To USEA Members & Friends:

On April 15, 2009, I was delighted to assume the Chairmanship of the United States Energy Association. All of us are witnessing the dramatic, almost turbulent times, facing the energy industry, both domestically and internationally. USEA’s value has never been more clear to serve as a non-partisan, non-advocacy forum to discuss all aspects of our energy future.

As the U.S. Member Committee of the World Energy Council, USEA focuses on all forms of energy and all energy technologies. Various forums in 2009 addressed energy supply issues, energy efficiency, advanced energy technology and international collaboration. We hosted numerous special guests, such as the Petroleum Minister from Nigeria.

We remain financially sound and I am pleased to report that we have continued our twenty-plus years of having a balanced budget - once again without increasing membership dues. Given the difficult economic circumstances, we should all be pleased that we added new members in 2009.

In 2010, we are all certain to be challenged by continued global economic difficulties. However, USEA’s role will continue to expand in bringing together all perspectives on pressing energy issues facing our nation. And on the international level, all of these topics will be taken up in Montreal at the World Energy Congress in September 2010.

I thank all of our members and friends for continuing to support the United States Energy Association.

Sincerely,

[Signature]

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Bechtel Power Corporation
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Vice President, Policy, Government and Public Affairs
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MEMBERS

As a member-driven organization, USEA owes a debt of gratitude to its supporters. In 2009, we continued to add to our diverse membership base, amassing 154 companies, government agencies, think tanks and academic institutions representing all sectors of the energy industry. Many thanks go out to all our members for enabling our work and enriching the public energy discourse.

ABB Inc.
Advanced Engineering Associates International, Inc.
AECOM International Development, Inc.
AEGIS Insurance Services, Inc.
AES Corporation
Alabama Public Utility Commission
Alexandria Energy Associates, Inc.
Alstom
American Council of Engineering Companies
American Electric Power (AEP)
American Gas Association
American Geological Institute
American Petroleum Institute
American Public Power Association
American Society of Mechanical Engineers
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CenterPoint Energy, Inc.
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Chevron Corporation
CME Group
Columbia University
Combined Cycle Journal
ConocoPhillips
ContourGlobal
Conversion Gas Imports
CORE International, Inc.
Knowledge is power - share it.

This age-old maxim has served as a guiding principle for USEA in its efforts to engage energy industry players in a dialogue on questions facing the energy industry. With cooperation from our diverse and far-reaching membership, USEA is able to draw from the expertise of energy corporations, government agencies and non-profits working across all industry sectors. USEA leverages this knowledge by organizing comprehensive thematic events addressing the important issues facing the energy industry. Events such as the annual Energy Efficiency Forum, the Energy Supply Forum and the State of the Energy Industry Forum offer members the opportunity to share ideas and intelligence while engaging in constructive dialogue on the industry’s foremost challenges and opportunities. Our briefings series target specific topics spanning policy, technology and international energy affairs, inviting a broad array of business and civil society leaders to impart their expertise and perspective on an inquisitive and informed audience. Moreover, USEA’s history of non-partisan engagement allows for tempered discussions of current events, leaving all participants with a greater appreciation for the intricacies and complexities of our industry’s continued development.

“\textit{I know of no other organization that has the breadth of reach across all forms of energy and has the depth of experience in working within the full range of economies. Their insights are a ‘must have’ in navigating today’s hyper-competitive marketplaces.}”

~Red Cavaney, Senior Vice President, ConocoPhillips
For the 5th year running, USEA summoned the major players in energy industry circles to reflect on the major questions facing their sectors. Beginning with a presentation by the Electric Power Research Institute’s Dr. Michael Howard on realistic expectations for American energy savings over the next two decades, the summit addressed pressing concerns over the energy industry’s ability to meet consumer demands in an economically viable and environmentally sound manner. Officials from electric power, renewable energy and oil & gas interests offered their views on their niches’ role in the future of American energy generation.

“The challenge facing natural gas today is battling the false perception that natural gas is a bridge fuel. With recent shale discoveries natural gas is sustainable for generations to come. But we must do a better job at educating the public about the historic, dramatic increase in the size and responsiveness of natural gas resources, enabling us to satisfy demand from homes, businesses, industries and electric generators.”

R. Skip Horvath  
President and CEO  
Natural Gas Supply Association

“In the U.S., there is a rich history of energy technology innovation. The challenge going forward is to implement policies that encourage a broad portfolio of cleaner energy sources, foster energy infrastructure investment and encourage the commercial deployment of new technologies. Leading by example in creating a large domestic market, the U.S. can lead the world in the clean energy economy.”

John Krenicki  
Vice Chairman, GE  
President & CEO, GE Energy
In 1990, Johnson Controls, Inc. convened a national forum of participants from the public and private sectors as part of a campaign to raise awareness of the benefits of energy efficiency. Two years later, the United States Energy Association joined as a co-sponsor. For two decades, the Energy Efficiency Forum has been a lively platform for high-level discussion of energy efficiency's role in the economy, global security and the environment. Also at the Forum, Energy Leadership Awards are presented to those who demonstrate ongoing commitment to energy efficiency. Co-sponsored by dozens of Senators, Congress Members and Governors, this nonpartisan event not only heightens awareness of energy issues, but also spurs business relationships.

In 2009, the USEA-Johnson Controls Annual Energy Efficiency Forum celebrated its 20th anniversary. To mark this special occasion, the Energy Efficiency Forum opened with an induction ceremony to the Energy Efficiency Forum Hall of Fame at Washington D.C.’s Newseum. Composed of exemplary actors working on all facets of energy efficiency, the Hall of Fame seeks to honor outstanding leadership from a diverse array of individuals and fields. Below is a picture of the 2009 inductees in attendance:

Environmental Protection Agency Administrator Lisa P. Jackson gives the 2009 Energy Efficiency Forum Keynote Address.

For eight years, the Igniting Creative Energy Challenge educational competition has motivated K-12 students to learn more about energy and the environment. Winners are introduced at the Forum.
Technology and policy are two of the most vital arenas affecting the future of energy industry activity. In order to help keep our members informed of breaking news in both of these areas, USEA organizes briefings with government and private sector experts to discuss a wide range of topics. This year’s briefings included discussions of geothermal and renewable ocean energy, the US DOE Loan Guarantee Program, CO2 reduction prospects, biofuels and a discussion of America’s nuclear renaissance with Senator Pete Domenici.

**SMART GRID**

From high efficiency transmission and distribution networks to technologies that stimulate automated demand side reductions, the Smart Grid encompasses a wide range of technologies that hold the potential to transform the U.S. energy industry. During the summer of 2009, USEA hosted a series of five weekly “lunch and learn” briefings presented by GE Energy on the benefits of, and policy prescriptions for, development of the Smart Grid.

**CARBON CAPTURE & STORAGE**

In an effort to foster a greater understanding of domestic and international energy issues in a carbon-constrained world, USEA hosted a series of briefings on Carbon Capture & Storage (CCS) and Clean Energy Systems (CES). These presentations highlighted developments in the CCS/CES arena related to specific projects, research and development, regulation, funding, and state and local actions. Senior officials from AEP, Alstom, Calera Corporation, Fluor, GE Energy, Peabody Energy, RTI International, Shell, UK Department of Energy & Climate Change and Zurich Financial Services all provided insights into their respective areas of expertise.

**INTERNATIONAL**

With its established record of service in developing countries and its role in the World Energy Council, USEA is well-placed to highlight and address energy issues of global importance. Hailing from Canada, Denmark, Nigeria, Poland, Turkey and the United States, guest speakers touched on issues pertaining to international carbon regulation, energy trade & investment, renewable energy in global markets, the COP 15 Copenhagen Summit, nuclear power and fossil fuel production & exports.

**TECHNOLOGY & POLICY**

Offshore – That’s where the renewable power is!

Burton Hamner, President, Grays Harbor Ocean Energy Co.
www.graysharboroceanenergy.com

3/30/2009 Grays Harbor Ocean Energy Company LLC

Annual Alberta Energy Production - 2007

<table>
<thead>
<tr>
<th>Energy Type</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional oil</td>
<td>191 million barrels</td>
</tr>
<tr>
<td>Bitumen</td>
<td>195 million barrels</td>
</tr>
<tr>
<td>Natural gas</td>
<td>4.8 tcf *</td>
</tr>
<tr>
<td>Natural gas liquids</td>
<td>235 million barrels</td>
</tr>
<tr>
<td>Coal</td>
<td>36 million tons</td>
</tr>
</tbody>
</table>

* Including 0.08 tcf CBM
Note: billion = 10^9
American by name – international by nature. For almost 20 years, USEA and its members have led an effort to improve energy infrastructure and energy services in developing countries through our unique international energy partnerships and workshops. American utilities and energy service providers have volunteered their time and expertise in over 90 partnerships with their overseas counterparts to transfer best utility and energy practices. From executive exchange visits on energy efficiency and distribution system operations to workshops on grid-connected renewables and transmission system protection strategies, this program continues its legacy as one of America’s most successful volunteer-based international energy assistance programs ever.

UTILITY PARTNERSHIPS

JORDAN - DISTRIBUTION & TRANSMISSION

The Sacramento Municipal Utility District (SMUD) and National Grid are working with the three main distribution utilities in Jordan - IDECO, EDCO and JEPCO - under a utility partnership funded by USAID/Jordan. The partnership objectives are to improve policy and regulatory initiatives and incentives for energy efficiency & clean energy programs and reduce distribution system losses. Results include the formation of regulatory departments and beginning the creation of energy efficiency programs.

Arizona Public Service (APS) partnered with the National Electric Power Company (NEPCO) of Jordan in a project to improve transmission reliability and facilitate power exchanges across Uzbekistan, Tajikistan, Turkmenistan and Afghanistan. This initiative paid special attention to the challenge of connecting Afghanistan’s new 220kv North East Power System (NEPS) to allow electricity from Central Asian producers to be exported to Afghanistan.

INDIA - FOSSIL FUEL EFFICIENCY

USEA created a new power generation partnership in 2009 between AEP Allegheny Energy and the National Thermal Power Corporation (NTPC) of India. With funding from USAID and the U.S. Department of Energy’s National Energy Technology Laboratory (NETL), plant managers from India’s largest power producer were exposed to US utility best practices to increase the efficiency of coal-fired power generation.

REGIONAL ENERGY PARTNERSHIPS

AFGHANISTAN AND CENTRAL ASIA - TRANSMISSION OPERATIONS

USEA designed a series of workshops titled “Special Protection Systems for Transmission Operations and Emergencies” to improve transmission reliability and facilitate power exchanges across Uzbekistan, Tajikistan, Turkmenistan and Afghanistan. This initiative paid special attention to the challenge of connecting Afghanistan’s new 220kv North East Power System (NEPS) to allow electricity from Central Asian producers to be exported to Afghanistan.

SOUTH ASIA - ENERGY COOPERATION

USEA conducted six regional energy partnership activities for 112 South Asian participants under the USAID South Asia Regional Initiative for Energy (SARI/E) – a program that promotes energy security through cross-border energy trade, energy market formation and regional clean energy development. The six activities focused on renewable energy, regulation, transmission, women in energy and a Utility Placement Program. Each activity involved participants from utilities,
regulatory agencies and the governments of Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka.

RENEWABLE ENERGY

ASIA-PACIFIC PARTNERSHIP ON CLEAN DEVELOPMENT AND CLIMATE (APP)

With funding by the U.S. Department of State under APP, USEA organized three workshops on policy, regulation and incentives to accelerate the development and interconnection of alternative energy projects in India and created the Handbook on Best Practices for the Successful Deployment of Renewable Energy, Distributed Generation, Cogeneration and Combined Heat and Power in India.

GRID CONNECTED RENEWABLE ENERGY WORKSHOP

The “Global Workshop on Grid Connected Renewable Energy,” funded by USAID, brought together key energy officials from eight developing countries, the European Union and the United States to discuss the role of renewable energy in meeting today’s energy demand and the methodologies and policies required to bring these resources efficiently and competitively to consumers.

OIL & GAS

U.S.-CHINA OIL & GAS INDUSTRY FORUM

Since 2005, USEA has supported the U.S. Department of Energy with its U.S.-China Oil & Gas Industry Forum (OGIF), a unique annual meeting of American and Chinese energy officials from industry, government and academia. OGIF facilitates dialogue and progress on mutual goals for the two countries, including the safe development of reliable oil and natural gas reserves.

In 2009, USEA coordinated industry involvement in the 9th OGIF, held in Qingdao, China, which included USEA members Bechtel, Chevron, ConocoPhillips, ExxonMobil and GE. This forum featured an address by U.S. Ambassador to China, Jon Huntsman, as well as a new session on Unconventional Gas. The 10th Anniversary OGIF will be held in the United States in September 2010.

U. S. – CHINA NATURAL GAS TRAINING PROGRAM

In 2006, USEA was awarded a contract from the U.S. Trade and Development Agency to manage the U.S. – China Natural Gas Training Program. This program is directed at developing U.S. – China relations through a series of training courses conducted by American natural gas experts for Chinese energy professionals. Presenters from prominent U.S. organizations such as GE, Baker Hughes, Solar Turbines, U.S. Environmental Protection Agency, U.S. Department of Energy, Federal Energy Regulatory Commission and others have played an integral role in the success of this training program.

To date, ten training sessions have been conducted with more than 800 Chinese energy sector professionals in attendance. Courses have covered a wide array of topics, including local gas distribution system planning, coal gasification/Integrated Gasification Combined Cycle (IGCC); coal bed methane and coal mine methane power generation; and global natural gas/LNG markets, among others. As a result of the training session held on “Natural Gas Compressor Station Design” conducted by Solar Turbines, the organization was able to further their business relations in China through the development of additional business with Chinese companies. This is one of the key purposes of the U.S. – China Natural Gas Training Program.
BLACK SEA REGIONAL TRANSMISSION PLANNING PROJECT

The Black Sea Regional Transmission Planning Project (BSTP) is the focus of USAID and USEA cooperation in the Europe and Eurasia region. The Black Sea Regional Transmission Planning Project supports development of regional electric power transmission planning capacity among national transmission system operators (TSOs) in Armenia, Bulgaria, Georgia, Moldova, Romania, Russia, Turkey and Ukraine. This coordinated effort to standardize transmission planning systems and prioritize infrastructural investments employs the region’s first integrated transmission planning model, stimulating cooperation between officials from the region’s three electric power systems and creating the foundation for a reliable regional electric power transmission network.

In 2009, the BSTP Working Group (WG) further developed its regional transmission network model by extending its planning horizon to 2020. The WG’s 2009 analysis reconfirmed the imperative to concentrate efforts on updating elements of the Caucasus’ transmission grid, which remains the weakest link in the Black Sea regional network. It also projected an increase in the Caucasus’ transfer capacity upon completion of the high voltage direct current line between Georgia and Turkey. When completed in 2012, the line will provide the Caucasus region with an export route to Europe via Turkey following the synchronous interconnection of the Turkish power system with the European network in 2010.

Furthermore, the WG continued its push toward sustainability through capacity building programs designed to enhance the skills of its members. Fourteen engineers from the participating transmission system operators (TSOs) were trained in modelling the dynamic stability of the electricity network, complementing previous trainings on modelling and analyzing the system capacity.

SOUTHEAST EUROPE COOPERATION INITIATIVE TRANSMISSION SYSTEM PLANNING PROJECT

The Southeast Europe Cooperation Initiative (SECI) was developed following the Balkan wars to support a regional approach to network planning within the Energy Community of Southeast Europe. Such strategic integrated grid planning allows for enhanced regional energy security, greater economic efficiency through increased electricity exchanges and improved transnational reliability. This effort was a particularly important element for reestablishing economic and trade relations between these emerging nation-states and creating the foundation for a lasting regional peace.

In 2009, the SECI Transmission Planning Project further developed its regional transmission network models through 2020. Major efforts centered on analyzing the effects that critical uncertainties will have on the regional grid’s development as a result of the introduction of electricity markets in the Energy Community over the next
10 years. The project’s analysis implicitly recognizes that their system planning philosophy will evolve to respond to market based signals as the Energy Community regional electricity market develops. This presents planners with a degree of uncertainty to which they had not been exposed in the centralized planning environment, including such critical factors as fuel prices that effect the schedule and frequency of power plant dispatch; national import/export balances; and the likelihood, timing and location of power plants proposed by private developers. As such, the study identifies and prioritizes regional network reinforcements based on a multi-scenario analysis of the most probable uncertainties as ranked by the TSOs in Southeast Europe.

For 2010, both the Black Sea and SECI projects will focus on integrating the ample wind power resources of both regions in the network models for 2015 and 2020.

AZERBAIJAN-GEORGIA-TURKEY POWER BRIDGE

A legacy of the BSTP, the AGT Power Bridge Project was designed to provide engineers and policy makers with a tool to optimize the security and reliability of the sub-regional electricity network and prioritize network reinforcements that are necessary to support increased trade, improve system reliability and enhance energy security. On April 8, 2009 representatives of Azerbaijan, Georgia and Turkey signed a memorandum of understanding creating a partnership to support the AGT Power Bridge Project. Under the terms of the MOU, electric power transmission planning specialists from each country will study and analyze the sub-regional high voltage electricity network to evaluate its capacity to support increased trade and exchange of electricity.

KOSOVO ELECTRICITY CORPORATION/SOUTHERN CALIFORNIA EDISON PARTNERSHIP

The partnership exchange program for the Kosovo Electricity Corporation (KEK) assists its senior management develop a vision for the company’s commercial sustainability in advance of the unbundling and eventual privatization of its distribution assets. EVN, the Austrian utility, conducted a one week executive exchange visit in April at its newly privatized distribution company in Plovdiv, Bulgaria focusing on technical solutions to reducing non-technical losses. Southern California Edison hosted the KEK Managing Director, Arben Gjukai, and his senior staff at its headquarters in Rosemead, California in December. Organized as a series of lectures and site visits within the SCE system, the exchange visit covered a wide variety of topics including field personnel accountability and performance monitoring; meter testing; and training curriculum for linemen. SCE is scheduled to conduct a five day workshop in Kosovo in 2010.
USEA is the U.S. Member Committee of the World Energy Council, the world’s foremost multi-energy organization. With members representing 94 countries and over 3,000 organizations, including most major energy consumers and producers, WEC is the preeminent forum for international discussion and dialogue on global energy affairs. Their mission is, “to promote the sustainable supply and use of energy for the greatest benefit of all people.”

A robust energy think tank, WEC highlights the expertise and ideas of energy industry players worldwide in a number of forums. Its triennial World Energy Congress convenes leaders from each member country in order to address questions relating to an energy theme of global importance. It also commissions surveys and reports on pertinent elements of global energy security, such as the 2009 “Energy for Mega Cities” study and the World Energy and Climate Policy: 2009 Assessment.

Led by USEA, the U.S. Member Committee is one of the most actively involved delegations in WEC initiatives. American energy leaders have volunteered their time and expertise to WEC programs on energy efficiency, carbon capture & storage and cleaner fossil fuel systems. By involving stakeholders from business, government and non-profits, these initiatives succeed at drawing valuable information and perspective on matters of critical importance to global energy production and economic and environmental sustainability.
In 1999, the World Energy Council (WEC) created the Committee on Cleaner Fossil Fuels Systems (CFFS) to promote the understanding and knowledge worldwide of the strategic role of fossil fuels in meeting growing energy demand and securing energy supplies. The CFFS Committee places a particular focus on existing and emerging technologies for cleaner use of fossil fuels. USEA serves as the Secretariat for the Committee.

To fulfill its purpose, the Committee organizes and conducts informational forums and workshops on critical issues for the public and private sectors throughout the world with special attention to the concerns of developing countries. It is currently comprised of 60 members representing 36 countries and nine multilateral organizations.

2009 was a banner year for CFFS, as it focused on three key topics: CCS in developing countries, the water/energy nexus and combined heat & power. Major CFFS actions included the “Roundtable on Water & Energy - Sustainable Together?” held in the United Arab Emirates, the “Forum on Cleaner Fossil Fuel Technologies in Africa” held in Nigeria, the “Forum on CCS Financing” held in the United Kingdom, and the brochure on “Carbon Capture & Storage: A WEC Interim Balance.”

Beyond their global relevance in discussions on emissions reductions, these three issues dovetail with the WEC’s overarching mission to ensure that energy remains accessible, available and acceptable to the people it services. By providing information on these issues to international energy officials, government representatives, industry leaders, academics and media, the CFFS Committee advances the framework for a diversified global energy portfolio that meets the growing international demand for clean and cost-effective energy.
The United States Energy Award was established in 1989 to recognize preeminent energy leadership initiatives and contributions to international understanding of energy issues. At its 2009 Annual Meeting, USEA proudly presented the 2009 United States Energy Award to Robert B. Catell, a leader in the American utility sector and an accomplished global energy industry leader. His vision, leadership and commitment to service are but a few of Bob Catell’s attributes that earned him the unflagging respect of his peers and ultimately distinguished him as this year’s honoree.

As the primary driver behind KeySpan Energy’s expansion and eventual merger with National Grid, Bob Catell strategically catapulted himself and his organization into the upper echelons of world energy affairs. Bob Catell is a past Chairman of the Board of Directors of the United States Energy Association, having previously served as Vice Chairman and as a Director, and as both a Chairman and member of various USEA committees. He served as a Vice Chairman of the Organizing Committee of the 17th Congress of the World Energy Council, held in Houston in 1998.

Bob Catell has served the energy industry in numerous leadership roles, including as Chairman of the American Gas Association, Vice Chairman of the National Petroleum Council’s Natural Gas Committee, Director of the Edison Electric Institute, the Energy Association of New York and the New York State Energy Research & Development Authority. He also is Chairman of the New York State Foundation for Science, Technology and Innovation and Co-Chair of the Advanced Energy Research and Technology Center.

Robert Catell is a stalwart patron of the Brooklyn, New York City and New York State communities, and has established himself as a prominent figure in global energy circles. The United States Energy Association is honored to announce Robert B. Catell as the recipient of the 2009 United States Energy Award.

Previous Honorees:
2008: Don Hodel, Former Secretary of Energy & Interior and Chairman - Summit Group
2007: Spencer Abraham, Former Secretary of Energy, Chairman & CEO - The Abraham Group, LLC
2006: Lee Raymond, Ret. Chairman & CEO - ExxonMobil Corporation
2005: Stephen Bechtel, Jr., Ret. Chairman & CEO - Bechtel Group