Ignalina nuclear power station which has two RBMK type reactors operating with a total capacity of 2 650MW. Plans to build a third reactor were halted by public concerns in 1990 and Lithuania is presently seeking partners to improve safety in the existing reactors and build the third with Western technology.

The conference fee for Western participants is US\$450 and includes lunches, coffees, the conference dinner, trips **and the hotel rate for three nights**. Participants from East European

countries will be charged US\$225 and a rate for CIS and Baltics is available from the organizers.

Further details from: Jurgis Vilemas, Lithuanian Energy Institute, 3 Auk tadvario str, 3035 Kaunas, Lithuania.

### The Energy Journal Special Issue on Markets and European Energy Vol 13, 3, 1992

This Special Issue is edited by Leonard Waverman, Landis Gabel, Alexander Kemp and Jean Masseron, and contains the following: **Hydrocarbons:** Jean Masseron, 'Impacts of the European oil market of the Gulf war and changes in Eastern Europe'; Alexander Kemp, 'Petroleum development investment risks and fiscal systems: a comparative study of the UK, Norway, Denmark and the Netherlands'; Peter Odell, 'Prospects for natural gas in Western Europe'. **Electricity and coal:** Chris Doyle and Maria Maher, 'Common carriage and the pricing of electricity transmission'; Eirik S. Amundsen and Balbir Singh, 'Developing futures markets for electricity in Europe'; Augusto Ninni, 'The power equipment industry in transition'; Ullrich Heilemann and Bernhard Hillebrand, 'The single market for energy and German coal - recent developments and their consequences'. **Environment:** John Pezzy, 'Analysis of unilateral CO<sub>2</sub> control in the European Community and OECD'; J.M. Huriot, 'Input-output analysis and pollutant emissions in France'; Landis Gabel and Hendrik Roller, 'Energy use in the European transportation sector and environmental quality'; John Surrey, 'Emerging conflicts between the objectives of the unified Single Market-supply security and a clean environment'. **Central and Eastern Europe:** Joerg-Uwe Richter, 'Energy issues in central and Eastern Europe'; Andrei A. Konoplyanik, 'Lubbers Plan: Soviet energy as a standpoint for improving economic reforms in the USSR'.

### IAEE International Conference Nusa Dua, Bali, Indonesia, 27-29 July 1993

The 16th Annual International Conference venue will be Nusa Dua, a peninsula at the southern tip of the beautiful island of Bali. The island offers much in the way of interest and recreation: traditional art and cultural performances; magnificent golf courses, wide, golden beaches and spectacular sunsets; reefs and green mountains. Make Bali your family holiday destination - and take in what promises to be a challenging conference.

The theme of the conference is: Energy, Environment and Sustainable Development: Challenges for the 21st Century. The following topics will be covered: Oil development issues • Natural gas development • Coal development prospects • Development of nuclear energy • Nuclear power development issues • Future of electricity development • Energy and economic development in developing countries • Energy and environment in economic development models • Energy policies for sustainable development • Economic review of energy in Asia-Pacific • Investment requirements in the energy sector.

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#### Abstracts:

Abstracts of papers for presentation at the conference and publication in the Proceedings are invited. A one-page abstract (in English) giving the full title of the paper, author(s), affiliation(s), address(es), telephone and fax numbers should be sent by mail or by fax to: Artono Arismunandar, Chairman of the Program Committee, c/o REDECON, Gedung Patra Lt. 1, Jl. Gatot Subroto 32-34, Jakarta 12950, Indonesia. Fax: (62 21) 515 133.

#### Dates and Deadlines:

Abstract submission deadline: 15 December 1992; notification of abstract acceptance: 15 March 1993; final manuscript submission deadline: 1 May 1993.

### All that jazz

#### Planning for the year 2000 and beyond:

#### Energy markets and the economy

#### IAEE North American Conference

#### Hotel Inter-Continental, New Orleans, Louisiana,

26-28 October 1992

The 14th North American Conference will present an interdisciplinary vision of the planning horizon for the future beyond the year 2000. Over 90 papers have been submitted, covering a variety of topics of interest concerning North American energy markets. Of course, free time will be provided for delegates to enjoy the cuisine and ambience of old New Orleans!

The plenary speakers will include Alirio A. Parra, Minister of Energy and Mines, Venezuela; J. Bennett Johnson, (Senator) Louisiana; and Kenneth L. Lay, Chairman and Chief Executive Officer, Enron Corporation.

Plenary sessions have been designed to integrate energy markets, planning, and economic analysis with areas of topical interest, such as 'Energy and the Economy - Lessons from the Recession', 'The North American Market for Natural Gas', 'Increased Competition in the US Natural Gas and Electricity Industries', and 'What Does the Future Hold in Store for Energy?'

Concurrent sessions will focus on 'hot' topics, eg. 'Recent Developments Affecting the Natural Gas Transmission Industry', 'The Use of Tradeable Permits for Environmental Control', 'Doing Business with Russia', 'The Impact of Energy Efficiency on US Energy Use: Past Achievements and Future Directions', 'The Greenhouse Effect and Global Climate Change', 'Alternative Transportation Fuels and Fueled Vehicles', 'Renewable Electricity', 'Problems facing Electric and Natural Gas Utilities and Pipeline Companies'.

The General Co-chairmen of the Conference are Anthony J. Finizza, ARCO, and Phil Prince, Alberta Energy Conservation Board. The Programme Committee is chaired by William A. Johnson, JOFREE Corporation.

The preliminary programme and registration information will be available in August 1992. For information regarding the conference, contact the Secretariat, IAEE North American Conference, 1101 - 14th Street, NW, #1100, Washington, DC 20005-5601, USA. Tel: (202) 371-1191; Fax: (202) 371 1090.

### Times they are a' changing New frameworks for energy demand Is the equation changing? 7th International Conference 7-8 December 1992, London, UK

1992 will have witnessed significant events on the world's political stage - major developments in Europe, West and East, the global repercussions of the break-up of the USSR, political change in Southern Africa, a series of key national elections and the Earth Summit in Rio. These developments make the course of future energy demand more complex and uncertain. The conference will examine the forces most likely to shape and constrain the evolution of energy demand, at global, regional and national levels. It will assess the implications of alternative policy scenarios for energy demand in different world regions, and draw together a range of key international energy specialists to discuss the new economic, social, political and technological conditions that will determine future energy demand.

Speakers will include Timothy Eggar, UK Minister of State for Energy; Roger Rainbow, Group Planning, Shell International; Hoesung Lee, Director, Korea Energy Economics Institute; Fereidun Fesharaki, Director, East-West Center; Lee Schipper, Lawrence Berkeley Laboratory; Michael Grubb, Energy and Environmental Programme, RIIA; Kevin Leydon, DGXVII (Energy) EC; and Michael Jefferson, Deputy Director-General, World Energy Council.

**Session 1:** Forces Shaping Energy Demand: An Overview • Economic growth and the environment • Past trends in global energy demand. **Session 2:** The Underlying Determinants of Energy Demand • Demography and economic growth • Transport • Changing industrial structures • Commercial and residential demand • Reducing energy demand: the role of new technologies • The impact of renewable energy technologies on demand for fossil fuels • Supply constraints: is an investment crisis likely? • The impact of regulation on energy demand. **Session 3:** Stimuli and Constraints on Demand: Case Studies • The Pacific: the explosion growth scenario • Hainan Province, China: a grassroots study • Russian Federation: implications of chaos and the introduction of market mechanisms • Venezuela and the region: production and demand politics • **Session 4:** Lessons from the Californian Experience • The dynamics behind California's new energy policies • Environmental pressures and automotive technology • The California experience: successes and failures • **Session 5:** Global Environmental Policy and Energy Demand • Rio and Madrid: policy implications • Constraining demand in the European context: mechanisms and obstacles.

The conference is convened by The British Institute of Energy Economics, The Royal Institute of International Affairs and The International Association for Energy Economics. Further details from: The Energy Conference, The Conference Department, Chatham House, 10 St James's Square, London, SW1Y 4LE. Tel: (071) 957 5700. Fax: (071) 957 5710.

### Long-term planning

The venue for the 17th IAEE International Conference has been fixed for Stavanger, Norway from 25-27 May 1994. More details will follow in the *Newsletter*.

## NEWS IN BRIEF

### Japanese Award

Mr Kenichi Matsui, Vice President of the Energy Data and Modelling Center, The Institute of Energy Economics, Tokyo, Vice President and Secretary of the International Association for Energy Economics received the Energy Forum Award for 1991 for his book '*Sekai no Energi Yoron wo Yomu*' (meaning something like '*A critique on World Energy Opinions*') published by Denryoku Shinposha, July 1991. He received 200,000yen and a clock. The award was inaugurated in 1980 by the publisher on the occasion of their 25th anniversary and is given to the author of the best energy book in Japan.

Past winners have included Prof Yoichi Kaya (Tokyo University), Dr Tsutomu Toichi (The Institute of Energy Economics), Mr Kinji Ishikawa (Energy Journalist) and Mr Tadahiko Ohashi (Chief Economist, Tokyo Gas Company).

### Decision analysis software

The Systems Analysis Laboratory of the Helsinki University of Technology has, over the past few years, been active in promoting decision analysis approaches in national energy policy decision-making. The personal computer software, HIPRE 3+, developed during the projects has now been released for worldwide distribution and has recently been upgraded to include both the so-called AHP as well as the MAV decision structuring and prioritization techniques. It is also unique in its generality and ease of use: the working language can be switched between English, Swedish and Finnish. Those members interested in energy policy decisionmaking who want to learn more about this approach and the new software will receive a free demonstration copy if they contact SMS Inc., 28818 Selfridge Drive, Malibu, California 90265, USA. Fax: (310) 395 7635.

Raimo Hämäläinen  
Finnish Association

### Digital dexterity saves planet?

Well, it had to happen. . . . with growing concern over the environment and resource depletion a computer firm has come up with an answer. . . . albeit as a game with a serious intention. *Global Effect* simulates the interaction between man and the environment through realistic mapping and resource management. The game is easy to play, yet demands high levels of strategic intelligence to build and maintain civilizations without disrupting the environmental balance. Regional and global issues are explored, taking account of local climate and terrain.

The player is challenged to save the world through sound decisionmaking in the face of limited timescale and economic strength. In certain scenarios, a rival power is developing industrial strength to achieve economic dominance at the expense of the environment. The player must contain this destructive attitude, and repair environmental damage in order to create a cleaner, balanced world. Another scenario places the player against an adversary intent upon world domination through military superiority. The player has defensive and offensive capabilities at his disposal, but how far should things be taken to ensure that lasting world peace prevails? The factor of environmental damage caused by conflict also needs to be taken into account. . . . sound all too familiar? Perhaps participants at Rio should have been given a copy. Details from: Simon Jeffery at Electronic Arts, Langley Business Centre, 11-49 Station Road, Langley, Berkshire SL3 8YN, UK. Tel: 0753 549442; Fax: 0753 56672.

### New appointment

Denny Ellerman, IAEE Past President has been appointed Executive Director of MIT's Center for Energy and Environmental Policy Research (CEEPR). CEEPR's director, Professor Richard Schmalensee, said of the appointment, 'Denny Ellerman is a very able energy economist with broad and deep knowledge of the policy process. I am confident he will contribute to the CEEPR's research program and enhance its impact on policy and that he will play a central role in our conference, outreach and development efforts'.

### From Italy

The AGM of the Italian Association (AIEE) took place in Rome on 20 March 1992. The following decisions were taken:

To nominate Dr Vittorio D'Ermo as Managing Director; the Board is now composed of the following members: Chairman: Edgardo Curcio (Agip SpA, Rome); Vice Chairman: Nicola Merzagora (ENEA, Rome); Managing Director: Vittorio D'Ermo (ENI, Rome); Secretary: Andrea Ricci (ISIS, Rome); Treasurer: Ernesto Nathan (Rome); Member and Coordinator, Milan Area: Riccardo Galli (University of Milan); and, Member Fernando Amman (IEFE, Milan); Member: Giorgio Tolotti (ENEL, Rome).

Move Association Headquarters to: c/o ISIS, Via Flaminia, 21-00196 Rome. Tel: 06-3612920; Fax: 06 3213049.

The second AIEE University Award of 2 million lira was made to Gaia Bianchi, who discussed at Rome University her doctoral thesis 'The effects for Italy of the fiscal harmonization on energy in the EEC'. The first award was given to Rita Pistacchio who discussed, at Rome University, her doctoral thesis 'The Energy Problem in Italy'.

Discussions have started to award the third AIEE University Award for best doctoral thesis in the economic-energy-environmental sector.

The Association also sent a questionnaire to associated members. The results indicated that the Association must primarily implement meetings and exchanges of energy information and promote energy studies and research between members, and also disseminate energy information especially into the university environment.

Edgardo Curcio  
AIEE



Denny Ellerman

## How UK investments are affected by regulation

2nd BIEE seminar on energy investment  
Chatham House, 8 April 1992

The discussion was opened by Dieter Helm (New College, Oxford and OXERA), who illustrated the topic by reference to the electricity industry in England and Wales. The main points of Helm's presentation were:

1. Prior to privatization, it had been assumed that 'market failure' was so pervasive in the electricity industry, that investment should be planned administratively, rather than left to the market. Indeed, it was widely believed that competition would be contrary to the public interest, on the grounds that electricity was a 'natural monopoly' and that competition would inhibit the margins required for security of electricity supply.
2. However, economic theory showed that the degree of 'market failure' varied across different parts of the chain; whereas transmission is a natural monopoly, generation is not. This thought is reflected in the privatized electricity structure, with its lack of vertical integration or central capacity plan to stimulate investment. It was important to remember that this system was devised at a time of substantial excess capacity.
3. In practice to date the signal for investment has not come from the Pool Price (which was the theoretical expectation). The Pool Price has effectively been over-ridden by contracts put in place at the time of privatization; and many of the new 'independent' gas stations are producing higher electricity costs than the existing systems. This has been achieved by re-inventing vertical integration through contracts.
4. The current system is very unstable, and a number of issues affecting further investments will need to be resolved:
  - (i) A conflict has developed between the requirement on the RECs for 'economic purchasing', and the Regulator's duty to promote competition.
  - (ii) The mechanism for the closure of excess capacity. In what way is this a matter for Regulation?
  - (iii) If 'market forces' are seen not to work, will it be preferable for all parties

to operate within an overall capacity plan, but with competitive bidding to supply the required capacity?

In the ensuing discussion, the main points debated included the following:

- (i) The extent to which the attempt at regulation should be abandoned, and the system opened to market forces to a greater degree. The practicality of this would, however, be influenced by the dominant position of National Power and PowerGen.
- (ii) Whether the issue of 'security of supply' which was currently obscured by excess capacity, would emerge at a late date if an aversion to further investment were to arise as a result of experience to date.
- (iii) Whether it was possible for the Regulator to be placed at 'arms-length' from the government (analogous to the Bundesbank), and what criteria should be applied, particularly when competition/price regulation interfaced with other policy considerations (eg environment).
- (iv) How far uncertainty on future regulatory developments (eg introduction of 'least-cost planning') might inhibit investment, particularly when these were associated with political change.

M.J. Parker, BIEE

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### Farewell Joan

Ulf Hansen, and four former presidents, Campbell Watkins, Denny Ellerman, and myself paid tribute at Joan's award ceremony in Tours. Joy Dunkerley, who could not be present, said in her message that Joan had given, 'truly professional management of the IAEE, which permitted the impressive expansion in members, scope and geographical coverage that we have seen in recent years. Ulf Hansen also stressed the importance of Joan for new affiliates for whom she 'had been the first point of contact and from this many good and lasting relationships have developed'. Joan will be sadly missed by the Association and it is our hope that she will be able to attend future events, perhaps not as often as before, but often enough to benefit from her advice! All best wishes to you and your family.

Jane Carter  
BIEE

## CIS coal export project

Euro-Asia Pac is currently evaluating a proposal to improve the mining and transport infrastructure in the coal export industry of the former USSR (CIS). The project will be coordinated with the United Nations Economic Commission for Europe.

Energy companies both in the demand and supply market are invited to write to Euro-Asia Pac stating their interest in this project. Power generation companies may be interested in securing future supplies of coal once a reliable network of mining, storage and export distribution is set up. One key objective is to establish the composition and quality of CIS coals at a central testing station.

Coal mining and transport firms may be equally interested in formulating plans to improve extraction and logistics efficiencies in the region. Euro-Asia Pac is currently sourcing high cv steam coals from the Donbas, Kemerovo and Karaganda mines.

The strength, numbers and seriousness of potential participants in the coal export project will determine its level of financing. For further information and declaration of interest contact: Michael See, Euro-Asia Pacific Corporation, St. Alphage House, 2 Fore Street, London, EC2Y 5DA, UK. Tel: (071) 638 2019, (071) 628 2019; Fax: (071) 256 6930, (071) 628 1018, by 30 September 1992.

### Senior Market Economist

The National Renewable Energy Laboratory (NREL) in Golden, Colorado is the nation's primary federal laboratory for research, development and testing in renewable energy and energy efficiency. Our recent appointment to national laboratory status has created an environment in which we will continue to set the direction for our energy future with more resources, support and career opportunities. As Senior Market Economist you will develop, plan and lead projects for the analysis of broad energy markets, their macroeconomic linkages, and relevant policy options. This includes identifying market opportunities for conservation and renewable energy technologies and programs taking into account such factors as: the implications of government policies and market forces; the impact of competitive technologies, and the assessment of fossil fuel supplies.

We require an advanced degree in economics (or closely related field) and 5-7 years experience, preferably in industry or the transportation sector, with demonstrated expertise in energy market assessments, and project leadership. Experience with energy market simulation/forecasting models, the analysis of environmental issues, macroeconomic analysis/modeling, and conservation and renewable energy technologies will be considered a plus.

We offer a competitive salary and comprehensive benefits package, including relocation assistance. For immediate consideration, please send your resume to: Human Resources Office, Ref.# E4620-980, National Renewable Energy Laboratory, 1617 Cole Blvd., Golden, CO 80401.

For information regarding current job opportunities at NREL contact JOB LINE (303) 231-1192

Women and minorities are encouraged to apply. We are an equal opportunity employer.

 NATIONAL RENEWABLE ENERGY LABORATORY

## Publications

*Economic Development and the timing of Mineral Exploitation* by Marian Radetzki, Center for Business and Policy Studies, Box 5629, S-11486, Stockholm, Sweden, 1992, pp19.

*Impediments to New Natural Gas Markets* by INGAA Foundation, 555 13th Street, NW, Washington, DC 20004, USA, 1992, pp110.

*International Oil Supplies and Demands, Volume 2* ed by Energy Modeling Forum, Terman Engineering Center, Room 406, Stanford University, Stanford, CA 94305-4022, USA, 1992, pp281, US\$40.

*Paradise Deferred: Environmental Policymaking in Central and Eastern Europe* by Duncan Fisher, Energy & Environmental Programme, RIIA, Chatham House, 10 St James's Square, London, SW1Y 4LE, UK, 1992, pp96, £10/US\$20, (2/US\$4 post).

*Wege in eine CO<sub>2</sub>-arme Zukunft* by Swiss AEE: Report of SAAE International Conference, Zurich, November 1991 (in German), Swiss Association for Energy Economics, Kornhausplatz 14, Postfach, 3000 Bern 7, Switzerland, 1992, pp220, US\$20.

## Calendar

**15-16 September, 1992, Hanover, Germany:** VDI-GET Conference. Thermal turbo-machines: Turbo-compressors in industrial use II. Contact: VDI-GET, PO Box 10 11 30, W-4000 Dusseldorf 1, Germany. Tel: 49 211 6214 414.

**15-17 September, 1992, Maastricht, Netherlands:** Energy Economy 1992. European exhibition and conference on energy efficiency and environment. Details from RAI Gebouw bv, Europaplein, NL-1078 GZ Amsterdam. Tel: (020) 549 1212; Fax: (020) 646 4469.

**20-25 September 1992, Madrid:** World Energy Council 15th Congress. Contact: The Organizing Committee, 15th WEC Congress, Avda. de America, 32-9, 28028 Madrid, Spain. Tel: (341) 255 7204; Fax: (341) 246 3540.

**23 September 1992, London, UK:** Forth in Series on Energy and Investment. Contact Mary Scanlan, BIEE, 37 Woodville Gardens, Ealing, London W5 2LL, UK. Tel: 081 997 3707. Fax: 081 566 7674.

**28-30 September 1991, Nicosia, Cyprus:** The 6th Annual APS Conference: Middle East Strategy to the Year 2005: Oil-Gas-Finance. Further details from APS House, PO Box 3896, Nicosia, Cyprus. Fax: (357 2) 350265.

**4-6 October 1992, Alberta:** 11th CER International Oil & Gas Markets Conference. Contact: Conference Division, Canadian Energy Research Institute, 3512 - 33rd Street, NW, Calgary, Alberta, Canada, T2L 2A6. Tel: 403-282-1231; Fax: 403-289-2344.

**19-21 October 1992, Kaunas, Lithuania:** IAEE East European Conference. 'Improved energy efficiency in former centrally-planned economies'. Contact: Jurgis Vilemas, Lithuanian Energy Institute, 3 Aukstadvario str., 3035 Kaunas, Lithuania. Tel: (0127) 753550; Fax: (0127) 751271.

**19-21 October 1992, Vouliagmeni (Athens), Greece:** European Community International Conference: Energy efficiency in process technology. Contact: Arvantis Travel, Congress Dept., 36, Vouli Street, 105 57 Athens, Greece.

**26-28 October 1992, New Orleans:** 14th Annual IAEE North American Conference. Contact: Joan Walsh Cassidy. Tel: (202) 371 1191. Fax: (202) 371 1090.

**29 October 1992, Bern, Switzerland:** Energie im des europäischen Wirtschaftsraums: Folgen für die Schweiz (Energy in the context of the European economic area: implications for Switzerland) in German. Contact: L. Python, Swiss AEE. Tel: 031 22 5777.

**11 November 1992, London, UK:** Last in Series on Energy and

Investment, further details from Mary Scanlan, see 23 September.  
**7-9 December 1992, London, UK:** 7th RIIA/BIEE/IAEE International Conference. New frameworks for energy demand. Contact: The Conference Department, Chatham House, 10 St James's Square, London, SW1Y 4LE, UK. Tel: (071) 957 5700. Fax: (071) 957 5710.

**11-13 January 1993, Dubai, UAE:** 1st Annual Middle East Petroleum and Gas Conference. Contact: Vimla Mulchand, IBC (Asia Pacific) Conferences, 545 Orchard Road #12-01, Far East Shopping Centre, Singapore 0923. Tel: (65) 732-1970. Fax: (65) 733-5087.

**28-29 January 1993, Oslo, Norway:** Towards limitations on energy consumption? Contact: Bjorn Brochman. Tel: (+47)-2-738853; Fax: (+47)-2-738331.

**27-29 July 1993, Bali, Indonesia:** 16th IAEE International Conference. Contact: Conference Secretariat, c/o REDECON, Gedung Patra Lt. 1, Jl. Gatot Subroto 32-34, Jakarta 12950, Indonesia. Tel: (62 21) 511 821, 511 824. Fax: (62 21) 515 133.

**25-27 May 1994, Stavanger, Norway:** 17th IAEE International Conference. Contact: Odd Anker Hassel. Tel: 47 2 531034. Fax: 47 2 534308.

## IAEE Newsletter

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## Conference

## ENERGY TECHNOLOGY OPTIONS for the TWENTY-FIRST CENTURY Environment, Economy and Society

McMaster Institute for Energy Studies  
October 1-2, 1992

## Featuring . . .

- Thomas Johansson, Lund University, on a major new renewable fuels report
- Lee Schipper, Lawrence Berkeley Laboratory, on energy efficiency in OECD countries
- twelve other speakers in sessions on global warming and technology choice, the future of the oil, gas and nuclear industries, full-cycle analysis of environmental impacts, and integrated resource planning
- a report on the 1992 MIES workshop series on specific energy technologies

For registration contact:  
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