

NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS

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## **NARUC's Gas Committee Receives Update on 'Moratoria' Study**

CHICAGO-A broad-based Study Group briefed the National Association of Regulatory Utility Commissioners Gas Committee today on a three-year effort to design and execute a research project to determine the social, economic and environmental effects/costs of not developing America's oil and gas resources.

"Vast U.S. oil and gas resources are available on Federal property, both on land and within two hundred miles of the coastline," said Study Group Chairman O'Neal Hamilton. Hamilton is past Chairman of the South Carolina Public Service Commission and Chairman of NARUC's Committee on Gas, which initiated the study in 2007. "Whether additional Federal lands should be leased for energy development," Hamilton said, "and under what conditions leasing should occur is a matter for national energy policy decision makers.

Although both the Presidential and Congressional moratoria were removed last year on certain federal lands, it remains important for policy makers to know the extent of the resource base on such lands and the effects that maintaining the restrictions would have on the country. Our research project is dedicated to giving decision makers information upon which they can rely in developing America's national energy policy."

The study stems from a July 2007 NARUC resolution that authorized the Association's participation in a public-private partnership that would analyze the impact of the existing moratorium on energy exploration and production on federal lands. According to Hamilton, the "Moratoria Study" used a Federal government modeling program relied upon by Congress and the Administration for analyzing the energy outlook under existing laws and projecting the impacts of new energy policy proposals.

The "NARUC-National Energy Modeling System (NARUC-NEMS)" version of the model," he said, "was employed by the Study Group's contractor, Science Applications International Corporation (SAIC). SAIC is a Fortune 500 scientific, engineering and technology applications company that uses its deep domain knowledge to solve problems of vital importance to the nation and the world in national security, energy and the environment, critical infrastructure and health." The slides from today's presentation are available at:<http://www.narucmeetings.org/presentations/GasStudy11-09-09.pdf>

SAIC's NEMS-NARUC model results determined that maintaining traditional energy exploration and production moratoria on Federal lands would result in an alternative domestic energy future that ".significantly alters the cost and availability of domestic oil products and natural gas in all economic sectors and regions of the country."

According to the study, which also includes an estimated increase in the oil and gas resource base, if moratoria were maintained from 2009-2030, model projections show that:

- Cumulative domestic oil and natural gas production decreases by 21% and 10%, respectively.
- Average natural gas price increases by 28% and average gasoline price increases by 8.4%.
- Cumulative net present value (NPV) of consumer purchases of electricity and natural gas increases by \$325 Billion.

- Cumulative national real disposable income decreases by \$1.163 Trillion (\$4,000 per capita).
- Cumulative oil imports from OPEC countries increase by 4.1 Billion barrels. - Cumulative national payments to OPEC countries increase by \$607 Billion (\$295 Billion NPV).

If resources within the moratoria areas are not developed, there would be no new environmental effects within the U.S. jurisdiction attributable to development of those resources. However, as a non-modeled item, the study observes that there could be environmental effects on domestic and international waters as a result of increased tanker transport of oil and gas imports and unknown environmental effects in countries from which the U.S. would import the resources.

Moratoria Study Group Members: Chairman O'Neal Hamilton, NARUC Commissioner Emeritus Dave Harbour, NARUC/IOGCC Commissioner Victor Carrillo, NARUC Executive Director Charles Gray, NARUC Commissioner Bob Pickett of Alaska, NARUC Commissioner Emeritus Marshall Johnson, NARUC Commissioner Emeritus Bob Keating, NARUC Commissioner Emeritus Don Mason, NARUC Commissioner Emeritus Doug Mood, IOGCC Commissioner Dan Seamont, NARUC Commissioner Timothy Simon of California, NARUC Commissioner Stan Wise of Georgia. Moratoria Study Sponsors: American Gas Association, American Public Gas Association, American Petroleum Institute, BP America Production, Consumer Energy Alliance, Dominion Resources, DTE Energy, Edison Electric Institute, El Paso Natural Gas, EnCana Corporation, Independent Petroleum Association of America, Interstate Natural Gas Association of America, Interstate Oil and Gas Compact Commission, National Association of Regulatory Utility Commissioners, National Fuel Gas Co., Natural Gas Supply Association, Noble Energy, Marathon Oil Company, Piedmont Natural Gas, Questar Corporation, Shell Exploration and Production Co., TECO Peoples Gas System. Moratoria Study Advisors: Michelle Foss (University of Texas), John Cogburn (AGL Resources), David E. Dismukes (Louisiana State University), Bill Hochheiser (DOE), Richard P. O'Neill (FERC), John Pyrdol (DOE), A. Michael Schaal (EIA), John Broderick (BLM), Sam Fraser (MMS).

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*NARUC is a non-profit organization founded in 1889 whose members include the governmental agencies that are engaged in the regulation of utilities and carriers in the fifty States, the District of Columbia, Puerto Rico and the Virgin Islands. NARUC's member agencies regulate telecommunications, energy, and water utilities. NARUC represents the interests of State public utility commissions before the three branches of the Federal government.*

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