



Ten Truths You Think You Know About Energy

Jerrold Oppenheim

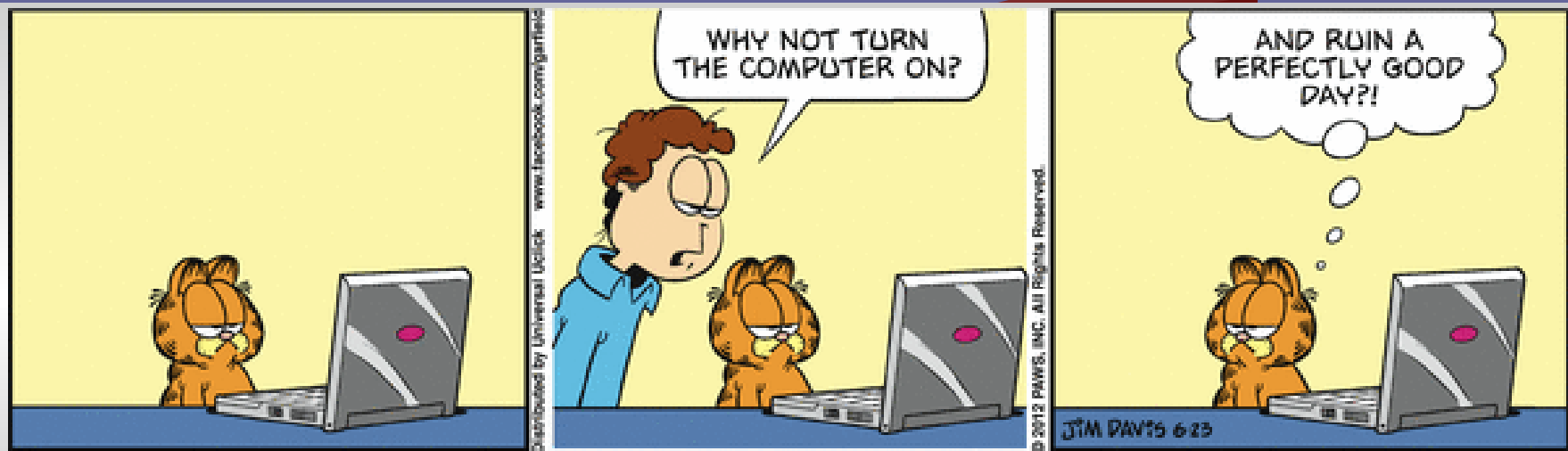
Theo MacGregor

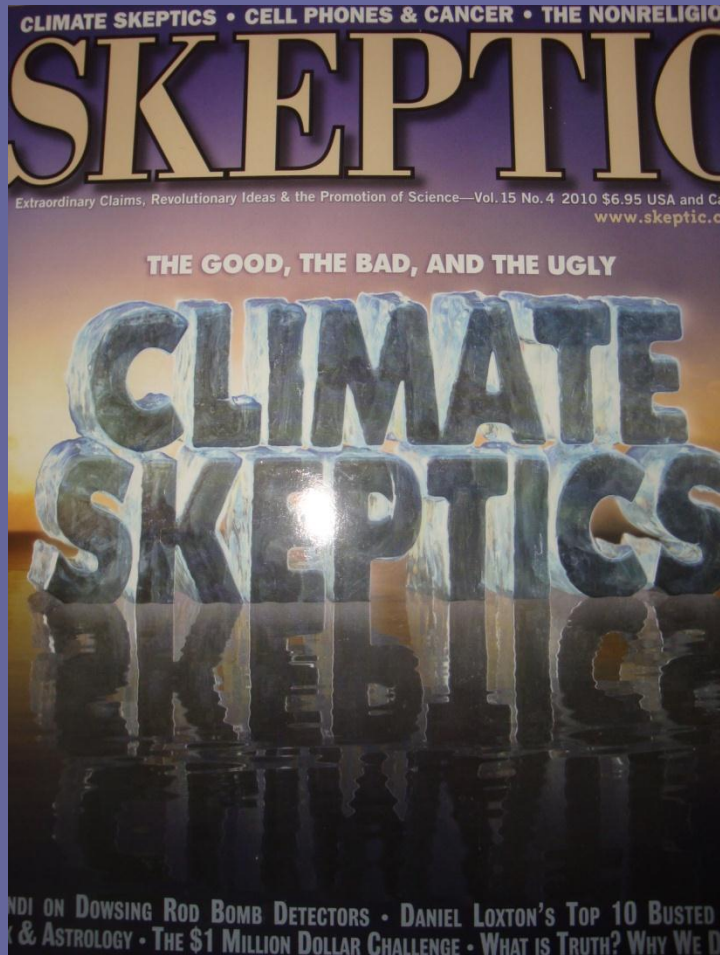
Democracy And Regulation

Skeptics in the Pub

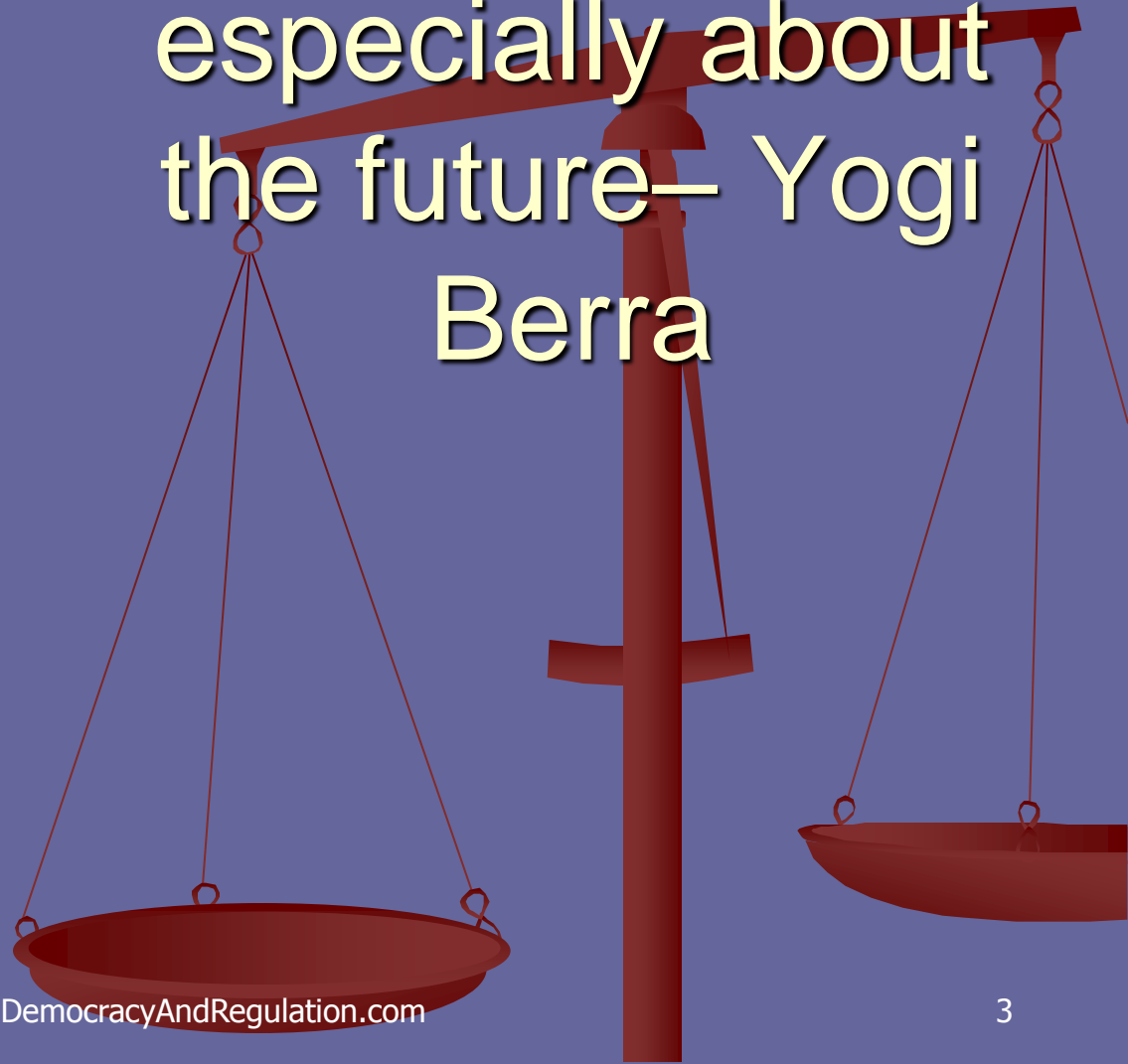
Gloucester, Mass.

October 16, 2012





Prediction is
very difficult,
especially about
the future— Yogi
Berra





Skeptics

- Isn't it strange? The same people who laugh at Gypsy fortune tellers take economists seriously.
- All truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident.

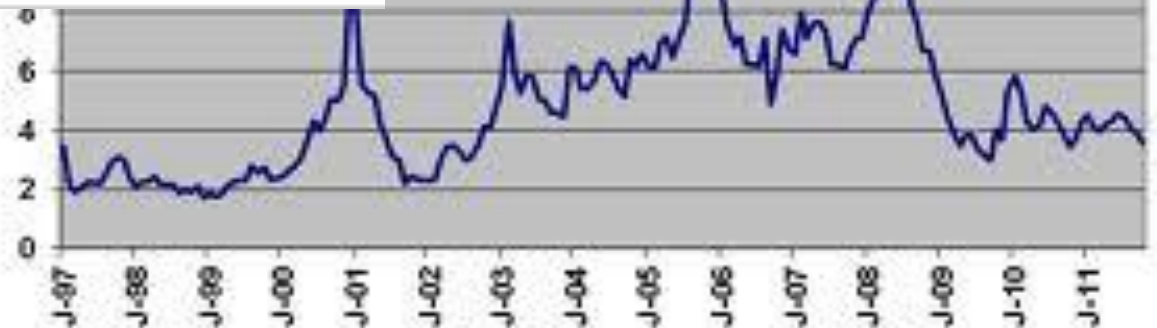


Myth 1. Drilling affects energy prices

U.S. Oil Production and Gasoline Prices, Percent Change, Year-over-year, 1990-2011



Henry Hub (Monthly Spot, \$/mmBtu)



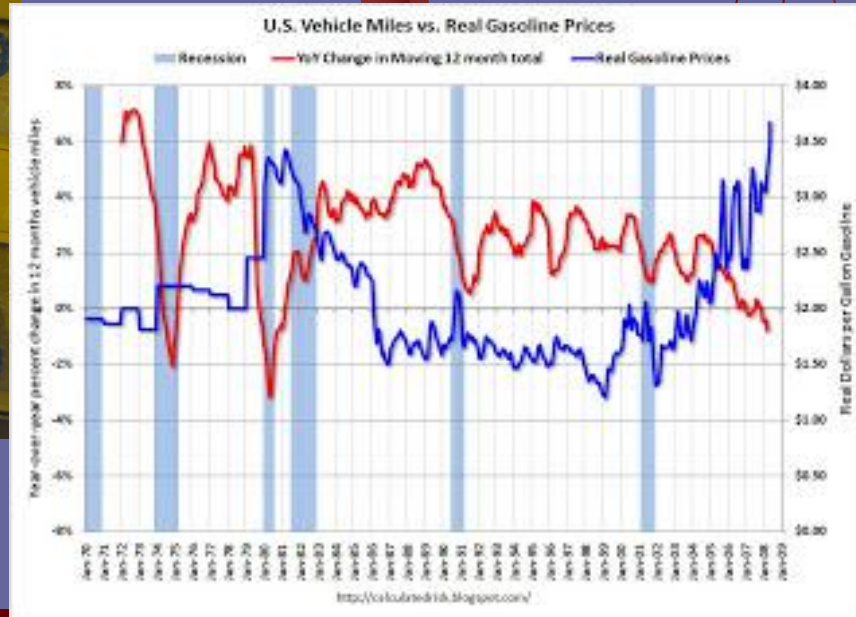
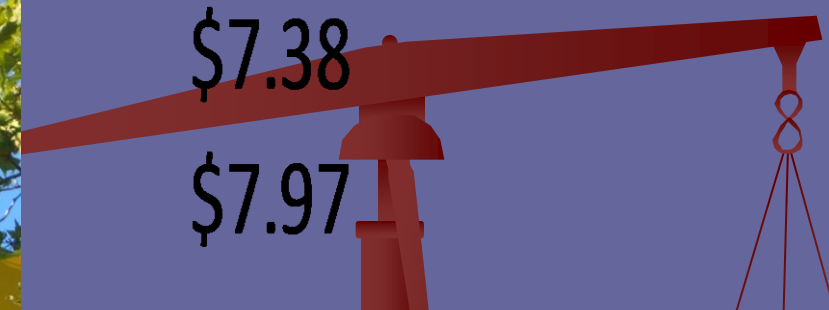


World NG Prices August 2012



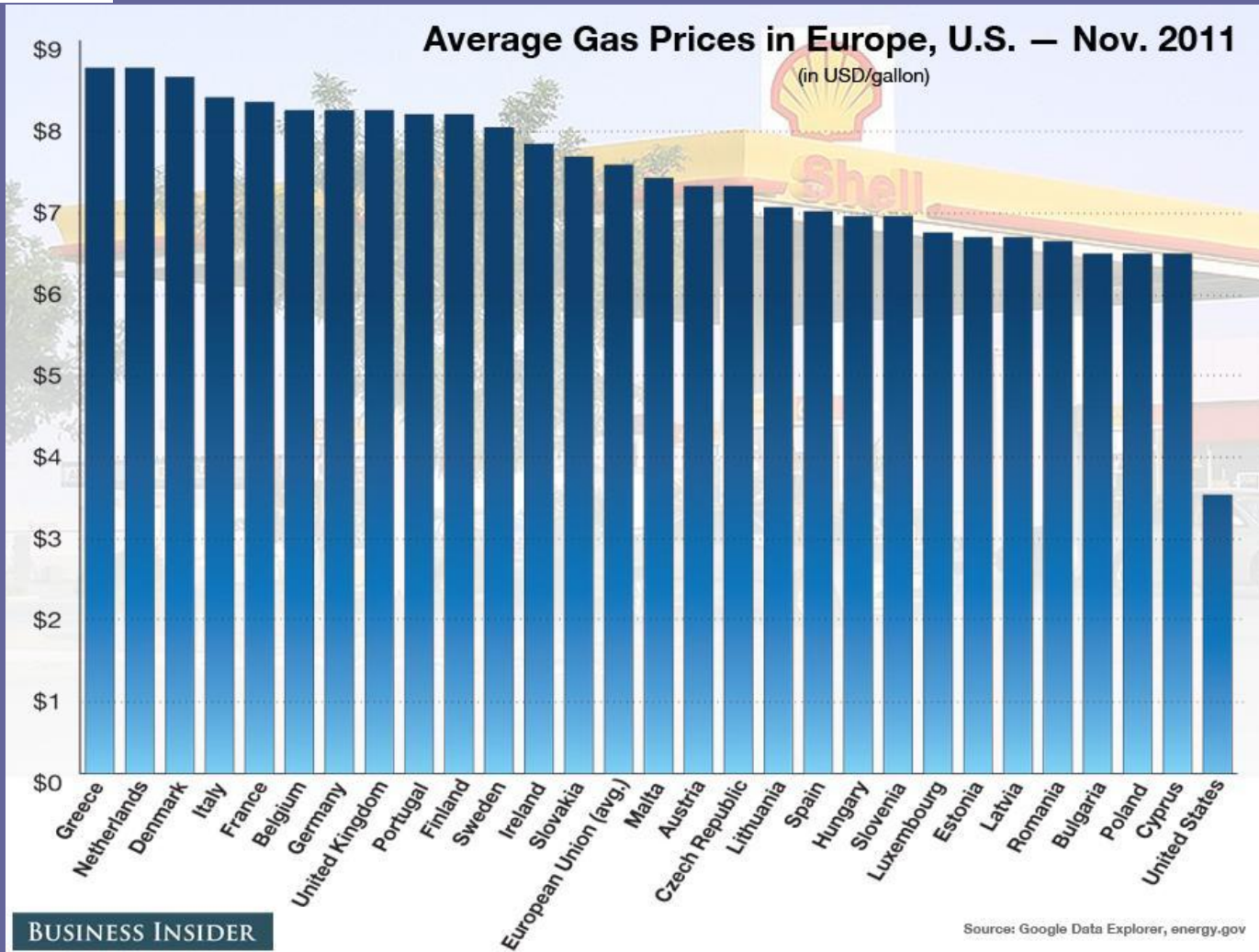


Myth 2. Gasoline is expensive



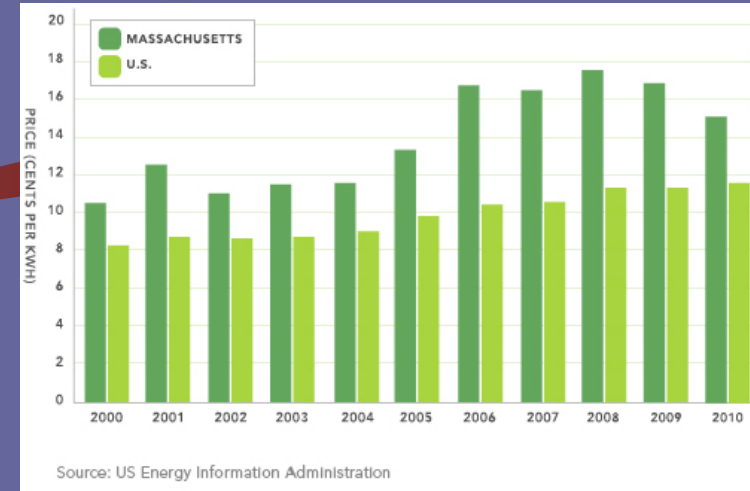
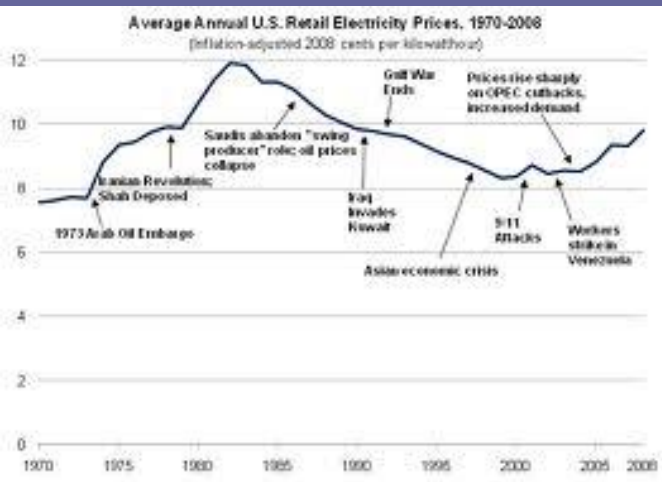


Gasoline





Myth 3. Electricity is expensive



Energy burdens –
Mass. 2010

Median
income

3.9%

w/oil

5.3%

Minimum
wage

14.6%

18.2%

3.7-3.5 x median inc.



Myth 3 continued

Category	Value (\$/participant/year unless noted)		
UTILITY (avoided costs)			
Arrears	\$2.61		
Write-offs	\$3.74		
Termination, reconnection	\$0.43		
Avoided discount	varies by utility		
Collection: calls	\$0.58		
Collection: notices	\$0.34		
Insurance	per WAP evaluation when done		
PARTICIPANT (benefits)			
Comfort	\$101.00		
Reduced forced mobility	could be quantified		
Reduced noise	\$30.00		
Increased Light quality and life (O&M)	\$56.00		
Price hedge value (one-time)	\$0.76/MMBTU; \$0.005/kWh		
Property value increase* (one-time)	\$949.00		
Reduced home maintenance	\$35.00		
Appliance & equipment maintenance	\$54.00		
Improved health**	\$19.00		
Increased safety (fire, CO)	\$38.67		
Refrigerator recycling (one-time)	\$172.53		
Early replacement of refrigerator	could be quantified		
Window air conditioner	\$49.50		
Economic development for low-income	\$0.51/therm ~ \$124; \$0.042/kWh ~65		
OWNERS OF RENTAL PROPERTY (per unit; in addition to above when applicable and not duplicative)			
Reduced tenant complaints	\$19.61		
Increased ease of finding tenants	\$0.96		
Reduced maintenance	\$66.73		
Property value increase	\$17.03		
Increased durability	\$36.85		
Appliance & equipment maintenance	\$3.91		
NOTES			
*Better research available; see footnote.			
** Further research needed.			
Total per participant per year	\$390.87		
plus Total per participant one-time (gas)	\$1,258.00		
(ex discount, insurance, landlord benefits)			

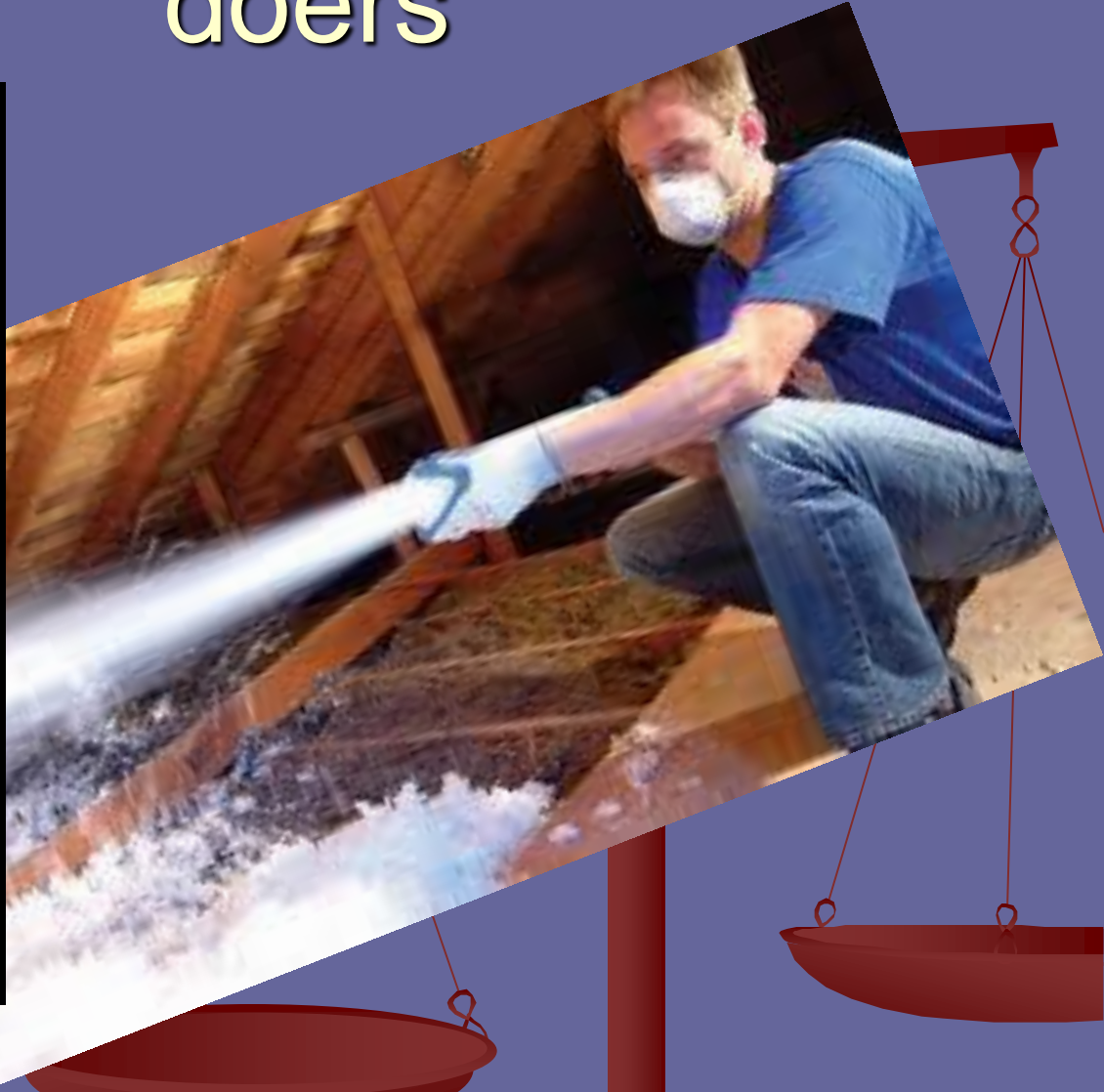


Myth 4. Deregulation made electricity cheaper





Myth 5. Utilities are evil-doers



The Economics of Poverty:
How Investments to Eliminate Poverty
Benefit All Americans

Developed for Entergy by

Jerrold Oppenheim

Theo MacGregor



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Myth 6. Renewable energy will lower our costs



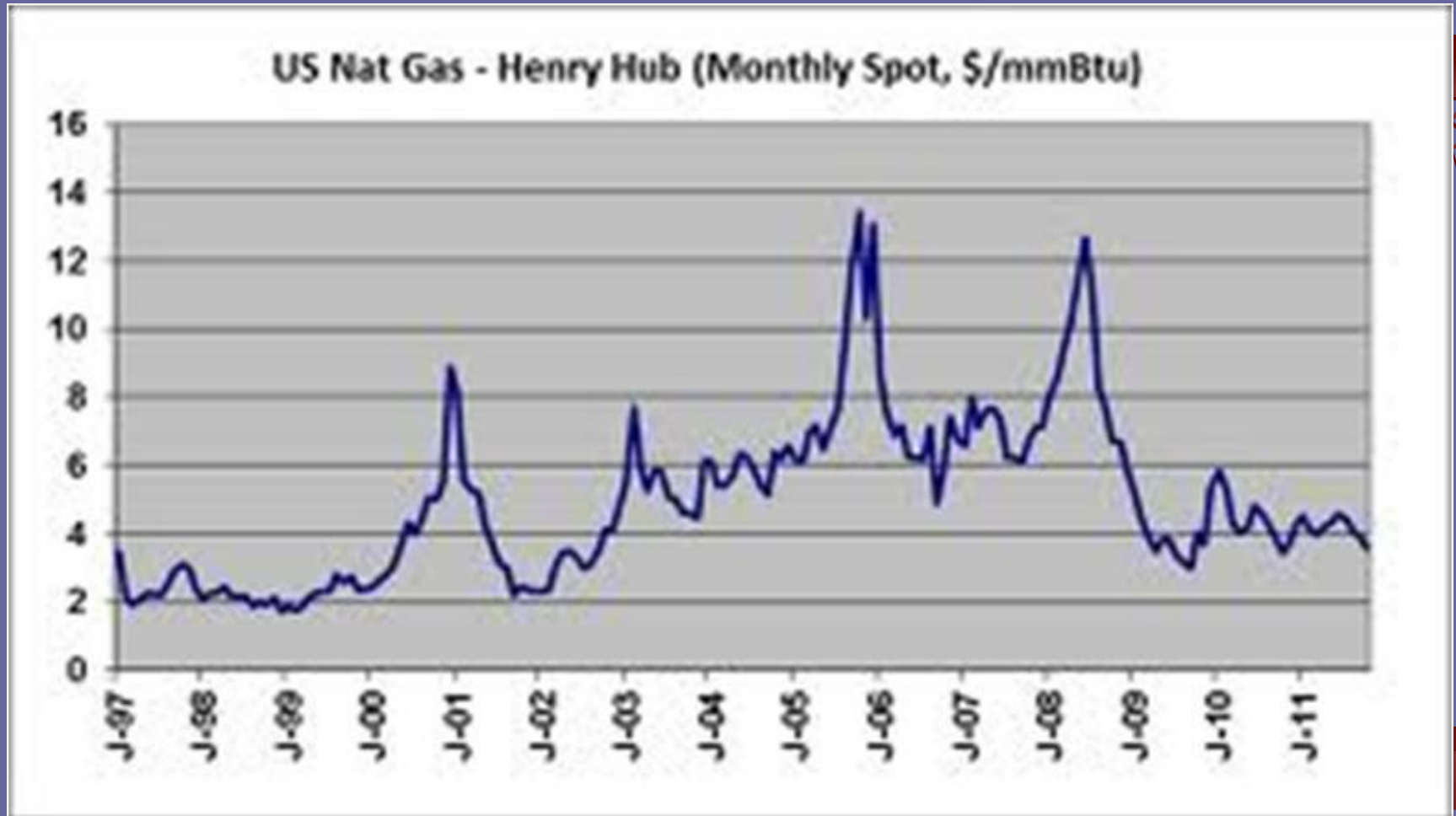


Myth 7. RE can replace fossil fuels



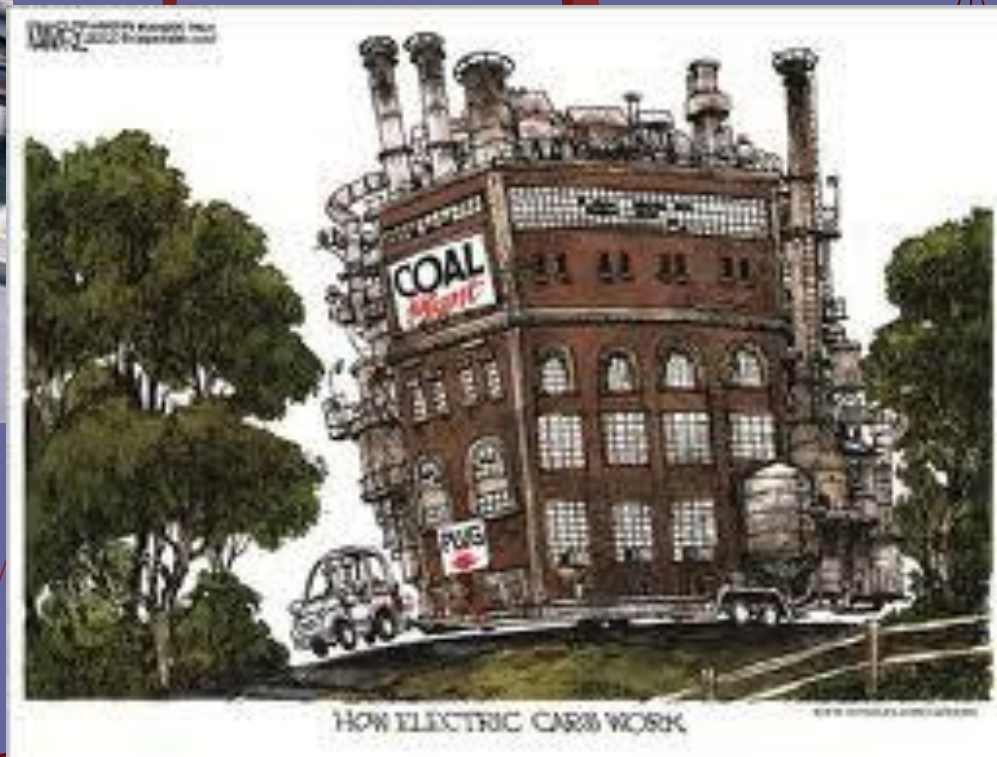


Myth 8. We can rely on natural gas forever





Myth 9. Energy independence





Myth 10. There are only 10 myths

OK, Myth 10: Reasoned analysis based on agreed facts will lead us to policy that is in the public interest.



Our Truths

AND MY
REVENUE
FORECAST
SAYS...

DID YOU
MAKE ANY
ASSUMP-
TIONS?

I MADE
A LOT OF
THEM.

THEN
WE DON'T
BELIEVE
YOUR
FORECAST.

CAN I
TELL YOU
ABOUT IT
ANYWAY?

DO WHAT-
EVER MAKES
YOU FEEL
LESS
ABSURD.



1. Climate change is real





Climate change



Re-Viewing Boston by the Sea



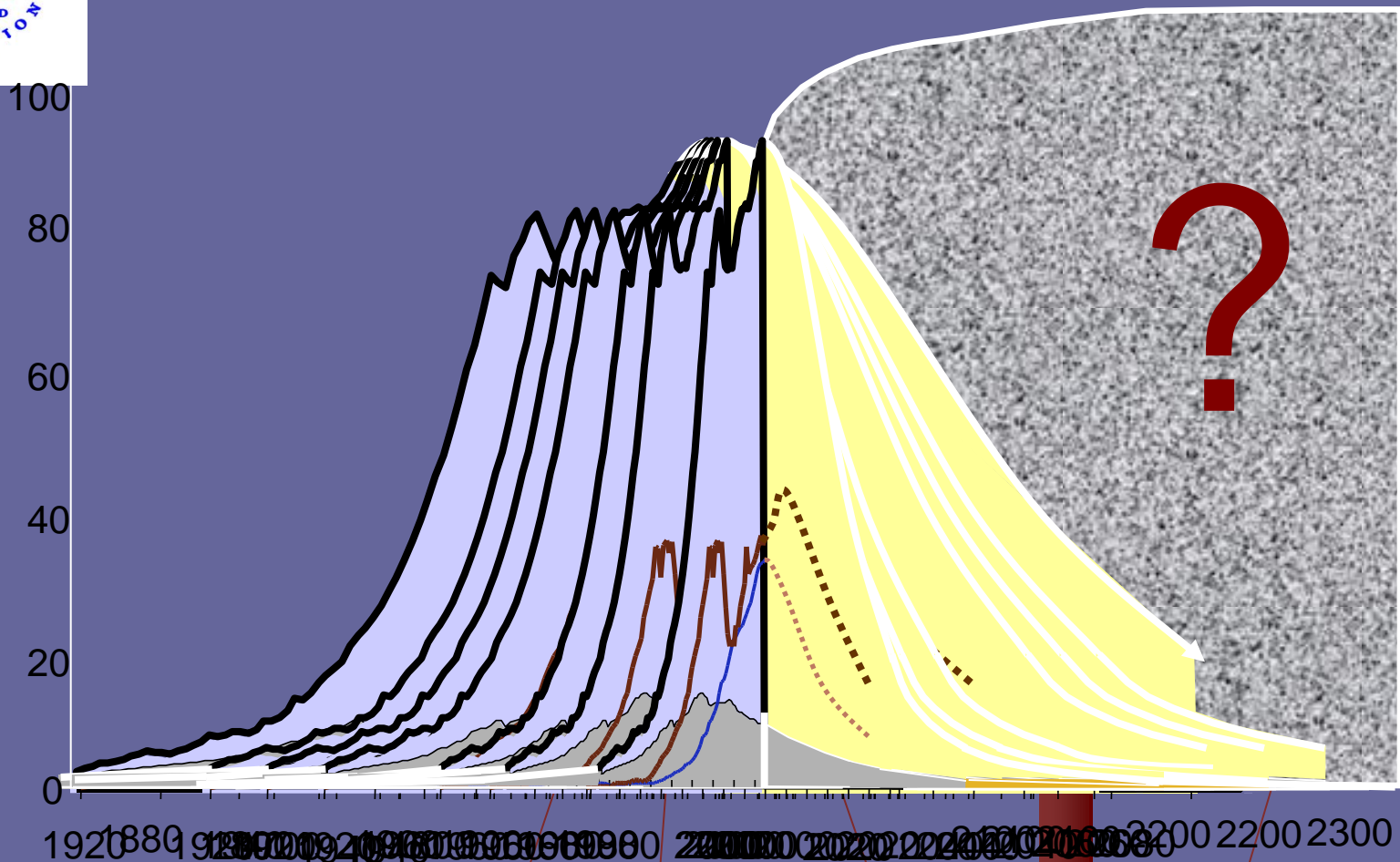
2. We use too much oil

- Price set externally
- Climate
- Focus on transportation
- Peak oil?





Past and Future Oil Production



Oil is 40% of Global Energy Supply

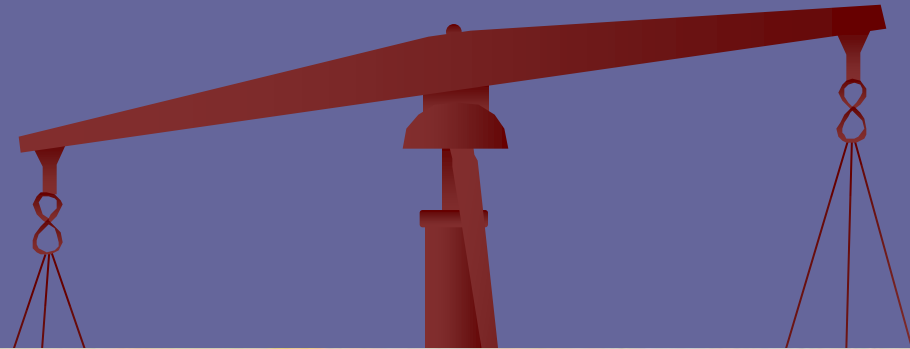


3. Efficiency is by far the cheapest energy source





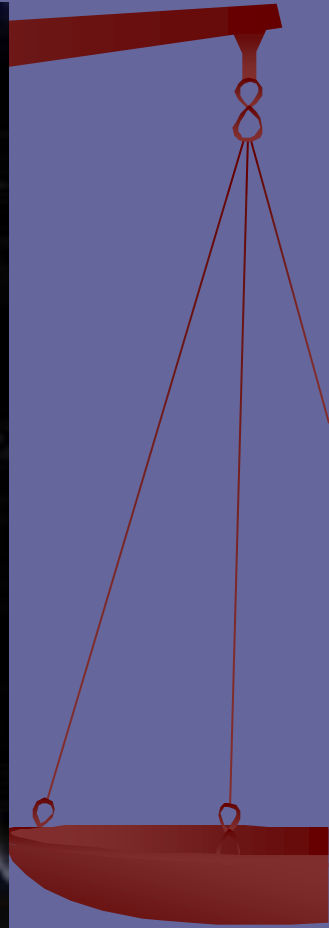
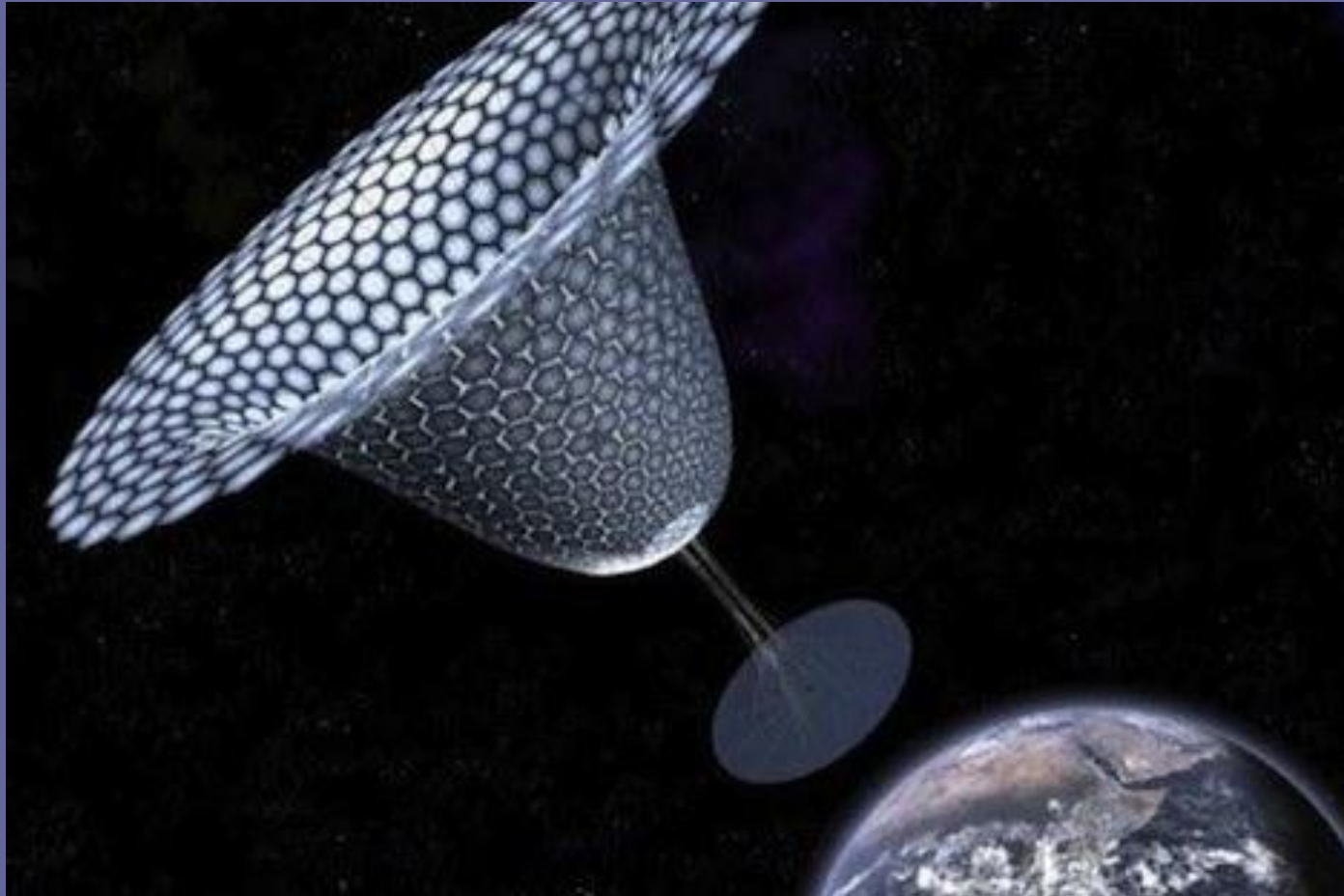
4. Regulate fracking now before catastrophe causes overreaction that cuts supply and raises prices





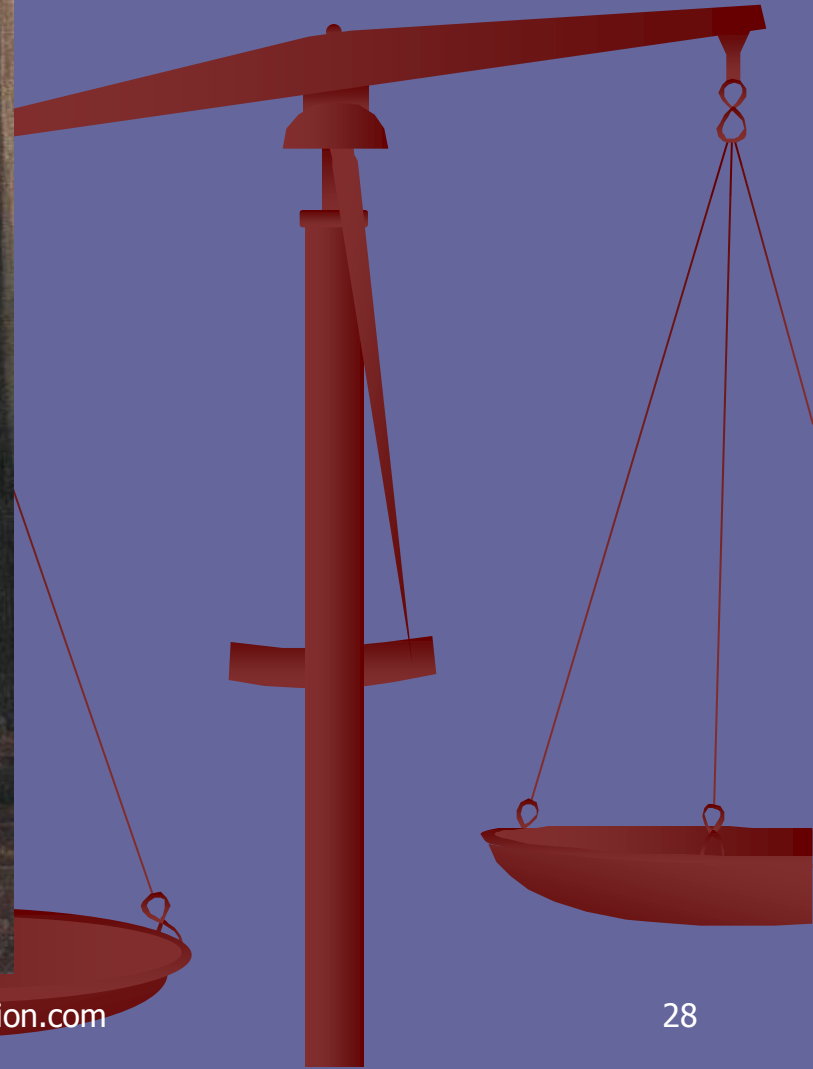
5. Electricity sources should be diverse

- Expect surprises, good and bad
- Change is slow: capital-intensive, long-lived
- Gas, wind, solar (now) – need transmission; offshore wind?
- Nukes?
- “Clean coal”? Sequestered CO₂?
- Large hydro?
- Sewer hydro?, tidal?, something noone has dreamed of yet?



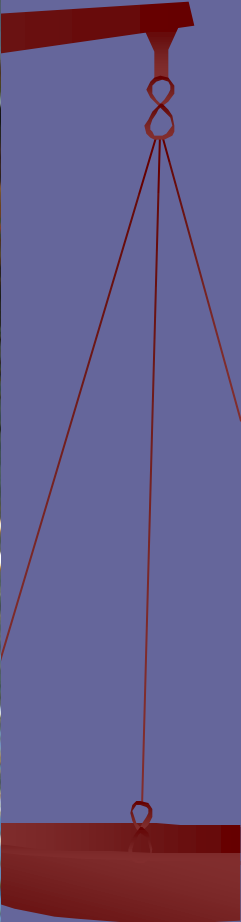


6. Energy will be more expensive



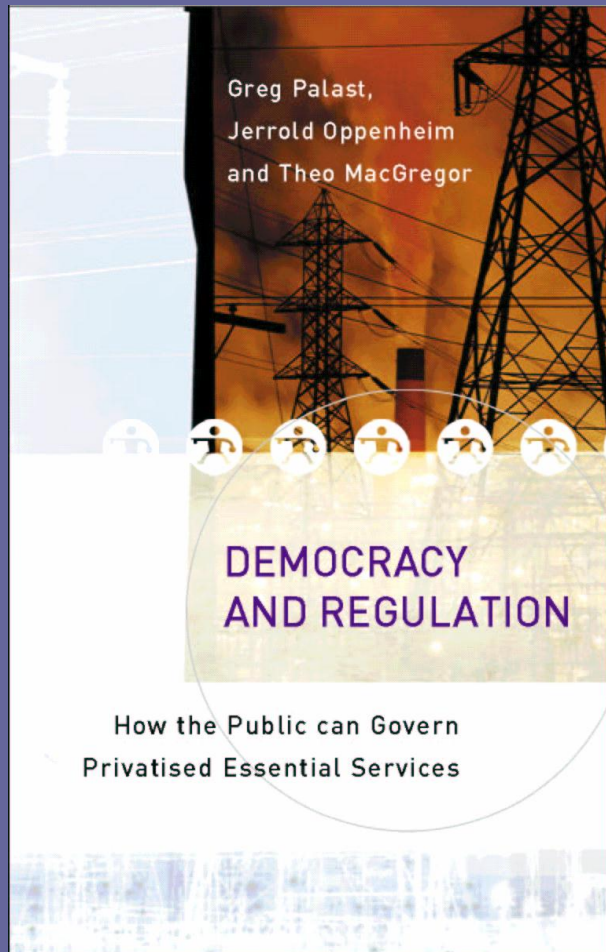


Our final answer





Democratic Regulation – Participate!



Available from the authors here.
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JerroldOpp@

DemocracyAndRegulation.com



About the Speakers

Jerrold Oppenheim is an independent consultant and attorney who has advised and represented low-income and other utility consumer advocates, government agencies, labor, and utilities across the country for more than 40 years. A graduate of Harvard College and Boston College Law School, he led utility litigation and argued precedent-setting cases for four Attorneys General in New York State and Massachusetts; for Legal Services in Boston, Chicago and New York City; and for the National Consumer Law Center. He founded the Renewable Energy Technology Analysis project at Pace University Law School and is now a member of the Center for Public Utilities Advisory Council, New Mexico State University. He has spoken and published on four continents, including *Democracy And Regulation* with Theo MacGregor and Greg Palast, published by Pluto Press (London) and winner of the ACLU Upton Sinclair Award.



About the Speakers

Theo MacGregor served more than ten years with the Electric Power Division of the Massachusetts Department of Public Utilities. She is currently the sole proprietor of MacGregor Energy Consultancy, specializing in low-income, consumer protection, and energy efficiency issues for government agencies, low-income advocates, attorneys general, utility companies, consumer advocates, and others.