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INTERNATIONAL ASSOCIATION *for* ENERGY ECONOMICS

IA
EE

ANCHORAGE CHAPTER
MAY 2010

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UPCOMING TOPICS:

May– Scholarship 5/12
winner Zhenhua Rui

Enjoy the Summer!

Message from the President:

Our May meeting every year is special. It is when our scholarship winner presents their paper. This year we are proud to announce the winner of the \$1,000 prize is Zhenhua Rui, a current Ph.D. student in Energy Management, and M.S. in Natural resource and Applied economics at the University of Alaska - Fairbanks.

Zhenhua's presentation will be an "Economic Analysis of an Alaska (In-State) Natural Gas Pipeline."

This presentation will be at the BP Energy Center on Wednesday May 19 at 12:00 noon.

The paper examines in detail the 24-inch diameter pipeline project proposed by Enstar. The presentation includes:

- Investigating pipeline learning and experience curves and projecting Alaska's gas pipeline cost per inch-mile through analyzing the U.S historical Pipeline cost between 1990 and 2008 with linear regression method
- A statistical comparison of historical actual cost vs. estimated cost of pipeline to derive estimated distribution of pipeline cost for per inch-mile.
- Estimating a price range for wellhead gas price based on Henry Hub Natural gas price.
- Considering Alaska's natural gas seasonal demand scenarios, Liquefaction Natural Gas Plant (LNG) in Anchorage needs to be included in the whole project for stably supplying natural gas.
- Building capital and operation costs of the pipeline and LNG model.
- Estimating the capital and operating costs of the pipeline and tariff using Monte Carlo

method based on distribution of independent parameters.

- Sensitivity analysis of Rate of Return on Investment under various natural gas price and state tax rates.
- Using tariffs to determine Fairbanks and Anchorage's natural gas price as well as LNG price for export.
- Comparing Fairbanks and Anchorage's natural gas price to historical gas prices and exported gas prices to imported gas prices. Discussing government subsidy or other options to keep affordable natural gas for residents and competitive price for exporting.
- Reviewing options for project financing including public and private partnerships.

The scholarship program is an important part of the IAEE program. All our dues go toward the scholarship. And it underscores the importance of people who participate in our programs, even just for one month, to step up and pay the very reasonable \$25 annual amount. We also want to recognize and thank ConocoPhillips for their generous contribution to the program.

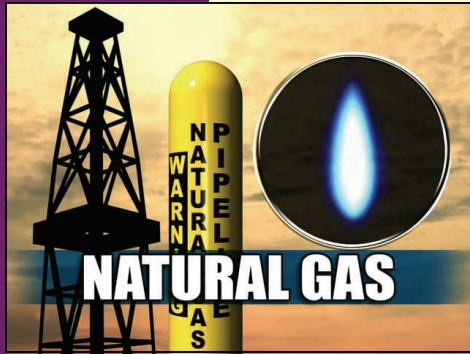
After the May program, as is tradition, we will take the summer off and pick up in September. A safe summer to everyone.

Thank you,

-Roger Marks

President, IAEE Anchorage Chapter

MEETING ANNOUNCEMENT:



ECONOMIC ANALYSIS OF AN ALASKA (IN-STATE) NATURAL GAS PIPELINE

ZHENHUA RUI, PH.D. CANDIDATE
UNIVERSITY OF ALASKA FAIRBANKS

BP ENERGY CENTER
900 EAST BENSON BOULEVARD
ANCHORAGE, ALASKA

WEDNESDAY MAY 19, 2010
12:00—1:00 PM

Have an idea for a
speaker or
presentation topic?

Contact a Program
Committee Member:

PROGRAM COMMITTEE

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section and sending it to the address below:*

2010 Membership Application
IAEE-Anchorage Chapter
PO BOX 244962
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*If you have not already done so
this year, please include your
annual dues of \$25*

Name: _____

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(circle one) work home