



President's Message

The opening of two new IAEE affiliates, one in Africa and one in south Asia starts off 2018 on a very positive note as we attempt to spread the organization into new areas where better understanding of energy economics can make a real difference. Improving our understanding of issues facing countries outside of our historical footprint also enhances our ability as an organization and as individuals to deal with a changing global context. I intend to visit both the South African and the Bangladeshi affiliates this year. The first visit is already set for April and the latter is tentatively going to occur sometime around the Wuhan conference in China in early November.



Meanwhile in our more traditional spheres, preparations for the IAEE Groningen and USAEE Washington Conferences appear to be going very well with strong program content, excellent speakers being lined up and interesting side events in the works. I plan to participate actively in both meetings, as well as contributing what I can to the Nigerian Association's Abuja meeting in April and meetings in Athens in May and Tbilisi, Georgia in October to deepen my relationship with a very active Hellenic IAEE affiliate and the recently formed Georgian affiliate.

We are continuing our outside relationships with similar organization to ours with several members participating in January's Applied Social Sciences Association meeting in Philadelphia and Peter Hartley and I attending the Global Association of Risk Professional in New York earlier this month.

Our combined member survey has been recently completed and is currently being analyzed and compared with prior surveys to help set direction for the IAEE Council in implementing and evaluating tactics under the organization's Strategic Plan.

I look forward to seeing many of you at one of our coming conferences.

David Knapp

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(Photo Credit: Reuters)

One of the icons of energy economics, Dr. Alirio Parra, passed away March 9 at the age of 90. He led an extremely distinguished career and was a strong and reliable contributor to the IAEE and its various affiliates, especially the USAEE. Dr. Parra was the President of the International Association of Energy Economics (IAEE) in 1989. He chaired the British Institute of Energy Economics in 1997.

Alirio Parra also played an important role in the development of oil markets over his long career. Early in his career he was an assistant to Venezuela's Minister of Mines and Hydrocarbons, Juan Pablo Perez Alfonzo, who was the driving force in the founding of OPEC in 1960. Dr. Parra went on to become a founding Board Member of Petroleos de Venezuela SA (PDVSA) in 1975 and spent 15 years shaping PDVSA's future. He was the front runner to become OPEC's Secretary General in the mid-1980s until Iran scuttled his candidacy. Dr. Parra was Venezuela's Minister of Energy and Mines and OPEC representative from 1992-94 and served as President of the OPEC Conference.

Dr. Parra was a man of deep intellectual curiosity and spent his later years advising many organizations and speaking at conferences around the world including many IAEE events.

Most of all, Dr. Parra was a kind and considerate man who mentored many young people and was always available to support his friends when needed. He will be enormously missed by all who knew him.

Guy Caruso and David Knapp

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IAEE Mission Statement

The International Association for Energy Economics is an independent, non-profit, global membership organisation for business, government, academic and other professionals concerned with energy and related issues in the international community. We advance the knowledge, understanding and application of economics across all aspects of energy and foster communication amongst energy concerned professionals.

We facilitate:

- Worldwide information flow and exchange of ideas on energy issues
- High quality research
- Development and education of students and energy professionals

We accomplish this through:

- Providing leading edge publications and electronic media
- Organizing international and regional conferences
- Building networks of energy concerned professionals

Editor's Notes

We have a potpourri of energy related articles in this issue. We move from Nigeria, through India to Canada to the U.S. with discussions of the risks involved in oil transportation, to our ability or lack thereof to measure the cost of carbon, to the question of the continuation of the dominance of oil. We look at the resilience of electricity markets, the security of import supply of and export demand for oil and what's involved in the transit to a low carbon economy. Hopefully, each of us will find something that appeals.

Charles Mason compares crude oil delivery by pipelines and rail. Pipeline spills occur slightly more often, though rail spills are larger and more frequent relative to shipments and transit lengths. He concludes that rail is a riskier method for transporting crude oil than are pipelines.

Doug Reynolds explains economic concepts regarding global warming, as espoused by MIT economist Robert Pindyck, which may affect carbon regulations and thus oil demand. Carbon regulations must take into account economy wide sunk costs and values, world growth and the social rate of discount which make carbon social costs quite low.

Mamdouh Salameh posits that oil will maintain its dominance throughout the 21st century and probably far beyond. However, oil demand growth is projected to decelerate particularly in transport with wider electric vehicle use. Still, there can never be a post-oil era.

Tom Russo writes that future discussions in electricity circles are sure to go beyond electric reliability and include robust discussions of resilience. Sooner or later, all energy projects will be attacked or go down. That is a given, but what really matters is how resilient they are or how quickly they can resume operations.

Ole Gunnar Austvik discusses geopolitics, dependency on oil and gas import and export, and security-of-supply for importers and security-of-demand for exporters. He notes that these are important concepts to assess whether a country's energy security is at risk. Foreign and domestic political measures have both the potential to reduce sensitivity and vulnerability dependence.

Michael Diohaa and **Nnaemeka Emodi** write that Nigeria's current climate change conditions and ambitions to transit to a low carbon economy while planning for a long-term fossil fuel energy supply system presents a dilemma. They address this dilemma by presenting options for the future which include the distribution of mitigating efforts, exploiting renewable energy and energy efficiency practices, robust financing, education and awareness for sustainable development, and monitoring low carbon developments in Nigeria. These options are vital in achieving a smooth transition towards a low carbon economy under climate change conditions in Nigeria.

Manuel Frondel, Marco Horvath, and **Colin Vance** investigate the effect of the increase in U.S. oil production due to fracking, on global oil prices, finding a negative relationship. Furthermore, they find a negative influence for OPEC supply volumes that exceed the quota, indicating that OPEC still matters.

David Daniels writes that models exploring the implications of changing energy markets sometimes use oil price projections published by the U.S. Energy Information Administration (EIA) in its Annual Energy Outlook (AEO). He describes the supply and demand assumptions behind the three main AEO oil price paths to inform determinations of applicability for other model scenarios.

Matthew Hansen, Chris Doleman and **Abha Bhargava** use the National Energy Board's Energy Futures series of outlooks to explore trends in Canadian oil supply and demand. Canada is a large producer and consumer of oil, and future trends in both will be affected by both global and domestic technology and policy developments.

Nathaniel Babajide uses basic energy security indicators to examine the economic as well as environmental implications of energy supply disruptions in India. The results reveal that to guarantee India's future energy security, it is important for this emerging economy to curtail its local energy demand, diversify primary energy sources, develop huge renewable technologies and invest in emission curbing mechanisms.

Dave Williams

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