

# Economic Issues and Linkages to Global Markets

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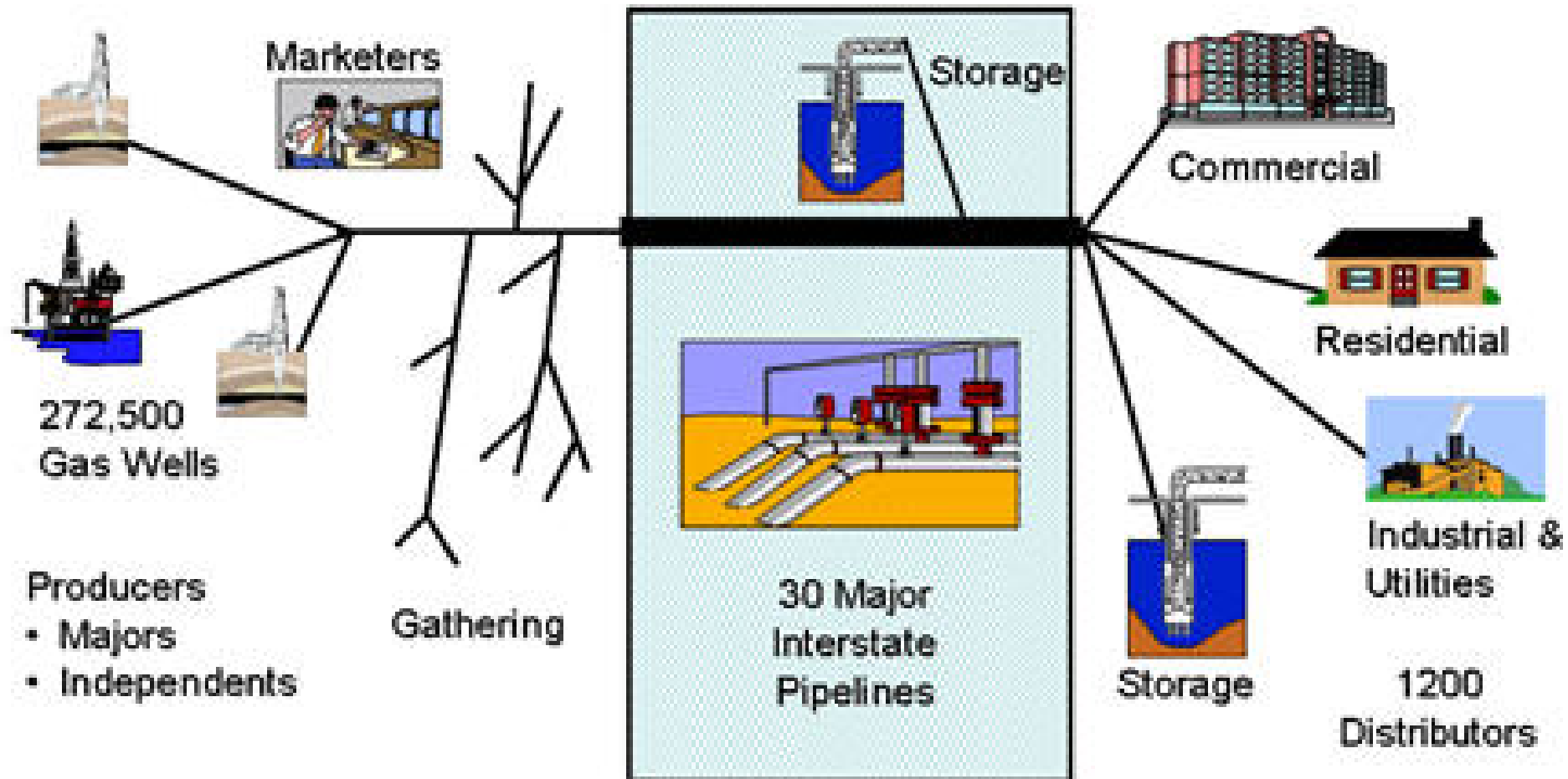
Interstate Natural Gas Association of America

COP 13

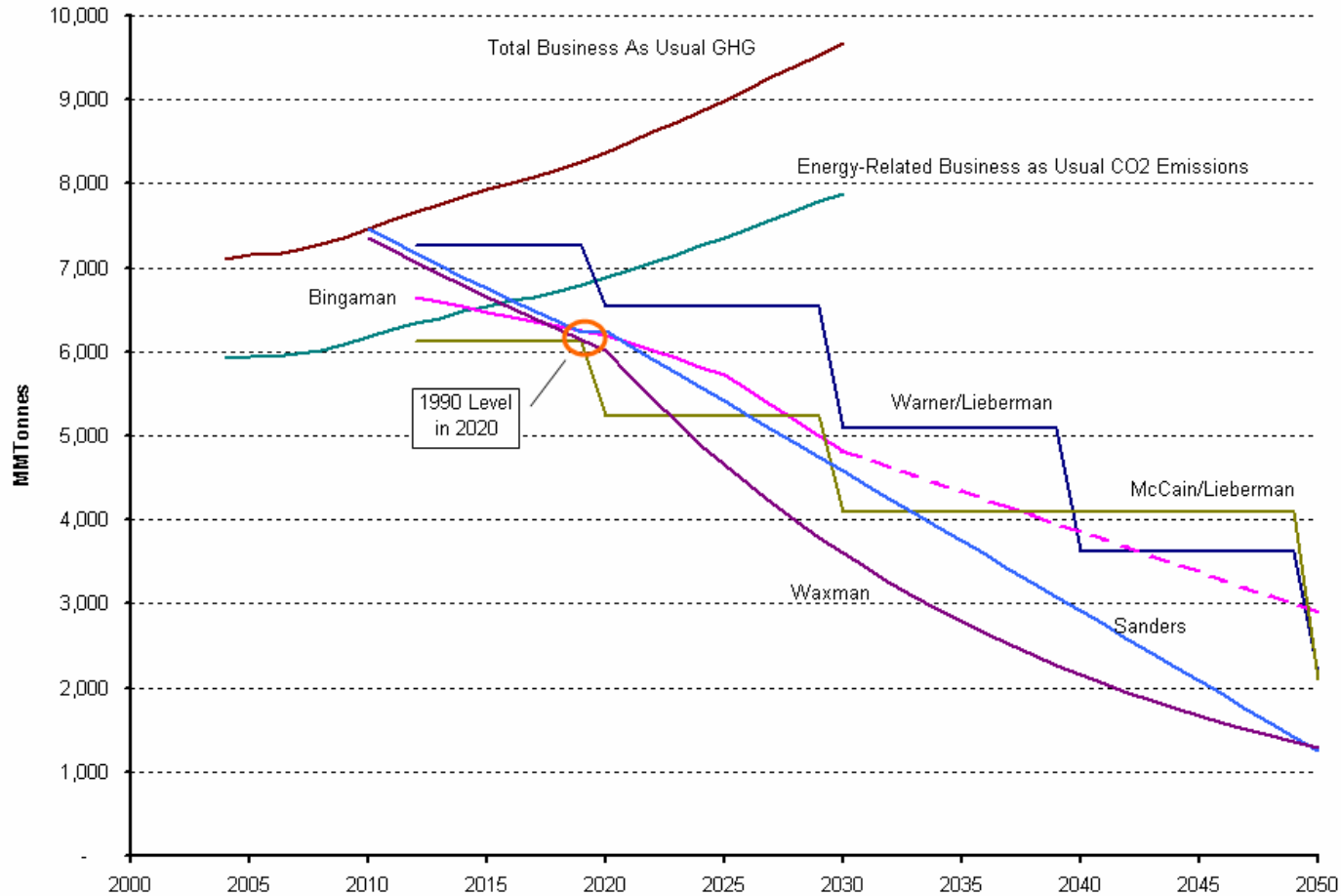
Bali, Indonesia

December 6, 2007

# The Natural Gas Industry



# Timing and Levels – 2007 Federal GHG Proposals



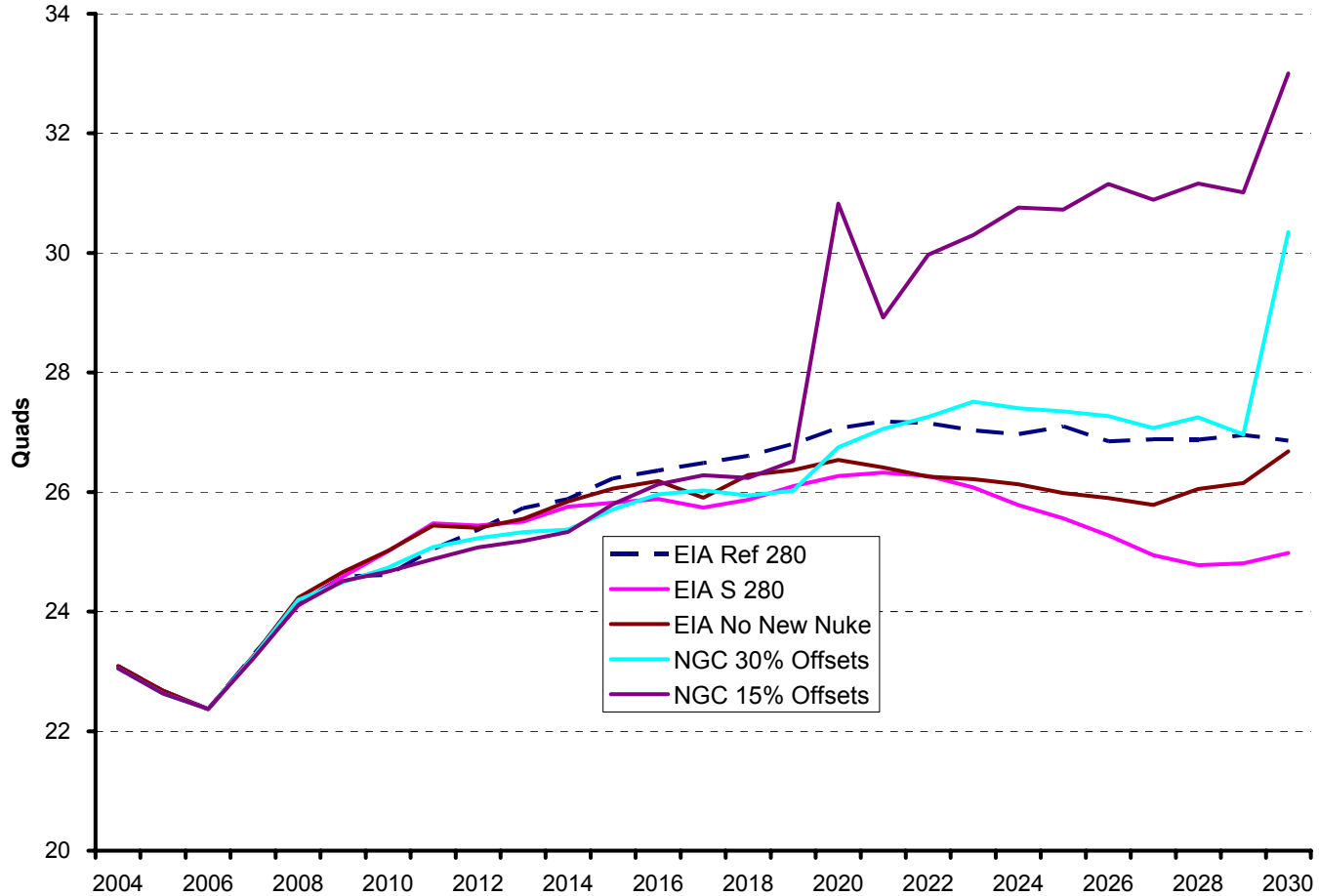
# Natural Gas Council

## Analysis of GHG Legislation

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- Use the National Energy Modeling System (NEMS) to analyze proposed greenhouse gas (GHG) legislation
  - Uses the analytical tool used by government.
  - Narrows the debate to the merits of different policy choices and assumptions, and not models deployed or methodologies used.
  - Provides an “apples to apples” comparison of GHG initiatives, and will help with development of analytic-based positions.
- NEMS was run using assumptions developed by NGC to explore alternative scenarios.
  - Constrained nuclear, coal, renewables and offsets.

# NGC Modeling of Gas Consumption



# Implications and Conclusions

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- Aggressive short-term GHG reduction goals (1990 levels in 2020) are likely to be achieved first and mostly from the power sector.
  - Timing of reductions, use of offsets and technology availability are critical to a non-disruptive implementation.
- New advanced and existing coal generation with carbon capture likely will continue to be the core of U.S. electricity generation.
- Increased gas generation could be cost-effective or could be the new generation choice of last resort – with or without new GHG regs and depending on capital cost trends.
- Pipelines will have compliance obligations but also possible opportunities (Fugitives)

# *What Does This Mean in Bali???*

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- A strong and robust international carbon market is critical for businesses to make decisions concerning capitol expenditures.
- Offsets – domestic and international – will be a key component of a GHG reduction program.
  - The offset program in current proposals is far to modest
- Congress should develop a broad-based climate change policy that includes natural gas as an integral part of the solution
  - Natural gas and gas-fired technologies will be critical to achieving goals that may be set by climate change legislation.
  - Any climate change policy developed by Congress should include natural gas as an integral part of the solution.