What Does It Mean to Be an Energy Economist, and What Do You Have To Do to Become One?

What we usually hear this term, we think of money. Economists, after all, generally help analyze and make predictions about the health of our economy. Most of the time, we think of this in financial terms. In other words, what is the financial health of our current social, political, and economic environments today?

An energy economist does much the same thing, but in this case, instead of focusing on money as the means of exchange, he or she focuses on energy as the area of study, analysis and prediction.

Energy has been a major player in the forefront of the United States economy since the 1973 oil crisis. However, if we take into account that energy resources are part of economics as well, we can go much further back in history. For example, British economist William Stanley Jevons questioned Britain's reliance on coal and its ability to hold out under extensive use in 1865.

Today, energy economics continues to be at the forefront of our political, social, and economic structure in the US. In fact, energy plays an integral part in the functioning of these three areas. For this reason, the energy economist is becoming an increasingly important figure in our country.

The importance of supply and demand

Most of the fuel we get to fill our energy needs in the United States is nonrenewable. Because of this and because the fuel sources we use often come from countries other than the United States, this sets up a dichotomy whereby the country is dependent on someone else for its fuel needs. Because of this, people need to be in place to focus on the economic, political and social climates not only of our country but of the other countries involved as well, since these three areas may impact a source country's ability to supply us with the fuel we need, as well as the prices set for that fuel.

Related to supply and demand is the risk of a given supply source and the security of that supply source. We have seen this, for example, with unrest in our supplying countries, which may have been a factor in driving up costs. In addition, whether that supply is sustainable and can continue to be a source on a steady basis is also a very important factor.

Why are these questions so important to the energy economist? Because the availability of supply is directly related to our own economic health, at least as it relates to having to get that supply from other countries. If supply becomes shaky or is harder to get, as has been seen in recent years, energy costs necessarily go up; this in turn significantly impacts the economy with a sort of ripple effect, whereby every other segment of the economy is impacted negatively when fuel or energy prices go up by driving all other prices up, too.

This necessarily impacts economic growth negatively; if supplies are more expensive and harder to get, economic growth slows. The energy economist can help study these trends and foretell whether or not they will continue, in some cases also helping provide solutions.

However, supply and demand are not the only two areas the energy economist has to focus on. In addition, he or she also focuses on the environmental impact of this energy usage. For example, one of the main factors in energy usage today is the emergence of global warming as a significant problem. Therefore, the energy economist may also get involved in environmental policy, whereby use of nonrenewable energy sources is regulated so as to reduce pollution and protect the environment as much as possible.

In some cases, they may get involved in energy policy to help determine what a good course of action may be. Because they can help forecast energy demand, they can also help foretell what supply and demand in the energy market will be for the future.
Energy economist details

Someone who has been involved in the field of energy economics can expect to make anywhere from about $86,000 to the mid $100,000 range yearly.

There are several organizations in the United States promoted to developing the field of energy economics and related disciplines. One of these is the United States Association for Energy Economics. Energy professionals from a variety of disciplines focus on energy economics, including its use in business, public policy, and the environment.

The future of the energy economist

As we continue to move into the future, and as the need for renewable energy sources arises and nonrenewable energy sources become secondary and eventually fade into the background, the role of the energy economist may eventually fade. This is because energy economists can help foretell the best way to use a limited energy supply and in some cases control the way it’s used so as to protect the environment as much as possible.

Should energy sources become completely renewable, as with solar, wind, or geothermal power, energy economists may no longer be needed or may move into another type of role. Similarly, because these energy sources at least at present are not thought to pollute the environment in any way, energy economists may also not have to weigh in on how best to protect the environment from polluting effects as they do now with nonrenewable energy sources. Of course, this latter question cannot be entirely answered, since energy sources we now think of as "nonpolluting" may in fact have a negative impact on the impairment in ways we can't yet see.

Nonetheless, the energy economist today has a very important job to do economically, politically, socially and environmentally. It is a need that no doubt will not go away for at least the foreseeable future.