

**15th Annual International Conference
Ecole Supérieure de Commerce de Tours
Tours, France
18-20 May 1992**

The 15th Annual International Conference of the Association for Energy Economics (IAEE) will be held at Tours (one hour from Paris by high-speed train) at the Ecole Supérieure de Commerce de Tours from 18-20 May 1992.

The conference theme, 'Coping with the Energy Future: Markets and Regulation', will be developed in 4 plenary sessions and a number of concurrent sessions. The plenary sessions will be devoted to the following topics: Regulation and deregulation; energy and economic development; energy markets and energy and environment. In addition, a wide range of energy-related issues and problems will be dealt with during the concurrent sessions by the many experts and specialists attending the Conference.

The following topics are a representative sample of the subjects to be covered:

- Electricity transmission pricing: access and investment
- Demand side management
- Assessing the economic impact of CO₂ control policies
- Future markets
- Emissions trading: marketable permits and greenhouse gases
- Economic theory and energy markets
- EEC energy issues
- Energy in Eastern Europe: how to manage a transition

The leading personalities who have been invited to speak at the Conference include the French Minister for Industry and Foreign Trade; Mr Cordosa e Cunha, Commissioner for Energy of the European Economic Communities; Dr Vladimir Lopukhin, Minister of Fuels and Electric Power for the Russian Republic; Sheik Ahmed Zaki Yamani, Chairman of the Centre for Global Energy Studies and Mrs Helga Steeg, Executive Director of the International Energy Agency.

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A number of technical visits including the Chinon nuclear power plant and Donges refinery complete the scientific programme. Tourist excursions to the Loire Valley castles for participants and accompanying persons are also being arranged. The highlights will include the Conference cocktail party at the Town Hall of Tours on the evening of Monday, 18 May, followed by a special preview of the 'Casse-Noisette Circus' (Nutcracker Circus), a ballet created by the

Compagnie Jean-Christophe Maillot (Centre Chorégraphique National de Tours), and the Gala Dinner on Tuesday, 19 May at the Grange de Mesley. Its preparation will be specially supervised for the occasion by Jean Bardet, Maître Cuisinier de France.

Preliminary programmes and registration forms with information on transportation in France, accommodation, technical and leisure visits are available from the Conference Secretariat. For further information please contact Jean Philippe Cueille, Conference General Secretary, Fax: 33 1 47 52 70 66, see also page 2 for further details.

*Jean Masseron
IAEE, France*

From the editor:

The IAEE *Newsletter* is now edited, produced and distributed from the UK. In order for us to monitor efficient distribution to the membership, please inform the editor if you have not received your copy three weeks after the following publication dates: 15 January; 15 April; 15 July; 15 October.

Copy deadlines: copy for publication should be sent, at the latest, to the editor by the 20th of each month preceeding publication.

*Nicky France
Editor*

Soyez les bienvenus à Tours!



Medieval buildings in old Tours

'Coping with the Energy Future: Markets and Regulation' is the theme of the 15th Annual International Conference of the IAEE. The rapid changes in the energy market offer new challenges and opportunities. New forms of competition, deregulation and privatization are critical issues facing the industry, as are international concerns about how environmental protection will influence energy policies. How will companies react to changing regulations? Will they have an affect on their corporate structure? How will the opening up of Eastern Europe affect the energy market? How will the environmental constraints be managed by the energy sector? These and other questions will be addressed during this major international conference of the IAEE in Tours.

Delegates may either go to Tours by their own means or be welcomed in Paris on Sunday 17 May in the 'Tour Montparnasse'. People coming from abroad by plane can board Air France buses to transfer from Orly airport or Roissy-Charles de Gaulle to the 'Tour Montparnasse (33 avenue du Maine, Paris 15e). The welcome will be held on the 56th floor of this spectacular skyscraper, in the 'Salon Plein Ciel', where you can enjoy the magnificent panoramic view of Paris, enjoy refreshments and register for the Conference.

Afterwards, we will direct you to Montparnasse train station, just a few steps away, where you will take a TGV to Tours, only 55 minutes away from Paris by this famous high speed train.

Delegates coming by their own means will find a Welcome Desk for registration at the Ecole Supérieure de Commerce de Tours (ESCT), 1 rue Léo Delibes, 37200 Tours on Sunday 17 May, from 4.00pm to 7.00pm and on Monday from 8.00am.

Registration fees:

Speakers	2100FF
IAEE Members	2500FF
Non-Members	3000FF
Students	800FF
Accompanying persons	800FF

The registration fee covers participation in the conference, documentation, shuttle buses, lunches and social events. It does not cover hotel accommodation.

For accompanying persons the fee covers social events and two specific visits in Tours.

For students, the fee covers participation in the conference, documentation, shuttle buses, lunches and social events (gala dinner excluded). Full-time students may register at the reduced fee. They are required to enclose a photocopy of their student identification and an official letter attesting their present student status, with their registration form.

Accommodation

The 4 star category are 'châteaux' located in Tours or in its vicinity. As there are few rooms available in this category, a very prompt registration is advised.

In the 1 star hotel, rooms are for 1, 2 or 3 people, at a cost of 155FF, plus breakfast at 25FF extra per person.

For students, special accommodation has been arranged in a student residence.

Since requests for reservation will be handled on a first-come, first-served basis, early booking is advised. In view of hotel policy, all requests for reservation must be accompanied by a deposit, which will be deducted from the final hotel bill. As an indication, prices for bed and continental breakfast are approximately the following per night:

Hotel category	Prices(FF)		Deposit(FF)	
	Single	Double	Single	Double
4 star hotel 'Châteaux'	1175	1600	1200	1700
3 star hotel	440	540	650	800
2 star hotel	300	400	450	600
1 star hotel (excl. breakfast)	155	155	250	300
Student room (excl. breakfast)	80		100	

Payment

All fees are payable in French francs (US\$ 1.00 is about 5.50FF, in December 1991) and may be made:

- by cheque, in French francs, to the order of 'The IAEE 1992 Conference', or
- by bank transfer to: BNP 30004 00371 059448/58, or
- by credit card (Visa, American Express, Mastercard), Credit cards may be used if necessary but should be avoided whenever possible because of current delays in execution of transcontinental orders which could lead to unregistered payment, especially in the case of late registration.

The above prices include all taxes (VAT, local tax).

The IAEE Annual General Meeting

will take place

at

Tours, France

Date: Wednesday, 20 May 1992

Time: 1.00pm

President's Message

And now it is Tours!

The Annual International Conference is the highlight of the season for IAEE conference goers. This year the French Affiliate is hosting the conference in the lovely Loire Valley and are doing their utmost to make it a most pleasant stay. The technical programme is a fine mixture of invited keynote papers by some of the world's leading experts in the field and the 150 best papers selected from the many submitted. The high professional standard of the three day meeting would in itself be a strong reason to attend. But our French friends organizing the conference would not be French were they not to make it also a grand occasion, and I urge all of you who have the chance to come to Tours.

However, not all may have the chance to come, be it for financial, political, or other reasons. The costs of conferences always seem high. But let me assure you that the IAEE meetings would have to be priced very much higher were it not for the time and dedication given by our members all working voluntarily. In order to keep costs to participants low, the Council has set a policy that meetings should be moved away from the more expensive cities. A policy which holds additional benefits - in this instance, for example, we will meet in the School of Commerce and enjoy the quiet, historic town of Tours. I feel that this is a move in the right direction and that we also in the future ought to utilize some of the facilities available at universities and colleges. And there are numerous beautifully situated and interesting academic institutions around the world.

For members in some parts of the world, even reasonably priced conferences are out of reach. The IAEE together with the organizers are trying to find financial support to enable individuals from countries with restrictions on foreign currency to participate. The European affiliates are working on a programme to support activities in the new affiliates in Eastern Europe. If the initiative can be realized, it would also allow more members from the area to meet with Western colleagues at workshops and conferences. I hope to report on a positive note on this development in a future President's Message.

IAEE life is not only large conferences. As a matter of fact, less than 10% of our members take part in the international events. To many, the more important part is the local activities and professional communication between members through the various publications. The affiliates and chapters are the supporting structures of the Association. From my experience in a European affiliate, I know that the local programme is a gravitational force keeping the members together and, at the same time, attracting new people to the IAEE. During my presidency I will work to promote the activities at the local level. As part of that effort I plan to visit chapters and affiliates. I have already had a meeting with the Indian Affiliate and, when you read these lines, I will have visited six of the chapters in the United States. Meeting the individual members is a most valuable experience as I learn what our members expect from the IAEE and what ideas they might have to put these expectations into practice. The communication with members is an indispensable input to the discussions and decisions in Council.

Looking ahead is the task of a new IAEE Committee for Long-Term Development. Since its inception in 1977 the IAEE

has constantly changed, and particularly so in the last few years. From being a North American based association with an international outlook, it has become a truly international organization with members in more than 60 countries and with 33 official affiliates - even without counting the separate US Chapters. The development is a clear proof of success but also a time to show that the time has come to fix our coordinates and control our bearings for the development in the years ahead. The Committee is chaired by the President Elect, Fereidun Fesharaki, with Anthony Finizza (US), Tamas Jaszay (Hungary), Hoesung Lee (Korea) and Charles Spierer (Switzerland) as members. The Committee will advise the Council on development inside and outside the Association, and where the IAEE is placed in the landscape of an increasing number of organizations and activities in the energy field. Also your views as a member are welcome and will contribute to better shape the future of the Association.

*Ulf Hansen
President*

Denver natural gas conference a huge success

The Oklahoma and Denver Chapters of the US IAEE hosted the 4th annual Natural Gas Conference in Denver on 13-14 February 1992. The conference, which was highly successful with about 300 in attendance, was co-hosted by the Independent Petroleum Association of Mountain States (IPAMS) and future joint efforts are planned.

The conference brought together leading experts, regulators and industry personnel to explore the Mega-NOPR proceedings currently before the FERC. Speakers included Arlon Tussing, Nicholas Bush, Jim Cordes, Patricia Eckert, Ed Soday, Dick Thorn, Doug Barton and Charles Watson.

The Mega-NOPR process proposes to continue and extend the unbundling of natural gas pipeline services started by 'open access'. Currently, rights to firm transportation and storage capacity have generally been assigned to natural gas local distribution utilities. FERC proposes that pipelines charge separately for firm transportation/storage capacity and other services. In essence all pipeline services would be unbundled and user rights to them would be actively traded and available for purchase by others. FERC is considering several options to achieve this unbundling and Commissioner Trabandt indicated that 31 March 1992 is the Commission's goal for release of final orders.

The conference indicated that a major shift in industry opinion about the Mega-NOPR has occurred since last summer. Last summer, the opinion of many producers, pipelines, marketers, end-users and local distribution utilities was that the Mega-NOPR proposals would not be in their best interests. Today, the industry realizes that much will be gained from unbundling and all sectors must work together to make the Mega-NOPR process work.

A fifth Natural Gas Conference is currently in planning for Denver in Winter 1993. Please contact Fred Julander (*Fax*: (303) 860 0711), Larry Skaer, Karyn Plank or Dave Huettner (*Fax*: (405) 325 7688 for details.

*David A. Huettner
Oklahoma Chapter*

Disruption of Energy Markets: Lessons, Opportunities and Prospects

13th Annual North American Conference

Chicago, 18-20 November 1991

The focus of the conference was to examine the ability of the energy economist to successfully analyse energy markets in a world marred by market, regulatory, political and legislative shocks. The papers/presentations made were primarily concentrated on explaining historic trends and their implications for energy markets, examining the impacts of regulatory change and looking at traditional markets and supplies of energy.

Plenary sessions

Decision-making in energy policy: are energy analysts relevant to the process?

This plenary session included Eric Zausner (Strategic Performance Management), John Deutch (MIT), William Martin (Washington Policy & Analysis) and Martin Greenberger (UCLA) with William Hogan (Harvard University) as moderator. This session centred on the relevance of energy analysts in energy policy formation. The energy analyst may or may not be relevant to policy decisions. The ability of the analyst to affect policy decisions is enhanced when clear, simple and concise information is conveyed to decision-makers. A quick, complete and on-time analysis is much more likely to affect policy than one that is thorough but not on-time. Also, one study seldom creates a policy change, instead, policy change is achieved through a gradual educational process following several different avenues.

The producer/consumer dialogue: should North America participate?

This plenary session, moderated by Dennis O'Brien (Caltex Petroleum), discussed possibilities for producer/consumer dialogue in oil markets. The session did not produce a great deal of consensus on the subject. John Easton (US Department of Energy) stressed that production and prices were best left to the market mechanism. However, he did say that the recent Paris dialogue was encouraging. Furthermore, he mentioned that any dialogue should focus on information exchange, improving market mechanisms and enhancing investment climates. Anthony Finizza (ARCO) questioned what is the appropriate level of dialogue. He cited the non-homogeneity of energy participants and the uncertain future of the oil industry as barriers to good dialogue. George Haynal (Ministry of External Affairs, Canada) also mentioned the diversity of energy entities as an obstacle to good dialogue. He did, however, claim that IEA had made a contribution in this area. William Ramsey (US Department of State) stressed that previous dialogues in other commodities (eg, coffee, tin, etc) have not been particularly successful. Governments, he claimed, do not know the proper price band for oil. He maintained that IEA and OPEC had handled the Gulf War crisis quite well without sitting down at the same table. Antonio Casas-Gonzalez (Petroleos de Venezuela), meanwhile was quite supportive of increased dialogue and contended that there is a lot to gain, in terms of oil market stability, that would benefit both producers and consumers.

Insights into the global climate change debate: a discussion by top policy analysts

Moderated by John Weyant (Stanford University), this plenary session centred on the global climate change debate. Rob Coppock (National Academy of Sciences) discussed the findings of research done by NAS on climate change. Mike Shelby (US EPA) addressed the issue of revenue recycling (ie, the case where revenue from carbon taxes is used to reduce other taxes that are inefficient). Howard Gruenspecht (US Department of Energy) discussed the National Energy Strategy and its impact on carbon emissions. Mary Beth Zimmerman (Alliance to Save Energy) outlined work done by the Tellus Institute on the cost of reducing carbon emissions. In terms of a consensus, the panel seemed to conclude that reducing carbon emissions would be neither free nor infinitely expensive. However, between these two extremes, there remains a great deal of uncertainty regarding the costs/benefits of reducing carbon emissions.

Individual sessions

Twenty individual sessions were held on a variety of subjects. These subjects can be roughly characterized into the following subject areas: oil markets; gas markets; electricity markets; environmental issues; alternative transportation fuels; integrated resource planning/conservation; energy technology and energy modelling. Brief descriptions of some of the papers presented on these issues are included below.

Oil markets

World oil markets

This session served to highlight the high degree of uncertainty confronting energy analysts in projecting world oil prices. James Tobin (Applied Planning Associates) stressed the sometimes disappointing inability of energy economists to accurately forecast oil prices. He, instead, argued for a probabilistic approach to forecasting oil prices, one which emphasized a range of prospective prices rather than a single point price. Keith Brown (Purdue University) discussed the many models OPEC used to forecast oil prices. He also summarized the strengths and weaknesses of OPEC that affect its long-run survivability. Samuel Van Vactor (Economic Insight), meanwhile, reviewed many developments in world oil markets which will improve how markets work and increase the ability of energy economists to effectively analyse them.

Crude oil

Subhash Bhagwat (Illinois State Geological Survey) statistically

tested the relationship between crude oil prices and the price of US coal. He found that coal prices were not significantly influenced by oil prices over the 1971-88 time frame.

Petroleum products

Bruce Abramson (University of Southern California) and Anthony Finizza (ARCO) discussed the latest results from the ARCO1 model for oil prices. ARCO1 is unique, relative to other oil price models, in that it attempts to integrate subjective political judgements with more traditional data-intensive economic variables. ARCO1 combines artificial intelligence with decision analysis to predict world oil capacity utilization. The model predicts oil prices and provides confidence intervals for its predictions.

Natural gas markets

World gas markets

Michelle Fass (University of Houston) and William Johnson (JOFREE Corp.) discussed the US-Mexican gas trade. They concluded that gas is no longer viewed as a free by-product in Mexico. Mexico can gain from a gas import strategy and promises to be the main importer of US gas in the long-term. John Tobin (Applied Planning Associates) discussed Alaska North Slope gas and the marketing of such gas in the lower 48 states. He concluded that arctic gas can be competitive under certain circumstances, however, there is no compelling reason to market arctic gas at this time given the many risks of doing so. Robert Marchalla (Decision Focus Inc.) outlined the features of the World Gas Trade Model. The model is a market equilibrating model for worldwide natural gas and LNG markets. David Nissen (Poten & Partners, Inc.) discussed the burgeoning LNG trade in the Atlantic basin and its future growth potential.

US gas markets

William Johnson (JOFREE Corp.) discussed US gas markets. He stressed that the prospect of additional imports of Canadian gas and production of non-conventional US gas due to tax credits are depressing natural gas prices. Paul Holtberg (GRI) summarized US natural gas supply and demand forecasts based on the GRI baseline projections.

Gas regulatory issues

L. Hsieh (Michigan Consolidated Gas) discussed interstate gas pipeline rate design. He concluded that the most important criterion in effective rate design is to develop a seasonal pricing mechanism to reflect the true value of service. Stephen Warwick (Micronomics, Inc.) also addressed interstate gas rates. In terms of incentive rates for gas pipelines, he stated that stockholders of pipelines that effectively reduce costs stand to gain along with their core consumers.

Gas distribution issues

Thomas Lyon (Indiana University) covered the issue of allowing distribution companies to employ incentive rates. He

stated that properly-structured incentive rates to multi-fuel customers could promote economic efficiency. Nondiscrimination, he maintained, could extend the benefits of incentive rates to core customers. Carol Freedenthal (JOFREE Corp.) discussed the connection between end-users and wellhead producers of gas. She concluded that the Natural Gas Policy Act of 1978 has in fact created an environment where market signals are better communicated between end-users and producers.

Electricity

Catherine Marciniak (DRI-McGraw Hill) discussed the effects of deregulation on independent power producers' market share. She stated that under certain conditions this share could approach 30% in the future. Fereidoon Sioshansi (EPRI, Palo Alto) talked about developing strategies for electric utilities so that they can be focused on being profit centres rather than cost centres.

Environment

US Clean Air Act Amendments

Donald Hanson (Argonne National Laboratory) described Argonne's ARGUS model which is being revised to incorporate the provisions of the Clean Air Act Amendments (CAAA) so as to project SO₂ allowance prices, compliance choices, capacity expansion, system dispatch, fuel use and emissions. Leonard Colburn (US Department of Energy) discussed the US EPA's implementation of the acid rain provisions of the CAAA and how EPA handled the more controversial portions of the provisions. Glenda Smith (ICF) addressed the impacts of environmental regulations on crude oil production and reserves, contending that they reduce reserve recovery even when increased drilling productivity is accounted for.

Global warming

Thomas Veselka (Argonne National Laboratory) discussed Argonne's ENPEP/GCC model which is used to simulate a country's energy supply and demand balance in response to a global warming strategy. Malcolm Shealy (Decision Focus Inc.) addressed the divergent views regarding the cost of slowing global warming. He concludes that energy efficiency provides a cost-effective way of slowing global warming.

Emission trading

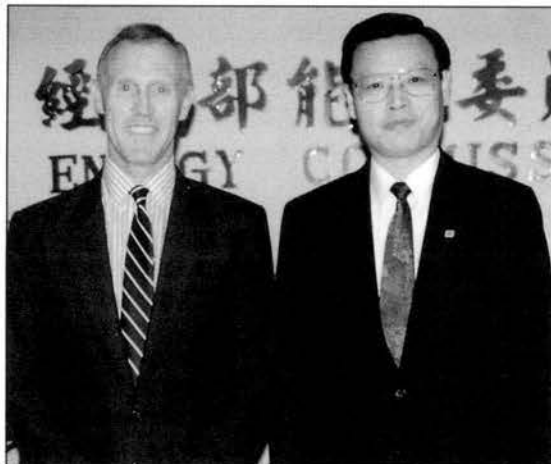
Ron Fisher (Argonne National Laboratory) described the National Energy Strategy Environmental Model (NESEM). The model projects emissions under the NES versus a current policy base case. Frank Selker (Decision Focus Inc.) discussed EPRI's Emissions Trading Simulation Laboratory, a spreadsheet model of emission trading. T. Daly (Argonne National Laboratory) addressed the advantages of a carbon permit system as opposed to proposed carbon taxes. The permit plan, he maintains, would ease the abrupt, inefficient and costly adjustment process under carbon tax proposals.

*Paul F. McArdle
North American editor*

American Chapters alert!

Please could US Chapters heads inform the editor, Nicky France, of the date on which they receive their copy of the *Newsletter*. We know there is a problem with the length of time taken to mail copies to the USA. It should take between 7-10 days but seems to be more like three weeks. In order to find out what is causing the hold-up we need to track the postal services. Your cooperation will be appreciated and would lead to a more efficient service.

NEWS IN BRIEF



Mr Hong-ting Yih welcomes Dr Watkin's visit to the Energy Commission during the CAEE Conference in Taipei, October, 1991

From Sweden

At the SEEF annual meeting on 12 March 1992 Mr Bo Lundgren, Minister for Energy, delivered an interesting lecture on Swedish energy taxation, giving advance notice of the publication, in April 1992, of a proposal for new energy taxation rules.

In addition to a new board for the SEEF, a new secretary, Mr Björn Hagman of Stockholm Energy, was also elected. Mr Hagman is now the person to contact with any news, publications, announcements and comments for inclusion in the *IAEE Newsletter*; his fax number is +46 8 673 56 10.

Mats Höjeberg
Outgoing Secretary, SEEF

From Norway

The Norwegian Association of the IAEE has elected Björn Brockmann, energy market adviser at Norsk Hydro, as Chairman for 1992.

The Norwegian Association has about 100 members, most of them very active. The Norwegian delegation to the annual International Conference has always been relatively large, as indeed has the number of papers presented.

A Norwegian Conference with international participation is scheduled for mid-September 1992. Announcement will follow in next *Newsletter*.

Øysten Kristiansen
IAEE, Norwegian Association

Call for papers
14th North American Conference
'Planning for the Year 2000: Energy Markets and the Economy'
Hotel Inter-Continental, New Orleans, Louisiana
26-28 October 1992

The IAEE cordially invites you to attend the 14th North American Conference, which will be held in New Orleans, Louisiana from 26-28 October 1992. The Conference theme and title is 'Planning for the Year 2000: Energy Markets and the Economy'. This is the first time that the North American Conference will be held in New Orleans.

The Presidents of the US and Canadian affiliates will serve as General Co-chairmen of the Conference, which is being planned to appeal broadly to persons in the business, academic and government sectors with interests in energy economics. Dr William A. Johnson, JOFREE Corporation, Houston, is the Programme Chairman.

Interested persons are invited to submit abstracts of papers for presentation at the conference. Abstracts of about 250 words must be received before 30 April 1992, by the IAEE North American Conference, 1101 - 14th Street, NW, Suite 1100, Washington, DC 20005. Questions regarding the conference or abstract submission should be addressed to Joan Walsh Cassidy, North American Conference Secretariat, IAEE, Tel: (202) 371 1191.

An indication of subjects under discussion may be gathered from the following tentative titles of the plenary sessions:

Monday morning, 26 October: Energy and the Economy. This panel will discuss whether the energy sector has had a significant impact on the US economy and vice versa with special emphasis on what should be the recent recession by the time the conference begins.

Moderator: Don Knop (Shell Oil)

Panel: Roger Brinner (DRI)

Hill Huntington (EMF)

John Tatum (St Louis Federal Reserve)

Monday afternoon, 26 October: The North American Market for Natural Gas. This panel will discuss the expanding international trade in natural gas in North America with emphasis on the economic and political forces shaping the North American market and the Free Trade Agreement.

Moderator: Michelle Foss (University of Houston, Center for Public Policy)

Panel: To be announced.

Tuesday morning, 27 October: Increased Competition in the US Natural Gas and Electricity Industries. This panel

will examine the consequences of the US policy of open access to transmission facilities for natural gas and electricity.

Moderator: Les Deman (Texas Eastern)

Panel: Cathy Abbott (ENRON)

Charles Cicchetti (Putnam, Hayes & Bartlett)

Charles Linderman (Edison Electric Utilities)

Tuesday afternoon, 27 October: To be announced.

Wednesday morning, 28 October: What Does the Future Have in Store for Energy? This panel will speculate about the future directions energy might take as a result of likely political, economic and technological changes in the industry.

Moderator: Mike Telson (House Budget Committee)

Panel: To be announced

Members of the Programme Committee are: Les Deman, Sam Van Vactor, Michelle Foss, Mike Telson, Mariano Gurfinkel, Don Knop, Dave Knapp and Len Waverman.

William A. Johnson
IAEE Programme Chairman

Do energy investments have anything to do with economics?

**BIEE seminars on energy investment
Chatham House, 12 February
1992**

The discussion was opened by Mr P. W. Beck, who drew from his extensive experience in the oil industry. Mr Beck's main points can be summarized as follows:

1. Major energy investment decisions are subject overwhelmingly to 'non-economic' factors, in particular:

- Politics, both national and international;
- 'group think' in large organizations;
- human ambitions;
- proponents of projects 'believing in the them'.

2. There is a basic problem in using economic analysis for future decisions, which are necessarily based on assumptions, not facts. Economic analysis more often obscures both what these assumptions are and who has made them. Trust in neutral economic analysis is totally misplaced, since it is the quality of judgement which is the real determining factor behind the quality of investment decisions.

3. If we believe that judgement, rather than economic analysis, is of overriding importance, then there is a need to ensure that decision makers recognize the nature of this judgement explicitly rather than implicitly. Economic analysis should be used to test these judgements, rather than vice versa.

In the discussion which followed, some of the main points made were:

1. While observation would show that major decisions were taken which best suited the self-interest of the decision makers, this did not alter the fact that some decisions were more rational than others. Major decisions were a product of probabilistic views of the future and of the degree of risk aversion. Both these factors were capable of rational analysis.

2. In considering major investments, there were three basic questions:

Is there a demand for the product?
Can we meet this demand profitably as well as anybody else?

Are there environmental/societal arguments against us doing so?

Two out of three of these were fundamentally economic questions to which economic analysis had to be applied.

3. It was a major responsibility of top management to ensure that the decision-making process was as rational as possible; openness, inbuilt tension between different interests (eg within government), and willingness to consider the 'maverick' opinion all helped to achieve this. Planning departments should be used to produce informed debate, not to produce 'plans'.

4. In many organizations there was pressure to reduce the discomfort of uncertainty. The 'scenario' approach helped here, but required openminded management.

5. Sometimes, the degree of uncertainty could be exaggerated, and used as an excuse not to undertake arduous examination of available data on the emergence of new trends or technologies.

6. There were grave problems on making investment decisions based on precise analysis of the balance between future supply and future demand (the 'Gapological Fallacy') particularly if the 'feedbacks' were ignored.

7. The time question was crucial. It was difficult to apply conventional economic analysis (particularly DCF) for long lead-time projects with long subsequent lives. (There was a long and inconclusive debate on this point!)

*M. J. Parker
BIEE*

BIEE awards

The recipient of the 1991 BIEE Journalist of the Year Award is Roland Gribben, Business Editor of the *Daily Telegraph* who has covered the energy scene for the *Telegraph* since 1967 and attempted to chart the fluctuating fortunes of this sector. A past winner of the Industrial Journalist of the Year Award and contributor to radio and television as well as the feature pages of the *Daily Telegraph*. Roland Gribben has achieved his distinguished reputation through consistent objective reporting and has enhanced an understanding of energy problems and solutions; a doyen of the profession of energy journalism. He will receive a prize of £250.

The Energy Economist of the Year Award was shared by Michael Parker and Rufus Godson who will each receive £75. Michael Parker joined the National

Coal Board (now British Coal) from Oxford and held various posts in the Board's Marketing Department until 1970. From 1971 he headed the Economics function (under a variety of titles); he was responsible for advising the Board on changes in the business environment and their implications for policy; he retired from British Coal in 1991. He was Chairman of the BIEE in 1986 and has been on the Council ever since. Michael Parker has had a very distinguished career as the leading coal economist in the UK through his work in British Coal and his activities in the wider intellectual scene. In particular his initiative in the founding of the energy seminars for the BIEE have made a major contribution to the development of energy economics in this country.

Following a period of war service in the coal mines, a degree in Philosophy, Politics and Economics at Oxford University and work in the steel, coking and coal industries, Rufus Godson joined the then Gas Council in 1969; he became the Company's Chief Economist and, since February 1988, has been the Director in charge of Planning at the HQ of British Gas. As Group Director of Planning, Mr Godson was responsible for overall Company planning and for co-ordinating the planning work of the Company's three business units - the UK Gas Business, Exploration and Production and Global Gas. Mr Godson was awarded the MBE in 1988.

These awards were inaugurated by Paul Tempest, as BIEE Chairman in 1988, along the lines of the IAEE awards. Past winners of the Journalist of the Year Award have included Peter Bild and Andy Holmes, and Professor Richard Eden of Cambridge University won the Energy Economist Award in 1990.

*Jane Carter and Mary Scanlan
BIEE*

New appointment

Alirio Parra, who was the Chairman for the BIEE, has been appointed Oil Minister for Venezuela. This appointment forced his resignation from the Chairmanship. The Vice Chairman, Peter Pearson, has taken over the position.

*Mary Scanlan
BIEE*

Publications

Design of Advanced Combustion Systems for Cofiring of Natural Gas with Refuse Derived Fuels and Landfill Gas by D. England, G. Seeker and W. Linz, Gas Research Institute, Chicago, Illinois, USA.

Driving Forces: Motor Vehicle Trends and Their Implications for Global Warming, Energy Strategies Transportation Planning by James MacKenzie and Michael Walsh, World Resources Institute Publications, Baltimore, Maryland, USA, 1991.

Electricity in Europe: The triumph of free enterprise? by Andrew Holmes, The Marketing Department, Financial Times Management Reports, 7th Floor, 50-64 Broadway, London SW1H 0DB, UK, 1992, £225/US\$400.

Energy Market and

Policies in ASEAN ed by Shankar and Fereidun Fesharaki, Institute of Southeast Asian Studies, Singapore, 1991, pp253.

Fundamentals of Petroleum Trading by Hossein Razavi and Fereidun Fesharaki, Praeger, New York, NY, Westport CT and London, 1991, pp222.

Policy, Stability and Democratic Change: Energy in Spain's Transition by Thomas Lancaster, Pennsylvania State University Press, University Park, Pennsylvania, USA and London, 1989.

Refining and Reformulation: the challenge of green motor fuels by Adam Seymour, Oxford Institute for Energy Studies (OIES), 57 Woodstock Road, Oxford OX2 6FA, UK, 1992, pp95, UK £14.00, Overseas £16.00

The Sources of Energy in Florida: Supply and Distribution by Jorge Salazar-Carrillo, Governor's Energy Office, State of Florida, Tallahassee, Florida, USA, 1990.

Calendar

18-20 May 1992, Tours, France: IAEE International Conference. Contact: Jean Masseron, Institut Francais du Petrole, 4 Ave. de Bois Preau BP311, Rueil Malmaison, 92506, France. *Tel:* 33 1 47 49 02 14 or 33 1 47 52 62 01 (Y. Rondot); *Fax:* 33 1 47 52 67 65 or 33 1 47 52 70 66.

1-3 June, 1992, Des Moines, Iowa, USA: Energy in Rural America: Profits & Opportunities in Agriculture, Fuels and Utilities. Cosponsored by US Dept of Energy and Iowa Dept of Natural Resources. Contact: Kathleen Moench, *Tel:* (515) 281 4876.

1-5 June, 1992, Florence, Italy: International Symposium on Automotive Technology and Automation. Contact: ISATA Secretariat, Croydon, Surrey, UK. *Tel:* 081 686 1490.

7-12 June, 1992, Boston, Mass., USA: Topical meeting on Technology of Fusion Energy. Cosponsored by US Dept of Energy and American Nuclear Society. Contact: *Tel:* (301) 258 0545.

10 June 1992, London, UK: Third in Series on Energy and Investment, further details from Mary Scanlan, see 12 February.

15-17 September, 1992, Maastricht, Netherlands: Energy Economy 1992. European exhibition and conference on energy efficiency and environment. Further 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 Invest-

ment, further details from Mary Scanlan, see 12 February.

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.

1-2 October 1992, Hamilton, Canada: Energy Technology Options for the 21st Century: Environment, Economy and Society. Contact: McMaster Institute for Energy Studies, McMaster University, Hamilton, Canada L8S 4M4. *Tel:* (416) 529 7070 ext 4527; *Fax:* (416) 521 8232.

4-6 October 1992, Alberta: 11th CERI 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.

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

11 November 1992, London, UK: Last in Series on Energy and Investment, further details from Mary Scanlan, see 12 February.

16-19 November 1992, Orlando, Florida, USA: 1992 Gas Research Conference. Contact: Gas Research Institute, *Tel:* (312) 399

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