

Stanford Washington Research Group 2005 Institutional Policy Conference

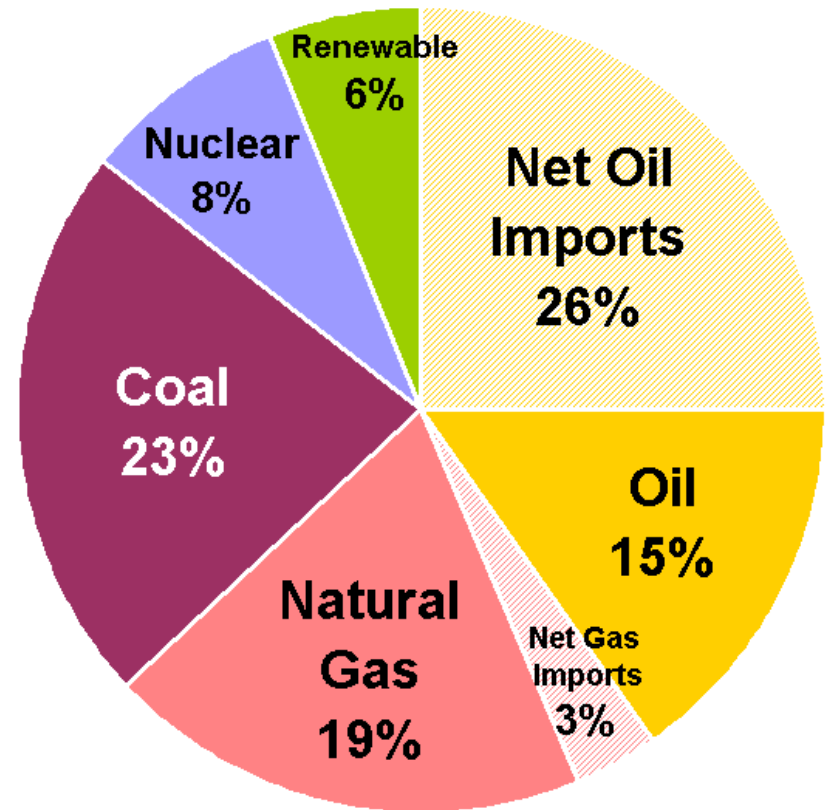
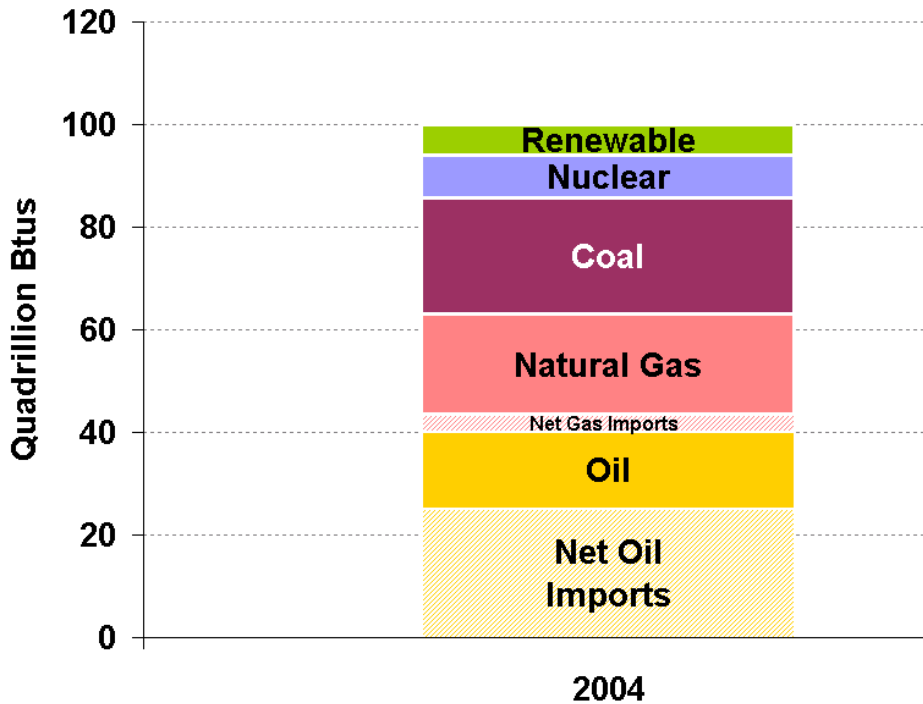


Pat Wood, III, Chairman
Federal Energy Regulatory Commission



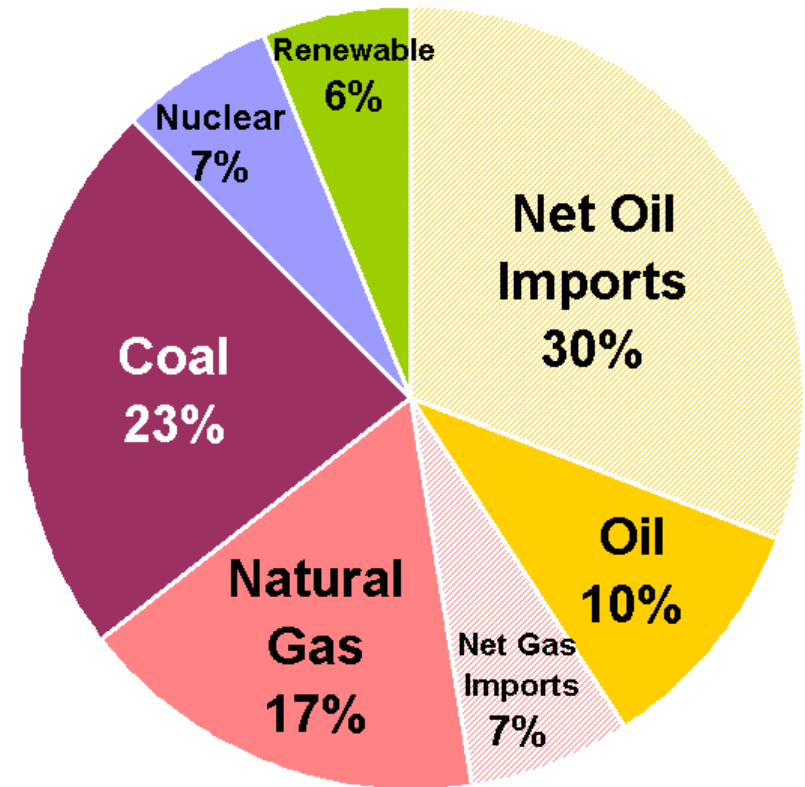
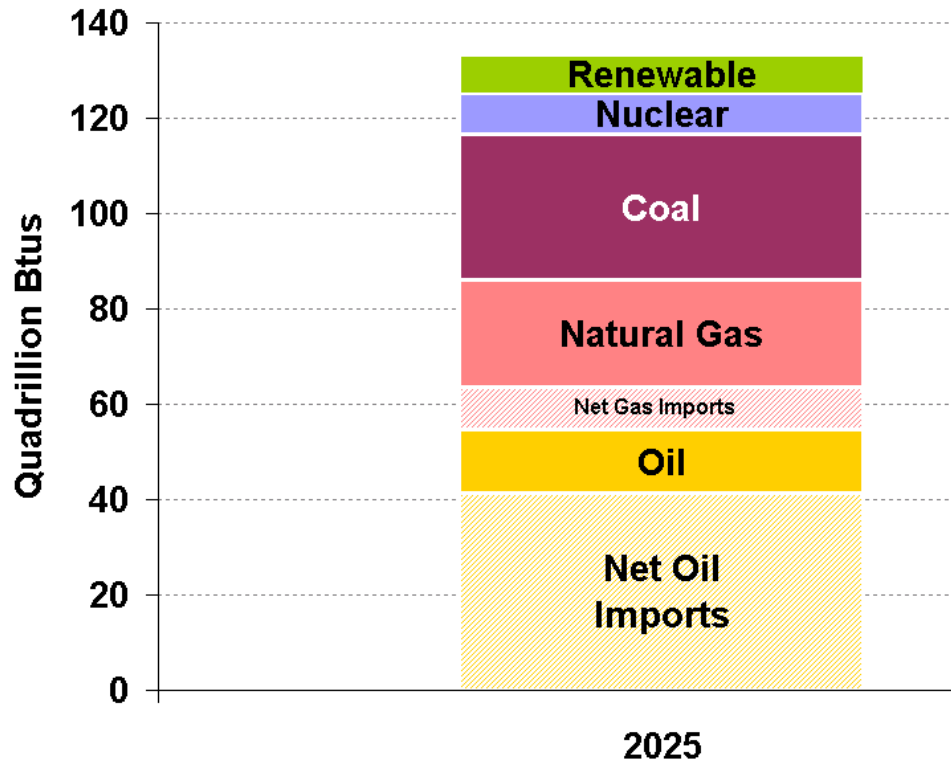
Washington, DC
May 5, 2005

The total U.S. energy consumption in 2004 was nearly 100 quadrillion Btus.



Source: Based on data from EIA Annual Energy Outlook 2005

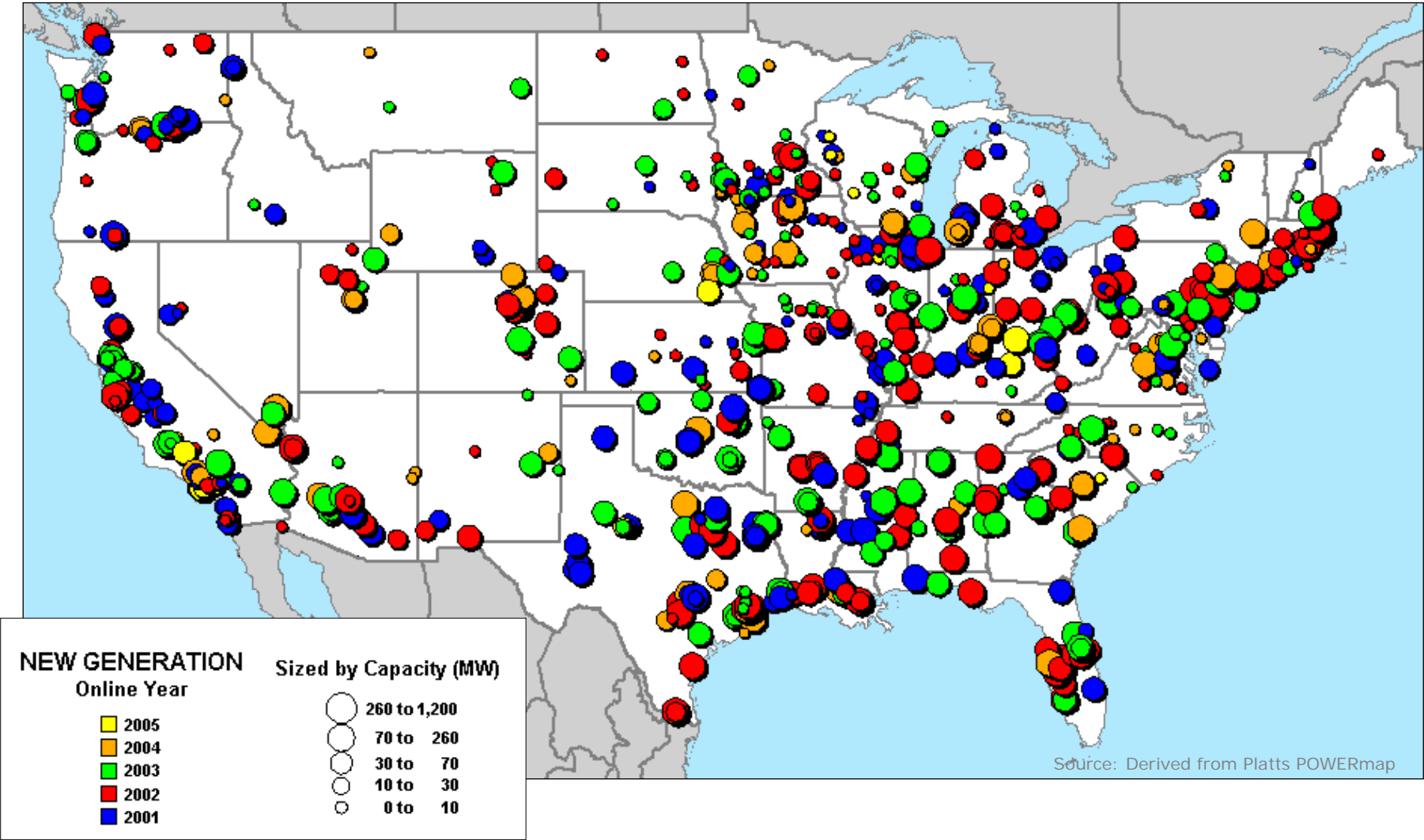
By year 2025, the total U.S. energy consumption is expected to increase 33 percent to 133 quadrillion Btus.



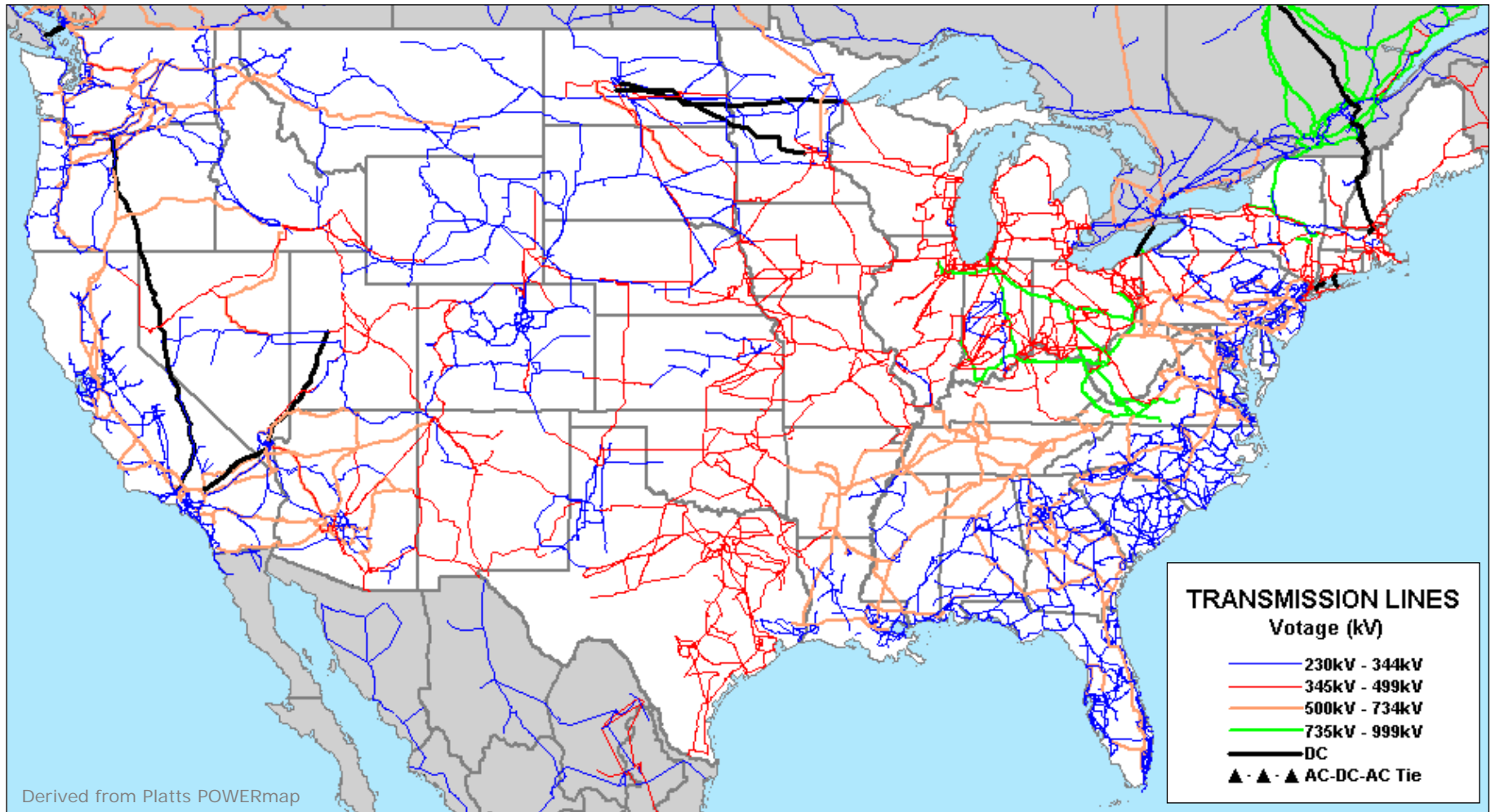
Source: Based on data from EIA Annual Energy Outlook 2005

Electricity

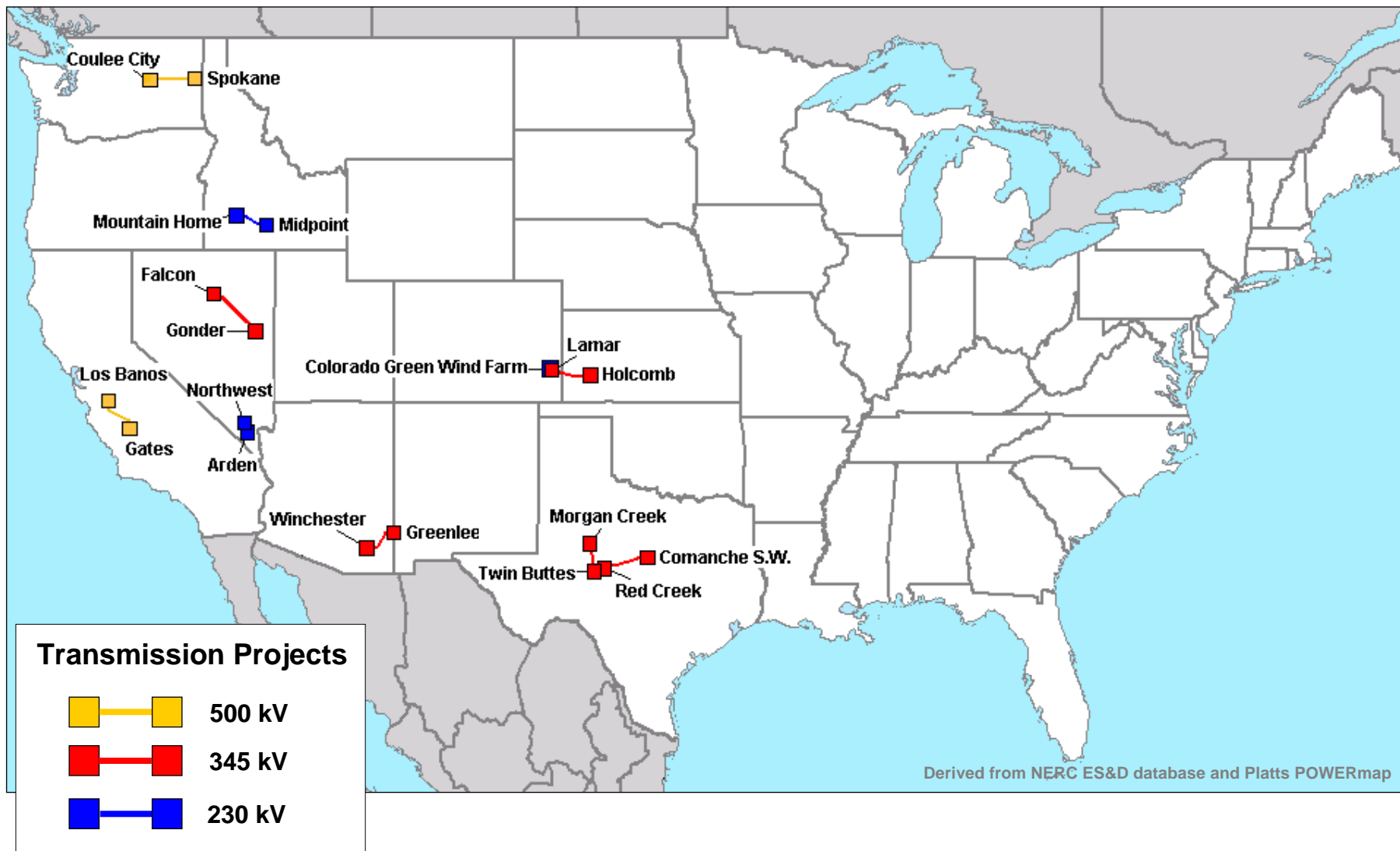
New generation units added from June 1, 2001 to March 2, 2005 totals 185,908 MW



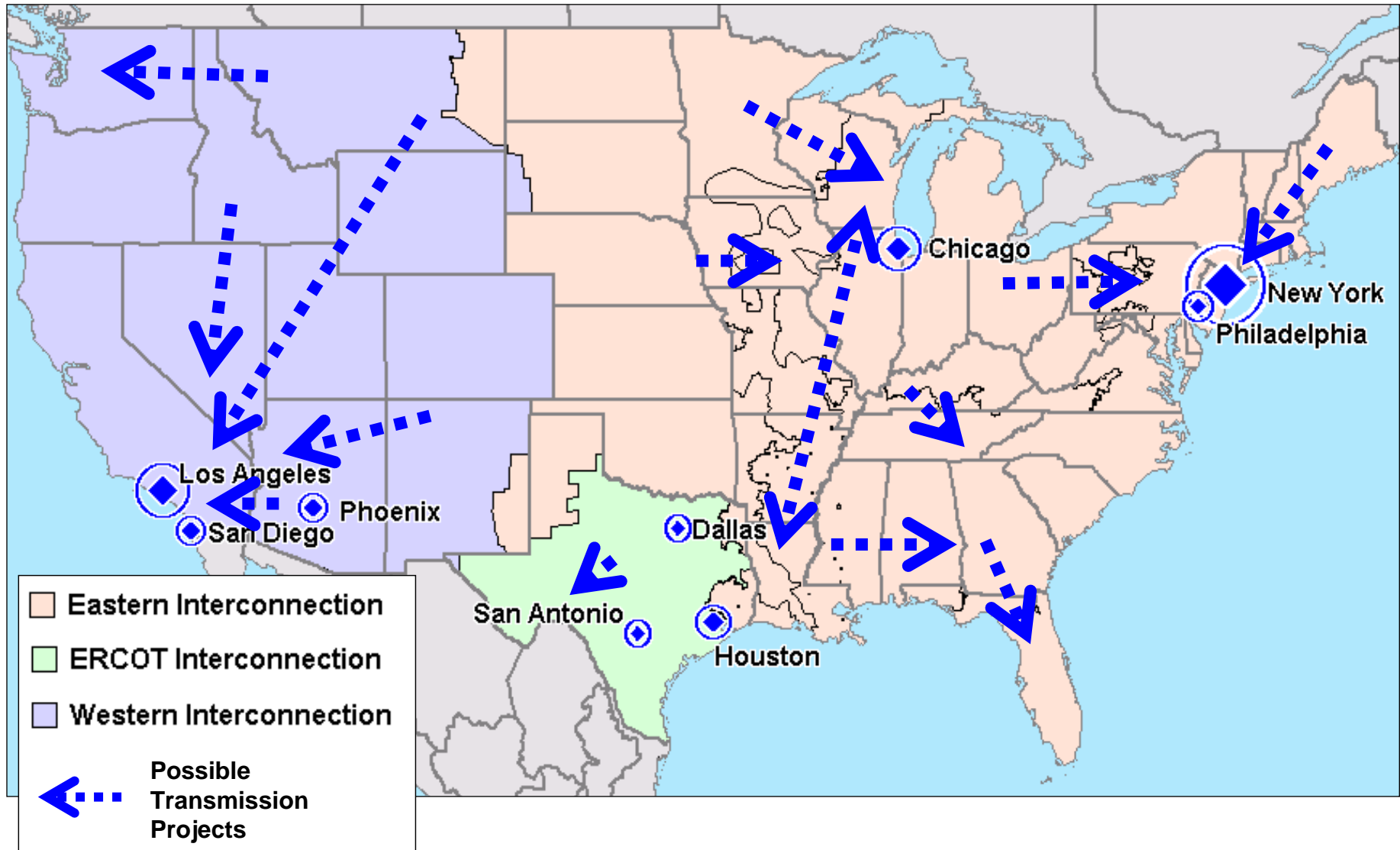
Existing Bulk Electric Transmission Grid



Ten Transmission Projects completed February 2003 – March 2005 (GTE 230kV & GTE 40 miles)



Electric Transmission Needed to meet 2025 demand

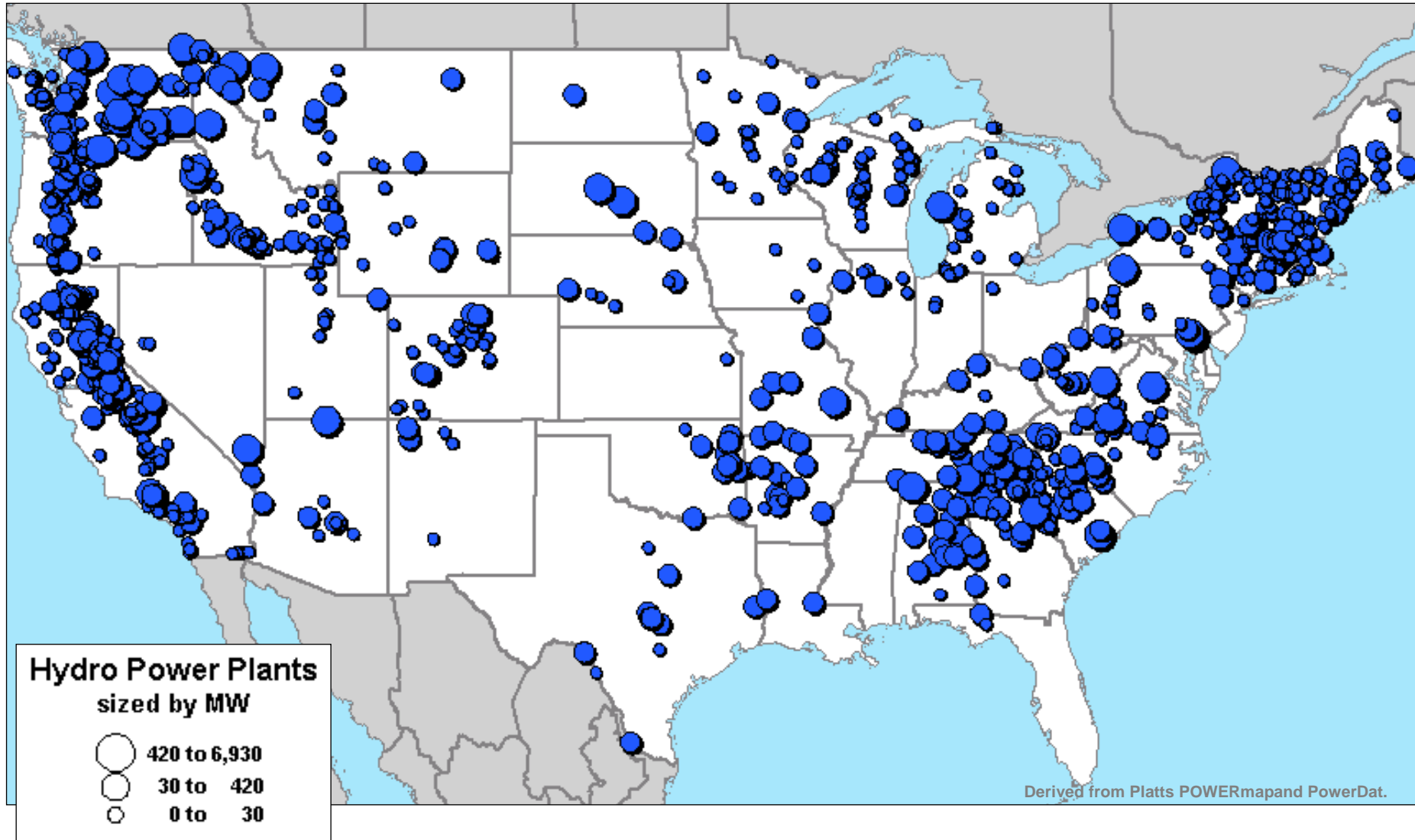


Impediments to new electric transmission

- ⇒ **Determining Need**
- ⇒ **Cost Recovery**
- ⇒ **Siting**
- ⇒ **Absence of effective forum for resolving multi-state disagreements**

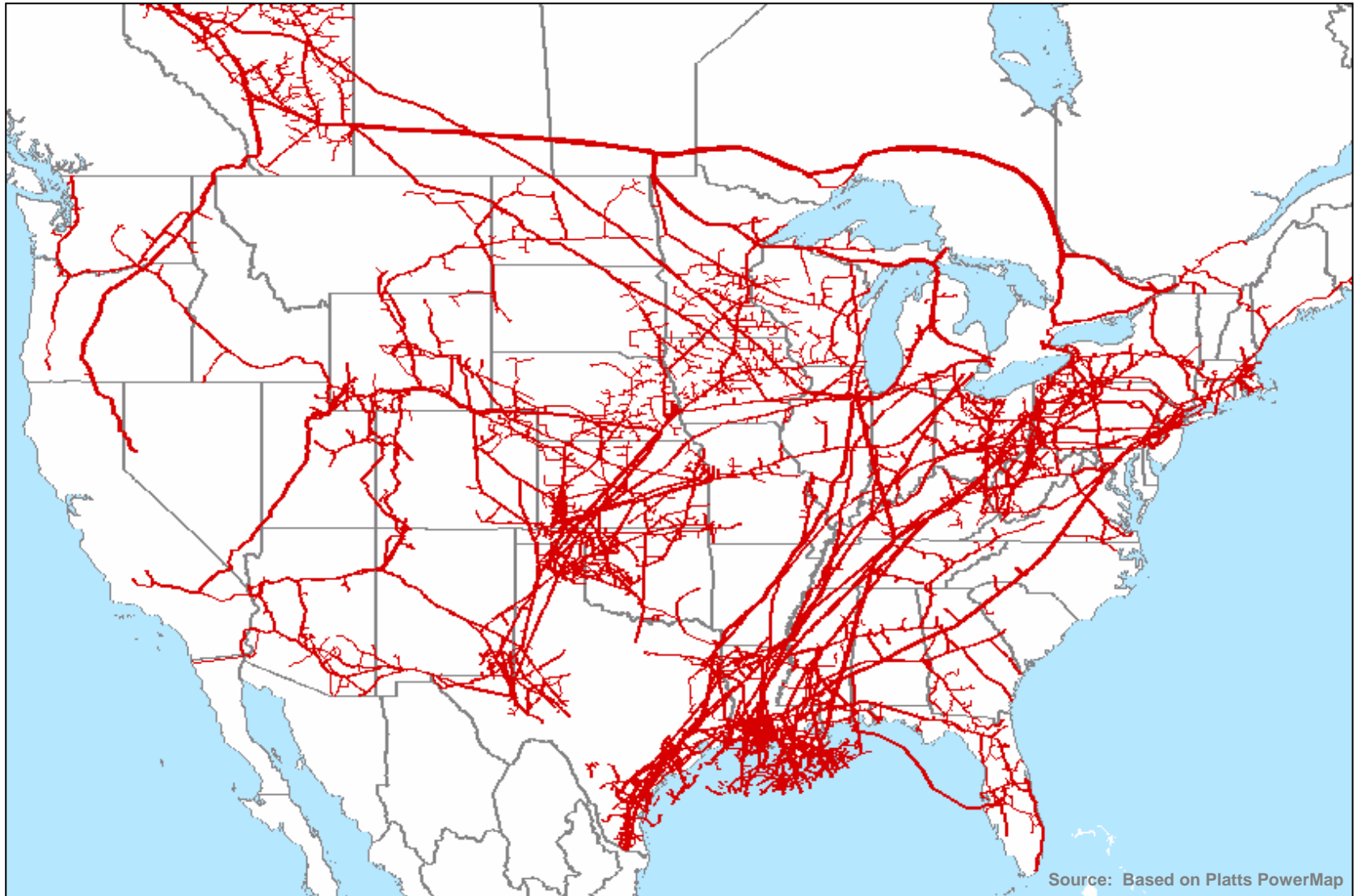
May 13th Charleston WV conference on fuel diversity (coal issues)

Licensed and exempted hydropower projects provide 59 GW of electric generation capacity



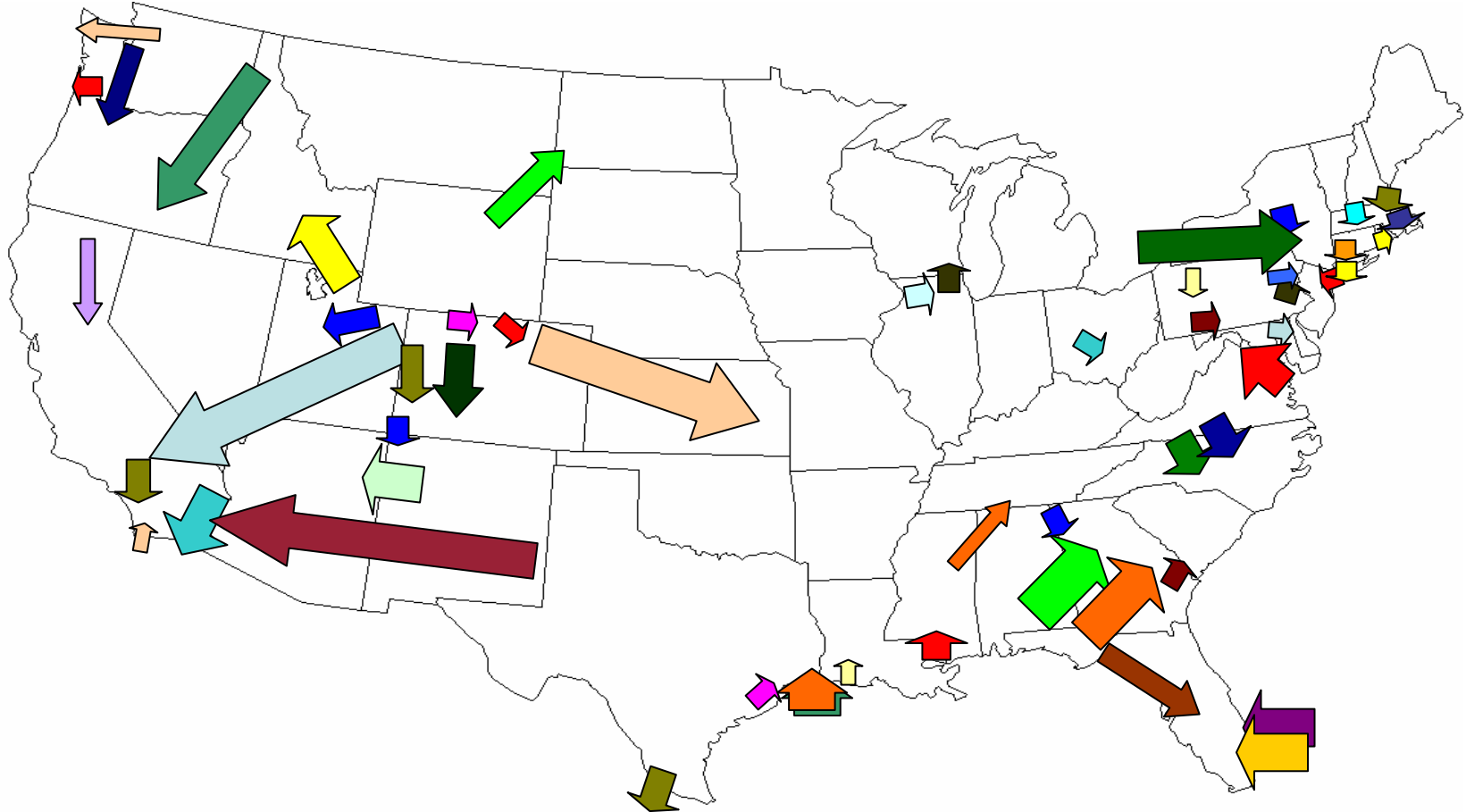
Natural Gas

Existing major natural gas pipelines in U.S. and Canada

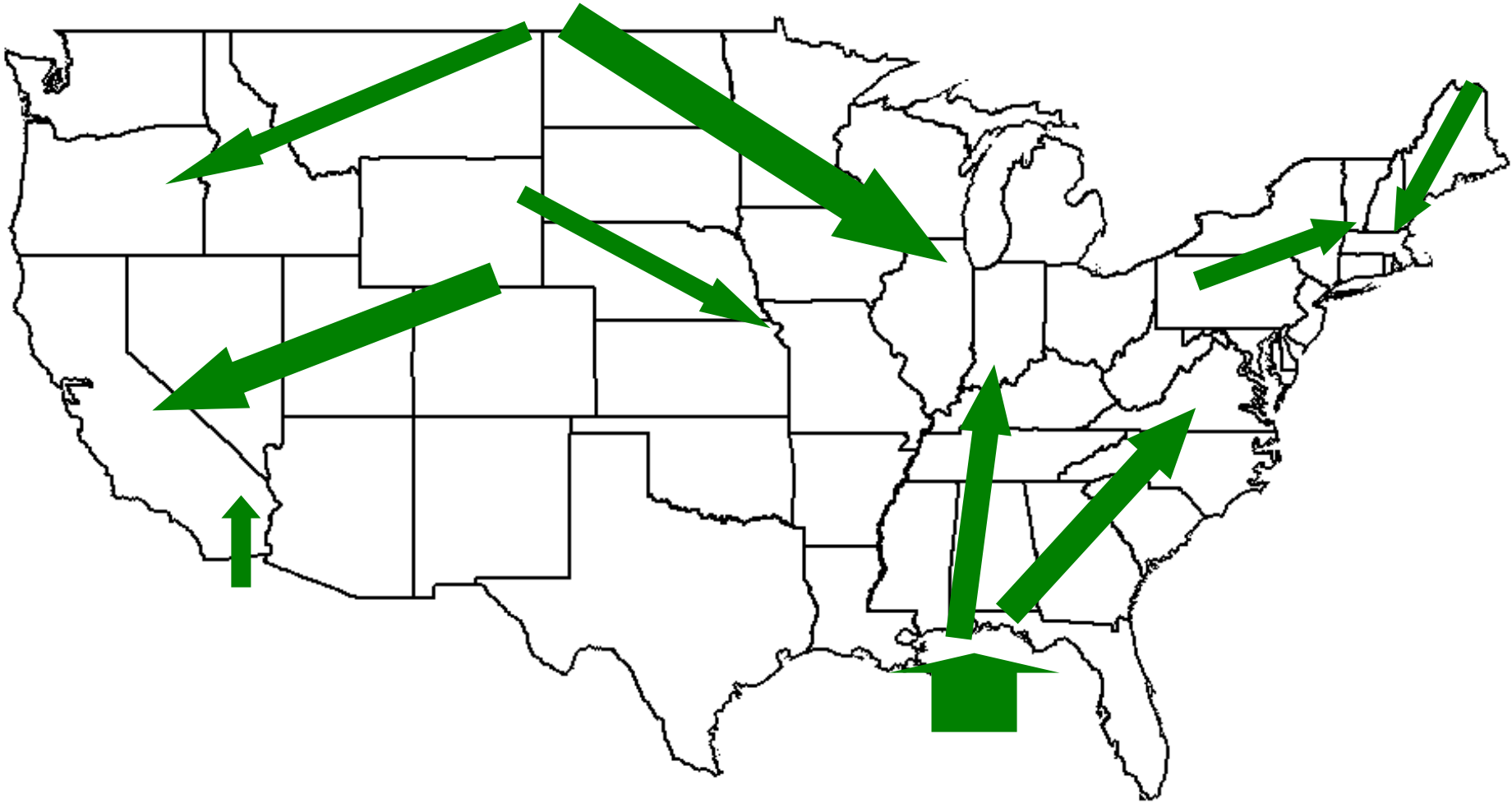


Major Pipeline Projects Certificated (MMcf/d)

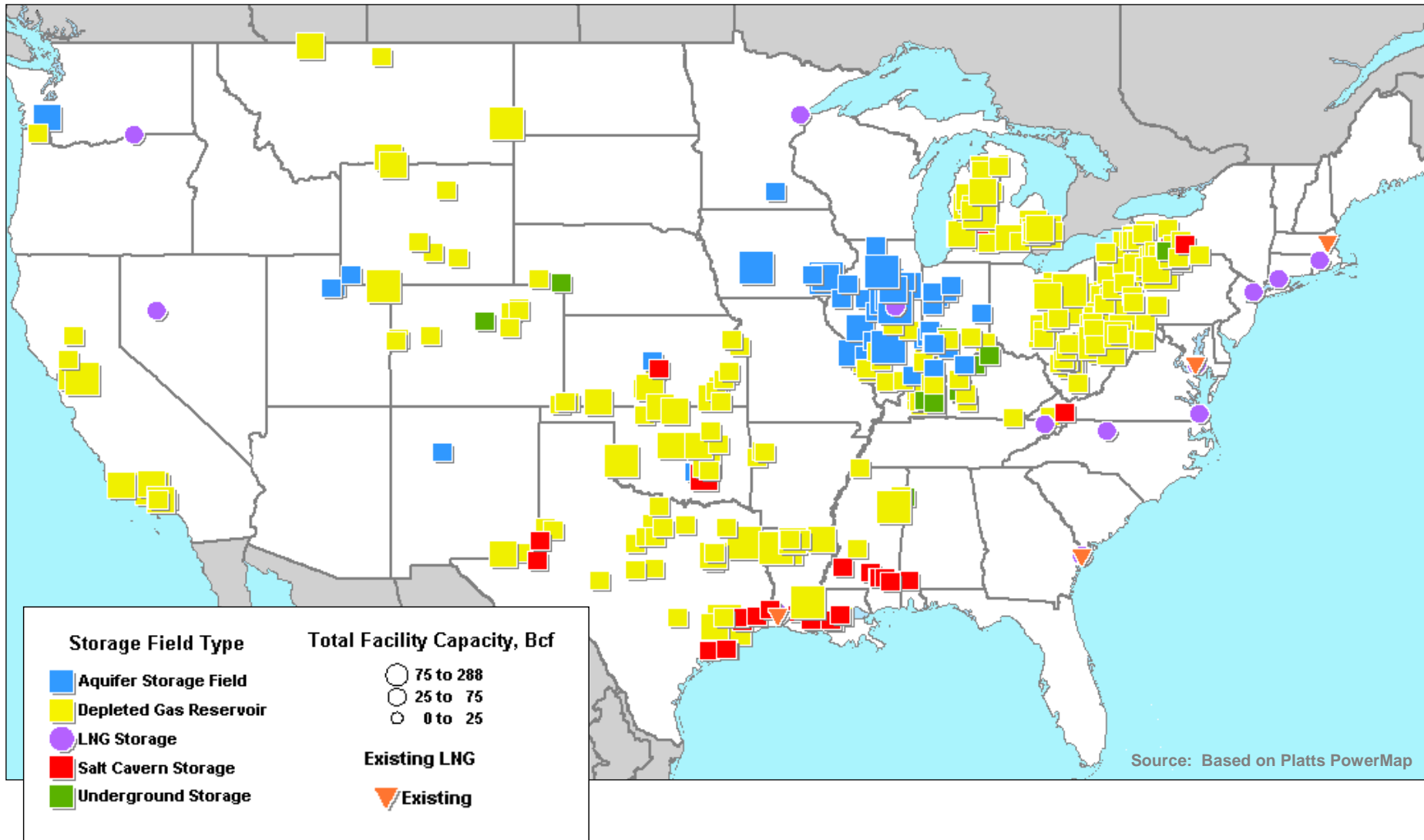
June 2001 to March 2005



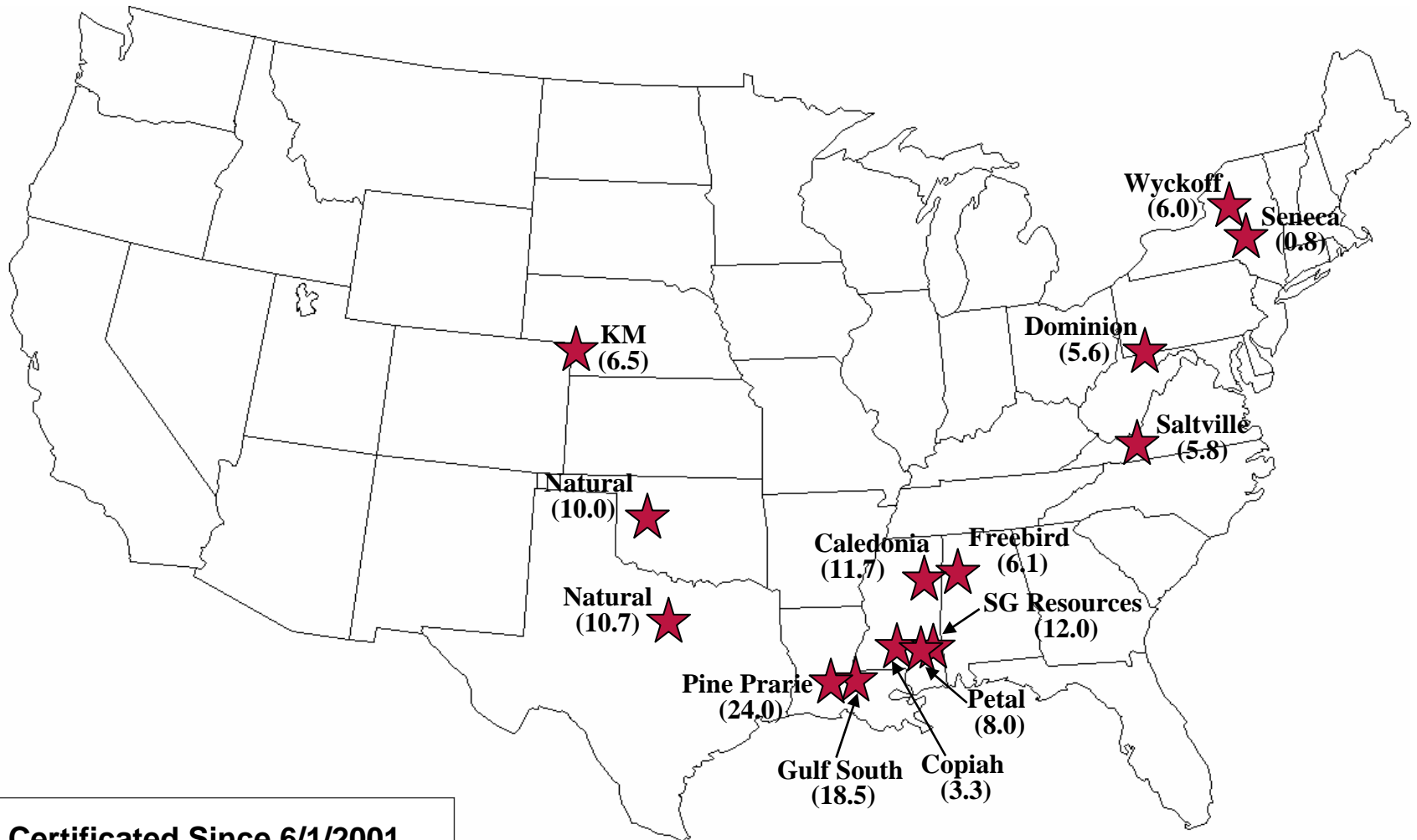
Future natural gas pipeline capacity will be required to meet demand



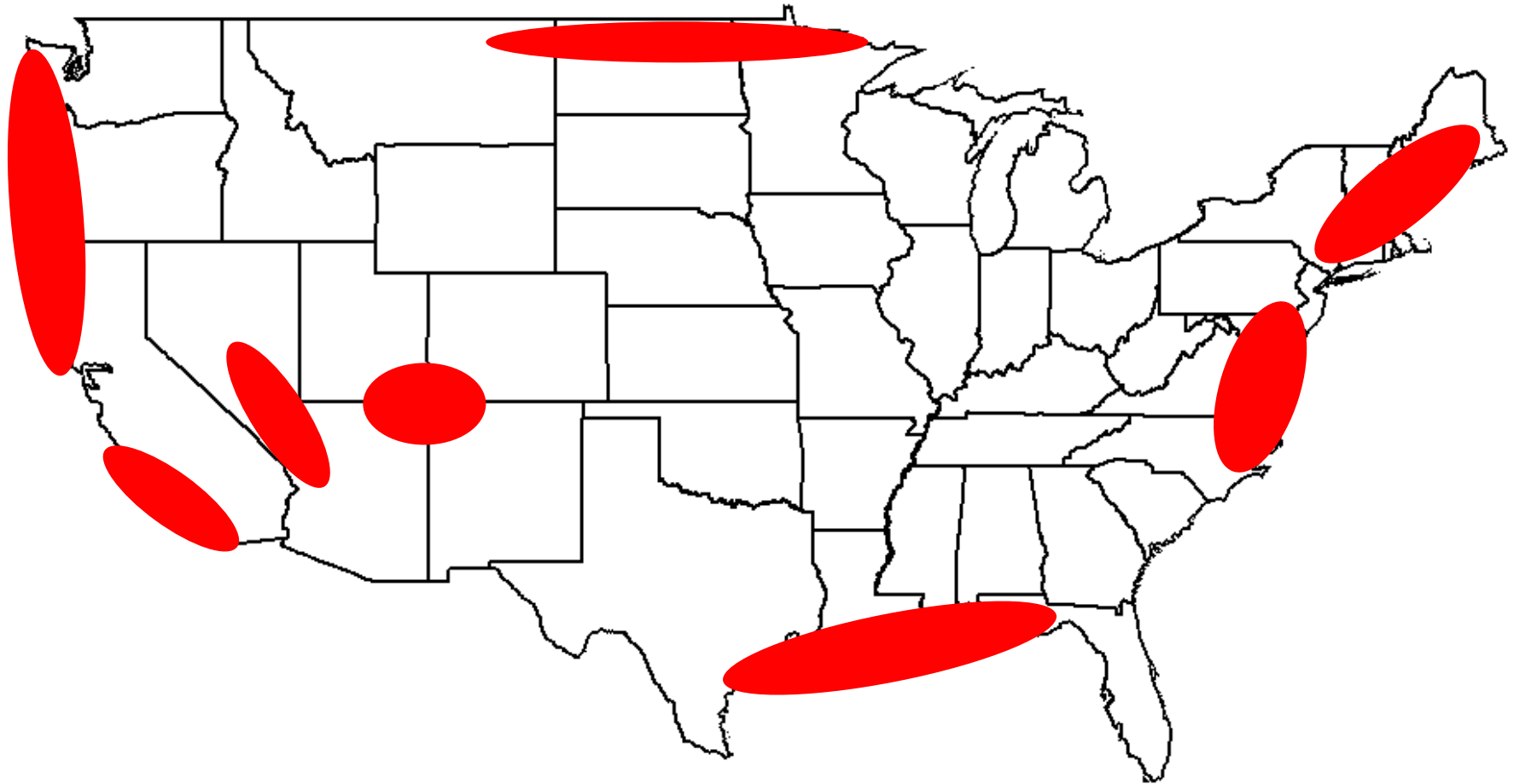
Existing major natural gas storage and LNG facilities



Storage Projects (capacity in Bcf)

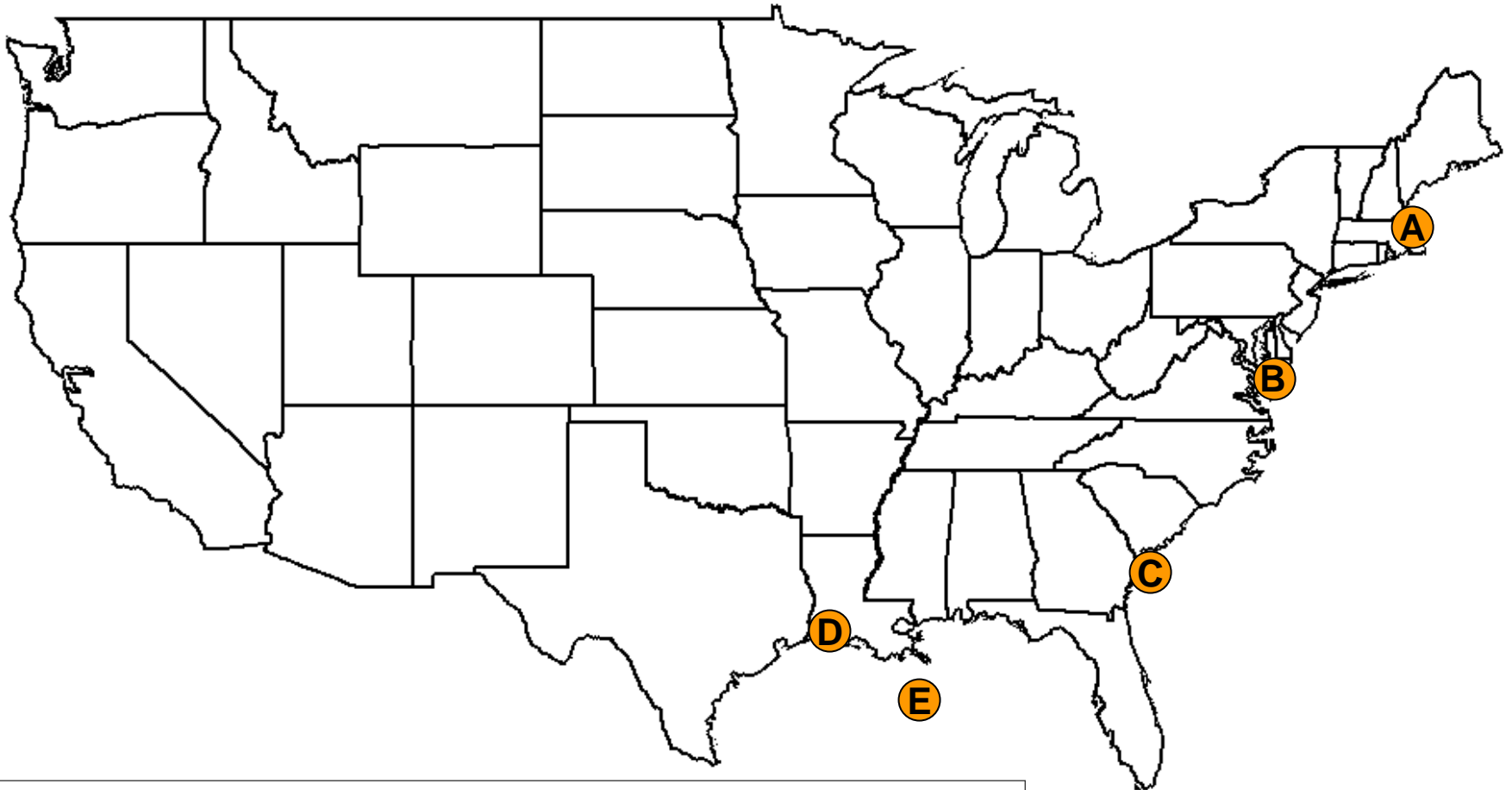


Future storage facilities must be built to receive LNG and imported natural gas and to buffer pipeline demand.



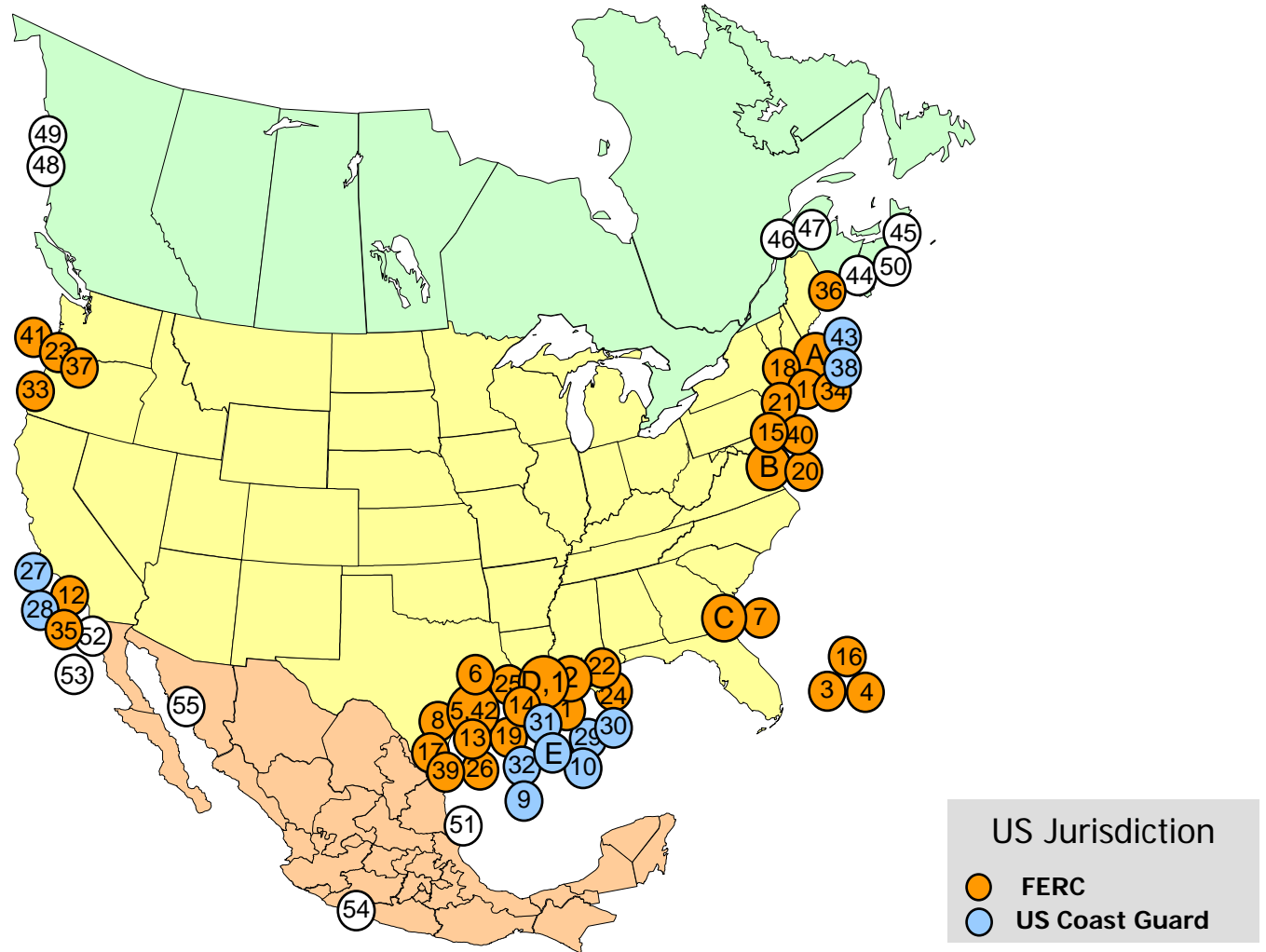
● potential storage sites

Existing LNG import facilities



- A. Everett, MA: 1.035 Bcfd (Tractebel - DOMAC)
- B. Cove Point, MD: 1.0 Bcfd (Dominion - Cove Point LNG)
- C. Elba Island, GA: 0.68 Bcfd (El Paso - Southern LNG)
- D. Lake Charles, LA : 1.0 Bcfd (Southern Union – Trunkline NG)
- E. Gulf of Mexico: 0.5 Bcf/d (Gulf Gateway Energy Bridge – Excelerate Energy)

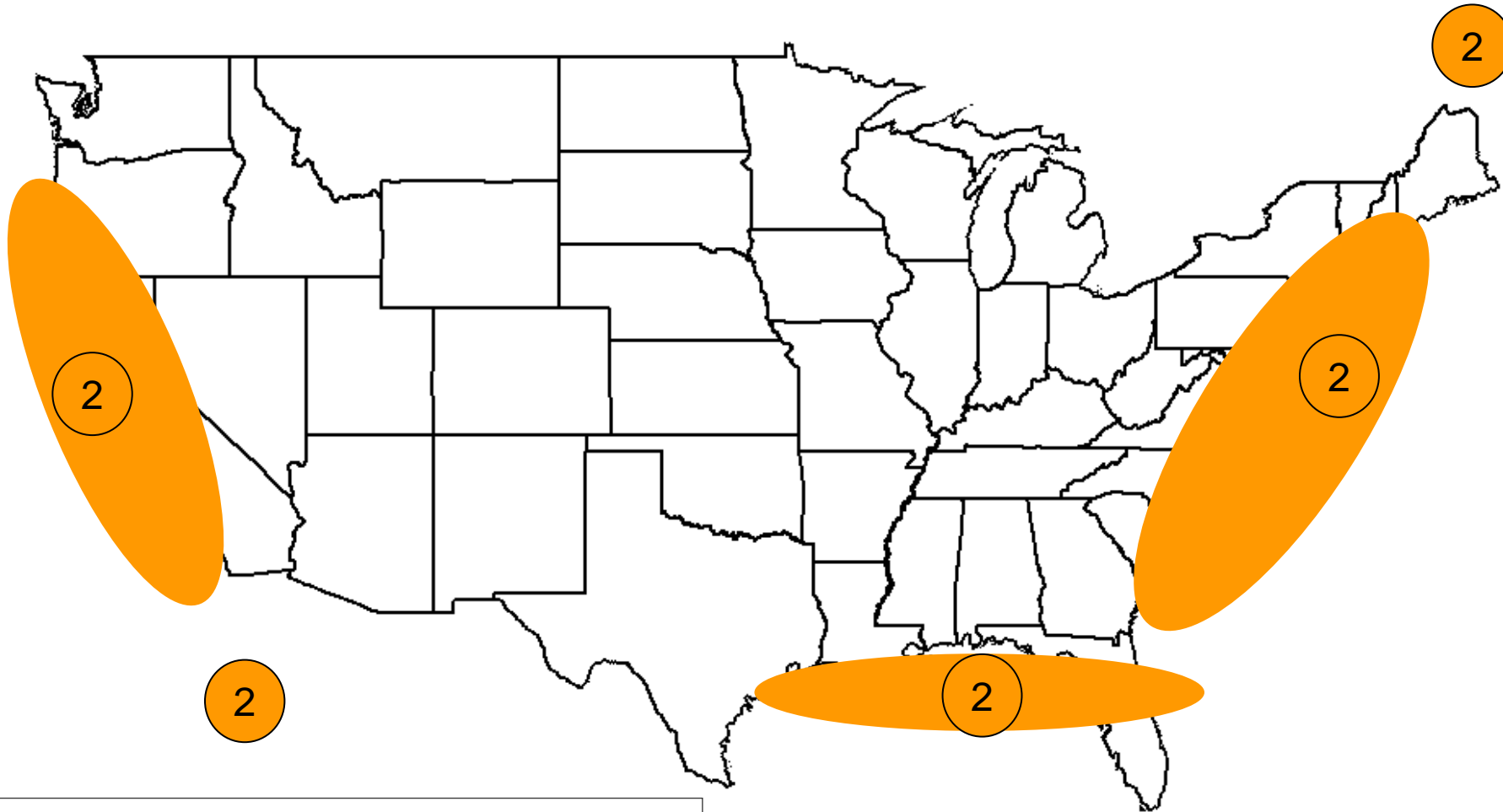
Existing, Proposed and Potential North American LNG Terminals



* US pipeline approved; LNG terminal pending in Bahamas

** These projects have been approved by the Mexican and Canadian authorities

Future LNG sites will help to bring supply to demand

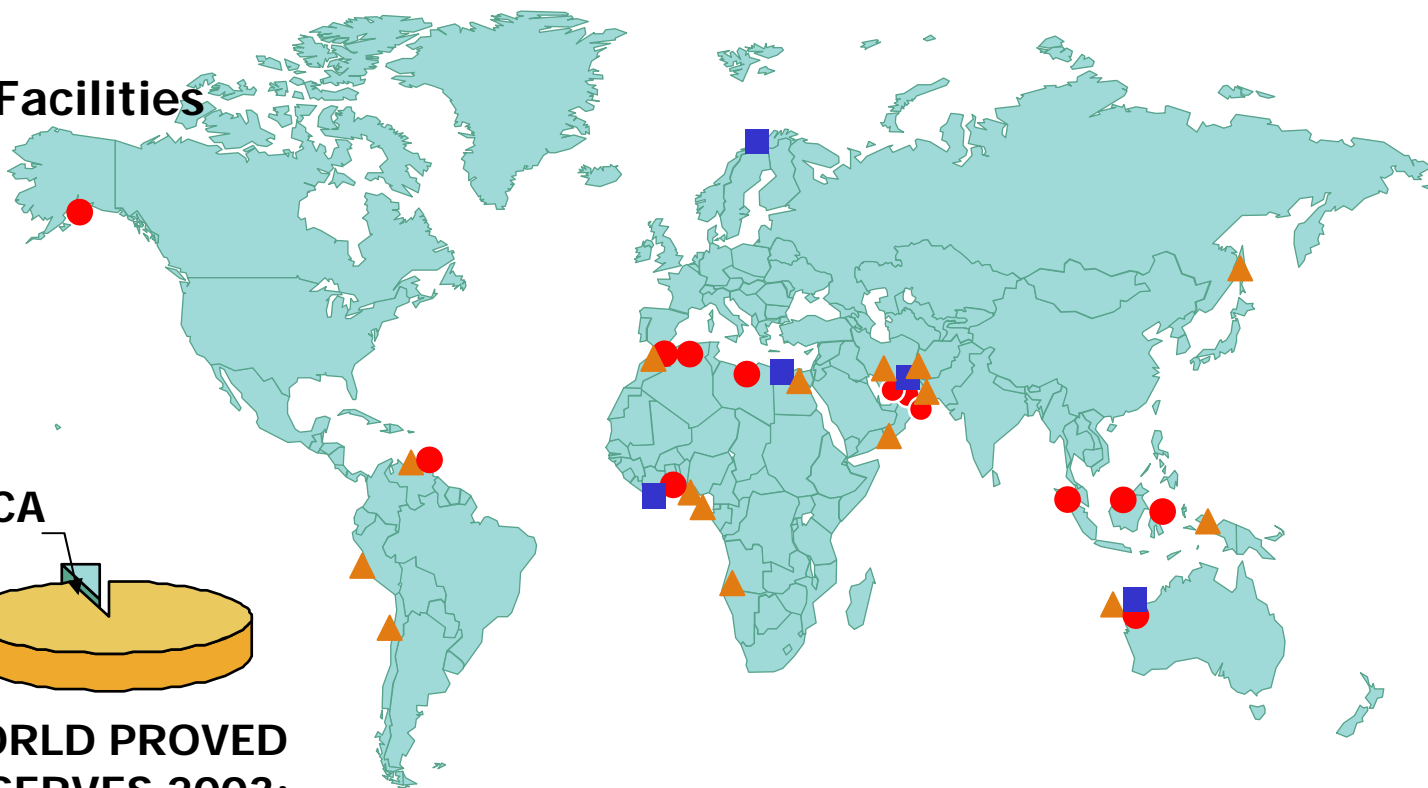


 **Approximate number of additional LNG terminals needed to meet short-term demand**

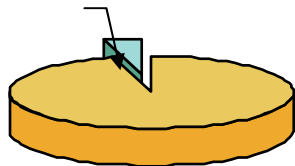
Where Are the Export Facilities?

Global LNG Supply Facilities

- Existing
- Under Construction
- ▲ Proposed



**NORTH AMERICA
RESERVES
4%**



**WORLD PROVED
RESERVES 2003:
6,127 TCF**

- LNG supply growing
- Multiple LNG supply proposals announced
- Long term LNG supply outlook robust

Past and Future

⇒ The Four Horsemen of the Apocalypse

⇒ 2000 energy crisis

⇒ Enron

⇒ Commodity price increases

⇒ 2003 Blackout

⇒ Getting Back on Track

⇒ Strong price signals to build

⇒ Clear market & cost recovery rules

⇒ Industry listening to customers