

**WINDSOR ENERGY GROUP  
ANNUAL CONSULTATIONS IN WINDSOR CASTLE  
2-4 MARCH 2007**

**Guests of Honour**

**HE Khaled Al-Duwaisan**, Dean of the Diplomatic Corps and Ambassador of Kuwait  
**M. Claude Mandil**, The Executive Director, International Energy Agency, Paris  
**Lord Oxburgh**, ex-Chairman of Shell; former Rector of Imperial College, London  
**Lady Barbara Judge**, Chair, UK Atomic Energy Authority

**London Ambassadors and High Commissioners**

HE Mr Mohamed Salah Dembri (**ALGERIA**)  
HE The Hon Richard Alston (**AUSTRALIA**)  
HE Mr Alexandr Mikhnevich (**BELARUS**)  
HE Mr Kamalesh Sharma (**INDIA**)  
HE Mr Khaled Al-Duwaisan GCVO (**KUWAIT**)  
HE Mr Vygaudas Usackas (**LITHUANIA**)  
HE Mr Bjarne Lindstrom (**NORWAY**)  
HE Mr Edgardo B. Espiritu (**PHILIPPINES**)  
HE Ms Barbara Tuge-Erecinska (**POLAND**)  
HE Mr Michael Eng Cheng Teo (**SINGAPORE**)

Other London Embassy Officials: Ms Inga Ernstone, Deputy Head of Mission and Ms Indra Freiberga (Latvia); Mr Arne Sannes Bjornstad, Minister Counsellor (Norway); Dr Saud Al-Ammari, Minister Plenipotentiary (Saudi Arabia); Mr Ghayth Armanazi, Counsellor (Syria); Ms Nathalie Vivas, Second Secretary (Venezuela)

**Foreign and Commonwealth Office:** Mr Richard Folland (Climate Control/Energy)

Former Director General of Government Office of Hong Kong for the UK : Mr Andrew Leung

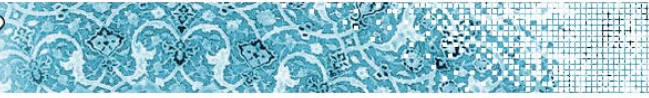
**Fulbright and Jaworski** (London and Houston) Mr John Bowman (Partner)  
Mr Christopher Clement-Davies (Partner); Mr Randel Young (Partner)

**WINDSOR ENERGY GROUP**

Lord Howell of Guildford PC, Joint Chairman of WEG  
Sir Graham Boyce, KCMG, Joint Chairman of WEG

Paul Tempest, CEO and Director of WEG; Ghayth Armanazi, Director; Geoffrey Hancock CMG, Director; Ian Walker, Director and MD of MEC International

Oliver Miles CMG, Chairman of MEC International; Stephen Nash CMG; Iain Murray OBE; Kathryn Lumby (WEG Windsor Consultations Coordinator)



**PARTICIPANTS AT THE 2007 WEG CONSULTATIONS**  
in Windsor Castle on 2-4 March 2007

**GLOBAL ENERGY COMPANIES**

**BRITISH GAS** (BG group) Mr Mehmet Ogutcu, Director of International and Corporate Affairs)

**BRITISH PETROLEUM** (BP plc) Mr Mark Finley, Head of Energy Analysis

**THE SHELL GROUP** Dr Cho Kong, Chief Political Analyst

**KUWAIT PETROLEUM CORPORATION**, London Mr Fahad al-Nashmi, Managing Director

**MITSUI EUROPE** Mr Ryuji Hiraishi, Assistant to the Managing Director

**JOGMEC** Mr Yokoyama Masaakira, General Manager (Europe)

**AEGIS**, Brigadier James Ellery, Non-Executive Director

**UNIVERSITIES AND RESEARCH PARTICIPANTS**

Dr Herman Franssen, President, International Energy Associates, New York  
Professor Albert Bressand, Executive Director, Energy Center, Columbia University, New York

Dr Jennifer Coolidge, Expert Adviser, US State Department, Washington DC

Professor Tatsuo Masuda, Tokyo Tech, Adviser JAPEX and ex-VP JNOC

Mr Yu Shibutani, President, Energy Geopolitics Ltd, Waseda University, Tokyo

Ms Ma Xin, Economics and Energy Group, University of Dundee, Scotland

Dr Carole Nakhle, Energy Group, University of Surrey

Ms Laura Cooper, Coordinator of Middle East Projects, Royal Institute of International Affairs, London

Ms Elizabeth Marshall, Adviser to Caithness Heat and Power, Scotland

**THE WINDSOR ENERGY GROUP NUCLEAR PANEL**

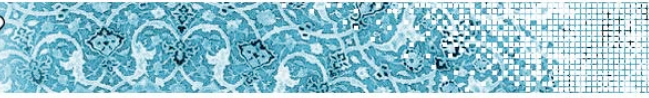
Lady Barbara Judge, Chair and Chair, UK Atomic Energy Authority

Ms Michelle Wise, Head of Technical Operations, UKAEA

Lord Oxburgh, former Rector of Imperial College

Robert Pitcher, Eversheds Partner and member of UK Energy Group

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MEMBERS OF THE WINDSOR ENERGY GROUP INTERNATIONAL PANEL unable to attend the 2007 Consultations: Dr Wang Tao (China); Mr Robert Priddle (ex-Executive Director of the IEA, Paris) HE Arne Walther ( Secretary General of the International Energy Forum, Riyadh) and Mr Robert Ebel, Director, CSIS, Washington DC.

## **SOME HIGHLIGHTS OF THE WINDSOR ENERGY GROUP ANNUAL CONSULTATIONS held in Windsor Castle on 2-4 March 2007**

### **Global and Political Overview**

The global economy remains buoyant for the time being, sustained by continuing swift growth in SE Asia. Fears of inflation and over-heating may bring a more moderate growth rate in China. Expectations of an imminent US attack on Iranian nuclear sites and of a counter-attack on US and British forces in Iraq, on Gulf shipping and on other US targets in the Gulf hang over the financial and energy markets. Climate change, concerted anti-terrorism and energy security are again close to the top of the global political and economic agenda.

### **Energy Resources**

Oil and gas reserves continue to rise steadily (since 1990) with no overall global resource constraint expected for several decades. The lead reserve holders and producers, led by Saudi Arabia and Russia, are, however, in areas of political and market turbulence. Arctic reserves of oil and gas may exceed those of the Middle East, but present a major challenge in terms of new technology and a very high cost. Coal reserves are abundant and widespread indicating a doubling or even trebling of global consumption, led by China and India, within two decades.

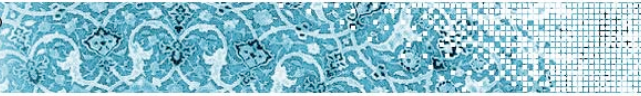
### **Oil Markets and Prices**

The oil market is still in contango. Acceleration in prices over the last decade indicate continuing steep rises in demand, a persistent investment shortfall and political uncertainty especially in the Gulf. Rising uncertainties concerning security of supply have focussed on Hormuz, Malacca and the Horn of Africa, also on Venezuela and offshore Nigeria. The industry thinks that any US attack on Iran will trigger an instant doubling of oil prices.

### **UK Energy Policy**

A new Government enthusiasm for nuclear has yet to be tested in terms of the insistence on private-sector financing. Wind, now targeted to provide 20% of the UK energy mix, requires heavy government subsidy. Rising oil and gas import dependence will sharpen the debate.

### **Central Asia and the Caspian**



The momentum for creating new trans-Caspian pipelines to feed a doubling of BTC and creation of other new pipeline capacity to the Mediterranean appears to be stalling. China appears determined to complete the proposed new oil and gas links with trans-Kazakhstan oil and gas routes at the heart of a new Euro-Asian network\*

\*See MEC-WEG study on Central Asian Pipelines and reports on WEG seminars in Almaty and London

### **Energy Research and Technology**

Under the disincentives of cheap oil, gas and coal, serious R & D in alternative energy has been badly neglected. There is so far no silver bullet. Concerted effort is needed over the whole range of supply options. On the demand side, a new phase of the electrification of the leading OECD economies will

- Make it easier to manage emissions
- Stimulate local and regional integration
- Provide models for the rest of the world

Other major challenges identified include carbon capture and sequestration, non-pollutant aviation, new forms of energy storage, improvements in domestic energy efficiency, new sea and tidal energy technology to be built into new coastal flood defences.

### **The Rush for Bio-Fuels**

The rapid development of bio-fuel additives to diesel and gasoline has outrun the drive for substitution for oil and gas, often conflicting with emission targets and disrupting agriculture, forestry and food supply. Broadly speaking, gasoline and diesel mixes of up to 10% are fine, but are suspect over 20%.

### **New Nuclear Power Technology**

Many nuclear power plants are reaching the decommissioning stage. Extension of their life is only rarely possible. The new generation of nuclear power is different:

- Much smaller and cheaper for the same output
- Much less waste for the same output
- Built in large series giving economies of scale and accelerated certification
- Designs are fail-safe and much more easily monitored

A determined effort is under way to resolve the remaining issues of proliferation, waste disposal, decommissioning and safety.

### **Other Session Topics at Windsor**

- **North Europe** Energy Security and **Baltic Energy** Co-ordination (see WEG studies)
  - **Gulf Energy Security** – Iraq, Iran and Saudi Arabia
  - **China:** Energy Risks and Opportunities (see WEG/MEC studies)
  - **Energy Nationalisation and Re-Nationalisation** – A Change of Direction
  - **The Implications of Climate Change**
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