

Dear Sir/Madam,

I would like to make a short response to the report "Project Discovery - Energy Market Scenarios" published on 9 October 2009.

The one part of the report I would like to refer to is section 2, figure 2.1 (page 19). While the four scenarios for future commodity prices may be reasonable given the circumstances, I would like to suggest that a fifth scenario is added: that of depletion of conventional oil.

Only the day before the release of the Project Discovery report, the UK Energy Research Centre published its report on Global Oil Depletion (8 Oct 2009). One of the main findings of the report was that they "suggest that a peak of conventional oil production before 2030 appears likely and there is a significant risk of a peak before 2020." While the report does not suggest the economic impact of such a peak in oil production, one plausible outcome is that of a sharp rise in oil price to levels dwarfing even those assumed in the "Dash for Energy" scenario in the Project Discovery report. There may also be a corresponding impact on all energy commodity prices as a result.

Therefore it would seem sensible to include this scenario in the Ofgem report, in order that the effect of oil depletion is fully taken account of in the outlook for secure and sustainable energy supplies in the next 10-15 years (i.e. until 2019-2024, coinciding with the timing of the oil peak according to the UKERC report).

If this scenario is not included, even the high level of investment suggested by the Project Discovery report (£200 billion) will not be enough.

Yours faithfully
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