

# SARAH PALIN: GIBBERISH WE CAN BELIEVE IN?

Energy is supposed to be Sarah Palin's strong point, right? After all, she is the Governor of Alaska, and more to the point, was the chair of the Alaska Oil and Gas Conservation Commission, the agency that is supposed to "protect the public interest in exploration and development of oil and gas resources, while ensuring conservation practices, enhancing resource recovery, and protecting the health, safety, environment, and property rights of Alaskans." But when she was asked about ensuring that the fruits of domestic oil drilling would go to the domestic market, her answer was complete gibberish. By now, most of you have seen the video or read the transcript of her answer:

Oil and coal? Of course, it's a fungible commodity and they don't flag, you know, the molecules, where it's going and where it's not. But in the sense of the Congress today, they know that there are very, very hungry domestic markets that need that oil first. So, I believe that what Congress is going to do, also, is not to allow the export bans to such a degree that it's Americans that get stuck to holding the bag without the energy source that is produced here, pumped here. It's got to flow into our domestic markets first.

Most people who've commented on this have just written it off as incomprehensible nonsense, especially the bit about flagging molecules, but I think 'flagging molecules' is the key to understanding what's going on inside Palin's brain. When I first heard this, I immediately noticed something that others had not. That answer is not just gibberish. It's gibberish from somebody whose grasp of the basic facts

about energy markets is superficial and tenuous, at best.

Nine years ago, I was hired for my first software development job for an energy company. The company sent me to a short course covering the basics of the energy business. The very first page of the course materials was titled 'Fungible commodities' and described the worldwide market for energy industry raw materials (oil, coal, and natural gas). Palin started her answer with a very basic point that was actually germane to the question, albeit apparently contradictory to where she ended up. If oil is a fungible commodity, export bans are pointless. (I'm not necessarily endorsing the linked book's conclusion, it was just the first source I found that made the traditional argument.)

The second most memorable part of that course I took was the explanation of natural gas pipelines. The pipeline companies deliver gas from one place to another, but they don't necessarily 'ship' it. When a company pays to ship natural gas from Point A to Point B, it doesn't mean that the natural gas they put on the pipeline at Point A actually ends up at Point B. All natural gas is the same (i.e. it is fungible), so you don't necessarily get back the same stuff you put in. As the American Gas Association explains:

Displacement transactions permit the lateral movement of gas through a transportation network. The configuration of many pipelines is such that it may not be apparent whether a given movement of gas is forward or backward from the point of receipt. It can be argued that all transportation service is performed by displacement as the physical delivery of the same **molecules** of gas is impossible.

Palin riffs from one aspect of fungibility to another before she starts her policy response to

the question. That response is heavy with emotional terms ('very, very hungry', 'holding the bag', 'got to flow to domestic markets first') without any clear sense of what the policy is (Are export bans good or bad, who can tell from that answer?) This is the sort of answer you get from inexperienced people trying to hide their inability to apply the facts they know to a real situation. We saw the same thing in the Gibson interview ('Charlie, don't blink' seemed to be the core theme there), but we expected it when she talked about foreign policy. For someone who John McCain claims "knows more about energy than probably anyone else in the United States of America", Sarah Palin's energy policy gibberish seems suspiciously like the results of late-night test cramming, not the product of real experience.